

Date: 13th February, 2025

To,
The Listing Manager
Department of Corporate Services
Bombay Stock Exchange
P. J. Towers, Dalal Street,
Mumbai – 400001

To,
The Manager
Listing Department
National Stock Exchange of India Limited
"Exchange Plaza"-C1,Block G
Bandra-Kurla Complex, Bandra (E)
Mumbai 400 051

Scrip Code:532841

SYMBOL: SAHYADRI

Sub: Transcript of Analysts / Investors conference call

Ref: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/Madam,

Enclosed herewith transcript of the Analysts / Investors conference call held on Friday, 07th February, 2025. The same is also available on the Company's website i.e. www.silworld.in

You are requested to kindly take note of the same.

Thanking You.

Yours Faithfully,
FOR SAHYADRI INDUSTRIES LIMITED

RAJIB KUMAR GOPE
COMPANY SECRETARY & COMPLIANCE OFFICER
M. NO: F8417

Encl: As Above



“Sahyadri Industries Limited
Q3 & 9 Months FY’25 Earnings Conference Call”

February 07, 2025

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 7th February, 2025, will prevail.



**MANAGEMENT: MR. TULJARAM MAHESHWARI – CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER AND WHOLE TIME DIRECTOR – SAHYADRI INDUSTRIES LIMITED
MR. ARVIND GARG – FINANCIAL CONTROLLER – SAHYADRI INDUSTRIES LIMITED
SGA – INVESTOR RELATIONS ADVISOR – SAHYADRI INDUSTRIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 and 9 Months FY '25 Earnings Conference Call hosted by Sahyadri Industries Limited. 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 star then zero on your touchtone phone.

I now hand the conference over to Mr. Tuljaram Maheshwari, CEO, CFO and Whole-Time Director from Sahyadri Industries Limited. Thank you, and over to you, sir.

Tuljaram Maheshwari: Good afternoon, everyone, and thank you for joining us on the Sahyadri Industries Limited Q3 and 9 months FY '25 earnings conference call. I'm accompanied by Mr. Arvind Garg our Financial Controller and SGA, who is Investor Relation Advisor on this call today. I hope everyone had a chance to view our financial results and investor presentation, which was posted on the company's website and stock exchanges.

Let me begin with our performance. Turning to the business highlights, followed by the financial performance. In 9-month FY '25, the business performance was influenced by weaker demand conditions and persistent challenges in the rural economy.

The extended monsoon in the Western India, particularly in the Gujarat and in Southern India, along with the cyclone in Tamil Nadu, created additional challenges, disrupting supply chains and impacting consumer spending patterns.

These weather-related disruptions led to a slowdown in market activities. However, we are witnessing stabilization in raw material prices, which has led to a 180 bps improvement in our gross margin, reaching 43.7% in 9-month FY '25.

Global supply chain disruption and rising logistic costs have created significant headwinds, placing pressure on our operations. The increase in ocean freight cost has had a direct impact on our EBITDA margin. To mitigate these challenges, we are closely monitoring cost dynamics and implementing strategic measures to enhance operational efficiency and safeguard profitability.

Coming to building material segment in Q3 FY '25, reported a revenue of INR 129 crores, up from INR 100 crores in Q2 FY '25. This increase reflects a positive growth trajectory within the segment. Additionally, EBIT for the segment stood at INR 2.6 crores, a notable improvement from the loss of INR 2 crores in the previous quarter.

Our Capacity utilization for 9-month FY '25 stood at 67% compared to 73% in the same period last year. This decline was a strategic decision as we calibrated production in response to evolving demand trends. We remain focused on optimizing operations to ensure efficiency while maintaining the flexibility to scale up as demand recovers.

Looking ahead, we are optimistic about the opportunities that will emerge as the rural economy stabilize. Having said that, we might witness some forex impact in Q4 FY '25 as rupee has depreciated compared to USD and as you are aware, we import one of key raw materials,

asbestos from Kazakhstan with improving macroeconomic indicators and gradual pick up in consumer sentiment, we are well positioned to drive growth. For a strong operational foundation, combined with a disciplined approach to the cost management, will enable us to capitalize on market recovery.

