Ref: BIRLANU/SE/2026-27/52

November 9, 2026

To
BSE Limited
P.J. Towers, Dalal Street
Mumbai – 400 001
Scrip Code: 509675
Through: BSE Listing Centre

To
National Stock Exchange of India Limited
5th Floor, Exchange Plaza, Bandra (E),
Mumbai – 400 051
Scrip Symbol: BIRLANU
Through: NEAPS

Sub: **Transcript of Investors' Conference Call on Q2 & H1 FY27 Financial Results**

In continuation to our earlier letters dated October 29, 2026 and November 3, 2026, filed in terms of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached transcript of the Analyst/Investors' Conference Call held on November 3, 2026 on the unaudited standalone and consolidated financial results of the Company for the quarter and half year ended September 30, 2026.

The copy of the said transcript is also available on the website of the Company at www.birlanu.com.

Yours faithfully,
For **BirlaNu Limited**
(formerly HIL Limited)

NIDHI BISARIA
Digitally signed by NIDHI BISARIA
Date: 2026.11.09 12:39:46 +05'30'

Nidhi Bisaria
Company Secretary & Compliance Officer
Membership No. F5634

Encl. as stated

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BirlaNu Limited
Q2 & H1 FY27 Earnings Conference Call Transcript
November 03, 2026

Moderator: Ladies and gentlemen, good day, and welcome to BirlaNu Limited's 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 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 will now hand the conference over to Mr. Mit Shah from CDR India. Thank you, and over to you, Sir.

Mit Shah: Thank you, Neerav. Good afternoon, ladies and gentlemen, and welcome to BirlaNu Limited's Q2 and H1 FY27 Earnings Conference Call for investors and analysts.

Today we have with us Mr. Akshat Seth, Managing Director and CEO of the company and Mr. Ajay Kapadia, CFO.

We will first have Mr. Akshat Seth making the opening comments. He will be followed by Mr. Ajay, who will take you through the financial perspectives.

Before we begin, I would like to point out that certain statements made in today's call could be forward-looking in nature and details in this regard are available in the earnings presentation that has been shared with you earlier.

I would like to invite Mr. Akshat Seth to present his views on the performance and strategic imperatives that lie ahead. Thank you, and over to you, Sir.

Akshat Seth: Thank you, and good afternoon, everyone. Thank you for joining us today.

At the outset, I want to share that BirlaNu has delivered yet another strong quarter of growth and profitability. The revenue for our India business grew by 17% to Rs. 588 crores, and this is now the third consecutive quarter of double-digit revenue growth.

EBITDA rose 3.3x to Rs. 40 crores for the quarter. The margins for us strengthened across most of our categories and our product mix continued to shift towards higher value offerings, and that is a key theme that you would resonate across our product segments. This consistent performance delivered in a far from easy external environment, reflects deliberate choices we have made over the last couple of years, strengthening our portfolio, building a sharper and more efficient execution engine on both sales and operations, and investing behind our brands. These efforts are now showing up in our numbers quarter after quarter, and we intend to build on them.

I will walk you through the performance of each business before updating you on the strategic agenda and the progress on that.

Our Roofs business continued to be the strong growth engine for the company with revenue up 28% over last year and a volume growth of 21%. We are also selling a richer mix with the share of value-added products 35% higher than last year. There is a sharp focus on cost, and the benefit of operating leverage helped us improve margins further, even as input costs were on an increasing trend. To make these gains structural, we have initiated a comprehensive value enhancement program internally, specifically for the Roof segment. It is already bringing in savings with the full benefit expected to come through at an annual level from next year.

We continue to strengthen our leadership in this category with market share gains during this quarter as well.

In Walls, our revenue grew by 5.4%, along with a significant step-up in margins, which expanded by over 200 basis points over the previous quarter and 120 basis points over last year. And this was supported by better realizations, improved mix, and tighter cost management across all our products. We are also broad basing our growth. Alongside our traditional institutional channels, we have significantly increased our retail presence, giving the business a wider and more resilient demand base.

Pipes has delivered a strong turnaround this quarter with revenue growing at nearly 20% over last year and also sequentially, while margins improved by 630 basis points. The quality of growth has improved as well. Value-added products, including fittings now make up 47% of the portfolio, which is significantly higher than last year. Our focused market development efforts are clearly paying off with our priority markets growing significantly faster and gaining share. We have also introduced new business segments such as manufacturing as a service within pipes, which lets us make better utilization of our assets, and we are building on these to further improve the overall margin profile of the business.

Construction Chemicals grew by about 35% despite severe cost and pricing pressure arising from the ongoing geopolitical situation. Growth was helped by focused market development and an expanding product portfolio. At Clean Coats, which is our most recent acquisition, revenue was up by about 50% compared to same period last year, even as higher prices across all key raw materials continue to weigh on the margins. The foundational work at Clean Coats is now in place, and it has built a strong order pipeline for the rest of the year and beyond. As input costs stabilize, we expect the operating leverage to support a gradual recovery in margins as well.

I am now turning to Parador, for which it was a challenging quarter. Demand in key European markets remained weak, compounded by broader global sluggishness and revenue declined about 4.4% over last year. Profitability was impacted by cost pressures and lower volumes.

