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May 15, 2024

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**  
5<sup>th</sup> Floor, Exchange Plaza, Bandra (E),  
Mumbai – 400 051  
*Scrip Symbol: HIL*  
*Through: NEAPS*

**Sub: Transcript of Investors' Conference Call on Q4 & FY 24 Audited Financial Results**  
**Ref: Regulation 30 of SEBI LODR Regulations, 2015**

Dear Sir/Madam,

In continuation to our letters dated May 6, 2024 and May 9, 2024, please find the attached transcript of Investors' Conference Call held on May 9, 2024 on the Audited Standalone and Consolidated Financial Results of the Company for the quarter and financial year ended March 31, 2024.

A copy of the said transcript is uploaded on the website of the Company [www.hil.in](http://www.hil.in)

Kindly take the same on record.

Yours faithfully,  
**For HIL Limited**

**Nidhi Bisaria**  
**Company Secretary & Compliance Officer**  
**Membership No. 5634**

Encls. As stated



## **HIL Limited**

### **Q4 & FY24 Earnings Conference Call Transcript**

#### **May 09, 2024**

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**Mit Shah:** Thank you, Michelle. Good afternoon, ladies and gentlemen, and welcome to HIL Limited Q4 & FY24 Earnings Conference Call for investors and analysts. Today, we have with us Mr. Akshat Seth, Managing Director and CEO of the company and Mr. Ajay Kapadia, CFO.

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

Before we begin, I'd 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 have been shared with you earlier.

I'd 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 afternoon, everyone, and thank you for joining in HIL's FY24 & Quarter 4 Earnings Call. As always, it's a pleasure to interact with all of you and share our perspective on how the business is evolving, shaping up and what the future holds for us. In today's comments that we'll make here, I think the idea is to give a broad overview of what are things to watch out for, but also talk about how the quarter and year has panned out for us, what have been some wins coming out of it in what all areas that we'll continue to work on to get to the kind of growth trajectory and profitability that we have been up talking about over the last few calls.

So, for us FY24 will be remembered as the year where we laid the foundation of what we call internally as "Reimagined HIL". We've renewed our growth push in-line with

our strategic plan and ambition to be a USD 1 billion company over the next 3 to 4 years. We've come out of the year with a strong reiteration that we are on-track for that ambition.

The acquisition of Topline, the pipe company in East India last year or early part of this financial year and the resultant doubling of our Pipes and Fittings business was a major milestone. We have changed the paradigm of our branding efforts and reenergized our product innovation engine. Value mining to enhance profitability has been established as a key organizational priority.

In fact, as an example, we've run a detailed cost diagnostic in the last quarter of the previous financial year. We've identified and we are now running a program on two areas; logistics and power & fuel as focused pockets of opportunity and more will follow. All of this is designed towards creating a meaningful impact on the profitability side.

Our most decisive steps have been toward building the organization, which can take us further over the next 3 to 5 years. We have strengthened our leadership team and our frontline teams. We are moving towards a digital-led way of working with implementations on the SAP side, SFA, CRM, loyalty programs and analytics platform and we are building a culture of excellence, which is striving for superior results and outcomes in every area that we are engaged in. All of these steps, I'm sure, point to an exciting FY25 and beyond for HIL.

Now, as we go across various geographies and segments for HIL India, we delivered steady performance in FY24 with robust volume growth across most of our product segments. So, that's been one key feature to look out. Overall volume growth across most of our product segments and we'll talk in a little more detail about it.

Overall, we reported a revenue of Rs. 2,231 Crore for the year and Rs. 534 Crore for the quarter which is about 4% higher than previous year. This was achieved in the context of what we felt and experienced as a modest demand scenario and a situation where competition has intensified. Hence, pricing pressures remained throughout the year including in our Polymer business where multi-year low PVC prices presented an additional level of complexity.

However, our relentless focus on driving operational efficiencies and continuous improvement in cost structure meant that we have improved our profitability across most of the segments through the year.

