



**SAHYADRI INDUSTRIES LIMITED**

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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 Monday, 12<sup>th</sup> August, 2024. The same is also available on the Company's website i.e. [www.silworld.in](http://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**  
**Q1 FY 25 Earnings Conference Call**  
**August 12, 2024**

**“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 12<sup>th</sup> August 2024 will prevail.”**



**MANAGEMENT: MR. TULJARAM MAHESHWARI –  
CHIEF EXECUTIVE OFFICER, CHIEF  
FINANCIAL OFFICER AND WHOLE-TIME  
DIRECTOR  
MR. ARVIND GARG – FINANCIAL  
CONTROLLER  
SGA – INVESTOR RELATIONS ADVISORS**

**Moderator:** Ladies and gentlemen, good day, and welcome to Sahyadri Industries Limited Q1 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the future performance and involve risks and uncertainties that are difficult to predict.

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. Please note that this conference is being recorded.

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

**Tuljaram Maheshwari:** Thank you. Good afternoon everyone and thank you for joining us on the Sahyadri Industries Limited Q1 FY'25 Earnings Conference Call. I am accompanied by Mr. Arvind Garg, our Financial Controller; and SGA, our Investor Relations 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 the business overview followed by financial performance for Q1 FY'25. During the quarter gone by, our top line dipped by 3.7% on a Y-o-Y basis. The decline is primarily attributed towards subdued rural economy. There has been a persistent slowdown in terms of on-ground demand, especially from rural parts of the country since last few quarters. Furthermore, the company is not able to take price hike on its product and pass on to the consumer on the back of sluggish demand which leads to additional pressure on the performance.

The first quarter of the fiscal year is seasonally a good quarter for the company and industry at large. However, in Q1 FY'25, we have witnessed adverse climatic conditions in terms of excessive heat waves coupled with early onset of monsoon in the West in the month of June thereby impacting the demand for the roofing product. The excessive heat led to breakages in the roofing sheet which affected the company's overall performance for the quarter.

Despite this, the company has demonstrated resilience across the board. The operation at the Perundurai plant has also stabilized and we are witnessing a gradual uptick in the capacity utilization levels. The overall capacity utilization stood at 89% in Q1 FY'25. I am pleased to share that the company has also reduced debt by INR 31 crores during the quarter which brings our debt-to-equity ratio at comfortable levels.

Now moving on the financial performance, total income stood at INR 217.7 crores for Q1 FY'25 as compared to INR 226 crores in Q1 FY'24. EBITDA for Q1 FY'25 stood at INR 24.9 crores against INR 28.5 crores in the corresponding period last year. EBITDA margin reported at 11.4% in Q1 FY'25. The company registered profit after tax at INR 12.5 crores in Q1 FY'25 against INR 15.1 crores in Q1 FY'24, a decline of 17.3% on a Y-o-Y basis.

To summarize, our endeavor is to become a pan-India player in three to five years by expanding into newer geographies. We remain committed in improving our operational efficiencies and capturing higher market share in existing markets. We expect gradual uptick in the demand, and Sahyadri is well positioned to cater to the growing demand going forward.

Thank you. Now we open for question-and-answer session.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Karan Mehra from Mehta Investment. Please go ahead.

**Karan Mehra:** Hello sir, good afternoon. Thank you for the opportunity. Sir, during the budget, with the formal announcement of additional INR 3 crores houses being built under the Pradhan Mantri Awas Yojana, are we observing any benefits from this initiative?

**Tuljaram Maheshwari:** See, as you know, in the budget they have said it's a pakka house. Now, at present, there is no any clear definition of the pakka house. So, whether the pakka house is the RCC, whether the pakka house is with the TIN sheet, whether the pakka house is the Asbestos sheet.

So, still, you know, there is no clarity on that. However, even if it is not used in the houses, definitely it will be used on, the cowsheds and any whatever etc. So, definitely there will be a positive impact.

**Karan Mehra:** Understood. And sir, quarter-on-quarter our margins have improved. So, is there any change in cost that has led to an improvement in margins on a quarter-on-quarter basis?