We are acting decisively to reset the business for recovery. There is a cost-out program being led by the BCG team in Germany, alongside a range of other measures to restore the margins. At the same time, we are not losing sight of the long term. Parador continues to build its presence in the new markets, notably the U.S., India, and the Middle East and to win new customers in the commercial segment. And finally, to strengthen the core of DIY and retail business in Europe. These efforts will position Parador well as its markets recover. We remain confident in Parador's long-term potential as a premium flooring brand.

At a consolidated level, revenue for the quarter grew 9.2% to Rs. 885 crores. Overall profitability, however, was impacted by the weaker performance at Parador. Aside of Parador, the India business continues to deliver on our stated objective of value-building growth with double-digit growth and steadily improving margins. Let me now update you on our strategic priorities and where we continue to make significant progress.

On the capacity front, our greenfield boards plant at Nellore is on track to begin commercial production in the fourth quarter of this financial year. We also expect to break ground on our second new project in Hyderabad by December. Together, these will significantly strengthen our position in the fast-growing premium Boards category. On the go-to-market, focused market development is delivering results in both Pipes and Construction Chemicals and our expanded retail presence is broad-basing growth in Walls. We will extend these learnings across the entire portfolio.

On product innovation this quarter, we launched several new products such as the Eco Roofs, QuikSeal and Poly Tech Waterproofing 2K in Roofs and Construction Chemicals and this has helped strengthen our presence in the higher value segments. Several other exciting launches are planned for the second half of the year.

On sustainability, during the quarter, we commissioned rooftop solar at our Golan and Chennai units and have also approved solar capacity at 2 more manufacturing units. We expect green power to exceed 20% to 25% of our energy mix within the next 2 years, reducing both our energy cost and our carbon footprint.

Finally, we are seeding new engines for future growth and value creation. One such initiative is an AI-enabled materials discovery platform that helps architects and designers find, evaluate, and showcase design possibilities. It brings BirlaNu closer to the specifiers who shape material choices, and we look forward to sharing more as this new business scales up. We, however, remain vigilant as external risks have only intensified in recent weeks. Geopolitical uncertainties and global supply disruptions continue to drive inflation in key raw materials, energy, freight, and currency. High inflation and tight liquidity are likely to weigh in on near-term demand, and the El Nino effect poses a risk to farm output and, therefore, rural demand.

We are responding with discipline and agility, keeping a tight grip on costs through several cost-out programs and initiatives across our businesses, managing risk proactively and building on the gains of the first half of the year. We will continue to pursue pricing and efficiency actions where needed while protecting the investments that drive our long-term growth.

These risks, notwithstanding our strong performance in the first half, gives us good solid confidence for the second half of the year. With a stronger portfolio, a richer product mix and new capacity

coming on stream and an unwavering focus on execution, we are well placed to sustain that momentum and deliver a strong second half of the year and in aggregate, a strong FY27.

With that, let me hand over to Ajay. Thank you for dialing in and your interest in BirlaNu.

Ajay Kapadia: Thank you, Akshat, and good afternoon, everyone.

Building on Akshat's comments, I will take you through our financial performance for the quarter and the half year ended on 30th September 2026.

Starting with quarterly performance, our India business, and here India business is basically BirlaNu standalone business as well as Clean Coats business, delivered another strong quarter with revenue growing 17.3% year-on-year to Rs. 588 crores. EBITDA increased to Rs. 40 crores from Rs. 12 crores in the corresponding quarter last year, while EBITDA margin expanded by over 400 basis points to 6.8%.

This marks our fifth consecutive quarter of EBITDA margin expansion, reflecting sustained improvement in operating profitability and reinforcing our confidence in the strategic direction we are pursuing.

At the consolidated level, revenue grew 9.2% to Rs. 885 crores. However, the challenging business environment at Parador weighed on overall profitability.

Turning to our first half performance. Our India business sustained its strong momentum with revenue growing 13.8% year-on-year to Rs. 1,422 crores. EBITDA doubled to Rs. 138 crores from Rs. 69 crores in the corresponding period last year with margins expanding by over 400 basis points to approximately 10%.

At consolidated level, revenue for first half stood at Rs. 2,059 crores, registering growth of 11% year-on-year. Consolidated EBITDA

increased to Rs. 82 crores from Rs. 63 crores in the corresponding period last year, representing growth of approximately 30%.

Let me now take you through the performance of individual business segments.

The Roofs segment delivered a strong performance with revenue growing 28% year-on-year to Rs. 244 crores. EBITDA margin improved by 320 basis points to 11.5% compared to 8.3% in the corresponding quarter last year. The margin improvement was driven by operating leverage and focused cost management. We expect our ongoing value enhancement initiatives to provide further impetus to profitability as the benefits progressively materialize.

The Walls segment reported revenue growth of 5.4% to Rs. 164 crores. Despite relatively moderate revenue growth, the segment continued to improve its profitability with EBITDA margin expanding by 120 basis points year-on-year to 12.3%, supported by better realizations and an improved product mix. With the Nellore Boards plant expected to commence operations in quarter 4 of this financial year, we are confident of further strengthening the Walls segment revenue growth and profitability.

Our Pipes business witnessed a strong recovery during the quarter with revenue growing 20% year-on-year to Rs. 132 crores. EBITDA margin improved by 630 basis points compared to the corresponding quarter last year. The business recovered from a challenging quarter 1 when the industry witnessed degrowth amid abnormally volatile resin prices. The improvement in business momentum provides confidence as we enter the seasonally stronger part of the year.

