Operator: Good day and welcome to BirlaNu Ltd.'s earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Shah from CDR India. Thank you, and over to you, sir.

Amit Shah – CDR India: Thank you, Niraj. Good afternoon, ladies and gentlemen, and welcome to BirlaNu Ltd.'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 opening comments. He will be followed by Mr. Ajay, who will take you through the financial perspective. Before we begin, I would like to point out that certain statements made on 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 – MD & CEO: Thank you, and good afternoon, everyone. Thank you for joining us today. At the outset, I want to share that BirlaNu Ltd. 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 3.3 times 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. That is a key theme that you would see resonating 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 across 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 it.

Our roofs business continued to be the strong growth engine for the company, with revenue up 28% over last year and 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. This was supported by better realizations, improved mix, and tight cost management across all our products. We are also broadening our growth alongside our traditional institutional channels. We have

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significantly increased our retail presence, giving the business a wider and more resilient demand base.

Pipes 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 KleenCoats, which is our most recent acquisition, revenue was up by about 50% compared to the same period last year. Even as foundational work at KleenCoats—[pause] sorry, 50% higher than last year—even as higher prices across all key raw materials continue to weigh on the margins. The foundational work at KleenCoats 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 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 by 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 new markets, notably the US, India, and the Middle East, and to win new customers in the commercial segment, and finally to strengthen the core 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 from 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 front, focused market development is delivering results in both pipes and construction chemicals, and our expanded retail presence is broadening growth in walls. We will extend these learnings across the entire portfolio.

On product innovation, this quarter we launched several new products, such as Eco Roof, Quick Seal, and Polytech Waterproofing 2K in roofs and construction chemicals, and this has helped

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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 20-25% of our energy mix within the next 2 years, reducing both our energy costs 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 Ltd. 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 [trails off]

Akshat Seth - MD & CEO: ...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 on near-term demand, and the El Niño 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, 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 for your interest in BirlaNu Ltd.

Ajay Kapadia - CFO: 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 September 30, 2026.

Starting with quarterly performance, our India business, which is basically BirlaNu Ltd.'s standalone business as well as the KleenCoats 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

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Rs.69 crores in the corresponding period last year, with margins expanding by over 400 basis points to approximately 10%. At the consolidated level, revenue for the 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 the 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 Q4 of this financial year, we are confident of further strengthening the walls segment's revenue, 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 Q1, 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 traction 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 with 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 Birlano 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 their 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 statements.

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 of September 30, compared to Rs.852 crores as of March 31. The increase was primarily driven by investment in ongoing greenfield projects and

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other capacity expansion initiatives to support future growth.

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

As mentioned by Akshat, both the Nellore and Hyderabad boards 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 KleenCoats. The integration of KleenCoats with BirlaNu Ltd. is expected to be completed by the 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 the moderator to open the floor for questions.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, you may press star and one to ask the question. The first question is from the line of Jiten Parmar from Aurum Edge. Please go ahead.

Jiten Parmar – Aurum Edge: Good afternoon, Akshay, Ajay, and everyone. Congratulations on the good standalone numbers. There is definitely an improvement, and I must commend the management for that.

My question is again on Parador. FY27 guidance was for more than breaking even, and that was followed in August 2026. Three months later, we are again doing a Rs.90-crore write-down. The first one was around 75-74 crores. I think we have already written off 45% of the value.

Also, to break even, you had guided that Parador needs to do 140-144 million per year. I think we did around 60 million in the first half. So are we confident that we will do 80 million euros in the second half? Also, the best quarter we have had since FY24 for Parador was 1.7 million, which was in Q4 FY25. For the half, we have already got a total of 4.5 million. So, in the second half, can we do more than that to make it EBITDA-positive? That is one question.

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We have gone through all the conference calls since 2019, and we have basically built a table. Twenty-three Parador financial commitments have been made on 11 conference calls. We find the delivery very, very low—maybe one or two—and, in your view, 21 have been missed.

Also, if you remember, in the FY25 Q2 call I had asked how long a rope would be given to Parador. My angst is also from us investors that something needs to be done about this. Each time we hear that we will turn it around, but it is not happening. So can you throw some light on this? There should be some light at the end of the tunnel, right? Or do we have to abandon it? 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 – MD & CEO: [pause] Thanks, Jiten, and thanks for your question and your comments. I think I understand the sentiment.

