CK BIRLA GROUP

HIL

TOGETHER, WE BUILD.

Ref: HIL/SE/2024-25/074

February 13, 2025

To	To
BSE Limited	**National Stock Exchange of India Limited**
P.J. Towers, Dalal Street	5th Floor, Exchange Plaza, Bandra (E),
Mumbai – 400 001	Mumbai – 400 051
Scrip Code: 509675	*Scrip Symbol: HIL*
Through: BSE Listing Centre	*Through: NEAPS*

Sub: Transcript of Investors' Conference Call
Ref: Regulation 30 of SEBI Listing Regulations, 2015

Dear Sir/Madam,

In continuation to our letters dated February 4, 2025 and February 7, 2025, please find attached transcript of the Analysts/Investors' Conference Call held on February 7, 2025 on the unaudited standalone and consolidated financial results of the Company for the quarter and nine months ended December 31, 2024.

A copy of the said transcript has also been uploaded on the website of the Company www.hil.in.

Yours faithfully,
For HIL Limited

NIDHI BISARIA
Digitally signed by NIDHI BISARIA
Date: 2025.02.13 18:07:13 +05'30'

Nidhi Bisaria
Company Secretary & Compliance Officer
Membership No. F5634

Encls. As stated

HIL Limited

Q3 & 9M FY '25 Earnings Conference Call

February 07, 2025

Mit Shah: Thank you, Yashashri. Good morning, ladies and gentlemen, and welcome to HIL Limited's Q3 and 9M FY '25 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, 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 would like to invite Mr. Akshat 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 morning, everyone, and thank you for joining us today.

It is my pleasure to share HIL's performance for the 3rd Quarter of the Financial Year 2025, and also to give an update on the progress we are making on our strategic agenda.

Q3 has been an atypical quarter, where the headline numbers do not reveal the complete story. Why do we say this? Overall, we registered revenue of INR 805 crore at a consolidated level, which represents a modest 3% growth over last year. However, this growth has to be seen in the backdrop of a difficult market and external scenario, where most of the industry and peers have reported underwhelming results. And this is true for both India and for Parador in Europe.

In a weak demand scenario in India and Europe, and the resultant sluggishness that was evident on pricing across all our product segments, we at HIL focused on 2 objectives with reasonable success. Our first objective was to gain market share in the priority segments of Pipes, Construction Chemicals, Panels ,Boards and Parador. We believe we have outperformed on volume growth in these segments.

The second focus was to keep a sharp focus on our cost structure to minimize the impact of the soft pricing regime. I am happy to share that despite lower pricing, we have experienced margin growth in some of our sub-segments of Building Solutions, Construction Chemicals and at Parador. In all other categories, the margin erosion is significantly lower than the price decline experienced in the market.

Let me now walk you through the details of these at a segmental level and the key initiatives that we are driving. The Pipes and Fitting segment registered a robust volume growth of 57%, significantly outpacing the market and peers. This performance was driven by strong expansion in our distribution network, and it is despite the nearly 70% decline in JJM spends this year by the government compared to previous year.

However, the recent announcements in the Union Budget promises the investment trajectory for JJM to resume in the upcoming financial year and with investments in other programs such as AMRUT 2.0, we are hopeful that the B2G sales will be back on track in coming quarters. In addition, the proposed antidumping duty on PVC could have a positive impact on pricing and overall market demand. We have, I am happy to say, successfully integrated our acquisition of Crestia, and I am confident that synergies from this will further strengthen our position in the market.

Our Construction Chemicals business continues its strong growth trajectory, recording 17% revenue growth, driven by aggressive channel expansion and significantly increasing the brand presence through our marketing efforts. During this quarter, our billed customers increased by nearly 40% compared to last year. As I have shared on this forum before, both Pipes and Fittings and Construction Chemicals remain strategic focus for us in India, and we are steadily increasing their contribution in our overall portfolio.

In Roofing Solutions, we sustained our market leadership and our market share despite a decline in overall demand, reflecting our strong brand and channel strength. In this segment, we were keen to protect our significant price premium over our competitors in this quarter and that was largely the focus for us.

We are optimistic about the upcoming season, as the rural demand is widely expected to be robust driven by a good monsoon, good crop yields in this cropping season and the government push for increasing investments and consumption. With our strong brand and channel presence and continued effort on further expansion of our distribution network and on value-added products such as Ultracool and Aesthetic Roofs, we are best placed to take advantage of improving demand and price scenario.

Building Solutions segment faced a combination of subdued demand, lower government spends in infrastructure and increased competitive intensity with new capacities being commissioned in this quarter. The quarter was most challenging for our Blocks business, while Boards and Panels grew by about 6% to 9% in volume terms. To tide over this situation, we have already taken several steps to expand our distribution network, ramp up our sales with new customers and in newer geographies and finally, by increasing the share of value-added products in this portfolio. The impact of these measures are already visible in the December, January period for us.

I have to share that across categories in this quarter, the price realization drop was in the range of 4% to 13% compared to last year. The Pipe segment was most acutely impacted driven by historical lows in PVC resin price and intense competitiveness in CPVC segment. However, sustained efforts around material and labour costs, as well as working capital and inventory helped limit the impact of these factors. For instance, in Building Solutions despite pricing pressures, we have expanded our margin by about 160 basis points. In fact, in Blocks, we have expanded our contribution margin by 400 basis points as we look to bridge the gap with our peers in this segment.

Let me talk about Parador:

During the quarter, we grew our volumes at Parador by 4% and revenue by 5% in comparison to last year and all of this is in a market, which we believe has declined by about 10%. This industry-beating performance is driven by gain share in core European markets through new products, new customers, including the commercial segment and also by addressing pricing and product mix concerns.

We expect this momentum to become stronger as our geographical expansion to markets such as Americas and Asia come to fruition in coming quarters. We have also seen an improvement in our product mix, and therefore, realizations have improved. The share of our premium products such as Engineered Wood and Modular ONE has been on an increasing trend, and that was visible also in Quarter 3.

At Parador, on the cost side, we’ve started realizing the benefits of the cost optimization exercise that we had undertaken previous quarter. As a combined effect of these factors, we finished the quarter with a positive EBITDA of 1.3%. This is a more than 100 basis point improvement over last year and it's driven by better material margins and improved realizations.

Looking ahead at Quarter 4 and beyond, we remain cautiously optimistic about our prospects, both in India and at Parador. And let me list down some factors which are driving both this caution and optimism. From an external perspective, we need to be cognizant of the continued headwinds. We need to navigate past the sluggishness in consumer demand, together with additional risk factors of Forex and volatility in raw material pricing. Specifically in India, pricing of PVC resin and cement would present significant risks.