Construction Chemicals delivered revenue growth of 35% during the quarter, supported by strong tractions across its portfolio. The business navigated elevated raw material costs and pricing pressures arising from the prevailing geopolitical environment.

Moving to Parador. The business faced demand headwinds across key European markets, coupled with elevated raw material prices. Revenue declined by 11% in local currency terms and 4% in INR terms, which along with cost pressures adversely impacted profitability. We are progressing the cost optimization programs in partnership with BCG with a clear focus on improving the underlying cost structure and enhancing Parador's profitability.

In view of the operating losses at Parador, we have recognized an additional provision of Rs. 90 crores towards diminution in the value of our investment in BirlaNu International GmbH, taking the cumulative provisions to Rs. 164 crores as of September 30, 2026.

The assessment reflects the prolonged weakness in the key European markets, geopolitical uncertainties, and the impact on Parador's operating performance. The carrying value of the investment will be reassessed on a regular basis considering Parador's financial performance. The provision has been recognized as an exceptional item in the standalone financial statement.

Moving to our balance sheet. We continue to place strong emphasis on cash flow generation, efficient working capital management, and maintaining financial flexibility to support our growth ambitions.

Our total debt stood at Rs. 896 crores as on September 30, as compared to Rs. 852 crores as of March 31. The increase was primarily driven by investment in ongoing greenfield projects and other capacity expansion initiatives to support future growth.

Our working capital position has strengthened significantly compared to both previous year and the corresponding period of last year. Alongside this, we remain focused on strategic sourcing and forex risk management to mitigate cost volatility, safeguard margins, and support stronger cash generation.

As mentioned by Akshat, both the Nellore and Hyderabad, both projects are on track as per our plan. We are closely monitoring project execution and capital deployment to ensure timely completion within the planned investment outlay.

Before I conclude, let me also share an update on Clean Coats. The integration of Clean Coats with BirlaNu is expected to be completed by end of this year, subject to the requisite statutory approvals. We believe this integration will create further opportunities to realize synergies across operations, procurement, and other business functions while further strengthening our portfolio.

Overall, H1 FY27 has been encouraging, particularly for our India business with sustained double-digit revenue growth and significant improvement in operating profitability.

While the external environment, particularly in Europe, remains challenging, our focus will be on sustaining growth momentum, driving further margin expansion, and strengthening cash generation through operational efficiencies, effective working capital management, and disciplined capital allocation. We remain committed to enhancing the quality of our earnings and delivering sustainable value for our shareholders.

With that, I conclude my opening remarks and hand the call back to moderator to open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Jiten Parmar from Aurum Edge. Please go ahead.

Jiten Parmar: Yes, good afternoon, Akshat, Ajay bhai and all. Congratulations on good standalone numbers. There is an improvement, and I must commend the management for that. But my question is again on Parador.

So FY27 guidance was of more than breaking even. And that is now followed, that was in August 2026. Three months later, we are again

doing a Rs. 90 crores write-down and the first one was around Rs. 74 crores. So, 45% value, I think, we have already written out. Also basically, to breakeven, you had guided that Parador needs to do EUR140 million to EUR144 million per year. I think we did around EUR60 million in the first half. So, are we confident that we will do EUR80 million in the second half? And the best quarter we have had since FY24 for Parador was 1.7 million, which is in Q4 FY25. For half, we have already got a whole of 4.5 million. So, in the second half, can we do more than that to make it EBITDA positive? So that is one question.

And we have gone through all the con calls since 2019. And we kind of basically with the table and the 23 Parador financial commitments have been made on 11 con calls. We find the delivery very, very low, maybe 1 or 2, and 21 have been missed. And, if you remember, in FY25 Q2 call, I had asked, how long a road will we give to Parador? It is angst also from us investors that something needs to be done about this. And each time we hear that we will turn it around, but it is not happening. So, can you throw some light? And there should be some light at the end of the tunnel, right? Or we have to abandon it. So, if you can throw some light on this. Sorry for asking these hard questions, but I think it is high time that something needs to be done about Parador?

Akshat Seth: Thanks, Jiten, and thanks for your question and your comments. And I think I understand the sentiment. In terms of something that needs to be done, one major activity we have undertaken is there is an engagement of BCG to come in and do a comprehensive cost restructuring. We are now in month 3 of that engagement. I am also encouraged by the results that have come so far.

The team, overall, the initiative has identified a value envelope of additional about 9 million to 14 million at an EBITDA line level, and that is what we are pressing on. Now this is a comprehensive restructuring on the cost line across all possible line items. So that is a major, major initiative that has already been undertaken and

the first set of ideas are beginning to be implemented as well. So, we will see the results of that within this financial year itself.

The second positive and which we need to see the full results, the investments in the new markets, namely North America, Middle East, India, there is a lot of good positive traction. If you recall and as you recount many of the earlier calls, the whole thesis has been for us to diversify geographically and the activity in these markets is critical for that.

I am happy and confident to report that in these markets; the momentum is very good. For instance, in the U.S., already in these 6 months, we have almost twice as more as what we did in full financial year last year. We are on track to finish in North America for this financial year at nearly 4 to 5x of previous year's performance. So, there are those green shoots. We need to wait out and see the results before any other decision or conversation is done on that.

Jiten Parmar: Okay. So how long it will take for the BCG exercise to conclude and what is the new timeline?

