

August 12, 2025

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 Q1 & FY26 Financial Results
Ref: Regulation 30 of SEBI Listing Regulations, 2015

Dear Sir/Madam,

In continuation to our letters dated August 1, 2025 and August 6, 2025, please find attached transcript of the Analysts/Conference Call held on August 6, 2025 on the unaudited standalone and consolidated financial results of the Company for the quarter ended June 30, 2025.

The copy of said transcript has also been uploaded on the website of the Company at <https://birlanu.com/>.

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

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by NIDHI BISARIA
Date: 2025.08.12
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Nidhi Bisaria
Company Secretary & Compliance Officer
Membership No. F5634



BirlaNu Limited
Q1 FY'26 Earnings Conference Call Transcript
August 06, 2025

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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mit Shah from CDR India. Thank you and over to you, Mr. Shah.

Mit Shah: Thank you, Avirat. Good afternoon, ladies and gentlemen, and welcome to BirlaNu Limited's Q1 FY26 Earnings Conference Call for Investors and Analysts.

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

We will first have Mr. Akshat Seth making opening comments and 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, which has been shared with you earlier.

I'd 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. Good afternoon, everyone, and thank you for joining us for the BirlaNu Q1 FY26 Earnings Call.

Q1 for us was characterized by testing market conditions on one hand, as well as a resilient response from BirlaNu side.

We reported consolidated revenue of INR 1,052 crore. This marks a 4.9% year-on-year decline, and EBITDA of INR 59 crore.

Weak demand, early onset of monsoon, pressure on input prices, and excess capacity resulted in both volume and price headwind across most of our product categories.

In the context of these adverse external situations in both India and Europe, we set out with two clear objectives for this quarter, and I am pleased to report meaningful progress on both fronts.

- First, we aim to gain market share in our priority segments. On this front, we have delivered a strong performance and have outperformed the industry, especially in Construction Chemicals, in the Wall segment around panels and boards, and also blocks, and at Parador.
- The second priority was to maintain a sharp focus on cost efficiency to cushion the impact of the soft pricing environment.

I am happy to share that despite pricing pressures, we achieved margin expansion in select sub-segments of Walls, Construction Chemicals, and also at Parador.

In our other categories, while margins did contract, the decline was lower than the broader market price correction, underscoring the disciplined execution and agile cost management.

Let me now walk you through the details of these at a segmental level and the key initiatives that we are driving. First, let me talk about Parador:

Weaker industry sentiments driven by the uncertainties around tariffs led to a slight decline in revenue to INR 304 crore. Despite this, we significantly improved our operating profits to INR 5 crore versus a loss of INR 2 crore last year. So, we are not only positive, there is a positive trajectory on the EBITDA margin as well. This was the result of strong pricing action and restructuring that we had done last year. Also, despite marginal decline in sales, Parador continues to take market share across the product categories.

For our Roofs segment, as you all are aware, Q1 is the pivotal quarter. This year, the season was marked by industry-wide demand

contraction and price erosion relative to last year. In line with this headwind, we experienced a slight decline in both volumes and margins. However, with respect to our competitors, we not only maintained our market leadership but also sustained the price premium we command in the market. The enduring strength of our brand equity and channel relationship continues to hold us in good stead.

In Pipes, the PVC resin prices have continued its southward trajectory. In fact, the prices were 15% lower compared to same quarter last year. Early rains reduced the intensity of construction activity in this quarter, impacting the demand. Further, government spending remained subdued. Nonetheless, we remain optimistic and with an expanded product mix and strengthened distribution, the business is well-placed to benefit from a market rebound.

Our Construction Chemicals business continues to deliver on its high growth potential, recording a 37% revenue growth this quarter. This performance was driven by two key levers – aggressive channel expansion and a sharp increase in brand visibility through sustained marketing efforts.

As I have emphasized in earlier calls, both the pipes segment and the construction chemicals segment are strategic focus areas for us in India. We are making steady progress in strengthening these categories and their contribution to our overall portfolio continues to rise in line with our long-term vision.

For Walls, this period was transitional. On one end, we saw a combination of subdued demand, lower government infrastructure spending and heightened competitive intensity, particularly with new capacities being commissioned across the industry. The impact of this was most felt in the price realization for blocks business.

Further, we commissioned and stabilized Chennai Line 2 for blocks in this quarter, which resulted in some one-off expenses being reflected in the P&L.

But more than this, the rehaul of our sales strategy for this segment meant we have significantly increased our order books and pipeline for the rest of the year. The impact of this is already visible in our panels and boards, which grew by 16% and 9% in volume terms, respectively, and they also improved the margin profile.

