



Date: 20th November, 2025

To
Department of Corporate services
BSE Limited
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Scrip Code: - 540425

To
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1,
G Block, Bandra Kurla Complex,
Bandra (E)
Mumbai- 400051
Symbol- SHANKARA

Dear Sir/Madam,

Subject: Transcripts- Q2 & H1 FY26 Earnings Conference Call

Please find enclosed the transcripts of the Q2 & H1 FY26 Earnings Conference Call held on 14th November, 2025.

Kindly take the above information on record and acknowledge.

For Shankara Building Products Limited

Digitally signed by Ramesh S
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Shankara Building Products Limited

Q2 & H1FY26

November 14, 2025

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MR. C RAVIKUMAR
NON-EXECUTIVE DIRECTOR

MR. DHANANJAY MIRLAY SRINIVAS
NON-EXECUTIVE DIRECTOR

MR. ALEX VARGHESE
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Shankara Building Products Limited
Q2 and H1 FY'26 Earnings Conference Call
November 14, 2025

Moderator: Ladies and gentlemen, good day, and welcome to the Shankara Building Products Limited Q2 and H1 FY 2026 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this 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 Shlok. Good evening, everyone, and thank you for taking out the time to join us today in this Q2 and H1 FY '26 Earnings Conference Call of Shankara Building Products Limited.

The investor presentation and press release has already been uploaded on the stock exchange and on the company website. If you wish to be added to our mailing list, please feel free to write to us.

Just one important clarification before we proceed further:

For the purpose of today's call, we will take a review of our group level consolidated performance. That is for both Shankara Building Products Limited and Shankara Buildpro Limited. Individual financial performance for both the companies have been made available in our Q2 investor presentation.

To take us through today's Results, we have with us from the Management Team, Mr. Sukumar Srinivas – Managing Director; Mr. C. Ravikumar – Non-Executive Director; Mr. Dhananjay Miralay Srinivas – Non-Executive Director; Mr. Alex Varghese – Chief Financial Officer of Shankara Buildpro; Mr. Satyanarayana J. W. – Chief Financial Officer of Shankara Building Products.

We will begin with a brief overview of the quarter and half year from Mr. Dhananjay Miralay Srinivas, followed by a Q&A session. Please note that any forward-looking statement made during this call should be considered in conjunction with the risks and uncertainties that we face. These risks and uncertainties have been detailed in our annual report.

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

Sukumar Srinivas:

Thank you for joining us today for the Q2 and H1 FY '26 Earnings Call of Shankara Building Products Limited. I am pleased to present an overview of our recent performance and highlight the key developments of the quarter.

We are happy to report that we have continued our robust volume growth in the steel business. This quarter, we achieved a significant milestone by delivering 2.52 lakh tons in steel volume and 4.90 lakh tons for H1. This stands as our highest ever Q2 volume, representing a 31% year-on-year growth and a 33% year-on-year growth for H1 FY '26. We are on track to achieve our 1 million tons target for the financial year. In Q2, our non-steel business recorded a 10% growth year-on-year.

Consolidated revenues stood at INR 1,681 crores in Q2 FY '26 and INR 3,325 crores in H1 FY '26, registering a strong growth of 26% and 27%, respectively. EBITDA margins stood at 3.03% in Q2 FY '26 and 3.31% for H1 FY '26. Q2 EBITDA stood at INR 51 crores, a 36% growth year-on-year. And for H1, EBITDA rose to INR 110 crores, reflecting a 39% year-on-year growth. The net profit for the quarter stood at INR 25 crores and INR 58 crores for H1, marking a 66% and 84%, respective year-on-year increase.

Despite our expanding scale, we maintained strict control over working capital, which averaged to 30 days this quarter. This working capital discipline also allowed us to keep our finance costs in check while maintaining our robust growth. We remain the clear market leaders in South India across both retail and non-retail verticals. Retail growth was healthy, and our same-store sales growth reached 22% in Q2 FY '26. Shankara has continued its robust growth momentum throughout the quarter and H1 of FY '26 despite sectoral and macro headwinds. Our steel division continues to be the backbone of our growth story. Our notable volume growth has been delivered during tepid demand in the construction and infrastructure sector, coupled with a prolonged monsoon season.