On the brighter side, the recent budget and government focus on addressing consumption side issues and their renewed commitment to infrastructure investments are definite positives. We also expect the rural demand to be on a positive trajectory.

In Europe, the likely antidumping duty for engineered wood flooring from China could be a positive win. In this external context with a clearly defined strategy and focused execution across our businesses and geographies, we are confident of outpacing the market and peers. The brand refresh that we are undertaking will be a significant milestone. This will be the pivot around which we will amplify our marketing activities and start building strong brand equity with our consumers.

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 in our Pipes, Construction Chemicals and Flooring segments. We will also be expanding our Blocks capacity in coming months.

At Parador, our push to new markets in U.S., Middle East and Asia will gather momentum. With many of our initiatives reaching their logical conclusion over the next 2, 3 months, we expect quarter 1 of FY '26 to be a breakout quarter for us.

With that, I will conclude my remarks and hand over to Ajay to present a detailed overview of our financial performance for the 3rd Quarter. And thank you, everyone, for your time and your patient attention on this. Over to you, Ajay.

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

I appreciate the opportunity to walk you through our Financial and Operational Performance for Quarter 3.

Despite a challenging market environment, marked by muted demand and heightened competition, we delivered growth in both volume and revenue, demonstrating the resilience of our business model and the strength of our strategic initiatives.

Our consolidated revenues increased by 3% year-on-year to INR 805 crore for the quarter with 9 months revenue up by 6% to INR 2,686 crore. This growth was driven by steady performance across key segments even as we navigated external headwinds.

Roofing Solutions reported moderate figures due to pricing pressure, leading to a 4% year-on-year revenue decline to INR 217 crore in Quarter 3. However, this must be viewed in the context of an industry-wide volume degrowth. Our continued focus on channel engagement and brand trust is strengthening our market position.

Building Solutions faced challenges due to lower infrastructure spends. However, we managed to expand volume across all categories, except Blocks leading to a 4% Y-o-Y revenue decline to INR 132 crore for the quarter.

Polymer Solutions delivered 70% revenue growth Y-o-Y to INR 169 crore with momentum further supported by our strategic acquisition of Crestia in the Eastern region.

The Pipes and Fitting segment recorded 57% volume growth and 38% revenue growth, reaching to INR 122 crore in Quarter 3. During the quarter, we have booked INR 2.5 crore inventory losses in this segment.

Flooring Solutions led by Parador grew by 5% generating INR 288 crore in revenue for the quarter. Despite markets in a double-digit decline, Parador's order bookings remain strong. And our strategic expansion into overseas market is progressing well. While our operating margin was impacted by pricing pressure and its subdued demand, investment in people, technology and marketing, the consolidated PBT for the quarter stood at a loss of INR 51 crore.

Maintaining strong financial discipline remains a key priority. Our working capital optimization initiatives are delivering results. And as of 31st December, the total debt stood at INR 720 crore with a debt equity ratio of 0.59. The debt is increased by INR 172 crore during the year on account of acquisition of Crestia Group of companies in the month of April.

While our strategic focus on growth, operational excellence and market expansion, we remain confident in our ability to sustain momentum and generate healthy cash flows.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press “*” and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press “*” and 2. Participants are requested to use handsets while asking a question.

Ladies and gentlemen, we will wait for a moment, while the question queue assembles. Ladies and gentlemen, to ask a question, please press “*” and 1 on your phone now.

We will take our first question from the line of Aditya from Securities Investment Management. Please go ahead.

Aditya: Hi sir, thanks for the opportunity. Sir, my first question is on Parador. So, if I look at on a year-on basis, our revenue has increased from INR 275 crore to INR 288 crore, but our losses have also consequently increased from INR 16 crore to INR 19 crore.

So, ideally, if our revenues have increased, we have undertaken cost saving initiatives, our product mix has improved, ideally the losses should have come down, but this doesn't seem to have happened in this quarter. So, if you just elaborate why is that not happening and getting reflected in the numbers?

Ajay Kapadia: So, there are couple of reasons. One is, the revenue has increased, but at the same time, the material margin has slightly reduced. The salary cost has gone up. And if you see the finance cost and the depreciation has also slightly gone up during the quarter.

Aditya: Understood. So, now at what kind of revenue would this number be around zero breakeven, then the Parador losses should reduce?

Akshat Seth: See, you were asking a picture which is a 9-month picture. There is an improvement, which is what both of us mentioned in our opening remarks as well. If you look at this quarter, it's been back to positive zone. And that trend is likely to continue. So, there were some structural changes that were affected in quarter 2. We had shared about the yield being optimized. There were also steps taken on the material cost. And in Quarter 3, there are definite moves towards improving the price realization as well, which is both a pricing issue and also a product mix issue. Concerted effort on all 3 fronts has resulted in a positive trajectory. And the result is now visible at least in the Quarter 3 results.

Aditya: Understood, sir. And also, just a small request, in the presentation, if you could just provide a breakup of revenue, gross profit, EBITDA and interest and depreciation cost of Parador. So, it would help us better appreciate the numbers.

Akshat Seth: Okay. We will make that, Aditya. Thank you so much.

Aditya: Yes. Sir, second question was on Roofing. So, if you can just provide some outlook because the Roofing segment has been struggling. So, the Q4 and Q1 of next year are the huge quarters for our Roofing segment. So, how is the demand outlook in that segment? And has pricing improved? If you could just provide some flavour over there?

Akshat Seth: See, on the evidence of the last 6 to 12 months, I am keen to take a cautiously optimistic view around this. There are things which are giving us positive indication. In general, the rural demand is on a positive footing, which is a good sign. I think if you see all the press and recent company announcement, there seems to be some struggle in urban consumption levels, but rural driven by a good monsoon and a good yield in this current cropping cycle seems to be on a positive trajectory, which means good news for us.

Government is committed to both infrastructure and other investments for the rural economy that, again, will mean more liquidity in the hands of those consumers, which is good news for us. I think as these factors play out and given the last year or the year that we are in, the demand was somewhat on a subdued wicket. The expectation is that there will be a stronger year or stronger season this time. But all of these factors will have to play out. Of course, during this season, there are price increases also that happen, and we remain hopeful that those will be brought into effect.

At the same time, as an industry, we need to watch out for risk factors on both the raw material side, so cement prices all of you must be tracking how that is playing out. As long as they remain soft, it's good news for us. But if there is an upswing, it's a risk that we need to manage and also the Forex exposure that all industry players carry. So, the dollar becoming stronger is a thing to watch out for. So, there are a combination of positive and negative factors that one needs to be mindful of, and that's why we are saying we are cautiously optimistic. The general expectation is, it should be a better season than what we saw last time.