In terms of something that needs to be done, one major activity we have undertaken is the 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 and the initiatives have identified a value envelope of an additional 9–14 million at the EBITDA line level, and that is what we are pressing on.

This is a comprehensive restructuring on the cost line across all possible line items. That is a major initiative that has already been undertaken, and the first set of ideas are beginning to be implemented as well. We will see the results of that within this financial year itself.

The second positive, for which we need to see the full results, is the investment in the new markets, namely North America, the Middle East, and India. There is a lot of good, positive traction. If you recall and 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 US, already in these 6 months we have done almost twice as much as what we did in the full financial year last year. We are on track to finish in North America for this financial year at nearly 4–5 times the previous year's performance. So there are those green shoots. We need to wait and see the results before any other decision or conversation is undertaken on that.

Jiten Parmar – Aurum Edge: Okay. So how long will it take for

Jiten Parmar – Aurum Edge: [inaudible] the BCG exercise to conclude, and what is the new timeline?

Management: In terms of the identification of value opportunities and designing of initiatives, we are at the end of that phase. The diagnostic and the idea identification have already been completed. We are just about concluding the design phase, and implementation has also started simultaneously.

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The overall engagement will run up to the end of the financial year because that is largely implementation support. However, a lot of the results, and how much of that 9–14 million envelope actually translates on the ground, will be visible within the next 3–4 months.

Jiten Parmar – Aurum Edge: Okay. I know I talked a lot, but there was one question about the August guidance that Parador would be EBITDA-positive this year. Do you see that happening, or does that look bleak?

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

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

Jiten Parmar – Aurum Edge: Okay, perfect. Thank you for answering my questions very patiently, and I wish you all the best for this turnaround. It is very, very important for the company to do that. If I have any more questions, I will come back in the queue. Thank you.

Management: Yes. Thank you, Nitin.

Operator: Thank you very much. Participants, you may press star and one to ask a question. The next question is from the line of Parikshit Gupta from Fair Value Capital. Please go ahead.

Parikshit Gupta – Fair Value Capital: Thank you very much for the opportunity and for the detailed opening remarks. Congratulations also on the 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 stated, that growth in pipes has been around 20% and construction chemicals around 35%. However, the segment results mention 16%. Can you please help us understand the disconnect here? Is it the Putty business or something else?

Management: That is right, Parikshit. 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 why we are pushing on them. We have already shared 20% and 35%, respectively, as the growth in pipes and construction chemicals. The aggregate number is explained by the decline in Putty.

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

Parikshit Gupta – Fair Value Capital: This is very helpful. In terms of pipes growth, can you please help us understand what was the volume growth and the inventory gains? I ask this question

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because some of our competitors have been able to grow volumes by over 20% and, in terms of value, by close to 40%. I just wanted to understand how much of it was volumes for us.

Management: The comparison and the numbers you are quoting do not apply to all competitors. They relate to 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 had a significant bearing on some of the volume growth that has been reported. 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 they are almost negligible. Overall, revenue growth was about 20%, of which about 4% was 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. Overall, at an EBITDA margin level, we are now nearly 15% at a pipes level. The choice for us was to ensure that we are growing in a profitable manner and are not sacrificing margin as far as this segment in this particular quarter is concerned.

Parikshit Gupta – Fair Value Capital: Understood. This is very clear. Next, on the walls business, can you also break down the 5% growth into volume levels? If you could also help us with the capacity utilization levels across our boards and blocks capacities?

Management: 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 1-2% at an aggregate level. Realization growth, depending on the product, is anywhere between 5-9%, and at an EBITDA level, the growth in profitability compared to last year is close to 120 basis points. We are now at about 12.5% EBITDA margin in this segment.

Parikshit Gupta – Fair Value Capital: And the capacity utilization levels?

Management: Capacity utilization levels, depending on which product segment, are in the vicinity of about 85%.

Parikshit Gupta – Fair Value Capital: Understood. My next question is on the design, AI-based design platform. Can you please help us understand more about the objective of this platform? Is it more for awareness of Birla Pivot products, or are you also going to showcase other brands' products?