Akshat Seth: In terms of the identification of value opportunities and designing of initiatives, we are at the end of that phase. So, the diagnostic and the idea identification have already been done. We are just about concluding the design phase and implementation has also simultaneously started. Overall engagement will run up to the end of the financial year because that is largely the implementation support. But a lot of the results and how much of that 9 million to 14 million envelope translates on ground will be visible within the next 3 to 4 months.

Jiten Parmar: So, my question, I know I talked a lot, but there was one question on about the August guidance that Parador will be EBITDA positive this year. Do you see that happening or that looks bleak?

Akshat Seth: So, at the moment, the first milestone for us to ensure is as we are out of the summer months, to ensure that in this remaining part of the year, which is H2, we should be positive. How much are we able to cut into the losses of the first half of the year, that I think is something that we should see how that situation works out, also contingent on how the demand is picking up in the core European market.

But overall, coming into this conversation as we are already in November and October has passed, there is some positive rebound as far as the revenue is concerned. So, the first milestone is to ensure that the second half of the year, we are positive and create surplus to cut into the losses of the first half of the year.

Jiten Parmar: Okay. Perfect. Thank you for answering this question so very patiently. And I wish you all the best for this turnaround. It is very, very important for the company to do that and if I have any more questions I will come back in queue. Thank you.

Akshat Seth: Thank you, Jiten.

Moderator: Thank you very much. The next question is from the line of Parikshit Gupta from Fair Value Capital. Please go ahead.

Parikshit Gupta: Thank you very much for the opportunity and for the detailed opening remarks and congratulations on consistent growth in the India business. I have a few questions. First, a clarification on the Pipes and Construction Chemicals update. The press release mentions and even your opening remarks that the growth in Pipes has been around 20% and the Construction Chemicals around 35%. However, the segment results mentioned 16%. So, can you please help us understand the disconnect here? Is it the Putty business or something else?

Akshat Seth: The third leg of this segment is Putty, where there has been a decline of about 17%. As we have shared in the past, the strategic focus is on Construction Chemicals and Pipes within this segment,

and that is where we are pushing on. And we have already shared 20% and 35%, respectively, as the growth in Pipes and Construction Chemicals. So, the aggregate number is explained by the decline in Putty.

And Putty also, in real terms, if I may just clarify, there is no decline in a like-to-like basis. Typically, Putty has a spike during the Diwali season. This time, it is deferred by a month, and that is why there is a timing effect to it. But on a like-to-like basis, we are about the same level as last year in Putty.

Parikshit Gupta: In terms of the Pipes growth, can you please help us understand what was the volume growth and the inventory gains? I ask this question because some of our competitors, they have been able to grow volumes by over 20%, and in terms of value, close to 40%. So just wanted to understand how much of it was volumes for us?

Akshat Seth: Yes. So, I think the numbers you are quoting is not all competitors, it is a particular competitor. And in a quarter like this, different players seem to have adopted different game plans. Some have focused on volume at the expense of profitability. Also, the mix of Agri in this quarter has had a significant bearing on some of the volume growth that are reported.

So, I am just contextualizing the macro picture for us. Number one, you asked about inventory gain. In our numbers, the inventory gains are marginal. So, it is almost negligible. Overall, the revenue growth was about 20%, of which about 4% was the volume growth, and the rest was from a pricing and mix perspective, so 15% was pricing and mix related.

Significantly for us, and that is where the comparison becomes complete. We have also grown on the profitability side by about 630 basis points. So overall, at the EBITDA margin level, we are nearly 5% at the Pipes level. And the choice for us was to ensure that we are growing in a profitable manner, and we are not sacrificing on the margin as far as this segment in this particular quarter is concerned.

Parikshit Gupta: Next, on the Walls business. Can you also again break down the 5% growth into volume levels as well? And if you could also help us with the capacity utilization levels across our Boards and Blocks capacities?

Akshat Seth: So, it is essentially 3 products: Blocks, Boards, and Panels. Overall, the growth in revenue is about 5.5%. The volume growth is in the vicinity of about 1% to 2% at an aggregate level. The realization growth is depending on which product is anywhere between 5% to 9%. And at the EBITDA level, the growth in profitability compared to last year is close to 120 basis points. So, we are now in this segment about 12.5% at our EBITDA margin and capacity utilizations are depending on which product segment are in the vicinity of about 85%.

Parikshit Gupta: So, my next question on the AI-based design platform. Can you please help us understand more of the objective around this platform? Is it more for the awareness of BirlaNu products? Or are you also going to showcase other brands' products as well?

And I am sure you know this, there are existing players such as Livspace, and they showcase multi-brand building products. They have architects on board, and they worked on a very specific business model it is more like a freemium sort of a thing. However, I guess, the target user is an architect or a designer. So, can you please help us understand the exact objective behind this?

Akshat Seth: Yes. So, the overall objective is twofold. Number one, this is being viewed as an organic build of a new business segment, which will be enabled and driven by a tech platform. The idea is that we engage with a large mass of the specifier community in the building products space. And there are several propositions that we are building around it.

The second objective is with the connect with the specifier community, there is also a benefit that flows into our existing

products and our B2B business. So that is the second objective that we are driving.

As you would have noted in the Board meeting yesterday, there has been an approval to create a subsidiary. We want to drive this as an independent business line, of course, within the BirlaNu umbrella. In terms of its exact product features, etc., I would let the details emerge at the right time. I think it is slightly early. We are still in early development stage, and we will share more details in subsequent conversations around this.