Aditya: Understood. Sir, just 2 questions here. So, with lower steel prices, demand for our Roofing products has it impacted our demand for Roofing products? And second, is there overcapacity in the industry, which would limit our ability to take price hikes?

Akshat Seth: See, there has not been any substantial capacity addition in the last few cycles around this. So, I don't think the supply situation has changed. What has not helped is, at least in this year, the demand side has largely remained flat, maybe has shrunk by a percentage point or 2. And if the industry demand does not grow, then obviously, it has an impact on the pricing scenario, which is what has played out. So, roughly this year, the prices have been actually slightly lower than what it was in the previous year.

Moderator: Aditya, request you to join back the queue please as we have other participants waiting for their turn. Thank you.

Akshat Seth: Thank you, Aditya.

Moderator: We will take our next question from the line of Sanjay Kumar from ithought PMS. Please go ahead.

Sanjay Kumar: First question on Piping. PBT margins, if we compare with other players, Supreme reported 8%, Apollo Pipes did 3.3%, Finolex minus 5%; HIL minus 8.3%. All like-to-like for the segment piping. I just wanted to understand why such a huge divergence even if you remove the leader, Astral, Supreme. We are not even on par with the second rung players.

Akshat Seth: So, relative speaking, compared to the industry leaders and peers, our situation has not deteriorated at all in this quarter. We’ve always maintained that compared to the Prince and the Finolexes of the world, there is a 5% to 6% delta that we carry, that is primarily accounted by the scale that we are at, and also some investments that we are driving towards growth. These are conscious choices. That gap remains in the same ballpark. In this quarter, we have not closed down on that gap nor have we widened that gap.

The quarter itself was difficult for all industry players like you are also highlighting. It was difficult for us. There were some inventory losses that we have taken, which also reduced the picture. And in our case, the number that you are quoting also includes the fresh acquisition that we have done. And as that stabilizes, the margin situation is coming back to where we were pre-acquisition. So, if I look at a stand-alone performance, our numbers are in similar range as what it was in the past.

Sanjay Kumar: Okay. And what is the margin difference between HIL standalone versus Topline or Crestia in terms of margins?

Ajay Kapadia: Crestia margins are 2% lower than HIL in the last quarter. On YTD basis, it is difference of 1%.

Sanjay Kumar: Okay. And on Topline, the liabilities seem to be very significant compared to the sales and size of the company, almost INR 180 crore is sitting as liabilities, I think, in Topline. What is this? And when will this come down?

Ajay Kapadia: What is this INR 180 crore liability?

Sanjay Kumar: Liabilities in the Piping segment has gone up by INR 180 crore, post the Topline acquisition. How much of this is debt? And what plans do we have to bring down the debt in Topline?

Ajay Kapadia: So, debt is INR 127 crore in the Topline. The balance is payables basically.

Sanjay Kumar: Okay. Okay. And second on Roofing, what is the new normal margin? I think you are guiding for 12%, 13% for the full year. But going by the last few quarters, it looks like it will be high single-digit margins at best going forward.

Ajay Kapadia: See, normally in Roofing business, the margins are upwards of 16%, 17% in quarter 1, whereas quarter 2, 3, 4 are higher single digit always. So, if you see blended margin for the year, it will be in the range of 12%, 13%.

Akshat Seth: And Q1 is also about 40% of the industry volumes. So, that's where the weighting is higher on that side. So, that 12%, 13% is still very much on track.

Sanjay Kumar: Yes, it used to be high single-digit in the non-Q1 quarters, but that high single-digit is almost halved. September, we did 4%, December is close to 5%. It's no longer 7%, 8%, 9%. That's what I meant.

Akshat Seth: Yes. So, it's been lower. So, what we are talking as 12%, 13% is lower than what it would have been experienced in the previous years. We were comfortably north of 15%, 16% and that is what is indicative. So, the last couple of quarters' performance is sort of indicating that 2% or 3% drop. And essentially, all of it is because of the weak pricing regime that we are in. This quarter, for instance, the prices have been lower by 3% to 4% compared to last year same quarter.

Sanjay Kumar: Okay. A final question before I come back on Parador. Increase in unallocable expenditure from INR 20 crore to INR 28 crore. What is this line item? And why the sort of 40% growth? How will this number trend going forward?

Ajay Kapadia: So, there are 2 reasons. One is on account of Forex losses on mark-to-market, which is in the range of INR 4 crore, INR 4.5 crore and INR 1 crore, INR 1.5 crore is the increase in salary cost. These are the management cost at HR level, which supports all the functions.

Sanjay Kumar: So, the INR 4 crore is the one-off item, the INR 1.5 crore will continue.

Ajay Kapadia: On an average, unallocated corporate cost is in the range of INR 22 crore per quarter.

Moderator: Thank you. We will take the next question from the line of Mayank Agarwal from Scientific Investing.

Mayank Agarwal Yes. Hi. Thank you for the opportunity. So, I have 1 question regarding the Parador. The company has been working on the Parador for over 2 years now. So, like everything has a timeline. So, how long the company will try before deciding like you have done your best and like let go off Parador?

Akshat Seth: Look, 2 years ago when the whole war situation had broken out and there were both demand side challenges, supply side challenges around that. In the last year or so is where a lot of work has been done both to re-energize growth and also to build the right team for future. And third is to get the costs under control. All 3 are in progress. We are seeing also the first few visible signs of a turnaround.

At this moment, we need to put all the positive energy behind it. We are not at all close to evaluating that we've done enough for this business. I think we remain committed for the prospects and the potential that that business offers. And a quarter like Quarter 3 really is a shot in the arm for the work that has already been done and continues to be done on that front.

Mayank Agarwal: Okay. And despite on the Parador side also, despite the revenue growth of 5% in Q3, Parador continues to operate at a loss. So, given this effort of the cost optimization and everything, so like when can we achieve sustainability in the EBITDA and the PBT level?

Akshat Seth: So, yes, see, the first milestone, as I shared, was for us to get back at the operating margin positive level, which has been accomplished this quarter. We need to now start expanding that margin. And much of it is contingent on the volume push that we are making, and hence, the revenue push.

So, the trajectory appears to be positive as we exit the month of January, again, it's been a good month for us without getting into specific numbers. So, the trajectory is in the right direction. And the work that had to be done on the cost side, on the profitability side is well behind us. And there is now a single-minded focus on just driving the growth in both our core geographies and in the new markets that we have prioritized for ourselves.

Mayank Agarwal: Okay. And like what is the timeline for meaningful revenue contribution from the geography we are expanding to like Americas and Asia?