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 work on a very specific business model, which is more of a premium offering. However, I believe our target user is an architect or a designer. Can you please help us understand the exact objective behind this?

Management: 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 technology platform. The idea is that we engage with the large mass of the specifier community in the building products space, and there are several propositions that we are building around it.

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The second objective is that, with the connection to the specifier community, there is also a benefit that flows into our existing products and our B2B business. That is the second objective that we are driving.

As you would have noticed 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 Birla Pivot umbrella. In terms of its exact product features and so on, I would let the details emerge at the right time. I think it is slightly early; we are still in the early development stage, and we will share more details in subsequent conversations around this.

Parikshit Gupta – Fair Value Capital: Okay, thank you for this. Just my final question on the solar installations and savings in energy costs. In the recent past, power and fuel expenses have been close to 4% of our sales, with power and fuel being around 14% of the other expenses. Considering the current projects coming alive as well as the projects under the immediate pipeline, what contribution to margin expansion are we anticipating here?

Management: This solar project is being implemented in a phased manner. It takes, and will take, around 6-9 months at different locations. Overall, the annual cost savings will be in the range of 4-5 crores on an annual basis.

Management: That 4-5 crores, of course, pertains to our existing footprint. For the new plants that are being set up, I think we will share those savings estimates as these plants are commissioned.

Roughly speaking, at each location, depending on the regime and the state government's rules, we are trying to convert anywhere between 40-50% of our energy consumption to green or renewable-based energy. On a typical basis, if I do a rough back-of-the-envelope calculation, the savings are to the tune of about 30-35%.

Parikshit Gupta – Fair Value Capital: Understood. These are all very helpful. Thank you very much.

Management: Yes, please.

Management: No, that is it.

Parikshit Gupta – Fair Value Capital: Okay, again, thank you for answering all the questions, and I will rejoin the queue for any more.

Management: Thank you, Parikshit.

Operator: Thank you. The next question is from the line of Vineet Gala from Xylem Investments. Please go ahead.

Vineet Gala – Xylem Investments: Hi. At the outset, I would like to congratulate you on the India segment. At the same time, I would like to echo the concerns around Parador that were raised by the earlier participant.

My question is about FY26 and this quarter. We have impaired around Rs.164 crores of our investments in Parador. In the same period, we raised the corporate guarantee limit from 45 to 55 million dollars and also doubled our SBLC. I have 2 questions.

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First, what is the total exposure today, and how much of these limits have actually been utilized? Is the SBLC within the 55 million limit of the corporate guarantee, or does it sit on top of it?

Management: As of today, our exposure is 40 million euros. As you mentioned, 20 million euros is SBLC, and against the corporate guarantee it is 20 million euros.

Vineet Gala – Xylem Investments: Okay, so 40 million dollars. I was intrigued and wanted to understand why we are increasing support while simultaneously writing down the investments. What really happens to these financial supports in case we prefer to wind down Parador?

Management: The question of why we are supporting Parador is important. It is an important part of our portfolio, and it is in an investment phase. The core markets in which it has been operating have seen difficult times.

That said, with the game plan that we are executing, and as we try to diversify both in terms of geographical breadth and the consumers or customers we are serving, there is an investment phase in the business. All of this is being done with a line of sight to a rebound and resurgence as far as the business and its core fundamentals are concerned.

As an operator, the way we look at it is that, like in my previous answer, I was talking about this new business that we are setting up on the technology side, which will have an investment [trails off]

Akshat Seth – MD & CEO: ...investment cycle and then a return cycle. Parador has been going through that investment cycle. I do acknowledge that it has been longer than what many of you would expect, but we are making these investments with a view to returns coming through and these strategic plays actually paying off.

The green shoots coming from the markets in which we have invested over the last 12–24 months also give us that confidence.

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

Vineet Gala – Xylem Investments: These are the provisions related to the impairment in the investment, right?

Management: No, this is the provision created in the investment value, the equity investment in Parador. Correct, correct. We have not done an impairment of goodwill in the standalone financial statements. The impairment is lying in Parador's consolidated books. We have not touched that impairment.

Vineet Gala – Xylem Investments: No, that is fair, but my question is because 40 million is fairly significant. It is almost 50% of our market capitalization. What really happens to this 40 million dollars if, in a minor, small-probability event, that actually materializes and we have to wind down Parador?