Parikshit Gupta: Just my final question. On the solar installations and savings of energy costs, in the recent past, the power and fuel expense has been close to 4% of our sales with it being around 14% of the other expenses. Considering the current projects coming alive as well as the project under immediate pipeline, what is the contribution of margin savings or margin expansion that we are anticipating here?

Ajay Kapadia: So, the solar projects, it is in a phased manner. It will take around 6 to 9 months' time at different locations. So overall, the annual cost savings will be in the range of Rs. 4 crores to Rs. 5 crores in annual business.

Akshat Seth: And that Rs. 4 crores to Rs. 5 crores, of course, pertains to our existing footprint. The new plants that are being set up, I think we will share those saving estimates as these plants get commissioned. But roughly speaking, at each location, depending on the regime and the state government's rules, we are trying to convert anywhere between 40% to 50% of our energy consumption to green or renewable base. And on a typical basis, if I do a rough back of the envelope, the savings are to the tune of about 30% to 35%.

Moderator: Thank you. Next question is from the line of Vineet Gala from Xylem Investments. Please go ahead.

Vineet Gala: Hi. So, at the outset, I would like to congratulate on the India segment. But at the same time, I would like to echo the concerns

around Parador, which were made by the earlier participants. So, my question is, over '26 and this quarter, we have impaired around Rs. 164-odd crores of our investments in Parador. In the same period, we have raised the corporate guarantee limit from $45 million to $55 million and also doubled our SBLC. So, I have like 2 questions.

First, what is the total exposure today? And how much of these limits have been utilized? And is the SBLC within the $55 million limit of the corporate guarantee or it sits on top of it?

Ajay Kapadia: Yes. So as on today, our exposure is EUR40 million, EUR20 million, as you mentioned, is SBLC, and against corporate guarantee, it is EUR20 million.

Vineet Gala: So, EUR40 million, that is okay. So, I was just intrigued, I wanted to understand, why are we increasing support while simultaneously we are writing down the investments and what really happens to these financial supports in case we prefer to wind down Parador.

Akshat Seth: The question on why are we supporting Parador, it is an important part of our portfolio. It is in an investment phase. The core markets that it has been operating in have seen difficult times. But that said, with the game plan that we are executing and we are trying to diversify both in terms of geographical breadth and the consumers or customers that we are serving, there is an investment phase in the business. All of this is being done with a line of sight of a rebound and resurgence as far as the business and the core fundamentals of the business are concerned.

So, as an operator, the way we look at it is like, in my previous answer, I was talking about this new business that we are setting up on the tech side, which will have an investment cycle and then a return cycle. Parador has been going through that investment cycle. I do acknowledge it has been longer than what many of you would expect. But we are making these investments with a view of returns coming through and these strategic plays paying off. So, the

green shoots that are coming from the markets that we have invested in the last 12 to 24 months also gives us that confidence.

Ajay Kapadia: Vineet, I would like to add one more point. These are the provisions we have created considering current market situation. In case the Parador starts generating cash flow, this provision will get reversed.

Vineet Gala: So, you are talking about the impairments, right, in the investment?

Ajay Kapadia: No. This is the provision created in the investment value, equity investment in Parador. We have not done impairment of goodwill in the standalone. It is impairment is lying in the Parador consolidated books. We have not touched that impairment.

Vineet Gala: No, that is fair. But my question is, because $40 million is fairly significant. It is almost 50% of our market cap. So, what really happens to like in case, it would be a small probability event. But if that really materializes, then we have to wind down Parador. So, what really happens to this 40 million?

Akshat Seth: Remember, this 40 million also is an aggregate of acquisition financing that was done at the time that the asset was taken. And so, it is not that this has been pumped in to support the operations entirely. That is not the case. So, one has to distinguish between the 2. I do not want to indulge in any speculation on what may happen. Apart from this, there are 100 other scenarios we can discuss a little bit, but not a useful conversation to have at this time.

Moderator: Thank you. Next question is from the line of Akhilesh from NorthStar. Please go ahead.

Akhilesh: Hi, thanks for the opportunity. Sir, I wanted to ask you whether you had some clear line of sight today on which would be the first quarter where you think Parador is reflecting its potential as performance? Is it going to happen in Q3, Q4, as you sit here today? Or do you think it is a year out, it is not visible right now? And secondly, this new investment into a platform, what kind of budget

are we keeping in mind for this new venture because it will be an investment phase. And again, will it be a drag on our earnings?

Akshat Seth: Let me answer the second one first. I think on Parador, I have already answered this question in the previous query. So, I do not think I have much more to add on that. On the second one, this is an asset-light model. The first approval we have taken is to the tune of about Rs. 5 crores, which will be consumed over the next 12 to 18 months. The line to breaking even is not a long gestation time. So, this is not an asset-intensive, Capex-intensive business model that we are going after. So, this is not in any way going to materially impact the financials of the business. But if it goes through and if successful as per the plans that we have made, it will have a significant positive ramp up for the business.

Akhilesh: And sir, just one more question, although I know it is not entirely your domain, but are the promoters interested in increasing their stake in the company at this market cap, given it is a fraction of the sales the company makes, they own about 40% in the company. Is this something that they are looking at in any shape or form?