I am confident that blocks will follow suit in the coming quarter. The stage is set for this business for a robust performance this year, despite continued price pressures.

Looking ahead, while we remain cautious on the near-term external outlook, our strategic direction is clear. We will continue to consolidate our leadership in high growth categories, drive premiumization and innovation across the portfolio, and leverage cost and productivity levers to protect margins.

The recent rebranding has energized our efforts in the marketplace, and we will further build on that momentum in this year.

Importantly, with our new capacity expansions on track, including, as you would have noted, the ambitious Greenfield project in Andhra Pradesh that will produce designer and high-density boards, amongst others, and the upcoming OPVC plant in Patna, we are laying a strong foundation for future growth.

Our new product development engine is also gathering momentum with various new products to be launched over the next couple of quarters across our product segments. The key ones to watch out for will be our pipes, construction chemicals, and wall segments. These initiatives will position us well to capture opportunities as demand begins to recover.

To sum up, while Q1 presented its share of challenges, we believe our focused execution and resilience strategy have helped us navigate the volatility and, more importantly, continue building momentum for the future.

I would like to reaffirm our commitment to building a high-performance, purpose-led culture that propels BirlaNu into its next chapter.

With that, I conclude my opening remarks. I thank you for your continued trust and partnership. Let me invite now Ajay to walk you through the financial details. Ajay, over to you.

Ajay Kapadia:

Thank you, Akshat, and good afternoon to everyone on the call.

Let me take you through the key financial and operational highlights for Q1 FY'26:

As Akshat mentioned, this was a challenging quarter, marked by a volatile external environment, muted demand, price pressure, and

increased competitive intensity. Despite these headwinds, we stayed focused on execution, market share protection, and operational discipline.

Our consolidated revenue stood at INR 1,052 crore, reflecting a 4.9% year-on-year decline

Let me now walk you through our “Segmental Performance.” In Roofs, revenue stood at INR 442 crore, down by 4.7% year-on-year, impacted by a subdued rural market, early monsoon, and price erosion. That said, our relative performance remain strong, with market leadership and price premium intact. Our sustained investment in brand equity and distribution depth continued to be key strength.

In Walls, we registered modest revenue growth of 2%, with top-line reaching INR 138 crore. Importantly, we achieved volume growth across all product lines, despite soft demand conditions and heightened competition.

Our refresh sales strategy, coupled with margin improvements in panels and boards, has started yielding results.

With the commissioning of Chennai Line 2 behind us, we expect blocks to recover and contribute meaningfully in the coming quarters.

In Pipes and Construction Chemicals segment, our revenue declined by 14% and stood at INR 168 crore. Pipes, in particular, was impacted by a sharp 17% decline in revenue to INR 124 crore, driven by continued fall in resin prices, early monsoon, and tepid government spending. However, our Construction Chemicals business grew at a robust 37% year-on-year, aided by strong traction in channel expansion and focused marketing. This category remains a core part of our strategic growth blueprint.

In Parador, our revenue declined by 3% and stood at INR 304 crore, largely due to weaker consumer sentiment and ongoing tariff-related uncertainties. That said, we recorded a notable turnaround in operating performance. Operating profit rose to INR 5 crore, compared to a loss of INR 2 crore in the same quarter last year. This improvement reflects the structural cost initiatives and pricing actions implemented over the past quarter.

On the profitability front, EBITDA stood at INR 59 crore, compared to INR 74 crore in Q1 last year. Profit before tax came in at INR 5

crore. The contraction in margins was largely due to external price corrections and input cost pressures across categories. Despite this, our cost control initiatives helped contain the impact, and we expanded margins in select sub-segments.

We continue to uphold strong financial discipline with working capital remains within our internal thresholds and total debt as of June 30, 2025, stood at INR 678 crore with a debt-equity ratio of 0.55.

Looking ahead, while we remain watchful of market trends, especially heading into Q2, we are confident in the robustness of our strategy. With focused investment, cost optimization, and disciplined execution, we are well positioned to navigate short-term volatility while building long-term value.

That concludes my remarks. I now hand it back to the moderator to open the floor for questions. Thank you.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Moksh Ranka from Aurum Capital. Please go ahead.

Moksh Ranka: Hello, sir. I wanted to ask, in a segmented result, I see a loss of Rs.18 crore for the floor division, whereas in our presentation, we mentioned that for Parador, it is currently operating profit of Rs.5 crore. So, why is there a discrepancy, could you please explain that?

Ajay Kapadia: So, operating profit is before depreciation and interest, whereas in a segmental result, we report PBT.