At Parador, we reported a revenue of Rs. 1,144 Crore for the year and Rs. 318 Crore for the quarter. These are all Euro numbers translated to rupees. Parador in FY24 presented a story of opportunity amidst adversity. The recessionary macroeconomic conditions and weak consumer sentiments resulted in a near meltdown in the construction activity and Flooring demand in our core European markets. In this environment, we doubled down on our efforts to gain market share by expanding our play field to commercial segments, agile pricing, restructuring our sales team, seeding new markets and on product innovation. For instance, to be ahead of the curve, we have launched 164 new SKUs that's nearly 15% to 20% on top of what our existing portfolio was and this was launched in a major in-house customer event in March'24. We also maintained relentless discipline on cost and working capital to ensure lean operations. In fact, our inventory is at an all-time low and there are projections for further reduction during FY25. As a result, we have maintained quarter-on-quarter revenue growth for the last two quarters and also achieved positive operating margins. I am happy to state that on these calls, we had indicated that our first objective is to make sure H2 is positive on EBITDA terms. We have achieved that. Our second objective was to make sure that Q3 and Q4 are positive. We have achieved that. In fact, in Q4, while Q3 was breakeven, slightly positive, Q4, we earned an operating profit of Rs. 5 Crore and the quarter-on-quarter revenue growth was 16% during Q4. As macroeconomic indicators also show signs of a turnaround, we are confident of a smart recovery at Parador in FY25.

The second segment where we have strongly shifted gears is on Pipes and Fittings business, where there is a strong momentum being built for volume growth. So, volume at our scale is the number one priority and we are pushing hard for it. The result is that in Q4, we delivered 23% volume growth.

If I were to just dice out two months, March and April, the volume growth is north of 40%. And this is a theme that you will hear from us consistently. The number one focus is to drive volume growth in Pipes and Fittings. All of this is being driven by targeted distribution expansion efforts in the retail segment as well as a focused

approach to technical sales in the institutional segment. We have, you'll be happy to note, established a team which is working dedicatedly on B2G sales and institutional sales and we are deploying the best teams and the best tools to drive our work on this area.

I'm also happy to report that, despite significant pricing pressure, and that pricing pressure has only intensified as we exited the year in Q4, the profitability of the Polymer solutions business improved significantly by more than 300 basis points for the year compared to previous year. And these are all due to initiatives across supply chain and material costs.

You all have been witness to significant volatility in resin prices last year. The resin prices are at an all-time low. However, we believe that PVC and CPVC prices have now largely bottomed out and that means a stable price regime for this financial year FY25.

On the growth side, we continue to believe that this segment will grow at 8% to 10%. There is demand both on private/residential side, on the institutional side and also on the government segment. In this market, we are confident of continuing to outpace the demand as we have done so for the last several quarters.

The recent acquisition of Topline, as I said, has been a major milestone. The focus is currently on a successful integration, and that's where our teams are spending their nights and days, and on extracting synergies on procurement, operations, and sales. We believe, and now being on ground and inside the organization, that the expanded portfolio of products, customers, and the geographies that they serve will add further momentum to our Pipes and Fittings story.

Construction Chemicals, the newest kid on the block for us, experienced a strong growth trajectory last year. In fact, the March exit was at an annualized revenue of about Rs. 85 Crore. So, we are inching close to that Rs. 100 Crore mark in that short span of about 12 to 18 months. So, there is a lot of tailwinds behind that segment for us.

Roofing, if you look back at the year; continued to scale new heights and delivered its highest ever sales volume for HIL. The Charminar brand that carries a 75 plus year legacy of trust, for this trend in market leadership, we increased our market share,

we improved our price positioning, and we deepened our distribution reach. We finished the year with volume growth of 2% and NSR growth of 3%. This is in the context of a market that has declined at an overall aggregate level.

I'm also happy to report that there have been strong efforts during the year to improve the margin performance and we finished Q4 with improved margin compared to where we had started the year. While there is overall a slow start to the season in roofing due to the general elections, we expect both volume and price growth in Q1, leading to a stronger margin performance. We will also be introducing some exciting new products in this segment to sustain our differentiated positioning and further grow our market share.