**Tuljaram Maheshwari:** See, quarter-on-quarter, if you see, if you are talking with the Q4 versus Q1, as I said, it's a seasonal quarter. So, definitely the volume plays a big role. And when the volume is more, your production is also more, your fixed costs get divided. So, that also improves your margin. That's number one. And point number two, is that some increase in the prices, in Q4 versus Q1 happen. It's not significant, but around 1.4% to 1.5%, the price increase also took place.

**Moderator:** Thank you very much. The next question is from the line of Gunit Singh from Counter-Cyclical PMS. Please go ahead.

**Gunit Singh:** Hi, sir. Thank you for the opportunity. So, sir, before FY '22, we used to do margins in the range of 18% to 24%, but it post that our margins have been going down from 14% to now 10% last year. So, I want to understand, has there been some structural change in the market or the industry that the margins have come down?

And I want to understand whether we can go back to 18% to 20% margins that we achieved earlier? And also, are these 10% margins the lowest of the margins that, I mean, the company can go to, or can margins go even more adverse if the conditions worsen? I would like to understand that as well.

**Tuljaram Maheshwari:** Let me tell you, I think, if you have followed our earnings calls, each earnings call, we have given the reasons of it, and the main reason is the substantial increase in the raw material cost over the period of, if you say, from the year '23-'24, or maybe earlier, before this Ukraine war.

So, on account of increase of the raw material cost, accordingly, the cost increase is not passed on to the market. And that's the big reason of the variance of what the 18%-20% versus the 11% or 12% that we are getting today. That's the answer of one question.

The second question is, we don't see that margin will go down from what we have today. As continuous exercise is being done how to reduce the cost. Second, as we mentioned in our earlier earnings calls, that the raw material prices are now bottom out, and there's no chance of much increase except any fluctuation in the forex or foreign currency. That's the impact. So, considering that, we don't see going down from this, definitely. There would be definitely improvement going forward. Thank you.

**Gunit Singh:** All right, sir. So, this year, considering better monsoons than the couple of previous years, can we expect to take some price hikes and, I mean, what is the outlook for the current year in terms of, say, top line and bottom line?

**Tuljaram Maheshwari:** As we said, for the top line, would be more or less, maybe 3% to 4% more than what we had last year. Because no new capacity is coming in this year, only we have to improve on capacity utilization. As regards the bottom line, as per practice, we don't give any future forecast on the earnings.

**Gunit Singh:** All right, sir. So, typically, if there is a good monsoon season, I mean, do we expect the numbers next, I mean, in the succeeding years, to be much better? Can you, like, throw some light on previous years where we saw good monsoons and how was the demand in the preceding years?

**Tuljaram Maheshwari:** So far, demand is not that great. And the mainly, as I said, the heat waves are so impacted. So, the demand is not that good. Hopefully, third quarter onwards, there should be improvement in the demand. And demand increases, definitely. It's a positive sign for the top line as well as the bottom line.

**Gunit Singh:** All right, sir. My last question would be regarding the capex. So, I mean, by when can we expect the plants to come in? And what kind of incremental revenues can we expect from those plants? And, I mean, what kind of capacity utilization should we expect in FY26?

**Tuljaram Maheshwari:** See, as we stated that our Wada plant would be in operation in Q4 of FY26. And Odisha would be in Q4 of FY28. So, generally, when you start the plant, your capacity utilization starts with 30% to 40%. And then, gradually, it goes to 60%, 70%, 80%. So, that's 3 to 4 years, the time for getting into that capacity utilization. So, considering that, once both the plants are in full operation, definitely, we would be near INR 1,000 crores.

**Gunit Singh:** All right, sir. Got it. Thank you very much.

**Tuljaram Maheshwari:** Thank you.

**Moderator:** Thank you very much. The next question is from the line of Nitin Gandhi from Inoquest Advisors Pvt. Ltd. Please go ahead.

**Nitin Gandhi:** So, in the best-case scenario, what could be our asset turnover for the existing block? And, same way, for expanded, I think Wada, you said it's likely to be operational Q4 '26 and Odisha is Q4 '28. So, effects will be felt in '27 and '29 only, right?