Akshat Seth: Okay. The key message is at an operating margin level, EBITDA level, it is positive. And as we have shared in the past, that is the first milestone that we have been consistently keeping a watch on. So, this is now the third consecutive quarter where it is EBITDA positive.

Moksh Ranka: Okay. And Q1 generally is a very strong quarter for us especially our roofing business. And if you look at quarter-on-quarter last year, that quarter was bad for us also. And during this year, we have done a lot of cost cutting in our building solutions and all our major businesses. And even after that, we are not seeing any margin expansion. So, why is that?

Akshat Seth: So, for this quarter in roofing business, there have been two things that have happened from an industry level. Overall, we believe there has been a volume contraction of anywhere between 1.5% to 2.0% and there is a price erosion compared to last year in the zone of 4%

to 5% and select states in north are more affected than others. In that context, our volume decline is about 1%. Our price realization decline is about 3%. So, both are better than the industry numbers. And it is this price decline which has translated at a margin level. So, in fact, the margin decline is less than this 3%. And many of the cost initiatives have helped in offsetting the impact of that. But largely, the story is around price realizations translating to the EBITDA level.

Moksh Ranka: Yes. So, regarding our capital allocation, so we are doing a Greenfield CAPEX of around Rs.127 crore and also, our debt is quite elevated, and the external scenario is still not turning around. So, I wanted to understand if the external scenario is muted for the next one to two years, so can we survive this?

Akshat Seth: Yes, I think it is important to separate the short term.

Moksh Ranka: Even if for one to two years, there is a problem in the industry scenario. So, how do you see yourself?

Akshat Seth: Great. So, a couple of things to keep in mind. One, I think it is important to distinguish between what is the short-term scenario and what are the long-term prospects that we are building. So, while we navigate the short-term challenges like you said on the external environment, it is also important that we create growth engines for future. And this particular investment is happening in a category which is a high growth category. Even in today's context for us, the boards business is doing well and is one of the more profitable. So, the profitability is in mid-teen as far as that product segment is concerned. So, the outlook for that product segment is strong. And that is why we are also investing selectively in the right pockets which help improve both the revenue profile and the quality of revenue in terms of profitability.

Moksh Ranka: Okay, I will get back in the queue.

Akshat Seth: Okay, thank you.

Moderator: 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. I have a couple of questions. First, on Parador, you already mentioned in your opening remarks that due to the tariff situation, the demand has been relatively sluggish. But what do you see the European markets as, in the rest of the financial year? Can you also share some updates on the Indian market entry for Parador?

Akshat Seth:

So, from an outlook perspective, as we are now almost in the middle of Quarter 2, you would recall, and I am just rewinding to end of Q4 end when we had last spoken, there was a certain sense of buoyancy in Quarter 4. That buoyancy was stalled because of all the uncertainties around tariff and tariff announcement. Now, as that situation clears up, and there is greater certainty around it, the outlook for especially the second half, because Quarter 2 that geography is also impacted by holidays and so on, but beginning September, the expectation is that there should be a turnaround and there is some positive green shoots that are visible on that. So, at a minimum, we expect to resume where we left off around March, where there was some good momentum building up as far as the demand scenario is concerned. So, that is where the situation looks like from a Europe point of view. So, we remain hopeful. In fact, the slight decline that has happened in Quarter 1 in terms of revenue, we are hopeful that we will be able to cover it up by the time the year ends, and we should finish the year on a positive trajectory. As far as the India part is concerned, the team in India is now fully in place, along with the rebranding in the April timeframe, we made formal announcements of the India launch of Parador. We have been prioritizing the work on the commercial segment first, and there is a healthy order pipeline that we are pursuing. The first revenues are also now beginning to get clocked. So, the build phase is in strong momentum, both from a team perspective and the order book perspective. As the commercial part stabilizes, we are also empaneling our retail partners to drive the B2C part of that business. So, the work is on in full swing, including the third aspect, which is on product sourcing. So, a lot of logistics, product sourcing, etc., have been sorted now. So, we are moving as per plan on that.

Parikshit Gupta:

Perfect. Thank you for that update. In terms of basically the pipes and construction chemicals segment, we do understand the pressure in pricing because of the weaker PVC prices. I mean, considering many things, there are many factors, there is the demand scenario because of stronger monsoon, and then also the raw material pricing. So, for the entire year, FY26, would you be able to articulate some sort of margin guidance on this segment?

Akshat Seth:

I can. You have been now, I am sure part of multiple conversations like this. What is your guidance on the PVC pricing?