Akshat Seth: You have already given the answer, not my question to answer. So, I honestly do not have much to comment on.

Moderator: Thank you very much. Next question is from the line of Vinay Gupta from Previse Wealth Management. Please go ahead.

Vinay Gupta: Yes. Hi, Akshat. Thanks for the opportunity. It has been discussed. I think that this is a question we keep on discussing on every con call, and it has already been discussed. But the Parador, things it does not solve. I mean it has been like 4, 5 years now, right? You talk about this being in investment phase. We acquired this, if I remember correctly, at Rs. 600 crores, Rs. 700 crores. Now the total valuation of our company is near about that. We are throwing every quarter or every year. In the first half, we have thrown about Rs. 100 crores on that business.

Every quarter, there is something or the other that keeps on affecting Parador. Either it is weak sentiment or either there is pricing or something or the other. Do you think we are really throwing good money after bad? And eventually, we cannot write down the other parts of the business to 0 because just to safeguard one of the assets. I mean even if it turns around, let us imagine 3, 4 years down the line, it turns around. But the cost that we are paying today is immense.

I mean we were at Rs. 4,000 crores to Rs. 5,000 crores company, now we are barely even Rs. 1,000 crores. So, I think the management really needs to draw a line that some battles maybe just, just the race to be given, okay, let us just not fight this battle. Maybe it will create value after 4 to 5 years, but it has been way too long and then your bandwidth is being used too much in a particular business, while the other businesses are showing up and all your efforts are being reflected there.

So why not just hive it off if you think if you think or the management or the promoters think that this is a viable business, might as well hive it off and get its own set of investors who are interested in turning around. I mean the core business is doing well, but because of this one part, nothing is being captured. No value is being generated for anybody, and it has been 4 to 5 years. I just want to have your take on this and that you can consequently say that these are my comments also.

Akshat Seth: Sure. Thanks, Vinay. See, we hear what you are saying and what callers before you also mentioned. As far as bandwidth is concerned, I do not think bandwidth is a challenge. If that was a challenge, then there would not be a turnaround on the existing part of the business or the core India business. The fact that it is on a good trajectory, there is both revenue and profitability growth should also give you confidence that I do not think there is any cannibalization of bandwidth. We are putting the bandwidth in all the right

pockets, and we have the teams and the leadership to drive these businesses in the right fashion.

See, and as I have shared on previous calls, as operators and in our seat as management, we continue to explore all options for all our portfolio companies, all portfolio segments. As far as the question of hiving off etc. is concerned, we do not think now is the time to do it. And there are reasons, as I spelt out earlier in the call, why we feel that is the case.

But as a company overall at a portfolio level, all options are actively evaluated.

Vinay Gupta: So, Akshat, thank you for answering this, but I do understand, I am sure you also understand the anxiety of the shareholders. I mean one part killing all the other businesses, right? I mean the turnaround has taken, I think, massive amount of capital. I mean literally I think Rs. 100 crores is the total PBT of our other division, right?

If we had a standalone this business and the other business, the valuation would be significantly higher. So, this business is not only dragging profits, but you also know, driving down the valuation of the company. And I am sure you are considering everything, but I would still say that please take it on the right path. I mean I think everybody is getting very desperate because the value destruction has been massive because of one part of the business and everything else that you are doing right is just not getting affected. So yes, I think I will just rest it here. Thank you.

Moderator: Next question is from the line of Aditya from Securities Investment Management.

Aditya: Hi, sir. Thanks for the opportunity. Sir, I had a question on your Polymer division. Sir, now we are on a run rate of Rs. 700 crores, Rs. 750 crores, but on an EBIT level, this segment is still making losses. And if I compare this quarter's result with other pre-listed

companies which have reported results, the profitability has improved quite a bit for most of the other companies. But for us, on a Q-o-Q basis, we are still making losses in this division. So, if you just help us understand what could lead to turnaround in this division?

Akshat Seth: So, on the Polymer division, which is the aggregation of Pipes, Construction Chemicals, and Putty, I do not think there is a story of a turnaround as much as it is a growth and a scale-up story that we are pursuing. And I think it is important to also look at these 3 segments slightly differently. Pipes, as I said, there has been a significant profitability improvement for us quarter-on-quarter, if you see the results for, I think, 3 to 4 quarters, including this one.

This quarter, we have grown our profitability by about 650 basis points. And that shape of the P&L was an important thing to rectify, which we have done. The volume growth is what we are pursuing with and the revenue growth, that is also now visible, and we will continue. So somewhere the aspiration with which we are growing is that we have to almost be growing at double what is the industry average growth rate over the next 3 to 4 years. So, Pipes, we are on steady ground and with the acquisition that was done, even the results of that segment are fairly strong. So, I see no cause of concern or a need for a turnaround. Yes, there is a need to keep pressing the accelerator as far as revenue scale up is concerned.

Construction Chemicals, the youngest part of our portfolio, been around for maybe last 2 to 3 years, also got a leg up with the acquisition of Clean Coats that we did. Again, here, partly we are building the channel and the sales team. So, there is a little bit of investment ahead of the curve. But that said, it is not much overall. As a subsegment, it is still profitable. There are seasonality and which is why quarter 2 may look slightly different, but we are confident that we will finish this full year on a profitable note. So, there is absolutely no room for concern here. In fact, the acquisition of Clean Coats is shaping up very well. It has given us a portfolio of specialized products, higher-margin products, and we are pushing

hard on building that sales engine. One early result there from quarter 2 is that we have done close to 50% more revenue than the same period last year. And today, as we exit October, enter November, we are at a stage where there is more demand than we can service out of our production facility.