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Akshat Seth – MD & CEO: Remember, this 40 million is also an aggregate of acquisition financing that was undertaken at the time the asset was acquired, so it is not that this has been pumped in entirely to support operations. That is not the case. One has to distinguish between the two.

I do not want to indulge in any speculation on what may happen there. There are, apart from this, 100 other scenarios we can discuss and debate, but it is not a useful conversation to have at this time.

Vineet Gala – Xylem Investments: Okay. Fair enough. Fair enough. Thank you.

Akshat Seth – MD & CEO: Okay. Thank you, Vineet.

Operator: Thank you. Participants, you may press star and one to ask the question. The next question is from the line of Akhilesh from North Star. Please go ahead.

Akhilesh – North Star: Hi. Thanks for the opportunity. I wanted to ask whether you have a clear line of sight today on which would be the first quarter in which you think Parador will reflect its potential in terms of performance. Is it going to happen in Q3 or Q4 as you sit here today, or do you think it is a year out and not visible right now?

Secondly, regarding this new investment in the platform, what kind of budget are we keeping in mind for this new venture? It will be in an investment phase, so will it be a drag on our earnings?

Akshat Seth – MD & CEO: 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 5 crore, which will be consumed over the next 12-18 months. The path to breaking even is not a long gestation period. This is not an asset-intensive or capex-intensive business model that we are pursuing. So this is not going to materially impact the financials of the business in any way.

However, if it goes through and is successful as per the plans we have made, it will have a significant positive rub-off on the business.

Akhilesh – North Star: Okay. One more question. Although I know it is not entirely your domain, are the promoters interested in increasing their stake in the company at this market capitalization? Given that it is a fraction of the sales the company makes, they own about 40% of the company. Is this something they are looking at in any shape or form?

Akshat Seth – MD & CEO: You have already given the answer. That is not my question to answer, so I honestly do not have much to comment on this.

Akhilesh – North Star: Okay. Thank you.

Operator: Thank you very much. Participants, you may press star and one to ask the question. The next question is from the line of Vinay Gupta from Prevail Wealth Management. Please go ahead.

Vinay Gupta – Prevail Wealth Management: Hi, Akshat. Thanks for the opportunity. This has been discussed, and I think this is a question we keep discussing on every conference call. It has already

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been discussed, but the Parador situation simply does not get resolved.

It has been 4-5 years now. You talk about this being in an investment phase. We acquired this, if I remember correctly, for 600-700 crores. Now the total valuation of our company is near about that. We are spending money every quarter or every year, and already in the first half we have spent about 100 crores on that business.

Every quarter, there is something or the other that keeps affecting Parador. Either it is weak sentiment, or pricing, or something else. Do you think we are really throwing good money after bad? Eventually, we cannot write down the other parts of the business to zero just to safeguard one of the assets.

Even if it turns around, let us imagine it turns around 3-4 years down the line, but the cost that we are paying today is immense. We were a 4,000-5,000-crore company, and now we are barely even a 1,000-crore company.

I think the management really needs to draw a line and decide that some battles may just be ready to be given up. Maybe it will create value after 4-5 years, but it has been going on for far too long. Your bandwidth is being used too much in one particular business, while the other businesses are showing results and all your efforts are being reflected there.

Why not hive it off? If the management or the promoter thinks that this is a viable business, it might as well be hived off and get its own set of investors who are interested in turning it around.

The core business is doing well, but because of this one part, nothing is being captured and no value is being generated for anybody, and it has been 4-5 years. That is my take on this. You can consider these to be my comments as well. Thank you.

Akshat Seth – MD & CEO: Sure. Noted, Vinay. [pause] We hear what you are saying and what callers before you have also mentioned.

As far as bandwidth is concerned, I do not think bandwidth is a challenge. If that were a challenge, there would not be a turnaround in the existing part of the business or the core India business. The fact that it is on a good trajectory, with 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 areas, and we have the teams and the leadership to drive these businesses in the right fashion.

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

However, as a company overall and at a portfolio level, all options are actively evaluated at all times.

Vinay Gupta – Prevail Wealth Management: Akshat, thank you for answering this. I do understand, but I am sure you also understand the anxiety of the shareholders. One part is harming all the other

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businesses, right?