In Building solutions, we had a steady year with volume growth across most categories. However, this was coupled with strong pricing pressures. If I take it as an example, in Blocks, our volumes during the year grew by 12%. However, the prices dropped by 8%. We are working on several value enhancement initiatives across raw material, productivity, and other cost elements to improve our profitability. These initiatives have been on for the last 3-4 months. In fact, the first set of encouraging results are with us, we finished Q4 with an improved margin. In fact, on a year-on-year basis, Q4 improved its margin profile by 50 basis points, and we expect and have line of sight for further improvement in FY25.

Overall, our people define HIL, and we continue to invest in building an organization for tomorrow. Our business achievements are led by the sterling contribution of our teams on the shop floor, at the frontlines and in our R&D centers.

I'm also happy to share with all of you that we've been recertified as a great place to work for a sixth consecutive year with improved trust index scores.

As we march towards our goals, we will sustain our enabling work culture and ensure our teams are inspired to take HIL to the next level.

In conclusion, I would say there is strong work that is happening internally to gain momentum, that momentum is now visible on the volume front. We will work harder to only solidify that momentum on the volume side. There is strong work happening on improving profitability, again the first signs of improvement are visible.

We would also hope for greater support from the market on the pricing front and that will mean that all three forces would have aligned in the right direction, but we believe those pricing pressures are transient and we remain firmly on the long-term stated ambition of reaching that billion-dollar mark.

With that, let me request Ajay to provide a detailed overview of our financial performance during the quarter and FY24 and both of us will be happy to take on your questions after Ajay's comments. Thank you for your time.

**Ajay Kapadia:**

Thank you, Akshat. Good afternoon and thank you all for joining today's call. I would like to take this opportunity to present an overview of our financial performance and operational highlights for quarter 4.

In quarter 4 HIL India has achieved 4.3% year-on-year revenue growth to Rs. 535 Crore as compared to Rs. 512 Crore with positive volume growth in all business segments. The reported EBITDA for the quarter is Rs. 27 Crore as against Rs. 38 Crore in Q4 last year. The lower EBITDA is on account of one-time cost of Rs. 7 Crore incurred during the quarter for acquisition-related cost and the property tax payment of earlier years. Apart from that, we have strengthened our leadership positions during the year, this has resulted in higher salary costs.

The Roofing Solutions business grew by 4% year-on-year to Rs. 255 Crore in Q4. Despite sluggish demand, we continued to grow in volume and whereby further strengthening our market leadership position in the quarter and continued to enjoy customer loyalty. We have reported 200 basis points year-on-year improvement in profitability during the quarter in this segment.

The Building Solution business grew by 10% year-on-year to Rs. 146 Crore in quarter 4. While the volume and blocks business grew by 18% year-on-year the margin is under pressure due to intense competition in the market which led to lower price realization. The operating margin during the quarter is in line with same quarter of last year and it is improved by 150 basis point over first nine months of the year. This improvement in margin is on account of development of alternate supply sources which helped in reducing the input cost and price increase realized in later part of the quarter.

The Polymer Solution business remained stable with revenue of Rs. 133 Crore for quarter 4. The margin reduced on account of lower realization by 3% to 4% due to aggressive price drop by major players and inventory provisioning. However, in FY24 we have made a strong recovery in profitability on account of various cost reduction initiatives and strategic procurement even when the industry price for both CPVC and PVC category declined.

In Flooring segment we have achieved 13% growth in volume quarter-on-quarter whereas we have reported 16% growth in revenue quarter-on-quarter to Rs. 318 Crore. The operating profit for the quarter is Rs. 5 Crore. Our focus on working capital optimization continued during the quarter and inventories are at the lowest level in the Flooring segment.

Our debt at consolidated level stood at Rs. 548 Crore and the cash and cash equivalents of Rs. 237 Crore at the end of the year. The total debt to equity ratio stands at 0.44 as on 31st March 2024. We are confident in our ability to grow our performance footprint and create healthy cash flows going forward.

With this, I would like to conclude my opening remarks. I request the moderator to open the floor for questions. Thank you.