Akshat Seth: See, at least in the market we operate in, these are uncertain times. So, I would not want to put a very sharp timeline around this. What we are confident is that what is next year for the full year, we should be cash positive. That's the aim with which we are going with. And there is enough line of sight to be to achieve that. There are, of course, upsides in that plan, which can make it a PBT positive or neutral plan. But at a minimum, we need to be cash positive. That's the guidance with which we are running.

Mayank Agarwal: Yes. So, I had a question on the Polymer segment. Like there was a good volume growth of 57% Y-o-Y in Q3, but the profitability remains a challenge. So, like what are the initiatives that are being implemented to restore margin in the Polymer segment?

Akshat Seth: Yes. See, the profitability, and I am sure and as was described by our previous, I think Sanjay had also mentioned this, the quarter on account of just the massive decline in pricing that has happened on PVC resin side has been a difficult one for all industry players. If I am correct that about the Reliance pricing itself on resin dropped by about 17% between the period of July to November. And that's a big drop. The pricing is currently at historical lows. So, there is a rerating and an adjustment that has happened on account of that. There were one-time inventory losses that most companies have taken, so have we.

What is also compounding this is that the demand was not robust in this quarter. As a result, there was pricing-related challenges also in the market. Having said that, the things which are under our control, there is a lot of work happening, both on material cost, better sourcing and more efficient sourcing now that there is a larger scale at which we are operating, better utilization of the assets that we have and also the manpower and the labour cost. So, there is almost a continuous activity around those.

Some of those wins have been registered in this quarter, because the margin drop is less than half of what the pricing drop has been in this period in the Polymer segment. And that was possible only because there was a lot of focus on getting those internal costs sharper than before.

Moderator: We will take our next question from the line of Jiten Parmar from Aurum Capital. Please go ahead.

Jiten Parmar: My question is on, if you can throw some more light on what was the rationale behind like the BirlaNU brand? And what is the plan for that? Will the branding be completely changed for at product level? Or if you could throw some more light? And what will be the costs associated with that?

Akshat Seth: If you allow me, Jiten, I think this whole proposal is at a stage where it's up for approval from the shareholders. We will share a lot more detail once those approvals are in place. The timelines are expected to be around the mid-March period. That said, I can only say that, we've had feedback from the market, we've had feedback from folks like you that apart from a lot of push that we do about for our products through our sales execution, there has to be a stronger brand connect with consumer that allows for a more premium positioning, better pricing and more credibility with the consumers. And we need to energize the marketing and branding activity. This is a step in that direction. It is the pivot around which we will amplify our brand pool across all our product segments in a cohesive manner.

So, it is an initiative which is where all of us as an organization are super excited. It also allows for a fresh narrative and a fresh energy within the organization. So, it's something that we are very keenly looking forward to. But as you can understand, maybe another month, 1.5 months before we start sharing the full details of all of this.

Jiten Parmar: Perfect. Perfect. So, based on the previous con calls, Parador losses have definitely reduced. Now, in previous con calls, you have mentioned that there will be around €5 million per year saving. So, that essentially means around €1.25 million per quarter. Now, has that kind of happened in Q3? Losses have reduced, that I can see. But has that exact number kind of been incorporated currently in the numbers? Were we at the same level which we had guided?

Ajay Kapadia: Jiten, it has come partially in Q3. The full impact we will see in Q1. Basically, the main cost item or cost savings items are with respect to headcount cost. So, we will get 100% advantage of benefit we will see in Q1 next year.

Jiten Parmar: Sure. Yes. So, how much was the inventory loss in the Polymer or specifically the Pipe division, if I can get the number?

Akshat Seth: By rough estimate, it accounted for about 200 to 300 basis points delta on the profitability for our Pipes business.

Jiten Parmar: Okay. I think that's good enough. Thanks. If I have any other questions, I will definitely come back, and wishing you all the best for the future.

Akshat Seth: Thank you so much, Jiten.

Moderator: Thank you. Ladies and gentlemen, in order to ensure that the Management is able to answer queries from all participants, kindly restrict your questions to 2 at a time. You may join back the queue for follow-up questions.

We will take the next question from the line of Rishab Bothra from Anand Rathi Shares and Stockbrokers Institutional Equities. Please go ahead.

Rishab Bothra: I just wanted to ask, is there any synergies with respect to the distribution network for each of the 4 segments?

Akshat Seth: So, there are 2 parts to this answer. There is a B2C channel, which is separate for Roofing, separate for Pipes and separate for Construction Chemical and Putty, less synergy across these 3, maybe on the margins last 10%, 15%, there is some distribution-related synergies. But on the B2B side, there is lot more synergies. Now, of course, Building Solutions, Pipes and Construction Chemical, putty, all 3 have a decent play on the B2B side. That is where there are synergies as we reach out to our customers.

Rishab Bothra: Okay. And with respect to our Parador business, do we compete with Greenland in Wooden flooring and Laminate flooring?

Akshat Seth: They have a presence in that segment. But in terms of the product and positioning, we are very superior compared to the offering that they have. So, we do have an offering on Engineered wood. We have an offering on designer flooring, which is vinyl and a sustainable version of vinyl, and we have laminate as well. These are currently all produced in Europe. And from a price positioning, quality and aesthetics, these are products which are head and shoulders above any offering in the Indian market.

Rishab Bothra: Got it. And with respect to Vinyl flooring, is one of the product line of Responsive similar? Or Vinyl flooring is different?

Akshat Seth: Yes. So, Responsive largely at the mid end of the market caters to certain segments of commercial customers, and they are in Rolled Vinyl. We are largely in Tiled Vinyl. But as a specific product, I think it is similar. So, you are right, Responsive will be one of the industry players that has a similar offering, not the same.

Rishab Bothra: Got it. And if you could elaborate certain because I am slightly new to the company, what does Modular ONE represent? And how big is the opportunity size?

Akshat Seth: So, Modular ONE today in our Parador portfolio is about 25% of our sales. It is a product which is like a Vinyl Flooring, but does not have PVC, and hence, it's plastic free. It is a positioned as a sustainable alternative to Vinyl Flooring. And hence, its play in commercial segments and customers who are more sensitive to these topics is extremely high. It fetches probably the best realizations and margins for us across our product portfolio. It's a patented unique product that we carry. It has a good play in Europe. And as we plan our foray in markets like U.S. and in Asia, there is a lot of latent demand for that type of product. So, it's something that we feel very optimistic about, could be a blockbuster for us and our trump card in the market.

Rishab Bothra: Got it. And sir, last question on the strategic side. We were not hoping that Orient Cement would be sold off from the group entity. Is there anything which can be sold off from the company, any of the segment, whether profitable or non-profitable? Anything in the pipeline?