Shankara's strength is our strong presence in Tier 2 and Tier 3 markets and our spread of customers across multiple segments. Our non-steel portfolio has seen a moderate growth compared to the previous year. For Q2 FY '26, non-steel sales stood at INR 155 crores, translating to a year-on-year growth of 10%. H1 FY '26 non-steel sales reached INR 299 crores, up 8% over the previous year. We have faced strong headwinds in the non-steel segment, largely due to the slowdown in construction activities in Karnataka, Kerala and Telangana. This slowdown can be attributed to delays in government approvals, longer monsoons and slower money rotation. We have seen this impact across various segments, including sanitary ware, tiles and plumbing.

Through these tough conditions, our plumbing and sanitary ware verticals have grown by 14% and 7%, respectively, year-on-year. We are cautiously optimistic about the improved demand

and the industry environment for the segments in the second half of the year. This quarter, our results posted reflects the business conducted in our manufacturing business, Shankara Building Products Limited, which has units spread across our 3 subsidiaries, Vishal Precision, Century Wells Roofing and Taurus Value. The revenue stood at INR 280 crores in Q2 and INR 603 crores in H1 FY '26. The EBITDA stood at INR 5.8 crores, translating to 1% in H1. We incurred a one-time expense of INR 6 crores in Q2. Without this expense, our EBITDA would have been INR 11.80 crores, translating to 2% in H1.

Going forward, we hope to sustain a 2% to 2.5% EBITDA for H2 FY '26. We have begun work towards improving our manufacturing business with the following steps: a revamped team with an experienced head to solely focus on this business, working on better capacity utilization and evaluating niche and value-added products for this portfolio, a dedicated sales team to go direct to market with these products, further reducing the dependence on the marketplace business. Upgradation of machinery to cater to market needs.

We believe the above steps should result in better revenues and margins in the subsequent quarter and year. From October onwards, the manufacturing business will collect rentals for its properties leased to the Marketplace business. Our online store and e-commerce business has seen significant traction in H1. The revenue stood at INR 10 crores in H1, an increase of 250% year-on-year and an EBITDA positive in this business. We are optimistic of scaling up e-com in the coming quarters and are working towards adding more verticals to our platform and exploring new avenues for growth.

In September, we inaugurated a new non-steel store in Vijayawada, strengthening our non-steel presence in Andhra Pradesh. We have added 2 new fulfillment centers in Kochi and Thrissur, strengthening our Kerala presence. In the past 2 quarters, we have increased our network from 124 to 130 stores and fulfillment centers. We are pleased to announce that as on 12th November 2025, we have received the in-principle approval from both stock exchanges, the NSE and the BSE for the listing of our marketplace business, Shankara Buildpro Limited. We are optimistic and confident that the company will be listed by end of November.

Shankara continues to be a unique marketplace in the building material industry with a strong presence in steel and a growing non-steel business. Shankara is proud to be the largest steel tube and pipe distributor and retailer in India. We have 130 fulfillment centers, which include 94 operational stores spread across 1.3 million square feet in 10 states of India and 1 union territory. Shankara has strong logistics network, ensuring seamless access for our customers. Our operations are penetrated at the grassroot level with strong presence in Tier 2 and Tier 3 towns and cities apart from key metros and capitals in our geography. We are truly an omnichannel marketplace, representing multi-brands across multiple verticals, giving our customer last mile service.

Shankara is a trusted leader in the building materials sector, committed to quality, affordability and customer satisfaction.

With these remarks, I would now like to open the floor to questions. Thank you.

Moderator: Thank you sir. First question comes from the line of Veer Vadera from Niveshaay. Please go ahead.

Veer Vadera: Okay. So my first question was that post merger, how will our strategic focus and sales approach differ between the 2 entities? And what would be the key drivers to capture greater market share?

Sukumar Srinivas: So as I mentioned in the speech, for the manufacturing business, we have a clear idea on how we are going to take it forward with an experienced person to head operations, Upgradation of machinery, sales team focused solely for tier sales as well as focusing on niche and value-added products. So that's what we're looking at in the manufacturing business. When you talk about the marketplace, it is going to be continued as business as usual. We already have our strength and our strong team focusing on our fulfillment centers and our stores. We have our presence in retail and non-retail and steel and non-steel. So that's how we are looking at taking it forward into the 2 businesses.