**Moderator:** Thank you very much, sir. We will now begin the question and answer session. The first question is from the line of Aditya from Securities Investment Management Company.

**Aditya:** Thanks for the opportunity. So if we look at the last year, year and a half, we have been affected by a lot of external factors in most of our businesses. So, the slow-down in Europe affecting Parador or increase in fibre costs affecting Roofing business. So, if you could just talk about how the external factors now in each of our businesses and how is the near term looking to you?

**Akshat Seth:** Thank you, Aditya. Let me take it in that order and then if I'm missing out, Ajay, please chip in. From an India perspective two external factors on the input side that we track closely and have a bearing, significant bearing on us; one is, on the roofing side the fibre cost is a factor. There is relative stability, there are only very modest and predicted price increases that are there planned for FY25. We do not expect any



surprises or any volatility on that front so that's in a good space, better than what it was last year.

On cement pricing while as we started the financial year there was expectation that there will be an increase, so far the prices are sort of held out and are largely in a softer regime post election the sense is that there will be some buoyancy on that, but we are prepared for those situations. So no surprises and the cement price also plays out on our other cementations part of the portfolio which is on the Building Solution side.

The third factor is on PVC and CPVC resin price where as I said we feel the prices have bottomed out, they are at all-time record lows. We expect the pricing to be range-bound around the levels that we currently are and that should mean that there are no further surprises like the ones that we had last year.

The thing to watch out on the Pipes and Fitting segment is just the competitive scenario where the larger players in the last 3 to 6 months have shown a propensity to be very aggressive on the price side and hence you would see amongst players, the larger players who have declared results or are or will be declaring results in the coming days that there is a decline in price even beyond what the resin prices would have indicated so that's something to watch out for.

Other than that, I think from a demand perspective just given the election season there's been a slightly modest start to this financial year, but the expectation in the market is that as this whole election hearing comes to an end there will be a robust bounce back across segment including in government spending. So that's the other factor to keep in mind.

For us, however, and the biggest segment which gets exposed to the demand in this quarter is Roofing. We are now sitting in second week of May. We are already witnessing a robust uptake on demand and we are hopeful that this quarter there will be volume growth compared to last year.

On the Parador side the European business, the macroeconomic environment, the external environment seems to have stabilized. The inflation rate is now under the

kind of range that the Central Banks would be comfortable with. Interest rates have not been increased now for almost six months since December.

There are talks that at some point interest rates will also start coming down, but the other indicator of the consumer sentiment where we hear from our retail partners that footfalls are now sort of coming back to the stores and again the expectation is that in the core Central European market there will be a bounce back post the summer holidays in the August timeframe.

However, we have to preface that in markets like Europe the bounce back also is slower and a steadier one rather than an hockey-stick one. So, we need to be watchful. That said, the focus for us is to diversify our geographical market base away from the core Central European market and that's where some early wins have already started coming in. We are entering and we have entered some large high growth markets and that will help us diversify.

If I want to share an indication the target that we are going for is that we need to have 50% of our revenues coming in outside our core home markets that were the centre of gravity for us in the past. So, there is a plan in place which is being executed to reduce our dependence on these European markets. So, I think that would be a quick summary. If I'm missing anything Ajay as far as external factors are concerned?

**Ajay Kapadia:** No, I think that is all and then the price factor in case of Europe, the material cost which went up to almost double in the last couple of years it has come down to its lowest level now.

**Akshat Seth:** What we also continue to watch is the situation, the geopolitical situation around Middle East, etc. While there are some escalations that have happened in recent weeks so far we are closely watching and there is no material impact on any of our businesses around that.

**Aditya:** Okay. Sir, my next question is on Parador. So, our revenues have fallen by 16% in FY24, but our employee and opex costs have increased by more than 10%. So, we have talked about undertaking cost saving initiatives in this business, but the same is not reflected in our numbers. So, if you could just help us understand why would that be the case?

And secondly, if I look at the commentary of the Flooring companies in Europe they expect the demand to be weak for some more time. So, as an organization, how are we looking to manage balancing costs in this low demand environment and investing in growth to expand into new geographies and markets?