So overall, it holds a lot of promise. But like with any new business build, it has to go through its phases of the right building blocks being put in place. So, we are doing both simultaneously. Putty, of course, we have also outlined, is not a strategic growth agenda for us. So, it is more in a hold and maintain formation. And it is allowing us channel access for the Construction Chemical products. So, there is a useful objective that it serves.

Ajay Kapadia: And Aditya, this EBIT also includes a large portion of depreciation cost because of the new investment in last 6, 7, 8 years, including 2 acquisitions. So, Rs. 40 crores is annual depreciation we charge in this segment.

Aditya: And is it possible to quantify losses we are making in Putty?

Akshat Seth: No, no, we are not making losses. We are just above breakeven as far as Putty is concerned. So, there is no question of making losses.

Aditya: And lastly, sir, on Parador. I think in your opening remarks, you mentioned that this BCG initiative could give us cost savings of 9 million to 14 million. So did I hear it correctly because that is quite a big amount.

Akshat Seth: Yes, that is the value envelope that has been identified by that initiative so far. Typically, in exercises like this, you should assume a little bit of discounting by the time these savings hit the bank. Now whether that discount is applied to the higher end of the range, at 14, or at the lower end, I think that is what will emerge in the next few weeks. But that is the kind of scale of saving that is being done. And I think I shared that number more to also convey that this is a

deep cost restructuring that is being done. It is not a superficial exercise that we are doing.

Aditya: So, this cost benefit, which you are expected to realize, this is more to do with some internal improvements and not just from increasing sales from Parador, so this is more of internal takeouts right?

Akshat Seth: This is all internal takeouts. This is almost assuming we are working off the base of last year's revenue, and that is what we would like to take off internally, has no linkage to sales volumes.

Aditya: So, the breakeven for Parador would reduce materially now?

Akshat Seth: Correct. I mean if these numbers land where they are supposed to, we would be shaving off the monthly breakeven by at least EUR1 million, annually at EUR9 million to EUR10 million is what we are looking at.

Aditya: And last question, Sir, what would be the cost which we are paying BCG, which is currently reflected in the PBT losses of Parador? Because I think these costs would not be there next year onwards.

Akshat Seth: Yes. At the moment, there is no cost booking because the program is entirely, so at the moment, it is not reflected. And yes, you are right, this will be onetime in nature. I do not think it will be right for me to share the commercial details of the engagement just yet.

Moderator: Thank you very much. Next question is from the line of Saiguhan Elancheran individual investor. Please go ahead.

Saiguhan E: Thank you so much for your opportunity. Good morning to everybody, management team as well as other participants. So, Sir, I am calling in from Germany. My question is regarding Parador, right? I mean it is not about improving the numbers or anything. It is about the overall sales. How are you looking to increase the overall sales? Because I see here around, it has been a bit difficult with macro, with jobs and costs rising, right? And I have been to an OB

and then I have asked how people are actually buying the floorings. So, there is not actually a very huge difference between us and the competition, except that, that Parador is slightly premium. And what is the exact strategy which you are looking at here? Like is it, let us say, antidumping duty for the Chinese floorings? Or what is it that you are looking for, for increasing the sales? Because the demand, I do not see it is increasing a lot, right, because several people who are replacing their floors or their housing is not a lot. That is my first question.

Second, I mean, the continuation of the question is also like I see your products in DM, right, the floor cleaning products, which are sold in DM. I also do not see a lot of people actually picking it. So, what is it that we are looking at in terms of increasing the sales?

Akshat Seth: So, your question is increasing sales in Germany and the Central European market, or your question is about sales?

Saiguhan E: Exactly, yes, yes, yes, it is sales in Germany and, yes, Central Europe and overall sales for Parador as well.

Akshat Seth: So let me try and respond to this at 2 levels. One, what are we doing at our overall company to increase sales and sales volume? And I am glad you are dialing in from the hub of the action.

So, you will resonate with some of the messages that I am sharing. So first, as a company, one lever for sales growth is around geographical expansion. You would recognize that Parador as a company historically was very Central European focused, and we are now opening or establishing a deliberate strategic presence in some of the faster-growing large flooring markets in the world where we were present very tactically and marginally. So, markets like North America, where despite all the global turmoil, the flooring market is on a good positive trajectory, and it is a large flooring market. We are establishing a foothold there. India is a market where we did not play. So, we are working towards building that one up. Similarly, a couple of other developing markets like Middle

East and Southeast Asia are what we have invested over the last 2 years. So that is one lever.

Second, Parador as a company was largely in the residential space and selling its product through retail channels, whether DIY or specialized high street retail. We have also added a layer of commercial sales on top of it. Now commercial, growing in the commercial segment meant building relationships with the specifier community and product differentiation, which we have done over the last 2 years, and there is a good traction coming in on the commercial side of the business.