Parikshit Gupta:

So, to be honest, well, I was looking at PVC pricing from Reliance, the grade 6701 on a nationwide level, I did see an uptick. However, while speaking with the companies, the story is the other way around. So, this leaves me either at a position where I am doing

something wrong in my calculations or it is very difficult to understand how the prices might move.

Akshat Seth: So, Parikshit, I think without getting into too much detail, I think PVC pricing is slightly hazardous and making predictions on it is slightly hazardous. There are several global factors at play. There are regional and India level factors at play. There is also capacity issues that are playing around. So, assuming the situation stays where it is, I think for us, the focus really at our stage of evolution is to keep gaining share on the market side and volume side. And that is the push that we are making. If there is a helpful movement on the PVC price, I think that will get reflected in the margin. Just given the very nature of the industry at this moment, I think it is a difficult one to hazard a guess on.

Parikshit Gupta: Makes perfect sense. And in terms of the overall segment mix, so the past few quarters, roofing has contributed around 30%, building walls is around 15% polymer and construction chemicals around 20% and flooring around 35%. Now, while keeping in mind that \$1 billion top line aspiration, is there a targeted segmental revenue mix that we are currently working toward?

Akshat Seth: See, increasingly, and I think it is the trend, because this particular number will not make sense on a quarter-on-quarter level, but at an annual level, every year we are shaving off about 4-5% in terms of the share that the roofing segment has in the overall portfolio. Much of the growth, much of the investments is essentially coming in the non-roofing segment. So, progressively, this 30% will keep coming down. That is the expectation. And on an average, 3-5% erosion should happen every year.

Parikshit Gupta: Understood. And my final question before I rejoin the queue, I think it has been articulated in the previous con calls as well, but to just understand it more clearly, in order to achieve the \$1 billion top line aspiration, do you have any rough CAPEX requirement estimate probably proportional to the current net worth of the company that would be required?

Ajay Kapadia: In the next three to four years, we expect investment to the tune of around INR 500 crore in capital side, which includes investment in construction chemicals and pipes and fittings. We have already announced investment in the fiber cement boards plant. So, all put together, INR 500 crore Capex and then another INR 250 crore we need for working capital.

- Akshat Seth:** To add to what Ajay said, this INR 500 crore will not take us all the way to a billion dollars, because there will be an inorganic part of the story. There are also some parts of the story which are unanswered. Our sense is this number will be sufficient to take us to the INR 5,000 crore, INR 5,500 crore level and then there will be more capital required for the remaining part of the journey.
- Parikshit Gupta:** And just one follow up on this. At this point, considering the balance sheet, would you be solely relying on internal accruals and debt or would you also be open for raising equity? However, I do understand that is a factor of how the stock price also does. So, just any color on that, please?
- Ajay Kapadia:** I think raising equity is a more of a Board decision. So, we cannot comment on that. Our plan is initially we will fund this CAPEX through borrowed funds, and as and when the margin expands we will fund through internal accruals.
- Parikshit Gupta:** Understood, sir. This is helpful. I will get back in the queue for any follow ups.
- Moderator:** The next question is from the line of Rohith Potti from Marshmallow Capital. Please go ahead.
- Rohith Potti:** Thank you for the opportunity. On the roofing business, I mean, one or two of your peers have released results and their roofing business seems to have performed better as compared to us. Is this driven by the geographic mix or is there any other reason for the underperformance here?
- Akshat Seth:** Without naming names, I would urge you to do a little bit of comparison. I think what is also important to keep in mind is what is the profitability level that we have and even with these numbers versus the profitability numbers that they will have. So, the comparison is a slightly difficult one. We continue to be at least 400 to 600 basis points better on profitability compared to any of our competitors. So, that is one point of comparison. Second, we have sustained our market share. So, we have not lost on volume. Being the price leader in the market, there is always a balancing act and in a market which is declining and where there is price pressure, it is always a tough balancing act. So, we believe we have done a good job this quarter to retain our leadership both on volumes and on the price premium front. A part of the price erosion was inevitable given how the industry was behaving and which is what is reflected in the slight erosion on the margin or the decline in margin that has happened.

Rohith Potti: Understood. See, I mean, in sort of follow up to the previous answer you mentioned on how we might reach the \$1 billion, so I understand roofing as a percentage will continue to go down, but even Parador, which contributes another one-third of our revenues, it is in Europe. And even with growth, do you think it can grow materially to help with our ambition to hit that \$1 billion? And in addition to that, on Parador, again, there is a specific question. With this, I mean, Europe is seeing a lot of spending increase, particularly Germany and other regions, with infrastructure spending increase and defense spending increase, do you see that helping our business in Parador as well?