Akshat Seth: Nothing in immediate pipeline. At the moment, there has been a lot of thought over the last year, 2 years on the portfolio and the segments we are in. Teams have been aligned to make sure that each of these segments reach their full potential and efforts are on in that direction. So, the single-minded focus is to grow these segments. At the moment, there is no segment which we feel we need to exit out of. Having said that, portfolio choices and evaluations are a continuous activity. But in the short run, there is nothing which is in the pipeline that I can share with you.

Rishab Bothra: Got it. And the accumulated losses at Parador and how much time will it take to recoup that losses?

Ajay Kapadia: The accumulated losses at Parador is in the range of around €19 million-€20 million. It is available for set-off against future profit for indefinite period. But, however, we cannot claim it 100% set-off. There are certain rules around it. But it is available for indefinite period.

Moderator: We will take our next question from the line of Sanchita Sood from RoboCapital. Please go ahead.

Sanchita Sood: Good afternoon, sir. My question to you is regarding Parador. Sir, if I am not wrong, you had guided for around €150 million revenues for Parador in FY '25. So, considering the Q3 results and industry scenario currently, do you still stick to that guidance? Or is there any change you'd like to make here? And going forward for FY '26 and '27 as well, what kind of revenue visibility can we see for Parador, especially from regions outside of Europe? Can we get any idea on the orders or order pipeline that we have for these regions?

Akshat Seth: Sanchita, I heard your first part of the question clearly. And let me quickly respond to it before I request you to repeat the second part. So, are we standing true to the €150 million guidance? At the moment, it seems unlikely, and we are likely to miss that by about 4% to 5%.

Sanchita Sood: Okay. Sir, the second part of my question was that for FY '26 and FY '27 as well, what kind of revenue visibility can we see for Parador, especially from regions outside of Europe?

Akshat Seth: I think at an aggregate level, we are looking at for these 2 years, a CAGR in the zone of 15% to 20% growth coming in. It may be 15% next year, 20% the following year, in that ballpark. So, now a bulk of that growth will come from the new geographies that we have spoken about. And it will also mean sustaining the share that we have in the European markets, which are largely expected to be flat in this period.

Sanchita Sood: Okay. And sir, you also mentioned that around 100% of the cost optimization benefits in Parador will come by Q1 of FY '26. So, I just wanted to ask that whenever that happens, what kind of EBITDA margins can we see for Parador?

Akshat Seth: See, one, there are cost and restructuring benefits that were done sorry, last quarter. There are also initiatives on pushing higher volumes and also better price realization. The combined effect of that next year will be we are hopeful for a positive outcome, which effectively means that from an EBITDA margin perspective for the full year, we should be more in the 4% to 5% range.

Ajay Kapadia: So, Sanchita, in terms of percentage, the savings will be in the range of around 3% to 4%. However, there is a partial impact we realize in this year, partial will come in next year. So, the full year comparison, it will be lower in next year.

Moderator: We will take our next question from the line of Vinay Gupta from Previse Wealth. Please go ahead.

Vinay Gupta: Yes. Hi. Good afternoon to the team. Actually, as a concerned shareholder, I am just trying to understand when can we actually expect the company to be profitable? Last year, we were guiding of about 7%, 7.5% EBITDA margins at the consol level. And FY '26 was probably looking at double-digit. Now we are barely even able to make profits. So, I am just concerned, and you are taking so much cost initiatives that we keep on talking about last call also, there were one-time INR 8 crore, INR 9 crore cost that we have taken as a severance cost.

And despite those efforts, as a company, we are not able to generate profits. I understand the demand scenario, but if we keep on talking about the volume share and the market share that our volumes are increasing, but if we are selling products at a loss, there's hardly point of getting any market share. Maybe the reason why we're getting market share is because nobody is willing to sell it at such low cost. So, just want to get your thoughts on the profitability at the consol level. Thank you.

Akshat Seth: And your question is not for Parador, but it is for the consolidated entity, right?

Vinay Gupta: Yes.

Akshat Seth: See, when will we be profitable? I think we will finish the year on a profitable note. I don't think we are finishing with losses this year. For next year, there is a fair amount of visibility around a lot of these elements sort of turning around. And we should be in a much better place from the next year perspective. A part of the reason, while I am sure you heard it from your other investee companies as well, just the velocity and intensity of the external factor this year was not anticipated, and it sort of dragged out over a longer period of time.

Now that, that situation is playing out, everyone is conscious or at least we are conscious that we need to take that as the base case and have our plans despite that. So, our commitment to the profitability guidance that we had made remains. We may be off by 6 months, given the headwinds we faced, but we are not sort of retracting back from those guidance. That's the headline answer I can give.

While you are a concerned investor, we also are equally sensitive to how this has played out over the last 6 months, and a lot of efforts and steps have been taken to correct that situation as well. A lot of that actions are also beginning to bear fruit. So, when we come back for Quarter 4 Results at a short run, you will see a few different things. So, we are not turning back from the guidance. Maybe we are off by about 6 months on that.

Vinay Gupta: Sure. Just to want to point out, I think that we are profitable for this year primarily because of the other income, which is probably, I think, the sale of assets that we did. On the operating level, we are barely making any profits. So, I get your point. I am just trying to clarify that we are profitable because we did one-off transactions.

Akshat Seth: Yes. My commentary was, I understand, Vinay, what you are saying. My commentary was at an operating level but be as it may your point is well taken, and we are not sort of unconscious of the flag you are raising.

Moderator: Thank you. We will take our next question from the line of Saket Kapoor from Kapoor Company. Please go ahead. Mr. Saket Kapoor?

Saket Kapoor: Firstly, if we take our P&L for the consol level, we are at cash losses. So, going ahead, firstly, if you could give me the debt levels for us, the net debt level? And how are we going to fund these losses?

Ajay Kapadia: So, Saket Ji, in 9 months period, our PAT is INR 8 crore loss, but there is a depreciation of INR 108 crore. If you add that, the cash profit is INR 100 crore. We have invested in CAPEX of around INR 85 crore to INR 90 crore in 9 months' time. So, debt has not gone up. This year, the debt is INR 720 crore compared to last year is increased on account of the investment made in the Crestia.

Saket Kapoor: Okay. And sir, what would be the closing debt levels we are anticipating as on 31st March?

Ajay Kapadia: Yes. So, normally, we built up inventory in February and March for the upcoming season of Roofing business. The inventory will go up by another INR 40 crore to INR 50 crore in next few months and to that extent, debt will go up.

Saket Kapoor: Okay. Sir, when we look at our segmental profit, if you could just elaborate or just highlight the factors, I think so only the Roofing part is where we are seeing some ray of hope in terms of the profitability inching up. So, if you could just throw some light on how the Roofing business, the Building and the others are heading towards going ahead? And what should we expect in terms of the revenue and the profitability in all the segments and especially the Roofing segment, what are the dynamics that are into play currently?