Veer Vadera: Okay. And how many new stores are planned over the next year? And are there any new product categories that we are planning to add?

Sukumar Srinivas: So currently, in the H1, we've already opened around 6 fulfillment centers and stores. Maybe in H2, we may be looking at 2 to 3 as of now, which are in the pipeline. We may have an update, more update, we'll get back to you if we have more in the pipeline. And the second half of your question was new products. Really, as of now, we do have a complete range of products with us. We are looking at how we can get out more sales from this existing product category which we do have because currently, we do have verticals competing with a complete range of building material life cycle.

Moderator: Thank you. The next question is from the line of Rahul Kumar from Vaikarya Investment Management. Please go ahead.

Rahul Kumar: Just 2 data questions actually. One, was there any inventory loss in this quarter and for the retail business? And two, I think you mentioned something about lease rental, which has to be paid to the manufacturing business for the retail business. Can you just elaborate more on that?

Sukumar Srinivas: So there has been no significant inventory loss in Q2. So nothing to really report.

Management: Actually to balance out the first month of the Q2, there was an upward trend. Second 2 months, it has started coming down. So I think that sort of balanced it off.

Sukumar Srinivas: And for the second half, there is -- so as we mentioned, the manufacturing business has leased out the properties to the marketplace business. So there will be a rental charged from October onwards to the marketplace business from the manufacturing.

Rahul Kumar: Okay. And what would be the quantum of that?

Sukumar Srinivas: So that will be approximately around INR 5 crores for the 6 months period.

Rahul Kumar: Understood. Third question which I have is, I think your -- the non-steel business has done reasonably well even in this tough kind of environment, which you mentioned about Karnataka. Can you elaborate a bit more on what is driving this 10% kind of a growth for the...

Sukumar Srinivas: So if you see in Q1, we were at 5%, and we did guide towards a growth of at least achieving 10% for Q2, which we were able to deliver. We were able to do this because we have, I think, mature stores in the state, and I think our retail presence really helped us cater to the customer segments, even though there was a big slowdown when it came to new construction and new activity going on. And I also think the mix of products did help us manage this. And I think our focus in Andhra and Tamil Nadu helped us balance out the market conditions which hit us in Kerala, Karnataka and Telangana.

Rahul Kumar: Okay. Okay. And do we have plans to expand this non-steel business to our newer geographies like Maharashtra and Gujarat, where you are doing some steel business?

Sukumar Srinivas: Yes, we are. We do have a plan to do that. We actually do have a presence in Gujarat with an experience center in Morbi for our tiles, but we are looking at how we can expand our stores in Maharashtra in the coming quarters or years.

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

Naitik Mutha: My first question is, I just wanted some clarity that the retail business would sit in the Buildpro, right, the entity which is getting demerged.

Sukumar Srinivas: Yes. So all the retail and all the stores would remain in the -- we will move to the new business, which is Buildpro Limited.

Naitik Mutha: So now for the first half, can you give me the split between retail and non-retail revenue?

Sukumar Srinivas: Just one second.

Management: So the retail revenue for 6 months is -- I mean INR 1,700 crores and it is contributing around 51% of the total revenue, whereas non-retail is INR 1,624 crores, which is coming around 49%.

Sukumar Srinivas: Retail is around 51% of the growth of the revenue and non-retail is 49%.

Naitik Mutha: Got it. So no, this is a split of INR 3,200-odd crores that we have done in Buildpro.

Sukumar Srinivas: Yes. That's right.

Naitik Mutha: Got it. Okay. And sir, my second question is what sort of shares would be outstanding post demerger for the Buildpro entity?

Sukumar Srinivas: There shouldn't be any outstanding shares. I think everything is 1:1.

Naitik Mutha: No, no. Okay. So same amount

Moderator: Thank you. The next question comes from the line of Keshav from RakSan Investors. Please go ahead.

Keshav Kumar: Sir, what's the reason for the sequential reduction in margins for the Marketplace business despite us doing higher volumes on a Q-on-Q basis?

Management: Actually, there was a one-time write-off which we have taken in the Buildpro -- I mean, the Building Products Limited. So when it is consolidated, if you see the first quarter, it has been consolidated. So if we add that INR 6 crores or INR 5 crores approximately, which is a one-time expense, we are back to the same more or less there would be a substantial fall between Q1 and Q2 in the EBITDA margins.