**Tuljaram Maheshwari:** I think by getting 70%, 80% capacity, you have to do 2 years. So, that will be 28 and Odisha would be 30.

**Nitin Gandhi:** No, no. I'm asking for the existing unit. What will be the peak revenue potential?

**Tuljaram Maheshwari:** Peak revenue existing, because at present, we are at 89% capacity utilization. So, in this industry, generally, the capacity utilization is in the range of average 85% to 90%. So, considering that, the revenue would be in the line of INR 650 crore to INR 750 crore.

**Nitin Gandhi:** Okay. So, that is effectively 2 times of the block that is set, right?

**Tuljaram Maheshwari:** Yes.

**Nitin Gandhi:** So, for Wada and Odisha also, that is the maximum potential which we can achieve?

**Tuljaram Maheshwari:** That is potential in terms of investment, not in terms of turnover, because turnover is generally 1 to 1.15 times of the capex.

**Moderator:** Thank you very much. The next question is from the line of Ishi Shah from RH Investments. Please go ahead.

**Ishi Shah:** Thank you for the opportunity, sir. Actually, I joined in late. So, sorry if there are any repetitive questions.

**Tuljaram Maheshwari:** No issue. Please go ahead.

**Ishi Shah:** So, was there any price hike during Q1 FY25 and are we anticipating any rate hikes in the coming quarters?

**Tuljaram Maheshwari:** See, as I said, the rate hike doesn't happen in the Q2 and Q3. Rate hike generally in this industry, this seasonal industry, happens from Q4 and Q1. So, I don't see any rate hike will happen in Q2 and Q3. And as regards the FY25 total revenue, that may be in the range of INR 625 to INR 675 crore.

**Ishi Shah:** Okay. Okay, sir. And also, sir, what is the current trend in raw material pricing?

**Tuljaram Maheshwari:** Current raw material?

**Ishi Shah:** Pricing.

**Tuljaram Maheshwari:** Pricing is now bottom out. There is no any chance of the increase .

**Ishi Shah:** Okay. And are we facing any logistical issues due to Red Sea crisis and the non-availability of containers and due to the increased freight costs? And if yes, can you please quantify?

**Tuljaram Maheshwari:** See, in case of the import, we don't see any impact of getting the containers into sea freight because that's all contracted because the prices are, C.I.F. But in the case of export, yes, there is a impact. And that impacted to, I think, almost all the companies who are doing the export. So, that impact is there and definitely sometimes it is viable to export or sometimes it's not viable to export. So, case to case we decide.

**Ishi Shah:** Okay, sir. That answers my question. Thank you so much, sir. And all the very best.

**Tuljaram Maheshwari:** Thank you.

**Moderator:** Thank you very much. The next question is from the line of Ravindra Shah from RSH Investment. Please go ahead.

**Ravindra Shah:** Yes. My name is Ravindra Shah and I just wanted to know that we have a capacity utilization of 89% in Q1. So, can we maintain the same rate throughout the year?



**Tuljaram Maheshwari:** See, year-to-year, if you see, last year, for the full year, our capacity utilization was 72%. Okay, last year full. So, generally, the Q2 and Q3, the capacity utilization gets reduced. And Q4 and Q1 is the good capacity utilization. So, on an average, it ranges from between 70% to 80%.

**Ravindra Shah:** Okay, got it. So, like, how much revenue have we generated from value-added products in Q1 FY '25?

**Tuljaram Maheshwari:** As well, the ratio of the value-added for non-asbestos products is around 16%. So, you may calculate and I don't have the figure, but accordingly you will calculate.

**Ravindra Shah:** Also, I just wanted to add one more question, if I can please. Like, what is the current gross debt and net debt-to-equity ratio as on 30th June 2024? Can you please share some details on it?

**Tuljaram Maheshwari:** See, your net debt as on today is INR 46 crores, as on 30th June.

**Ravindra Shah:** Okay, and what is the debt-to-equity ratio?

**Tuljaram Maheshwari:** Debt-to-equity ratio is 0.12.

**Ravindra Shah:** 0.12, okay. That's it from my side. Thank you so much. All the very best.

**Tuljaram Maheshwari:** Thank you.

**Moderator:** Thank you very much. The next question is from the line of Prisha Rathi from N M Security. Please go ahead.