Akshat Seth: So, Roofing, typically, Q4 and Q1 are the better margin quarters. The dynamics at play and the things to watch out are in terms of, one, how the price scenario in the marketplace, which also is related to how the demand picks up. So, if the volume offtake is good, pricing always tends to be slightly better. The raw material factor is also something to keenly watch out for. Cement is a key raw material. And then the fibre imports that all players make, give an exposure to the Forex and dollar page. So, those are some important factors to keep in mind.

I think overall for the industry, how the end consumer pricing moves will be an important factor that will drive the profitability, whether it stays at a level that we've seen this year, or it improves? That's really the big swing factor there.

And so that's as far as the overall industry piece is concerned, we are working on a slew of initiatives, which are essentially to contain the cost of our own structure, which can give some incremental benefit over just the industry movements around this.

In Building Solutions, there has been a positive movement. In fact, even in a quarter like Quarter 3, where the prices for those products went down from anywhere between 2% to 4%, we have actually shown better margins this quarter, compared to the same quarter last year, and there is a margin expansion that is happening.

Now, much of it in this group itself, last couple of calls, we have been compared with our peers in the Block segment and the difference. We have now started closing the gap on that. In fact, in Blocks, this quarter, our contribution margin has increased by 400 basis points, and which is a key factor, while overall, as a segment, the margins have improved despite falling prices. There is more to be derived here. And hence, I would request that you keep a watch out for this segment as well from a profitability point of view.

In Pipes, next financial year, we will start seeing some narrowing of the gap between us and the peers that we are usually compared with. A lot of integration-related things and the utilization-related things are now getting stabilized.

Also, as we gain scale, there has been a lot of work done on the cost side to optimize and the results of that will be visible next financial year at a full year basis. Some of it has started becoming visible. So, there is a positive trajectory to watch out for on this.

Similarly, in Construction Chemicals, this was the quarter where we gained about 200 basis points on the contribution margin, and that swing will keep happening. So, I think that's why I started my remarks by saying it's a slightly atypical quarter where the headline numbers do not reveal the full extent of the story behind.

On margin, there is positive movement. So, at least from my vantage point, I am happy where we are and the movement is in the right direction. Of course, pricing plays a role, and there are efforts to correct that situation as well.

In fact, even at Parador, I will point out, unlike quarter 1 and quarter 2, where we reported higher volume growth and slightly lower revenue growth, this is the first quarter where the reverse is true. We have grown volumes by 4%, but revenue has grown by 5%, which points to the fact that the pricing is being corrected, product mix is being corrected, which is leading to better margins for us.

So, margin and operating margin is a topic of intense conversations and efforts internally. We are not just looking at growth, and I think there was a previous speaker who mentioned that there's no point selling at ridiculously low prices. We are not doing that. We are also conscious that these prices or price positioning in the market takes a long time to cement. We will not do something in the short run, which will affect our long-term prospects. So, this is being done in a carefully calibrated manner. The first signs of impact are visible, but numbers, etc., you will start seeing these in the coming quarters. We do need a little bit of support from the market conditions.

Saket Kapoor: Sir, a small point, and I will join the queue.

Moderator: Saket, in the interest of time, yes, there are other participants waiting for their turn.

Saket Kapoor: Yes, ma'am, on what sir has answered, only a brief thing about the fibre prices, if you could just give the trend, and I am in the queue, sir. And all the best sir, you have been answering us very patiently and very coordinating.

Akshat Seth: Thank you, Saket. Fibre prices in dollar terms appears to be stable for the next 12 months. However, the slide that rupee is experiencing against dollar is adding up to that cost factor.

Moderator: Thank you. Ladies and gentlemen, we request you to restrict to 2 questions at a time, please. We will take our next question from the line of Raaj from Arjav Partners. Please go ahead.

Raaj Macwan: Sir, how much was the overall price drop in Quarter 3 FY '25 compared to quarter 2 FY '25?

Akshat Seth: In which segment?

Raaj Macwan: Overall, the portfolio level, blended level.

Akshat Seth: Between quarter 2 and Quarter 3, maybe we come back, just give it a minute. I am just trying to figure out because we track it at a segmental level. It's hard to sort of put a blended. These are very disparate segments, right?

Raaj Macwan: All right. And sir, going ahead for FY '26 and FY '27, how much of sales growth are we expecting?

Akshat Seth: FY '26 and '27?

Raaj Macwan: For next 2 to 3 years.

Akshat Seth: See, we've shared our aspirations, somewhere we remain firm on those aspirations despite the recent challenges we have experienced. That will mean that we will have to grow in high teens as far as the next 2 to 3 years are concerned. I have already given you an indication of what it might look like from the context of Parador. The rest of the context will not be too different.

Raaj Macwan: All right. And sir, when we say we want to grow in high teens, so where do we see growth coming in from? Which segment would be the highest contributor of growth for us?

Akshat Seth: In the India business, it will be Pipes, it will be Construction Chemicals, followed by what we do on the Building Solutions side. That will be the order in which the absolute and percentage growth will be the highest.

Raaj Macwan: Understood. And sir, how much is the PVC price per kilo right now?

Ajay Kapadia: PVC price per kilo is in the range of around INR 78, INR 79. It’s different in different plants because of the freight cost from the local vendors.

Akshat Seth: Reliance is?

Ajay Kapadia: INR 78, INR 79.

Raaj Macwan: Sir, earlier you had commented, if I am not wrong, from July to November, rates are down almost 70%, right?

Akshat Seth: 17%.

Raaj Macwan: 17%. Okay. Yes. Understood. All right, sir. All the best. Yes.

Moderator: Thank you. Next question is from the line of Moksh Ranka from Aurum Capital. Please go ahead.

Moksh Ranka: Sir, I wanted to ask, do we have any plans to launch Parador in India, considering we have a very good distribution network in India?

Akshat Seth: Yes, we do. In fact, in the last 3 to 4 months, we have now built a team dedicated for the Parador effort. We have appointed new distributors. We have reactivated some old relationships. The first set of sales have also started coming in. The lead pipeline is filling in fast, and there's a lot of focus on institutional sales. In fact, by the time this financial year ends, we would have done the highest volume in India ever.

I think pre-COVID, there were some good years, we would comfortably beat those numbers. And we are on a strong wicket as far as next year is concerned. So, the idea is that, very quickly, India has to be amongst the top 10 markets for Parador globally, and that's the push with which we are going ahead. So, thank you for this question. Yes, we are building that muscle strongly to create the Parador brand in India.

Moksh Ranka: Okay. And recently, we did an exercise where we are merging all of polymer-related subsidiaries, and subsidiaries of that subsidiaries into one. So, is this because do we plan to do a demerger of the Polymer business in the future for value unlocking for the shareholders? Is that the rationale behind that?