Now moving on to the financial performance. For 9-month FY '25, total income stood at INR 456.2 crores compared to INR 483.7 crores in 9 months FY '24, reflecting a decline of 5.7%. EBITDA stood at INR 44.2 crores, down from INR 55.8 crores in the corresponding period last year. EBITDA margin was 9.7% in 9-month FY '25. Profit after tax stood at INR 15.2 crores compared to INR 22.1 crores in 9-month FY '24.

For Q3 FY '25, total income stood at INR 131.7 crores compared to INR 136.3 crores in Q3 FY '24, reflecting a decline of 3.4%. EBITDA stood at INR 9 crores, down from INR 13.8 crores in the same period last year. EBITDA margin stood at 6.8% in Q3 FY '25. Profit after tax was INR 0.8 crores compared to INR 3.2 crores in Q3 FY '24.

With that, I conclude my opening remarks and would now be happy to take your questions.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Aditya Sen from RoboCapital. Please go ahead.

Aditya Sen: Thank you for the opportunity. Sir, first I'd like to learn about the market share. Are we gaining any market share in our geographies? Or are we holding the same market share as of now? And also, about the demand, what are the key reasons for the lack of demand in our key areas apart from cyclone and extended monsoon?

Tuljaram Maheshwari: See, the market share is more or less same. There's no any loss or gain so far. And as regards the impact of monsoon and that, as I said, that is impacted our Q2-Q3. But going forward, from February onwards, we see some positive vibes in the market.

Aditya Sen: So you are saying that in Q4, we are seeing some green shoots in demand. Is that correct?

Tuljaram Maheshwari: Yes. From February onwards, there is a positive vibes.

Aditya Sen: And do we expect any further reduction in the raw material prices?

Tuljaram Maheshwari: Raw material prices won't be reduced, as I mentioned in my opening remarks also, that because of the rupee depreciating and as you know, that 50% of material mainly the fiber is being imported, and that is getting impacted. I don't see any reduction in the fiber -- in the raw material cost going forward on account of the rupee devaluation.

Aditya Sen: Okay, alright, Thank you. I'll fall back in the queue.

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

- Ravi Shah:** Yes. Sir, basically, I had two questions. So sir, how do you anticipate the fiber prices moving in the near-term? And are there any specific factors such as demand supply apart from the rupee depreciation, which you mentioned?
- Tuljaram Maheshwari:** See, as I said fiber prices are stable because of this devaluation of the rupee impacting to the most of the fiber price, if you see a landed cost.
- Ravi Shah:** So majorly its rupee driven now?
- Tuljaram Maheshwari:** Yes.
- Ravi Shah:** Understood. Sir, my next question would be the currency fluctuation. So do you think expect this to like persist in the long-term and how is it impacting the entire industry?
- Tuljaram Maheshwari:** It is going to impact everybody who is importing my dear. So how long it will last? I don't think anybody has the answer of it.
- Ravi Shah:** Understood, sir. Thank you sir and all the best.
- Moderator:** The next question is from the line of Tanya Desai from Elevate Research. Please go ahead.
- Tanya Desai:** I had two questions. My first question...
- Tuljaram Maheshwari:** Can you speak a little loudly, madam?
- Tanya Desai:** Sir, I had two questions. My first question is that one of our competitors had indicated that the industry has experienced a slight decline of approximately 0.5% to 1%. Could you share your perspective on this and do you agree with this assessment and in terms of the overall industry landscape, could you just give some insights related to the growth trends, challenges and opportunities?
- Tuljaram Maheshwari:** See, so far whatever the results have come, they are in the line of overall results we are at 3%, other maybe at 2%. But as you know we are not an all-India player, we are mainly the West and South. So in other markets like North and East, if they have done good, so their negative, maybe a little less. As regards the -- what was the second question can you repeat again?
- Tanya Desai:** Yes, sir. Regarding I wanted to ask that the industry landscape in terms of the trends and the opportunities?
- Tuljaram Maheshwari:** See, as I said generally our Q4 and Q1 next year is always good. And this time monsoon and everything is good and hopefully as we see the demand in the February onwards, seems to be positive.
- Tanya Desai:** Okay sir, also one more question that on the last earnings call you had mentioned that after Diwali, there was an uptick in demand and while we have seen revenue growth there has been a dip in the EBITDA and PAT. Could you provide some insights into the factors impacting our profitability?