Moderator: Thank you. The next question comes from the line of Naman Maheshwari from Singularity AMC.

Naman Maheshwari: Just wanted to know that what is the volume in steel business in our Buildpro business?

Management: In the non-steel, there is no steel at all as a volume. So we have...

Naman Maheshwari: One thing in the marketplace business, what is the volume of steel in Q1...

Management: Just one second. It would be close to 90%.

Naman Maheshwari: 90%.

Management: Yes, yes. around -- we are talking close to about 1 lakh tons a month.

Naman Maheshwari: Got it. Got it. And you mentioned that there was some one-time expense of INR 6 crores in the manufacturing business, right?

Sukumar Srinivas: Yes, yes.

Management: No. That will be -- yes. Yes.

Naman Maheshwari: What was the nature of this one-time expense? And was it some bad debt or something of that nature?

Management: Yes. There are 2 things that have incurred over here. One was the demerger expenses substantially have been accounted into the Building Products Limited. That is number one. And secondly, there was a one-time write-off on some legal cases, et cetera, because of the demerger. So I think these 2 added up to this INR 6 crores.

Moderator: Thank you. The next question comes from the line of Jatin Damania from SVAN Investments. Please go ahead.

Jatin Damania: Sir, just wanted to understand the marketplace opportunity, what was the working capital cycle in the marketplace? And how do we see a growth of retail and non-retail segment over the next 2 to 3 years?

Management: The working capital cycle in the marketplace business is approximately around 27 days. And the growth, I think we will sustain at that 15% to 20% top line growth as we guided even earlier.

Jatin Damania: Sir, in terms of the operating leverage, I mean, definitely, we'll be doing a growth. But in terms of the margin improvement from 3.3% or 3.2% that we've already reported in the first half, what sort of scale of the cost lever that we have we can probably see an improvement in margin from here?

Management: See, of course, steel is still 90% of the business. So there's always a little bit of a worry when it comes to steel because there is always an up and down on the pricing, which we are trying large to control. However, as the non-steel business keeps growing, that's a trigger for a substantial improvement of the margins, number one. Number two, as even in the steel business, we've added more and more I mean, when you look into detailing, we have substantially grown in the flat products, which also helps us improve our margin at the retail level. So I think this will broadly be the triggers to take forward the margin improvement.

Jatin Damania: So for next 2 years down the line from 49% of non-steel, which is in the first half, what can we assume 2 years down the line, whether it will be at 50-50 or it will be 55% to the non-steel and then the steel will be 45%, retail will be 45%?

Management: No, sorry. Just to make a correction, you said around 50-50 is steel and non-steel, no. The steel is around 90%, 89% to 90% and non-steel is in that 10% to 11%. So when it comes to retail, yes, we are at that 50%, 52% retail and the balance is non-retail. So just to clarify the figures. And definitely, the aim is that as we march forward, the non-steel should take over from -- to be moving closer to the 20% over the next 2 to 3 years.

Moderator: Thank you, The next question is from the line of Parasurama Praveen from Celesta Capital. Please go ahead.

Parasurama Praveen: So my question is, so are we the lowest cost reseller, if yes, do we have data on it?

Management: Sorry, are we the lowest cost...

Parasurama Praveen: Seller for the marketplace.

Management: Reseller?

Parasurama Praveen: Retailers.

Management: No, no, we are not the lowest cost.

Parasurama Praveen: Got it. And my next question is so in 2023, you had mentioned that the non-steel business could move up to 20% in FY '25. So what is the reason that we did not achieve that and what's the outlook?

Management: Sorry, we have talked about it as FY '30, not in FY '25, number one. Number two, the proportionate increase in steel, we have also been growing very fast in steel. If you see the last couple of years, the growth in volumes as well as revenue is around 20% and volume growth is upwards of 25%. So I think we are still I mean, keeping the FY '30 target very much in place.

Moderator: Thank you. And the next question is from the line of Manish, an individual investor. Please go ahead.

Manish: Sir, with respect to the listed entity, which is Shankara Building Products, the EBITDA margins are pretty less, and we know the reason behind the same. So what are the plans as to how we think we can achieve an increase in the EBITDA margin going forward?