**Akshat Seth:**

So, you're right on the material cost, you're right on the contribution margin. The contribution margin where we started the year was north of 60%. We finished the year at around 52%, 53% and that's a significant move that has happened. The manpower cost or salary cost that you are talking about is largely on account of the investment that we are doing in growing our sales capabilities outside the core Central European markets.

In fact, on this call and on this forum we've been sharing this over the last 3 or 4 times that those are investments that we are making. It's on account of the new geographies that we are trying to strengthen and it's also an account of building some muscle on the commercial sales channel which we were not playing in earlier. As with all sales investment, there is always a little bit of a lag between the sales uptake and the time when these people come in.

So, that's where you are probably experiencing it. The important thing to note is that in Euro terms the increase in manpower is about 2.5%, when you convert it into INR it looks like a 10% increase. What is actually driving it is essentially that 2.5% increase on ground. So, it's not an indiscriminate increase on the manpower cost. It's a very considered increase. The impact of that is now visible. It's maybe the currency factor which moved from 83 to 89 which is giving a slightly exaggerated picture in INR terms. And the next question goes on. Sorry, if you could repeat the last part of your question.

**Aditya:**

So, this commentary of other Flooring companies in Europe, they expect the demand to be weak for some more time. So, are we also witnessing the same? Because if the investments that we are making, if you're not able to get into higher sales, this lower margins in paradox will continue for some more time.

**Akshat Seth:**

See, I think the commentary is true for the year that has gone by depending on which segment in these geographies, the flooring market dropped by about 20% to 30%. And that is a fact. Is that now showing signs of improvement? That is also a fact. Now,

that does how fast will the bounce back be only time will tell. But that said, our confidence comes from the fact that we are gaining share at the expense of other competitors.

Even when we talk about DIY retail counters that we are on, we are now on more counters. And all of that is the work and effort over the last six months, which is what is driving the growth in revenue month on month since October. In fact, March we commenced as the best month in this whole financial year. And the same trend continues in April. So, for us, it is about gaining share in these geographies. And the second part is also to diversify to newer geographies. So, those are the two themes that we have been speaking on this forum, but that remained as the central theme internally as well.

**Moderator:** We take the next question from the line of Nikhil Gada from Abakkus AMC.

**Nikhil Gada:** Hi, sir. Thanks for the opportunity and congratulations on achieving break-even or profitability in Parador. So, firstly, I have a few data questions. So, if you can help me in terms of what was in a Polymer solution. So, what was the breakup of Plastic pipes in FY24? What was Putty and what was Construction chemicals? And if you can also give the EBIT split as well?

**Akshat Seth:** Just give us a second. We are pulling those numbers out.

**Ajay Kapadia:** Nikhil, the split between Pipes and Putty in Polymer segment in construction chemicals. Pipe is around Rs. 345 Crore. Putty and construction chemicals put together, it is around Rs. 190 Crore.

**Nikhil Gada:** Sir, what will be the EBIT split?

**Ajay Kapadia:** In terms of EBIT, the Pipes and Fittings EBIT for the year is 0.2% and the rest is for Putty and Fittings.

**Nikhil Gada:** Sir I want the FY24 numbers?

**Ajay Kapadia:** Yes, this is FY24 number.

**Nikhil Gada:** Okay. So you're saying 0.2% EBIT margins in Pipes and remaining is for Putty?

**Ajay Kapadia:** Yes.

**Nikhil Gada:** And, sir, just specifically for this fourth quarter in Polymer, the Rs. 6 Crore expense which was there, is that included in this EBIT?

**Ajay Kapadia:** No, that is part of unallocated expenses.

**Nikhil Gada:** So, could you help me with what kind of inventory losses we saw in this fourth quarter for Pipes?

**Ajay Kapadia:** Around 1%.

**Nikhil Gada:** So, sir, then since we have done such decent sort of volumes, and there was only a 1% impact, the margins are comparatively on the lower side. So, is it largely because of the competitive pressure that we have seen that we have to reduce our prices?