Akshat Seth: I would not like to comment on the second part of your question. On the first part, this was always the plan, so this is almost the last step of that acquisition we are completing. There are operational and financial synergies that we want to realize by that merger. Today, it is 5 different entities. They will all be merged into the whole HIL piece.

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

Aditya: Yes. Hi, sir. Thanks for the follow up. Just two questions. Sir, we had sold excess land this year, as well as last year. So, do we have any further excess land which we can sell? And what would be the value of that?

Akshat Seth: As and when it sort of happens, you will hear it. It is not like we are doing it as a strategic activity. These are tactical time-based calls that are done. We are not on a spree to sell our land assets, that's not what we are doing.

Aditya: No, I understand, sir. But do we have any excess land available for the noncore land?

Akshat Seth: We have not done any such exercise to evaluate excess land, etc. I think we have fully running plants. The focus really is on growing the operations and using the land that we have to the fullest.

Aditya: Understood, sir. And sir, what would be the losses which Putty would be making now?

Akshat Seth: I would say it's about near breakeven or marginally positive. So, there are no losses as much from that.

Moderator: Thank you. We will take the next question from the line of Rohit from ithought PMS.

Rohit Balakrishnan: Hello, Akshat. Hello, Ajay sir. Good afternoon. Sir, just a few questions. Sir, on Parador, I think you mentioned that this quarter, in terms of EBITDA, we were positive. So, just wanted to get the number. And also, can you share the number for the last year same quarter?

And second question was, sir, you alluded to the fact that this time the revenue growth was more than the volume growth, and there was some mix change that you did. So, if you can double-click on that and explain what was that? And do you think this is sustainable in terms of the pricing, and hence, if you can also allude what kind of gross margins we were at?

And sir, one more request. I sort of echo to what a previous participant had mentioned, if you can maybe detail out Parador in terms of the numbers, gross margins, other costs, employee costs, etc., so that, we appreciate the effort that you're doing, but it will be helpful to understand in a bit more granular manner.

So, those are my questions on Parador. And I will just quickly also ask one more question on the Piping. So, sir, this year has been pretty slow in terms of numbers.

Akshat Seth: Sorry, Rohit, maybe take a pause. Allow us to answer the questions, because I don't want to miss your question. So, the margin, Parador, this quarter was 1.3% EBITDA margin. And last year, same time, we were just about breakeven. So, that's the delta.

The second question was on pricing and the improvement. This realization improvement is on account of 2 things. We are consciously trying to get better pricing in the markets that we are in, which is partly an effort to preimmunise the product and the positioning that we enjoy and get to counters and customers where there are better realization. So, part of that is visible. We had also shared several calls ago that our rationale for getting into commercial segment is that it allows for slightly better pricing. So, as we start going deeper in the commercial segment, this should be a trend.

The third thing is on product mix. We are conscious that the 2 most premium higher-yielding products for us are Engineered Wood and Modular ONE. And we are constantly sort of pushing these 2 and trying to gain share on these 2 accounts. Yes, these are sustainable. If things go well, and I am again being careful in choosing my words, I mentioned there is an antidumping duty on Engineered Wood imports into Europe from China. A provisional duty has already been slapped with retrospective effect from October mid or so. If this holds, it will mean 2 things. One, the Engineered Wood volumes should go up. And that means better utilization of our plant, better volume, etc. It should also mean better pricing because the main problem with the Chinese imports were they were significantly cheaper. So, that allows for some price stabilization on that front. This is a positive development. I will keep my fingers crossed that it should play out fully to the extent we hope it does, but that's a possible tailwind for us.

Rohit, over to you for the second question you had.

Rohit Balakrishnan: Thank you for the answers. Sir, just one follow-up on this was what was the gross margin in this quarter in Parador?

Akshat Seth: Material margin was about 53%, which is an improvement compared to second quarter by nearly 200, 250 basis points. It's an improvement over previous year by about 150 basis points.

Rohit Balakrishnan: Understood. Understood. Thank you. And on Polymer business, so just wanted to understand a bit more. So, this has been a tough year for everybody, the expenditure by the government has been on the slower side. But notwithstanding that, what are the levers that we have to sort of bridge the gap that we have with some of the other guys? And given that we are integrating all the units now. So, assuming that, let's say, the government CAPEX improves in the next year. So, what would be the kind of margins that you will think that we are going to make in this business? I understand there are a lot of moving parts here but would love to hear your views because that is another area of big loss in this year. So, just wanted to understand. We are sort of very positive in terms of growth there. So, just want to understand.

Akshat Seth: So, your question is largely on what kind of margin trajectory should one expect over the next 12 months or so, correct?

Rohit Balakrishnan: I was just saying what are the levers for us for whatever margin trajectory that we are looking at, because demand environment is same for everybody. So, how do we bridge that gap from the peers?

Akshat Seth: So, the biggest lever for a better margin profile is scale first and foremost. And hence, growing the volumes is priority one, which essentially is firing on all 3 engines. There is more and deeper penetration through the B2C channel that we are pushing for. We are also going hard after the B2B and institutional sales, and the B2G sales as they come back, and we are hopeful they will, will be a big shot in the arm.

Overall, that spend, you are aware, declined by nearly 70% this financial year. The government as per the budget is committed to bringing it back to the levels that were there previously. So, that should be good news. And that is the kind of headroom that we will have for growth on just that specific channel. So, first lever is on that.

As the scale progresses, there is also a more efficient operating cost structure that you start achieving. So, whether it is your energy cost, your conversion cost, all of that starts becoming more attractive.

And third, on the procurement side, because you have a larger scale to procure, sourcing benefits start becoming better. So, those are the 3 top levers we would place on that order of priority. And that is what the next 12 months will be about for us as far as that segment is concerned.

I will add one more factor, which is important. And since your question was largely on margin. Adding new products, which have a better margin profile, not as commoditized, say, the Agri or HDPE pipes are will also be critical and there is a lot of work happening in the background. I think in the next 2, 3 months, you will hear from us specifically which products and segments that we are getting into, but there is a lot of work happening on that front as well.

Moderator: Thank you. We will take our next question from the line of Navneet Bhaiya, an individual investor. Please go ahead.

Navneet Bhaiya: Hi. I wanted to understand your Polymer numbers a little more in detail. So, last year, you had done a top line of INR 535 crore in the Polymer division, and then you had acquired Crestia, which was at the time of acquisition, approximately INR 330 crore in top line. So, that gave a total of about INR 860-odd crore. This year, so far, you've done INR 528 crore. So, most likely, you're going to end up with a decline of maybe 15% to 20% if I add Crestia to your base last year. So, do I get the numbers right?