Management: Yes. I think as we've explained in the opening talk, the whole purpose of this demerger was to get better focus, of course, to create better value in the marketplace business. Secondly, to also get better focus on the manufacturing part of the business. So now there's an experienced team, which will be fully focused, and we have revamped from our side at the manufacturing site, the setup and so on. That's number one.

Number two is, obviously, with that, we are hoping to achieve much better capacity utilizations and a separate marketing team, which will be focusing on niche products and focused only on the manufacturing part, that is Shankara Building Products Limited. And thirdly, there is some urgent need to upgrade some machinery etc., which we'll be taking on this CapEx in the next year. So I think with these 3, already we are guiding for around 2% EBITDA from this quarter. I'm very confident that in the next year, that should further improve.

Moderator: Thank you. The next question is from the line of Krunal Shah from Enam AMC. Please go ahead.

Krunal Shah: My question is regarding the Shankara Buildpro business. So we've been doing impressive growth in terms of volumes. I wanted to understand if this growth was just purely demand driven or if there is some market share gain? And if yes, what is driving this market share gain?

Management: I think it's a mix of both. See, as far as steel goes, there has been an undercurrent, maybe not very much at a retail, retail level because there have been local issues in like we had earlier mentioned in the opening speech, where there have been local issues in some states, which are centric more to the building industry, the retail industry, housing industry. However, there has been a fairly strong demand as far as the infrastructure and what is central government driven, if I might use those words. So I think that has been pulling through the steel demand, which has been sustained, and in fact, it is growing. In our case, it's grown by almost 28% to 30% in terms of volume.

So that, I think the way we look at it, should probably sustain. So I think this is primarily where we see the demand and the growth that is coming up. Definitely, as we become very aggressive in the marketplace, there will be some amount of share that we would have taken from the markets. But broadly, I see that overall, the steel industry, when I look at many other manufacturers and talk to many other people in the industry, many of them have been growing.

Krunal Shah: And in terms of the products in terms of our steel volume of close to 5 lakh tons, what would be the mix between flat, long and in that also, is there any different product category which is doing better to manage.

Management: Yes. Just to give you a quick -- steel pipes and tubes is approximately about 30% of our total volume of the steel part. Sorry, about 60% is our pipe part of the business and flat products is about approximately, it is about 20%, 22%. Then we have the roofing products there, which is also around 15% and the balance in longs etc., is about 5%.

Krunal Shah: And what would be the growth rate across these categories for us?

Management: See, we have grown about 30% in tubes. We have grown about 60% in the flat products and about 30-odd percent in the roofing products. In the longs, particularly the construction steel that is TMT and other angle channels, we've just had a very muted growth of around 5%.

Krunal Shah: And long will also be same as under the Shankara brand?

Management: No. We deal with multiple brands.

Krunal Shah: Okay. So is there any white label or private label that we do?

Management: Private labels, yes, in the roofing products we have, we have our own brand called Ganga, which is largely part of the roofing segment. That's the only private label we have in the steel area. Most of the private labels we have in the non-steel.

Krunal Shah: And broadly, understanding our profitability mix, say, the 3% EBITDA margin, would that be similar across the product category?

Management: Are we talking about the steel products?

Krunal Shah: Yes.

Management: Yes. Flat products is slightly better. Roofing is better. Pipes would be probably slightly lower. So this would be broadly the mix. So the averaging comes in that 3% to 3.5%.

Moderator: Thank you. The next question comes from the line of Santosh Keshri, an individual investor. Please go ahead.

Santosh Keshri: Okay. Sir, just a very basic question because I will first time into this call. So I understand that there are 2 companies, one, Shankara Buildpro that's going to be listed in the next few weeks. So if you can just give a little brief of what exactly that company is doing and what are we doing? In terms of the split of the operation that we had.

Sukumar Srinivas: Okay. So Shankara Buildpro Limited is the marketplace business. So when I say marketplace, we have over 130 fulfillment centers and stores. So we cater to multiple customers to the retail and non-retail segment through multiple product categories, steel, non-steel and in those breakup of products internally. So this would be a quick overview of what the marketplace business does.

And then the regarding the old entity, which is the current listed company, Shankara Building Products Limited, is where we host 3 of our subsidiaries and it's wholly focused on manufacturing, which is all steel product manufacturing.