**Ajay Kapadia:** Nikhil, this is EBIT margin. Our plants are pretty new plants three, four years old. We have invested Rs. 130 Crore in FY18-19. If you see the operating margin, we have reported 5% operating margin in Pipes.

**Akshat Seth:** Yes, I think the right one to look at is EBITDA not EBIT. There will be differences all across the board. So, but to your question, and your question was on the performance itself, right? So, I think, let me first preface before we come to quarter four. For the full year, there is a 300 basis point improvement in EBITDA compared to the previous year as far as this segment is concerned. And that is the real story from a quarter four perspective.

Yes, there was a drop that is also predicated around nearly, if I am not wrong, around 16%, 17% drop in prices that was experienced in the industry. And then there were also, there are some traders we are making in terms of pushing harder on the volume side. There are also some investments we have now stepped up on the marketing and distribution side. So, these are all coming into play. But that said, it is something that you should compare with other competitors also in the industry, because we were also going through some declared numbers, large players.

Whereas, this year for us, at the EBIT level which you were talking, we have gained by about 540 basis points. And the declared result of one of our large peers, the gain

is only about 170 basis points. If I also talk about pricing, then for this year, the price decline for us was about 14%. For the same competitors, the price decline is much more pronounced. In my estimate, it is around the 18% mark. So, you should do that comparison. And I think overall, as far as this year is concerned, there has been good solid performance both on volume and also on profitability. To some extent, revenue is driven by the resin pricing. So, that is a difficult metric to track.

**Ajay Kapadia:** One more point, the volume, we have grown in Pipes and Fitting is 23% in Q4, whereas in last two months, the volume growth is upwards of 40%.

**Akshat Seth:** Correct. So, March and April, as I indicated, if you just pick up those two months, it was 41% and 43%. And again, that is a theme that you will see recurring. We have spoken in the past, this is a business where with volume comes scale, with scale comes better profitability. And that is the path that we are on.

**Ajay Kapadia:** And this 43% is only HIL business without adding Topline numbers in this.

**Nikhil Gada:** Sir, secondly, just one question before I impose that, I will join the queue again. If you can just overall give a guidance for all the segments in terms of what is the growth visibility you are sort of foreseeing in FY25 and what kind of margin outlook for each of the segments, please?

**Akshat Seth:** From a Roofing perspective, and I will share ranges, we should be looking at revenue growth in the zone of 8% to 10%. And we are confident of improving the margin profile by anywhere between 200 to 300 basis points from where we finished last year, which should bring us now within striking distance to where the better numbers were FY23 and before. Okay. On Building Solutions, the revenue growth given by some capacity expansions should be north of 20%, 25%. And on the profitability side, we expect to cross the FY23 profitability, which means that there's a good 350 to 400 basis point improvement that we have line of sight to. On Pipes, this is the organic volume growth, and this is not adding the impact of the acquisition, should be in the zone of about 25% to 30%. On Putty, CC, again, a 30%-35% revenue growth is what we are aiming at, given mostly on the CC side, the Construction Chemical side. Profitability across the whole Polymer segment should be largely stable at around the levels that we are.

However, there will be some calls taken to invest on business development activities around marketing, around new product introductions, etc. So, those are strategic calls and investments that we will make in that segment. In Parador, we are expecting a revenue growth nearer the 15% to 20% mark, and that will also have a good positive drop down to the EBITDA level.

**Moderator:** Thank you, sir. We'll move on to the next question, which is from the line of Bhavin Rupani from Investec. Please go ahead.

**Bhavin Rupani:** Hi, sir. Thanks for the opportunity. My first question is related to piping. Many of the large competitors are participating in the government's Jal Jeevan mission project. Do we participate in that? And if yes, what is the order size that we have? And also, if you can elaborate on how should we understand the margins and the working profile in this project?

**Akshat Seth:** So far, Birla HIL was not participating actively in that segment. One of the strategic rationale for our acquisition of Topline was to create the credentials and specifications to be playing in that segment. And that's a segment we feel quite bullish about. We will grow that. And I think we have to start seeing this as participating in B2G or the business that is originating from government channels.