Akshat Seth: So, on the first part, of course, Parador has to play a meaningful role in the growth ambition that we have. So, in the aspirations that we have defined for ourselves, Parador growth especially in the new markets that we are investing in, which is North America, Middle East, Asia, are important part of this whole game plan. You are aware that we have been investing in these new markets. The idea is that we build this almost to the size of our core markets and that is a three-to-five-year journey. I think the first shoots or green shoots of results on that are now beginning to be visible. So, this, of course, has a big role to play. I mean, at a minimum, we would expect the revenue from last year to grow about 30% to 40% in this whole journey that we are talking about. In the short to medium term, as far as the economic and demand scenario in Europe is concerned, yes, there seems to be some side to recovery. And again, I am drawing your attention back to the quarter ending March. With the new government in Germany, with new investment plans in various parts of Europe, the sentiment was turning. There was a temporary blip with these tariff-related uncertainties. However, there is also now ample evidence that, that should be behind us and there is a positive sentiment that is likely to prevail in the second half of the year. All of that will mean that a lot of the bottled-up consumer spending should start coming back. Also, the spending on the construction sector, which was worst affected over the last two or three years, should also start coming back. All of these are great signs as far as Parador is concerned. And I will give one last example or illustration of why we are saying, what we are saying. You are aware that in Europe, a part of our exposure or sales channel is those large DIY chains. For us, in the last six months, the volume uptick has been phenomenal on the DIY part of our business, which means that there is more footfall coming back into these stores, which again is an early sign on how the sentiment seems to be turning. So, we remain hopeful and H2 is expected to be much better than what H1 has been and some of these announcements that happened since the beginning of January should be a good sign.

Rohith Potti:

Thank you. A follow up on Parador and with our planned expansion to Middle East and India, etc., Now, it is not very common to see consumer-facing products or products which are visible to the consumer manufactured in Europe and being able to price it affordable enough for this part of the world. So, how do we figure out profitability to manufacture something in Europe and sell in India and have enough volume and revenue to make a difference for the effort that we are putting in? So, that is one part of the question. And second part, I mean, conversation with industry and somebody who worked in BirlaNu as well, seem to indicate that when an influencer refers the customer to buy Parador, because you see Parador products side-by-side with some products made in China, the price difference seems to be putting it off and maybe one potential strategy should be for Parador to have its own stores as well, where the comparison would be with Parador itself or some similar premium stores. So, could you speak about the strategy on how we differentiate our products, which is sometimes difficult in products like tiles and flooring, etc.,? So, it will be helpful to hear your thoughts on these two.

Akshat Seth:

Sure. So, a big part of the proposition, and even today as we speak, our products are sold in over 80-countries globally. And the big proposition that we have on this global play is a made in Europe quality and the design and aesthetic sensibilities that come with our operations there. So, that is a big part of the USP that we carry. The second thing is, as we globalize and we start looking at volume play in many of these markets, we are also looking to diversify our supply bases. So, for instance, when we talk of North America, while a big chunk of it will be supplied from our plants in Europe, we will need to also have some flexibility in the supply choices that we exercise. Similar logic will get applied to our other global markets where we are building a meaningful presence. You are absolutely right on the influencer part. And that is where I think our engagement with the whole specifier community, essentially the architects and designers, is very important. And the proposition and the difference that our products offer compared to some of the Chinese product is important to translate in those communications because it is also a product which is a 20-25 year life cycle product. It is not a consumable which you use and throw. So, there are choices. We will of course not be at the same price level as some of these cheaper Chinese products, but there is a quality promise that we are making and which is our calling card in the market. What is also helpful in our case is that we have a wider product portfolio which offers a price ladder. And if I give an India example, we have products that sell from Rs.100 a square feet to Rs.1,000 a square feet, at every Rs.150, there will be a product offering. So, there is a

price ladder. And depending on what is the price sensitivity of the project that we are pitching for, there is a different product that is available. So, that gives us a good leeway. And I think the traction we are gaining in markets like India is encouraging.

Rohith Potti: Thank you. This is very helpful. My last question is, in our last call and this call, we seem to indicate that construction chemicals and AAC are key. I mean, we are expanding their capacity and they are key elements of our growth strategy. But I mean, both are broadly commoditized with a lot of competition, right? And I believe construction chemicals as a basket is a very large basket. So, having a wide range of products and having the right distribution, etc., so how do we differentiate and grow here, and what is the right to win in this?