The turnaround has taken a massive amount of capital. Literally, I think 100 crores is the total PBT of our other division. If we had this business and the other business as standalone businesses, the valuation would be significantly higher.

This business is not only dragging down profits; it is also dragging down the valuation of the company as a whole. This situation does not resolve itself, and I am sure you are considering everything, but I would still say that please take it in the right direction.

Everyone is becoming more and more desperate because the value destruction has been massive because of one part of the business. Everything else that you are doing right is simply not being reflected.

I will rest it here. Thank you.

Akshat Seth – MD & CEO: Okay. Thank you, Vinay.

Operator: Thank you very much. Participants, you may press star and one to ask the question. The next question is from the line of Aditya from Securities Investment Management. Please go ahead.

Aditya – Securities Investment Management: Hi, sir. Thanks for the opportunity. I had a question on your polymer division. We are now at a run rate of 700–750 crores, but at the EBIT level, this segment is still making losses.

If I compare this quarter's result with the other 3 listed pipe companies that have reported results, profitability has improved quite a bit for most of the other companies. For us, on a QoQ basis, we are still making losses in this division. Could you help us understand what could lead to a turnaround in this division?

Akshat Seth – MD & CEO: On the polymer division, which is an aggregation of pipes, construction chemicals, and Putty, I do not think there is a turnaround story as much as there is a growth and scale-up story that we are pursuing. It is also important to look at these 3 segments slightly differently.

In pipes, as I said, there has been a significant profitability improvement for us quarter on quarter if you look at the results for 3-4 quarters, including this one. This quarter, we have grown our profitability by about 650 basis points, and rectifying that shape of the P&L was important. We have done that.

The volume growth is what we are pursuing, and revenue growth is also now visible and will continue. In summary, our aspiration is to grow at almost double the industry average growth rate over the next 3-4 years.

Pipes are on steady ground, and with the acquisition that was completed, even the results of that segment are fairly strong. So I see no cause for concern or need for a turnaround. There is a need to keep pressing the accelerator as far as revenue scale-up is concerned.

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Construction chemicals, the youngest part of our portfolio, has been around for perhaps the last 2-3 years and also received a boost from the acquisition of KleenCoats. Here, we are partly building the channel and the sales team, so there is a little bit of investment ahead of the curve. That said, it is not much.

Overall, as a sub-segment, it is still profitable. There are seasonal factors, which is why Q2 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 KleenCoats is shaping up very well. It has given us a portfolio of specialized, higher-margin products, and we are pushing hard on building that sales engine.

One early result there from Q2 is that we have done close to 50% more revenue than in the same period last year. Today, as we exit October and enter November, we are at a stage where there is more demand than we can service from our production facility.

Overall, it holds a lot of promise, but like any new business build, it has to go through its stages, with the right building blocks being put in place. We are doing both simultaneously.

Putty, of course, as we have also outlined, is not a strategic growth agenda for us. It is more of a hold-and-maintain business, and it provides us with channel access for the construction chemicals product, so it serves a useful objective.

Management: Aditya, this EBIT also includes a large portion of depreciation cost because of the new investment over the last 6-8 years, including 2 acquisitions. The 40 crores is the annual depreciation we charge in this segment.

Aditya - Securities Investment Management: Understood. Got it. Is it possible to quantify the losses we are making in Putty? Because if the pipe and construction chemicals business [cut off]

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

Aditya - Securities Investment Management: Perfect. Understood. And lastly, on Parador, I think in your opening remarks you mentioned that this BCG initiative could give us cost savings of 9-14 million. Did I hear it correctly? That is quite a large amount.

Management: Yes, that is the value and scope identified by that initiative so far. [pause] Typically, in exercises like this, you should assume a little bit of discounting by the time these savings hit the bank.

Whether that discount gets applied to the higher end of the range at 14 or to the lower end, I think that is what will emerge in the next few weeks. But that is the kind of scale of saving being pursued, and I think I shared that number also to convey that this is a deep cost restructuring. It is not a superficial exercise that we are undertaking.

Aditya - Securities Investment Management: Got it. So this cost benefit that you expect to realize is more to do with internal improvements and not just increasing sales from Parador. This is more

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about internal takeouts.