Management: So in the products manufactured, we do some amount of cold-rolled strip. We do precision tubes, and we do roofing products. So this is what is the manufacturing part of it.

Santosh Keshri: Okay. So this quarter's result is excluding the resulting entity. It is only for the entity which is going to continue as listed entity, right?

Management: No, both the entities continue. What the results are because the listed entity is what has been published, which is Shankara Building Products Limited, which houses only the manufacturing part. But in the presentation, what we have done today, because still the previous quarter, it was joint. It was in the same company. Now that we have been given I mean, the official NCLT order came in end of September, so it happened before the quarter ended. Therefore, you only see results of one company which has been published. And we are handling this in our website as well as in the exchanges, we have uploaded both the entities together. And that's what we are talking about in this conference call.

Santosh Keshri: Okay. Sir, just one last question. So what is the profitability that we expect from the present entity that we listed for the entire year?

Management: See, this year, we hope to close around an EBITDA because the second quarter was bad. We will close in the region of around 1.5% to 2% in the current listed entity.

Santosh Keshri: Okay. So that means a profitability of around INR 10-odd crores or less than that?

Management: Yes.

Moderator: Thank you. The next question is from the line of Maitri Shah from Sapphire Capital. Please go ahead.

Maitri Shah: Yes. A few questions. So firstly, on the EBITDA margin. So you said for the second half in the manufacturing, we will try to scale it up to 2% to 2.5%. So going forward in FY '27, what sort of capacity utilization do you expect from the manufacturing? Also with new niche and value-added products, what sort of margins do we expect from this business as well? Can it go up upwards of 3% EBITDA margins by the end of FY '27?

Management: FY '27, definitely, the target is to take it to 3%, very much so. And we hope to get that by better capacity utilization. Currently, we are at about maybe just about at 50% or sub-50%. So the immediate target is to take it to at least 60% to 65%, which should drive the margin growth.

Maitri Shah: And you also mentioned that we'll be upgrading a few of your machineries. So what sort of CapEx are we planning to do in FY '27?

Management: We will be expecting in the region of INR 10 crores to INR 15 crores.

Maitri Shah: And these will be for the similar products or we -- the CapEx will be for the new products that we are adding like more value-added products.

Management: Yes. It is a bit of both. We do have some outdated I mean, rather, I won't say outdated, but rather old tube mills. So we would like to cater to a much more accurate precise mill for one of our tube mills, which will cater better to the auto industry. And second, we also are adding a couple of finishing lines, which will help in, again, catering to an end customer needs.

Maitri Shah: So this 3% margins that you're targeting, do we expect to reach it in like the second half or maybe it would be like the end run rate for FY '27?

Management: I would say towards the second half of the year.

Maitri Shah: Also, you mentioned the 1.5% to 2% EBITDA for FY '26, that is on -- for the manufacturing business. Is that correct?

Management: Yes, yes, ma'am.

Maitri Shah: For the Okay. And now on the marketplace side, what sort of EBITDA margins do we expect going forward? Because as you mentioned that you'll be increasing your sales for the flats more and also more sales in the non-steel side. So margins for FY '27 in the marketplace business?

Management: No, no, there's an average. 7% would be -- if you're talking about 7%, the marketplace is...

Maitri Shah: No, no, no. Not just flat sales are going to be more and the non-steel sales are going to be more. So what margins do we expect in FY '27.

Management: Yes. So see, currently, we are in that 3% plus, say, between 3%, 3.5% 3.4%, 3.3%. It will incrementally increase and FY '27, we hope to be definitely upwards of 3.5%

Maitri Shah: And any sort of guidance do you have on both the businesses for the revenue growth that we are looking at for FY '27?

Management: FY '27, definitely, the marketplace, we are keeping the same in the 15% to 20% revenue growth.

Maitri Shah: And for the manufacturing business?

Management: Manufacturing business, I would say, anywhere in the region of around 10%, you can take it as.

Maitri Shah: Yes. And any guidance on how many stores or fulfillment centers you're going to be adding in the next year?

Management: Yes. Currently, we have about 94 retail stores and about 130 fulfillment centers in all. I think the retail stores will definitely go up by another 5 by '27, FY '27 and fulfillment centers will definitely go up by another 3.