Akshat Seth: So, the construction chemicals piece, first, is not a tactical play. We are building this and we are taking strategic calls in order to build a INR 1,000 crore, INR 1,500 crore plus business over a period of time. And hence, the build is essentially around two or three key pillars. One is we need to have product expertise. So, having our own recipes, not necessarily our own manufacturing. On manufacturing, the idea is to remain in a hybrid mode. But having product capabilities and to have differentiated products in the market is one key USP. Second, having good channel reach. And this market is somewhere divided into B2B and B2C. 70%, 80% of the market is still B2C and there, building the right channel and channel penetration becomes important. And third is the brand power or the pull that the brand creates. In this category, the opportunity is that you take any sub-segment, there are maybe two branded players and then a whole host of unorganized players, which is where the opportunity for us is to occupy the top three spots in the segment that we are choosing to play. A lot of it will require the right branding and marketing effort. So, those would be the three sort of ingredients to win in this market that at least we are pursuing. But we are building this business for the long haul. It is not a tactical INR 100-200 crore play that we are getting into.

Rohith Potti: And I am guessing if that is the target, then we have an acquisition inorganic plan here as well, probably.

Akshat Seth: Absolutely. Like I shared in our key growth segments, whether it is pipes, whether it is construction chemicals, while organic is the key driver of growth, inorganic and smart inorganic buy-in is something that we are in the market for. Anything that helps us leap from the growth journey is something that we are very interested in. So, short answer, "yes."

Rohith Potti: Yes. Thank you. I mean, you have been very patient with your answers. I appreciate it. Thank you.

Akshat Seth: Thank you so much, Rohith.

Moderator: The next question is from the line of Nishant Gupta from Minerva Capital Research Solutions. Please go ahead.

Nishant Gupta: Hello. Thank you so much for the opportunity. I wanted to understand when do we expect that the real estate demand or the end customer demand to pick up in all the segments to contribute in a big way? I am not really keen at a very long-term frame where you intend to reach \$1 billion, but what is that inflection point where we see all the segments contributing, because real estate, etc., the luxury projects are getting sold on the day of the launch, but we see the demand dwindling on the middle income or the affordable housing kind of thing, so when do we see all the segments to pick up together?

Akshat Seth: You are asking when do all our segments start picking up or are you asking when does the broader macro -?

Nishant Gupta: No, no. When all of your segments pick up?

Akshat Seth: It is a good question. I am also thinking of which way to address this question. See, I think by all accounts, I would say that we are somewhere at the bottom of the commodity cycle. The demand scenario at a macro level is not exactly robust. There are also liquidity pressures that we have, that we are witnessing in the market. I think you would have noticed RBI over the last 3-6 months has stepped in at various points in time to address that. There is also excess capacity floating around in the market. So, on the positive side, a lot of the economic indicators seem to be on the right track. The monsoon has been a good one. The expectation is that rural demand should be robust post this monsoon. So, the festive season should be an interesting one. So, I think at least my own expectation is the macro conditions in H2 should start improving. But given where we are, the full improvement to take shape may be a two to three quarters journey from there on. And as that picks up, I think I am confident that BirlaNu is positioned really well to ride the buoyancy that comes with that across all our segments.

Nishant Gupta: Got it, sir. This is helpful. Sir, one more question. You mentioned at the start of the call that we have been gaining market share. Sir, is this gaining of the market share coming primarily from the unorganized segment where we are obviously due to the cost

competitiveness those guys are getting out of the market across the segment, so is that the unorganized demand that we are able to capture right now?

Akshat Seth: Is your question with reference to a specific product category or in general you are saying?

Nishant Gupta: Sir, like you mentioned that some of the segments have been gaining market share despite the competition, right? So, I just wanted to understand where is this gaining of the market share coming from, like in the construction chemicals or in the wall and the board segment? Are we capturing the unorganized market or are the organized players losing the market share, etc. So, I am just trying to understand how the dynamics are shifting.

Akshat Seth: See, the situation is slightly different across categories. So, roofs, there is hardly any unorganized segment. The market is fairly consolidated across the top five, eight players. So, there the story is different. In pipes, there is a big part which is unorganized. However, the unorganized segment plays largely in a very local, regional fashion and on price points where we do not operate. So, we still like to believe that we are competing with the established incumbents in the market and that is where the gain is happening. Now, many of those players are also gaining shares. Who is actually eating into the unorganized or whatever is coming is coming on because the industry or category itself is going is hard to say. But we typically as a branded player in this industry do not play at price points or service levels or product quality which the unorganized sector would be in. And hence, my belief is we are competing more at the upper end of the market.