- Tuljaram Maheshwari:** See as I mentioned, the demand generally Q3 onwards is always upside. But this time - as well as the prices didn't move the way it should be. So both have impacted on volume as well as on the profitability.
- Tanya Desai:** Sir, I'm sorry, but I lost you. Could you please repeat it?
- Tuljaram Maheshwari:** What I said is generally Q3 onwards, the demand is always positive, but this time it was not. And resulting there is a lower capacity utilization and also we could not increase the prices. So both have impacted the profitability as well as the performance.
- Tanya Desai:** Okay, sir. Got it. But I was just wondering that why are we not able to increase the prices?
- Tuljaram Maheshwari:** Yes, we could not increase the prices because the demand is not upward. Demand was at the lowest end.
- Tanya Desai:** Okay, sir. Got it. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Dhruv Modi from DSM Securities. Please go ahead.
- Dhruv Modi:** So, I have a couple of questions. So, regarding from last few quarters there has been a commentary around subdued rural demand and pricing pressures due to limited ability to pass on cost increases. How do you see demand recovering in the near-term and are there any early signs of improvement and also what factors will drive the turnaround?
- Tuljaram Maheshwari:** See, as you know that generally Q4 and Q1 of the financial year always good for this industry. And February onwards, we are seeing there is a upside in the demand. So we feel that demand would be definitely upside. As regards the cost, as such cost is under control, but because of dollar fluctuation that is impacting heavily on that. So if the demand increases, definitely something would be passed on to the market. So we are very positive in Q4 as well as Q1 next quarter.
- Dhruv Modi:** And sir, what factors can drive the turnaround?
- Tuljaram Maheshwari:** See turnaround as I said, it is only demand, nothing else.
- Dhruv Modi:** And so, the other question I had is, as you mentioned that the extended monsoon in Gujarat and the southern region along with the Tamil Nadu cyclone impacted the revenue this quarter. Could you provide some details on the extent of the impact, both in terms of operational disruption and potential recovery in the coming quarters?
- Tuljaram Maheshwari:** There is no any operational interruption and mainly because that area was flooded, so we could not dispatch the material and those things. But otherwise, there's no any operational interruption.
- Dhruv Modi:** Okay. Thank you.
- Moderator:** The next question is from the line of Raj Malhotra from Crystal Capital. Please go ahead.

- Raj Malhotra:** Sir, you have mentioned an increase in ocean freight cost in Q2, and this trend has continued in Q3 as well. Do you expect this cost to normalize in the coming quarter? Or do you anticipate them remaining at the elevated level?
- Tuljaram Maheshwari:** Now it is already started reducing. It went, if you talk about the Dubai sea freight from JNPT, it went to \$700, now it is \$75 to \$100. So now from January onwards, there is a reduction trend. And we hope that at least end of this quarter Q4, it should remain like this.
- Raj Malhotra:** Sir, one more question. Over the past few years, the company has announced plan to expand into Maharashtra. However, the focus seems to be stalled in the land acquisition space. Could you please provide an update on the status of this expansion plan? Or also, you could provide an update on Orissa plant?
- Tuljaram Maheshwari:** Yes. So in case of the Palghar, still, that land acquisition is going on. And hopefully, within next 3 to 6 months, that will be resolved. There are positive signs. And we are expecting to commence the production from Q4 '26. Similarly, in case of Orissa also, land acquisition is going on because, again, there are a lot of the farmers in one of the land parcel to bring them to a table, it takes a lot of time. So there, our expectation in Orissa is Q4 FY '28.
- Moderator:** The next question is from the line of Tanya Desai from Elevate Research. Please go ahead.
- Tanya Desai:** Sir, I just had a couple of follow-up questions. So my first question was that what steps...
- Tuljaram Maheshwari:** Can you speak a little loudly or a little near to your speaker, please?
- Tanya Desai:** Yes, sir. So my first question was what steps are we taking is to increase the awareness about our product?
- Tuljaram Maheshwari:** Can you repeat your what you said? Awareness of the product?
- Tanya Desai:** Yes. Like I mean, what steps are we taking is to increase the awareness for our product?
- Tuljaram Maheshwari:** That's an ongoing exercise, madam and whatever that marketing spend, and architect meet, fabricator meet, contactor meet, those things is ongoing. So there's no any neither it is slowed down and it is in a normal way, it goes on.
- Tanya Desai:** My next question was that are we working on introducing any new product?
- Tuljaram Maheshwari:** In our category, there are only 2 products. One is roofing asbestos sheet and second is non-asbestos fiber sheet. So in that, nothing is new other than the value-added product design get changed. Otherwise, more or less it remains the fiber cement board only.
- Tanya Desai:** Sir, for the value-added products that you spoke about, so are we seeing that, I mean, in upcoming quarter? Or are you talking about Q3 FY '25?
- Tuljaram Maheshwari:** Ongoing.