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

Aditya – Securities Investment Management: Got it. So the breakeven for Parador would reduce materially now.

Management: Correct. If these numbers land where they are supposed to, we would be reducing the monthly breakeven by at least 1 million euros. Annually, 9-10 million is what we are looking at.

Aditya – Securities Investment Management: Got it. Understood. My last question: what is the cost we are paying BCG, which is currently reflected in the PBT losses of Parador? I think these costs would not be there from next year onward.

Management: At the moment, there is no cost booking because the program is entirely... {? [unclear] ?}. So at the moment, it is not reflected. You are right that this will be one-time in nature. [hesitates] I do not think it would be right for me to share the commercial details of the engagement just yet.

Aditya – Securities Investment Management: Got it. Thank you for answering the questions.

Operator: Thank you very much. The next question is from the line of Saiyohan Elancheran, individual investor. Please go ahead.

Saiyohan Elancheran – Individual Investor: Thank you so much for the opportunity. Good morning to everyone, including the management team and the other participants. I am calling in from Germany.

My question is regarding Parador. It is not about improving the numbers or anything; it is about overall sales. How are you looking to increase overall sales? I see that it has been difficult with the macroeconomic environment, jobs, and costs rising.

I have been to an OBI and asked how people are actually buying flooring. There is not a very significant difference between us and the competition, except that Parador is slightly premium. What is the exact strategy you are looking at here? Is it, for example, an anti-dumping duty on Chinese flooring? What are you looking for to increase sales? I do not see demand increasing significantly, because the number of people replacing their flooring or their homes is not large. That is my first question.

Second, as a continuation of the question, I see your products in DM, including the floor-cleaning products sold there. I also do not see many people actually picking them up. What are we looking at in terms of increasing sales?

Management: Is your question about increasing sales in Germany and the Central European market, or is your question about sales globally?

Saiyohan Elancheran – Individual Investor: Exactly, yes. It is about sales in Germany and Central Europe, as well as overall sales for Parador.

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Management: Let me respond to this at 2 levels. First, what are we doing as a company overall to increase sales and sales volume. I am glad you are dialing in from the hub of the action, so you may relate to some of the messages I am sharing.

First, as a company, one lever for sales growth is geographical expansion. You would recognize that Parador, as a company, was historically focused on Central Europe. We are now opening or establishing a deliberate strategic presence in some of the fastest-growing large flooring markets in the world, where we were previously present only tactically and marginally.

Markets such as North America, where despite all the global turmoil the flooring market is on a good, positive trajectory, represent a large flooring market in which we are establishing a foothold. India is a market in which we did not play, so we are working towards building that up. Similarly, a couple of other developing markets, such as the Middle East and Southeast Asia, are markets in which we have invested over the last 2 years. That is one lever.

Second, Parador as a company was largely in the residential space and sold its products to retail through retail channels, whether DIY or specialized high-street retail. [pause] We have also added a layer of commercial sales on top of that.

Growing in the commercial segment meant building relationships with the specifier community and also product differentiation, which we have done over the last 2 years. There is good traction coming in on the commercial side of the business. Those are 2 themes at a global level.

Specifically in Germany and Central Europe, you are right that the market itself has been flat; in fact, it has declined [pause] if I compare it with 4 years ago. Much of our strategy is about gaining share.

There are 2-3 things that have worked well for us. First and foremost, in terms of consumer preference, people are moving from high-street retail to DIY, where today we are present on more shelves. [pause] You visited OBI and DM, but in Bauhaus and other large DIY chains, we have increased our shelf presence, and the idea is that we are gaining share at the expense of other competitors.

In high-street retail, the share-gain story has been playing out through product differentiation. That is the second leg.

Third, what is helping us do this is the fact that we have consistently shown that, even if you compare us with the last 3-4 years, our volumes are either flat or have increased marginally while the overall market has declined. That tells you at a macro level that we have gained share.

This is essentially because many of our competitors are also falling by the wayside. Either they are folding up or restricting their areas of activity, which is also helping us to some extent. [pause] The core fundamentals of the company and the fact that it stands for a certain brand and a premium positioning are helping in a market like that.