Nishant Gupta: Got it, sir. Got it. Thanks, sir. Thank you. All the best.

Moderator: The next question is from the line of Ajish from Investor Things. Please go ahead.

Ajish: Yes. So, for the \$1 billion sales target, can you tell me any timeframe which you guys are able to achieve it?

Akshat Seth: See, given where we are, I am staying away from forecast, but the first milestone and what is within our side is doubling ourselves from where we currently are. And that line of sight over the next two to three years is very much on the horizon.

Ajish: Okay. Very good. And any comment on a long-term ROE target or a consolidated operating profit margin, something like that?

Akshat Seth: See, again, at that level that I am talking about, the idea is to start inching towards the double-digit operating profit level. That is again the first milestone for us to achieve.

Ajish: Okay, sir. And for the products which are offered by Parador, and if you are entering to and expanding to market like India, so how much is the organized, the unorganized, the market share combination in India as of right now; do you guys have numbers right now?

Akshat Seth: For Parador products?

Ajish: Yes.

Akshat Seth: So, overall, Parador type of products in India is a INR 1,000 crore - INR 1,200 crore category. Much of it in recent years, a certain section of it, especially on designer flooring, the vinyl flooring, there are a few local players and also on laminate. I do not think there is too much of unorganized play here. There is also a fair amount of infusion from China and Southeast Asia produced products coming into the country. In terms of numbers, I would say these imports will account for about 30% of what is being consumed here. A good 40% to 50% is local production and then the rest is imports from elsewhere. But there is no real unorganized sector play.

Ajish: Okay. Thank you.

Moderator: 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 follow-up. This is just on the status for the capacity expansions. For the OPVC plant in Bihar, are we still on track on commissioning in the Quarter 4 of this financial year?

Akshat Seth: Yes, we are.

Parikshit Gupta: Understood. And you mentioned that the Chennai line has already commissioned now, right, so what kind of utilization is it currently running at, and for the next few quarters, how do you expect that utilization to move?

Akshat Seth: So, as of July, we have already sort of ramped up to about 50% capacity utilization in every month that is ramping up. Our expectation is that we should start hitting the 75% number in another four to five months' time.

Parikshit Gupta: Understood. And while at it, would you be able to please share what was the capacity utilization for all of our segments in this quarter? I know it is a very limited data point, not to be extrapolated, but I would just like to understand what the numbers were please?

Akshat Seth: So, on an average, if I go by segment in roofs, we would be close to 85%, 90%. Ajay, is there a different number?

Ajay Kapadia: This quarter it is upwards of that.

Akshat Seth: What is the number?

Ajay Kapadia: This quarter it is 100% utilization in roofs.

Akshat Seth: Okay.

Ajay Kapadia: In blocks, it is around 75% to 80% utilization, panels and boards both put together is 85% utilization and the pipes business are roughly around 70% utilization.

Parikshit Gupta: Understood, sir. Just to follow on this, I might be interpreting it incorrectly. Considering that the roofing segment was at 100% utilization; however, the top line came down. So, how is this, I mean, is it a factor of built-up inventory or is there something different that I am not understanding here?

Akshat Seth: So, at the volume level, there is a very marginal decline. So, it is just a 1% decline. Last year, from a volume perspective, again, we were nearing that 100% utilization level. So, I do think the revenue drop is largely on account of price rather than volume.

Parikshit Gupta: Understood. And that would be to the tune of almost 4% you are saying from the previous year?

Akshat Seth: 3% to 4%, that is right.

Parikshit Gupta: Understood. These were all my questions. Thank you very much again for answering throughout and good luck for the current quarter.

Akshat Seth: Thank you, Parikshit.

Moderator: The next question is from the line of Sanjay Kumar Elangovan from ithought PMS. Please go ahead.

Sanjay Kumar: Hi, Akshat. Hi, Ajay, sir. So, first question on Parador, what was the volume growth in Q1? Also, you would have had significant benefit from currency rupee depreciation, right?

Akshat Seth: Sanjay, your voice is slightly muffled. If you could repeat the question?

Sanjay Kumar: Yes. So, what was the volume growth in Q1 for Parador?

Akshat Seth: Yes, Parador volume, term there is a degrowth, price, there has been an increase. So, there is a price increase both from the pricing changes or revisions we have done plus, there is a product mix benefit that we have got. As a result, the revenue drop is only about 3%.

Sanjay Kumar: Okay. And you also had significant benefit from currency, right? If you can quantify how much we gained from the rupee depreciation?

Akshat Seth: About 6% to 7%. Ajay?