**Prisha Rathi:** Okay, so I have a couple of questions. I want to know, have we entered into any new market domestically? If yes, can you please share with new markets?

**Tuljaram Maheshwari:** See, the point is, as your plants are in the west and south, so almost connecting to that, we are already in that market. So, particularly in the domestic, definitely no. Export, yes, that's the ongoing process and we are working on it.

**Prisha Rathi:** Okay. And my second question is, how has been the performance in Q1 FY '25 for our Non asbestos sheet segment? Are we seeing any green shoots there?

**Tuljaram Maheshwari:** We are continuously increasing our sales of non-asbestos product. If you see, our non-asbestos share is now 18% in case of Q1 FY25 compared to 17% in

Q1FY 24. So it's a continuous process and with the utilization increasing of the Perundurai this ratio will improve.

**Prisha Rathi:** Okay. Thank you and all the best.

**Tuljaram Maheshwari:** Thank you.

**Moderator:** Thank you very much. The next question is from the line of Parth Vasani from KK Advisors. Please go ahead.

**Parth Vasani:** Hi, thank you very much for the opportunity. I have few questions. So first sir if you can please highlight the current demand scenario and how should we look at the year as a whole?

**Tuljaram Maheshwari:** Demand as I said the Q2 and Q3 is subdued.

**Parth Vasani:** Okay, got it. And sir second one would be could you please provide an update on the Odisha and Maharashtra plant expansions for manufacturing of asbestos corrugated sheet? So as it has been almost two years since the announcement are we facing any challenge?

**Tuljaram Maheshwari:** It is a non-asbestos plant. So there is the two land parcel is stuck in between. So we are working on it and once we get to land parcel then we will kick start. So hopefully it should be Q4-26.

**Parth Vasani:** Q4-26. Okay, sir, got it. Yes that is it from my side for now. Thank you very much for the opportunity.

**Moderator:** Thank you very much. The next question is from the line of Kaustav Bubna from BMSPL Capital. Please go ahead.

**Kaustav Bubna:** Yeah. So, given that we are doing capex just wanted to understand for this Odisha capex and Maharashtra capex what stage are we at and what will the capex figure be for FY26, total capex figure for FY25 and FY26 for the company?

**Tuljaram Maheshwari:** See as I said we have spent around INR 42 crores already in the Wada plant and once the two parcels of the land we got a possession then we will kick start. So hopefully in the Q4 26, we will start and as we already mentioned that our total capex in Wada is INR95 crores. Now coming to your question of the

capex the capex, we have done this year our plan is around INR 15 crores and if the Wada thing starts then the additional INR 35 crores would be spent on the Wada.

**Kaustav Bubna:** So, you are saying 50 plus 35.

**Tuljaram Maheshwari:** 50 plus 35.

**Kaustav Bubna:** So, around 85 crores capex.

**Tuljaram Maheshwari:** INR 15 crores is the normal capex plus 35 for the Wada.

**Kaustav Bubna:** Okay, understood. Thank you so much.

**Moderator:** Thank you very much. The next question is from the line of Karan Mehra from Mehta Investment. Please go ahead.

**Karan Mehra:** Hello sir. Thank you for the opportunity again. Sir have we been successful in gaining market share in the western region? Also how do you see Q2 trending so far in terms of business update?

**Tuljaram Maheshwari:** See the point is Q2 is a subdued and as you know West market is having a heavy monsoon compared to other area. So definitely there is impact on the demand. However, as per the forecast, the August monsoon would be subdued. So definitely it should give boost to our demand.

**Karan Mehra:** Understood. And sir how much revenue have you generated from our export business and if you can highlight the steps taken to improve our export business in the quarter gone by?