Maitri Shah: We are planning to add 2 new fulfillment centers in H2. Is that all correct in FY '26?

Sukumar Srinivas: FY '26. So we're saying including the second half of FY '26 till FY '27, around 8 to 9 will be added fulfillment centers and stores.

Moderator: Thank you. The next question is from the line of Rahul Kumar from Vaikarya Investments. Please go ahead.

Rahul Kumar: Sir, just carry on to the previous question, when you mentioned 3.5% EBITDA margin for the retail business for next year, this is including the adjustment for the rental payment, etc. right?

Sukumar Srinivas: Yes.

Rahul Kumar: Okay. Okay. And I don't we used to disclose our sales, I think Karnataka and other states. Do we have that figure for Q1 and Q2?

Management: Yes, we do. Karnataka is the region of around 45% in the first half.

Rahul Kumar: Okay. And I think I missed your sales growth, which you disclosed for pipes and tubes segment. Did you mention 60% of your business is pipes and that is growing at 30% kind of a rate?

Management: Yes.

Rahul Kumar: Okay. Okay. Because I believe the industry isn't growing at this kind of rate. So I mean, what exactly is driving this super growth for us?

Management: We are working quite aggressively, particularly in Gujarat and Maharashtra also. And like I said earlier, we would also be possibly taking some share of the market, additional share from the market.

Rahul Kumar: Okay. And I think you mentioned about your targets for steel business. For non-steel business, what are the kind of growth which we are looking in second half this year?

Sukumar Srinivas: We are looking to continue and sustain the 10% growth given the market conditions, unless we see a dramatic improvement, I don't think we can push for more.

Rahul Kumar: Okay. And obviously, our operating margins on the non-steel business is, I think, upwards of 6%, right?

Sukumar Srinivas: Yes.

Rahul Kumar: Okay. Okay. Another data question, which I had was what are the acceptances in our retail business, let's say, on Q2?

Management: Acceptance in retail business is around INR 300 crores.

Rahul Kumar: Okay. And if we let's say, if you want to bifurcate our working capital between steel and non-steel, can you just elaborate on that? I mean I know it's a bit difficult, but if you can just tell inventory and receivables front, how do the 2 segments look like?

Management: Overall, non-steel will be approximately around 45 days net working capital and steel will be around 25 days. Can we come on this one-on-one? I think...

Rahul Kumar: Sure, sir. We can do that.

Moderator: Thank you. The next question comes from the line of Keshav from RakSan Consulting. Please go ahead.

Keshav Kumar: Sir, we have mentioned in our press release, there's been a marginal decrease in marketplace margins. And we are guiding for 3.5% for FY '27 now, where we were earlier guiding for 4%. So what has changed that has led to this revision?

Management: Sorry, we did not guide immediately for FY '27 at 4%. It's always an aspirational figure, but we talked of that number closer to FY '30. So we have been talking about incremental margins year-on-year. So I don't think we gave a definitive number of 4% for FY '27.

Keshav Kumar: Okay. And sir, anyway, this 4% target, would it be largely dependent on operating leverage playing out or would non-steel contribution play a major role for this to happen?

Management: Definitely. It plays a very major role, the contribution, incremental contribution of the non-steel part of the business and secondly, also a reasonable amount of stability in the steel prices.

Keshav Kumar: Okay. And so on that scale of business, would we still maintain our current ROCE because I presume the working capital will increase.

Management: See, if you look at I mean, in the ROCE in the Buildpro that's the future listed entity or the marketplace business, I think we should be able to sustain in the long term anywhere in that 28% to 30% kind of an ROCE.

Moderator: Thank you. The next question is from the line of Krunal Shah from Enam AMC. Please go ahead.

Krunal Shah: Just one question I had. What is the cash flow from operations for H1 for Shankara Buildpro?

Management: Shankara Buildpro cash flow from operation is around INR 27 crores.

Moderator: As there are no further questions from the participants, I now hand the conference over to Mr. Sukumar Srinivas from Shankara Building Products for closing comments. Over to you, sir.

Sukumar Srinivas: Yes. My thanks to all the participants who took time off this evening that on a Friday evening and joined us in this conference. So thank you so much.

Moderator: Thank you, sir. Thank you, everyone. On behalf of TIL Advisors, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.