Sanjay Kumar: And volume degrowth was 10%, is it?

Akshat Seth: That is right.

Sanjay Kumar: Okay. Request you to keep the commentary consistent in the presentation because like last quarter you mentioned both volume and revenue because we had posted a growth, this quarter, you missed it and you mentioned only revenue. Second on Parador, what is the share of US revenue? Also, do our competitors, I do not know, say Tarkett, Mohawk, do they have plants in the US or do they import from other countries, just asking from the tariff perspective.

Akshat Seth: So, from a tariff perspective, the interesting bit about the US market is nearly 60% to 65% of the relevant category of flooring is imported into US from various parts of the world. So, that is why the tariff situation, especially from our industry perspective is expected to have some inflationary impact on the price levels in that market.

Sanjay Kumar: No. Do we have any advantage because we manufacture in Europe and let us say others manufacture elsewhere in higher tariff countries?

Akshat Seth: Again, the full picture has to finally emerge, but given the levels that have been announced, there might be a slight advantage. This is relative to the imports. Anything that is manufactured in the US,

there will still be a disadvantage. Now, two examples, engineered wood, a large part of the engineered wood, come from Canada where the tariff level is higher than what it is in Europe. So, that could be an advantage. Second, there is a fair amount of imports that happen from China, Southeast Asia, where again Europe will have a slight advantage. But having said that, I am repeating that production that happens within the US will obviously be at a relative advantage compared to Europe. So, how does that actually play out? I think we are watchful, but we remain quietly confident that it does not in any way negatively impact our prospects in that market.

Sanjay Kumar: Got it. Okay. Second on roofing, you said in the last call, we asked if 12%-13% is a new normal and you said the first milestone is 15%-16%. But now we are sub 10%. So, how do we look at roofing segment margins going forward -- is 9%-10% the new normal or do you still think 15% is gettable let us say a few quarters from now?

Akshat Seth: At an operating profit level, this quarter itself was about 14% for us. Is it lower than what we expected? Yes, it is. This is now the second consecutive year where there is a year-on-year price drop. We would have expected a correction to happen this year which has not come through and which is also part of the reason why the results are less than flattering for most players in this industry. So, the route to improve profitability has to come from better pricing in the market.

Sanjay Kumar: Okay. And any risk from US tariffs on Brazil? Does that change any raw material dynamics for us?

Akshat Seth: Not directly. I think two factors to keep in mind or keep a watch on. One is, of course, the currency exchange rate. Second, how does the shipping, the freight rates pan out could be another thing to watch out. But specifically, no direct impact from the tariff rate on our raw material supply base. But these are the two things which are sort of part of the overall value that we pay for that. And that is something to watch out for.

Sanjay Kumar: Okay. Final question is on OPVC. We are told that you guys are talking to Chinese partners for the OPVC machine. We took feedback on both Chinese and the Indian OEMs. But none of them at least as of now do not match the quality standards and fail quality tests in terms of, let us say, the degree of orientation or consistency in orientation across the entire length of the product. So, who is our supplier? Who are we talking to? We heard that we are in discussion with Bayer Machinery and not the ones that other

companies are talking to, like, say, Bosso or Polytime. So, is Bayer qualified to make class 500 pipes? How is their quality? And where are we on the OPVC journey? Because last quarter, we spoke about it in a big way, but I do not see any mention in the current quarter of the presentation.

Akshat Seth: Yes, see, it does not matter, the source of it. Eventually, these are BirlaNu OPVC pipes. And the quality promise and the specification promise has to come from our brand. It has to match with what the industry standards, the specifiers, let us say a lot of OPVC is bought by government agency, so the specification comes there. And third, BIS standards. So, we will be conforming to those. There is no question about it. If we are entering into that segment with our brand on it, the product will be more than the specification that is demanded there.

Sanjay Kumar: Okay. Where are we on the journey? I mean, have you ordered machines? What is the capacity that we are looking at? How many machines?

Akshat Seth: We have not only ordered machines; as I said, we are on track for commissioning production and supplying beginning Q4. So, we are in advanced stages. Product testing, line testing, commissioning, pre-commissioning activities are currently underway.

Sanjay Kumar: Okay. Thank you. That is it from my side.

Akshat Seth: Thank you Sanjay.

Moderator: Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the management for closing comments.

Akshat Seth: Thank you, everyone. It has been a pleasure interacting with all of you over this call. Thank you for taking time out and engaging with us today. We at BirlaNu value your continued interest and support. If you have any further questions or would like to know anything more about your company, the results, kindly reach out to our investor relations desk. Thank you very much.

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

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