Akshat Seth: Yes, I think these are not off the mark.

Navneet Bhaiya: Okay. So, this on the backdrop of the industry leaders showing a marginal growth, companies more of your size declining by maybe 0% to 5%. So, have you lost market share as compared to the industry? And then if that is so, why are you sounding so bullish on this segment, given this year, you seem to have declined more than the industry?

Akshat Seth: We have not, and I will talk specifically because the Polymer segment also has Construction Chemical and Putty, so I will keep that aside. So, on the Pipe side, and let me sort of demystify some numbers for you. If I take away Crestia, even without Crestia, we have grown our volumes by about 20%. So, far, all the results that have been declared, I cannot recall any company which has grown by that much, number one. And that's one reason for sounding bullish.

Now, for Crestia itself, it had 2 parts of its business. 55%, 60% of its volumes and business were coming from sales to the government channel, and the JJM scheme specifically in a few states, which was a big rationale for us to buy because we were not playing there. Then there was a retail part. The retail part of their business since acquisition has grown by about 10% to 12%. Okay? That's the second reason for the bullishness.

Now, the third part is where the numbers are lower post-acquisition versus pre-acquisition, which is the JJM sales. The reality is, compared to the previous financial year where Crestia did about INR 300-plus crore, the government had spent close to INR 70,000 crore in the JJM program. This year, post-acquisition year, the government has spent 70% less. So, the amount is closer to about INR 20,000 crore, INR 22,000 crore, combination of reasons, let's not get into it. But here is the good news that the budgetary announcements for next year and at least visibility for the next 3 years mean that the spends will be back or should be back in the same ZIP code as in the past, which is where the addressable market for us. And we are qualified to play in those programs in those states. And as the funding reaches the market, we will have a much better volume offtake in those channels. So, in all, these are the 3 reasons why we are bullish on this.

Navneet Bhaiya: Understood. So, just to understand it, Crestia saw a decline in top line of approximately how much so far this year as compared to last year?

Akshat Seth: About 40% to 50%.

Navneet Bhaiya: 40% to 50%. Okay. And at the time of acquisition, I am guessing it was not anticipated, right, that the government spends would be much lower for the year?

Akshat Seth: Correct. It was not anticipated, and it's not something that unduly worries us. Of course, it's a missed opportunity for these last 6 months, but that part of capability set that we have acquired, we have also, in the last 6 months, ensured that we are now qualified in more states than where Crestia was in the past. Plus, we are opening up new government schemes where we have qualified. So, AMRUT 2.0, which is a big spend area beyond JJM, we are getting into. Railways is again a big area of spend. We are partnering with those. So, B2G was a strategic choice. Had we built it on our own, it would have taken a much longer timeframe. So, in balance, it is still a good decision, and it was something that we feel excited about, because the spends in those segments are huge.

Navneet Bhaiya: Understood. My second question is on your Roofing business. Your initial commentary, as well as in the presentation, you mentioned that there's a decline in the market size. Now, can you delve on this a bit more? Do you think this is a structural decline where the cement roofing sheets are being replaced by some other material? Or do you think it's a one-off here?

Akshat Seth: So, the interesting trend, if you look at data for the last 15, 20 years, this industry goes through a cyclical wave of about 3 to 4 years. Every third or fourth year, there is a flattish or a decline, and then followed by a couple of years or 3 years of modest growth. The reason I say modest growth, this is not an industry which is growing at 8%, 10% CAGR over long periods of time.

I think overall, the industry size has been growing only at a CAGR of about 2% to 3%. But within that 2% to 3%, there are these cycles of 3 to 4 years where there is a decline, followed by 2 to 3 years of modest growth. This seems to be the year where there is that decline. We remain hopeful and optimistic about the past trend to be repeated in this, and the coming years as well.

Moderator: Ladies and gentlemen, we will be taking the last 2 questions now. Next question is from the line of Sanjay Kumar from ithought PMS. Please go ahead.

Sanjay Kumar: Hi. Thanks for the follow-up. Just a bunch of questions on Parador. Do you expect more cash burn in Parador? Our liabilities in Parador have come down Q-on-Q, so safe to assume this is a peak debt or the cash burn in Parador?

Akshat Seth: Yes.

Sanjay Kumar: Perfect. And share of non-Europe sales in Q3?

Akshat Seth: Non-Europe sales in Q3 would be in the zone of about 13% to 15%.

Sanjay Kumar: Perfect. And for other segments, you said that you want to grow at high teens. For Parador, can you maintain this high single-digit sort of growth going forward in FY '26 as well? Or can there be some sort of acceleration?

Akshat Seth: So, Parador to an earlier question, I mentioned that next couple of years, the whole effort is to get to about 15%-odd growth largely, and you are aware that the core European markets will not grow at that clip. The expectation is that the investments we are doing in some of the newer markets of U.S. and in Asia start becoming meaningful and add to this growth trajectory. So, the expectation is more around the 15% CAGR for the next couple of years.

Sanjay Kumar: Okay. And just a couple of feedback. See, probably the Board, the Promoters, they're all convinced of the turnaround, but we don't carry the same level of convictions. I mentioned this last time to Rohit and a few other colleagues in the call mentioned it. Why don't you give more information to investors like volume growth, gross margin, EBITDA for each segment, because half the time in the call is spent on such details. And you could give some sort of EBITDA bridge to highlight all the cost initiatives you seem to be doing in all the segments. That's one.

And second, at INR 1,500 crore market cap, I would evaluate buying the whole company that is if I had the money to. Are the promoters looking to increase stake, given they're selling other businesses and given HIL's valuation? I think this is a great price. And it would be a great sign for us, investors and the market as a whole. So, request you to pass it along to Avanti.

Akshat Seth: Sure, I will. Thank you so much for the feedback.

Moderator: Thank you. We will take the next question from the line of Sanchita Sood from RoboCapital. Please go ahead.

Sanchita Sood: Thanks for the follow-up. I would just like to reiterate what a few previous participants had said about providing segment-wise EBITDA margins in our quarterly presentation. Having said that, can I get the segment-wise EBITDA margin for 9 months in Q3?

Akshat Seth: You can maybe reach out to us, and we will over e-mail provide whatever information you are looking for, Sanchita.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Management for closing comments. Over to you, sir.

Akshat Seth: Great. Thank you so much. And like always, it's been a pleasure interacting with all of you. We thank you for taking the time out and engaging with us today. And we truly value your continued support and interest with HIL. And as I said, if you have any further questions or you would like to know anything more about your company, please reach out to our Investor Relations desk.

Thank you very much and have a good day.

Moderator: Thank you. Ladies and gentlemen, on behalf of HIL Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.