**Tuljaram Maheshwari:** See export is impacted as I said, because of the high ocean cost driven by geopolitical tension in the Middle East and disruption to shipping routes have also significant factors on impacting the export. So, as we are talking the July is badly impacted. August now the rates slowly coming down. It has not come to the level of June. So hopefully, September onwards export should pick up. And at present for our non-asbestos market we have 50-50 ratio. 50% is domestic and 50% is export.

**Karan Mehra:** Understood, sir. Sir, thank you so much for your answer. All the very best.

**Moderator:** Thank you very much. The next question is from the line of Tania Lalla from Anand Rathi. Please go ahead.

**Rishabh:** Yes, sir, Rishabh here, colleague of Tania. I have two or three questions. Number one, if you could spell the market size and market share of this industry.

**Tuljaram Maheshwari:** Market size, we have already mentioned in your annual report. If you can go through that, it's there.

**Rishabh:** So, I will go through. And, our market share and how is it increasing?

**Tuljaram Maheshwari:** Beg your pardon?

**Rishabh:** Our market share and how is it increasing over a period of time?

**Tuljaram Maheshwari:** See, as I said, we are not an all India player. We are only in the West and South. And, once the capacity comes in the Odisha, then we will. Again, North, we are not present. So, slowly, gradually, it will improve.

**Rishabh:** Okay, okay. But, wherever we are present, are we in the top three category? Top three ranking?

**Tuljaram Maheshwari:** In case of West, we are top three. In case of South, also, we are top three. Yeah, in South also we are top three.

**Rishabh:** So, who is ahead of us? I mean...

**Tuljaram Maheshwari:** Person who is having more capacity is ahead.

**Rishabh:** Okay, okay. Got it. And, our industry is more so seasonal in factor. I guess Q4 and Q1 are the top peak...

**Tuljaram Maheshwari:** Q1 and Q4, yeah.

**Rishabh:** And, what's the reason are there? Return ratios are sub 10%. How are we chalking out plans to increase it to above 15% or so?

**Tuljaram Maheshwari:** As I mentioned in my earlier calls and in this call also, the raw material prices increase has impacted to the margin. It's not only to our company, to all the competition. If you are following other companies also, it is having impacted.

So, the pass on to the market is not happening because of the subdued demand. Once demand is stabilized, demand improves, definitely the cost increase will pass on and then the margin would also perhaps increase.

**Rishabh:** So, this margin pass on is not happening since how long?

**Tuljaram Maheshwari:** It's not happening for last one year.

**Rishabh:** But, what I go from your past track record, we had some operating margin of around 24%, 26%, 20% up till FY'21 and '22. After that, it has been 14% and 10%.

**Tuljaram Maheshwari:** Cost of raw material has increased by 45% from '23.

**Rishabh:** Okay. But, what time can we see similar kind of margin in excess of 15-20%?

**Tuljaram Maheshwari:** I can't comment on it. As I said, the raw material cost has increased by 45% and the pass on to the market has not happened more than 5-8%. So, unless and until we pass on to the market, I don't see that in the near term. Okay.

**Rishabh:** Okay So, sir, last final question, sir. If this is the case, if there are further increases in raw material prices and if we do not have pricing power, there can be a situation we can run into losses as well?

**Tuljaram Maheshwari:** As I said, the raw material prices are now bottom out.

**Rishabh:** Okay, bottoming out. Any sense, how can we have a pricing power in the industry? Any thoughts on that? If all industry players sit together and find a solution, I think...

**Tuljaram Maheshwari:** Not work on the cartel.

**Rishabh:** No, not forming a cartel, that's not a prudent way because the government will intervene then. But, there should be something where we can restrict our losses or pass on the...

**Tuljaram Maheshwari:** Everybody is working their own best and trying to work on it, but common platform is not there in our industry. And we don't, you know...

**Rishabh:** So, you think association or...

**Tuljaram Maheshwari:** We don't give the positive to the common platform. We are not positive on it.

**Rishabh:** Thank you, sir. Thank you. I'll come back in queue.

**Moderator:** Thank you very much. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

**Tuljaram Maheshwari:** Thank you very much to the participants and let's get connected in the next earnings calls of Q2. Thank you very much.

**Moderator:** On behalf of Sahyadri Industries Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.