- Tanya Desai:** Sorry?
- Tuljaram Maheshwari:** It was there earlier also, and it is now there also.
- Tanya Desai:** So then regarding the so I was just trying to understand that what is the value-added product share revenue in Q3 FY '25 and also 9 months?
- Tuljaram Maheshwari:** 9 months is around 18%.
- Tanya Desai:** So do we not have the bifurcation for Q3, sir?
- Tuljaram Maheshwari:** Q3 is lower but, I think it is at 12%. Let me correct, 9 months is 14%, not 18%.
- Moderator:** The next question is from the line of Aditya from Securities Investment Management. Please go ahead.
- Aditya:** Sir, we and other players in the roofing industry have been talking about lower demand. But sir, if we look at the commentary of other FMCG and consumption-based players, we have been seeing that rural incomes have improved and their rural demand has seen an improvement. But this doesn't seem to be translating in for the roofing players?
- So if you just help us understand why the demand in the rural areas is lower for our products and the incomes have improved? And is the lower steel prices affecting the demand of roofing sheets?
- Tuljaram Maheshwari:** See, FMCG is again a mixed story, because some are saying it's positive side and some are saying it's negative side. But as regards to our product is concerned as you have seen, building material category, whether it is a roofing, whether it is a tile, whether it is a sanitary ware, everywhere there is a dip. If you go through the results of the Kajaria Ceramics is already come and similarly if you see the cement industries also.
- And if you see the steel industry also, the results are not that encouraging. So that totality is impacted the building material segment, and we are part of it. And it is not clearly the comparison with that FMCG versus the roofing solution what we provide to the market. But that is low in Q3.
- Aditya:** Understood. But sir, with given the lower steel prices, have we seen customers switching more to steel sheets instead of our asbestos based sheets?
- Tuljaram Maheshwari:** No, we have not seen like, that. No.
- Aditya:** Understood. And now sir, with demand expected to be strong in Q4 and Q1 of next year, generally, we see an increase in prices, which the roofing players take. So have you also increased prices of our roofing sheets ?

- Tuljaram Maheshwari:** So far not, but we are working on it. As I said till January, the demand was not up to the mark. Now slowly, the demand is showing some positive sign. Definitely, the price increase will happen. And it will be gradually the price increase will happen over the next 5 to 6 months.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Tuljaram for his closing comments.
- Tuljaram Maheshwari:** Thank you, everyone. I hope we have answered all your questions satisfactorily. However, if you need any further clarity...
- Moderator:** Hello, sir?
- Tuljaram Maheshwari:** Yes.
- Moderator:** Yes, sir. You got cut off. Can you please repeat your closing comments?
- Tuljaram Maheshwari:** Okay. Thank you, everyone. I hope we have answered all your questions satisfactorily. However, if you need any further clarification or want to know more about the company, please contact SGA team, our Investor Relations Adviser. Thank you.
- Moderator:** Thank you. On behalf of Sahyadri Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.