So those are 2 themes at a global level, specifically in Germany and Central Europe, much of the strategy, you are right. The market itself has been flat, in fact, has declined if I compare it with 4 years ago to now. And much of our strategy is about gaining share. And there are 2, 3 things that have worked well for us. First and foremost, as a consumer preference, people are moving from high street retail to DIY, where today, we stand on more shelves. So, you visited OB and DM, but the Bauhaus and other big DIY chains, we have increased our shelf presence space, and the idea is that we are gaining share on the expense of other competitors. In high street retail, the share gain story has been playing out with product differentiation. So that is the second leg.

Third, I think what is helping us in doing this, and we have consistently shown the fact that if you compare with the last 3 to 4 years, our volumes are either flat or there is a marginal increase, then the overall market has declined, tells you at a macro level, we have gained share. It is essentially coming from the fact that a lot of our competitors are also falling by the wayside, either they are holding up or they are restricting their areas of activity, and which is also somewhere helping us.

So, the core fundamentals of the company and the fact that it stands for a certain brand and a premium positioning is helping in

a market like that. Staying power is a big USP that we carry, which many of our competitors did not have, and which is why they have folded. Does that answer the question?

Saiguhan E: Understood. Thank you so much. I really appreciate the answer. My next question is regarding the Roofing segment. So, like what is it that we as well as the industry have done better in this quarter that we have seen a year-on-year increase? Or is it due to just lesser rainfall, which has helped us in hindsight?

Akshat Seth: For our industry lesser rainfall is usually a negative signal rather than a positive signal. So that has not played out and what has helped is, I think, 2 or 3 things. One, there was almost a pent-up requirement for price correction in the market over the last 2, 3 years because if you look closely at our numbers or any of our industry peers, the cost increase was much more than what we could pass on to the market. So somewhere that pent-up price increase helped and that held on the margin side. The second thing that is also held is one of our close competitor products, which is steel roofing. There has been a massive run on the prices of those products, which has also opened a bigger demand market for us as an industry. So, there has been good solid volume growth as well at the expense of this competitor product. So, I would say those are 2 big factors which have helped the industry in the first half of this year.

Saiguhan E: And my final question is, you had a guidance of, let us say, becoming a $1 billion company maybe a few years down the line. Which segment of yours do you think could be the leader in this run to $1 billion?

Akshat Seth: So, what we have been talking about last several quarters is about doubling down our portfolio. And within our portfolio, Walls is one segment where we have a clear path to doubling our revenue from where we were, say, at a Rs. 500 crores level to Rs. 1,000 crores level. But the key growth engines in the India business would be around Pipes and Construction Chemicals, where a growth path of 3 to 4x

of where the starting point was, say, a year ago is what we are aspiring for. So, in terms of both absolute and percentage growth, those would be the 2 segments where we are putting our money behind.

Moderator: Next question is from the line of Vineet Joshi, an individual investor.

Vineet Joshi: My question for the management is, are we seeing any turnaround in European demand for housing based on your market intelligence that you have? And what is the proportion of sales that comes from non-European region for Parador? And are we planning to make it more meaningful? For example, we mentioned that we are expanding the markets to U.S., Middle East, and India. So, what is the proportion right now? And what is the more meaningful target that we are expecting in the near future?

Akshat Seth: Yes. So are we seeing and I am making this comment with crossed fingers because this should play out and I will also recall the previous order. In Germany and in other markets in Europe, this is probably now, for the last 12 to 15 months, there has been an increase in the number of new house permits and new house constructions that have happened, which is a significant change in trend from what we have seen in the previous 3-year period. Typically, this cycle takes about 12 to 18 months for it to start hitting demand for flooring products because ours is almost the last product that gets fixed. But we saw that play out in upstream players in building products like cement, etc. where there was a demand uptick. So, we hope that this will continue and there will be a, with adequate lag, there will be an impact on the flooring demand as well. So that is what at least the data suggests from an economic perspective. This is both new builds and renovations. So yes, there is some data that is indicating a positive turn in those, especially in Germany.

Your second question was on the market mix. Today, less than 10% of our sales in value terms is outside the European region. The first

milestone we are hitting is that in the next 3 years, it should cross the 20% mark. So that is the shift in portfolio that we are thinking. Of course, this will be assuming that there would be a certain growth in the core European market as well.

Vineet Joshi: So, one more question that I have is around use of technology for your relationship with retailers. So right now, how do we sort of integrate our ordering process with the retailers? Are we using some app-based ordering? Or how do we fulfill their needs? How do we understand the demand? Can you throw some light on that as well?

Akshat Seth: So, we can take this offline. And I am happy to spend more time. But at a headline level, in the India business, a lot of our retailer demand and retailer engagement is being driven by a WhatsApp-based AI-driven tool, which is allowing us to capture the demand at a retailer level, process the demand at a distributor level for them and ensure fulfilment, and allows us direct access to this retailer community, including our ability to drive customized promotions and cross-selling, upselling opportunities. So, it is a specific tool which is driving it. It is not a standard retailer management system, but it is something that we first deployed about 6 months ago and it is giving us fantastic results.

Moderator: Thank you very much. That brings us to close of today's call. I would now like to hand the conference over to the management for closing comments.

Akshat Seth: Yes. Thank you, everyone, for your participation today and your continued engagement with BirlaNu. For any further queries or information, please feel free to reach out to our Investor Relations desk. On behalf of the entire BirlaNu family, I wish you and your families a wonderful festive season. Happy Diwali to all of you and enjoy the week ahead. Thank you once again and have a wonderful day.

Moderator: Thank you very much. On behalf of BirlaNu Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.

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