Design is a major USP that we carry, which many of our competitors did not have, and that is why they have folded. Does that answer the question, Saiyohan?

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Saiyohan Elancheran – Individual Investor: Understood. Thank you so much. I really appreciate the answer.

My next question is regarding the roofing segment. What have we, as well as the industry, done better in this quarter that has led to a year-on-year increase? Or is it simply due to lower rainfall, which has helped us in hindsight?

Management: For our industry, lower rainfall is usually a negative signal rather than a positive signal, so that has not played out in that sense.

What has helped is 2 or 3 things. [pause] First, 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 those of any of our industry peers, the cost increase was much more than what we could pass on to the market. So, at some point, that pent-up price increase helped, and that held on the margin side. [pause]

The second thing that has also helped is that one of our close competitors' products, steel roofing, has seen a massive run-up in prices. This has also opened up a larger demand market for us as an industry. There has been good, solid volume growth as well, at the expense of this competitive product.

I would say those are 2 major factors that have helped the industry in the first half of this year.

Saiyohan Elancheran – Individual Investor: Understood. Thank you. My final question is about the guidance of becoming a $1 billion company a few years down the line. Which segment do you think could be the leader in this journey to $1 billion? Thank you.

Management: What we have been talking about over the last several quarters is doubling down on our portfolio. [pause] Within our portfolio, walls is one segment where we have a clear path to doubling our revenue from where we were, say, at a 500-crore level, to a 1,000-crore level. [pause]

However, the key growth engines in the India business would be pipes and construction chemicals, where a growth path of 3-4 times the starting point from a year ago is what we are aspiring for. So, in terms of both absolute and percentage growth, those would be the 2 segments behind which we are putting our money.

Saiyohan Elancheran – Individual Investor: Amazing. Thank you so much for your patience and for answering all the questions. I wish you all the best and good luck with both Parador and BirlaNu Ltd. Thank you.

Management: Thank you.

Operator: Thank you very much. The next question is from the line of Vineet Joshi, individual investor. Please go ahead.

Vineet Joshi – Individual investor: My question for the management is whether we are seeing any turnaround in European housing demand based on your market intelligence. What proportion of sales comes from non-European regions for Parador? Are we planning to make it more meaningful?

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For example, you mentioned that we are expanding into the US, the Middle East, and India. What is the proportion right now, and what is the more meaningful target we are expecting in the near future?

Management: Are we seeing an upturn and a turnaround? I am making this comment with crossed fingers [pause] because this should play out. I will also recall the previous quarter.

In Germany and other markets in Europe, for the last 12-15 months there has been an increase in the number of new house permits and new house constructions that have happened. This is a significant change in trend from what we had seen in the previous 3-year period.

Typically, this cycle takes about 12-18 months to start affecting demand for flooring products because ours is almost the last product that gets installed. However, we saw this play out among upstream players in building products, such as cement, where there was an uptick in demand.

We hope this will continue and that, with an adequate lag, there will be an impact on flooring demand as well. That is what the data suggests, at least from an economic perspective. This applies to both new builds and renovations.

So yes, there is some data indicating a positive turn, especially in Germany. Your second question was about the market mix. Today, less than 10% of our sales in value terms are outside the European region. The first milestone we are targeting is that, in the next 3 years, it should cross the 20% mark. That is the shift in the portfolio we are seeking. Of course, this would be [trails off]

Vineet Joshi - Individual investor: ...assuming that there would be a certain growth in the core ERP market as well. Thanks for answering the question.

One more question I have is about the use of technology in your relationship with retailers. How do we currently integrate our ordering process with retailers? Are we using app-based ordering, or what kind of process do we use to fulfill their needs? How do we understand demand? Can you throw some light on that as well?

Management: [pause] We can take this offline, and I am happy to spend more time on it. 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.

This allows us to capture demand at the retailer level, process the demand at the distributor level for them, and ensure fulfillment. It also gives us direct access to this retailer community, including our ability to drive customized promotions and cross-selling and upselling opportunities.

It is a specific tool that is driving this. It is not a standard retailer management system, but something that we deployed—first deployed about 6 months ago—and it is giving us fantastic results.

Vineet Joshi - Individual investor: Thanks for answering the question.

Management: Thank you.

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

Management: 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.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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