Today, a lot of that focus is on Jal Jeevan mission. There are more such water-oriented missions or programs that are being floated. The AMRIT program is another such which is doing the same for urban connectivity. There are two other programs that will become relevant for us, which is on gas. So, one of the schemes the government is talking about and has announced is to create pipeline connectivity for LPG or natural gas to a certain large mass of population. So, that's the second. The third one is around broadband also, where the government is talking about creating broadband connectivity to every gram panchayat.

All of these will require types, different specifications, but we now have the capability to service it. We also have in most pockets the credentials to service it. So, it's an area that is a good focus for us. There is a team that has been set up for driving this to give a sense of how much we do or have done. So far, as far as the Birla HIL pipes portfolio is concerned, we have not done it. It's largely negligible.

On the acquired entity, nearly 50% of their business comes from these programs. So, that is our starting point and we are now building aggressively on many of these programs and, of course, continuing the old relationships.

**Bhavin Rupani:** So, is it possible for you to quantify what is the order size that we have right now from the new entity?

**Akshat Seth:** It will be a difficult one because the order size and there is timelines attached to it, but I think the 50% run rate is something that should be a good indication of where our starting point is.

**Bhavin Rupani:** All right. So, sir, you indicated that 30% to 35% organic volume growth in Piping. So, how should one understand the volume growth from the new entity?

**Akshat Seth:** I said 25% to 30% on the Pipe side. We should expect anywhere around the 20% mark on volume growth as far as the acquired entity is concerned.

**Bhavin Rupani:** Okay. And any sense on the working capital needs and the margins in this project?

**Akshat Seth:** So, it should not be too different from how we played because the nature of such business is that our supply and our payments come through contractors and not really from a government department. I understand there are concerns from an external perspective that because these are government channels, payments might get compromised or delayed. That is not the case because you are dealing with these contractors.

These contractors are large institutions. Many of them are listed entities and so on. The payment is either done on cash basis or on LC basis. So, the exposure is not any different from how our other institutional business works. So, this should not be a cause of concern going forward as we are scaling up this space.

**Moderator:** We will move on to the next question which is from the line of Chirag from White Pine Investments. Please go ahead.

**Chirag:** Thanks for the opportunity. So, I have two questions both on Parador. So, question one is to achieve the aspirational margins. So, what are the aspirational margins or the margin that you are looking in Parador? And if you can indicate what are the



drivers to that? What kind of volume we will need? What kind of raw material pricing or the net pricing support you will need to achieve that? If you can just indicate a broader timeline. I understand that it may be dropped by one or two years over time based on demand dynamics.

And second question on Parador is more set-in near term over next 12 months. You indicated that you are looking for a 10%-15% kind of a volume growth in FY25, right? If I understood it correctly, which segment and region is driving that?

**Akshat Seth:** Hi Chirag. The line was slightly muffled. So, I am just going to repeat the question as we heard. So, your first part is on Parador. What is the kind of margin outlook that one would expect over the next two to three years? I will let Ajay speak about the specific numbers. However, here is how the stack-up happens. Our first goal was to make sure that in the last two quarters we are EBITDA positive. Having achieved this goal for the current financial year, we want to be cash positive for the full year. And next year we should be PBT positive is how the whole stack-up is happening, which basically would translate to a positive EBITDA margin of 3%-4% for the coming year. And scaling up to near double-digit levels in the subsequent two-year period. So, the steady state we are looking at by FY27 should be in the 12% range. FY26 will be in the 6%-7% range.

**Ajay Kapadia:** Your question on the volume growth. So, as Akshat mentioned, we are expecting 15%-20% revenue growth and volume growth will be in the range of 17%-22%.

**Chirag:** I just missed it. So, you said volume growth of?

**Ajay Kapadia:** 17%-22%. Again, it is depending on the mix of the product sales in the market.

**Chirag:** And so my question was which sub-segment of Parador Business and which region is giving you, because this is a fairly strong number you are targeting. So, which region and which sub-segment is where you are banking on to get this kind of number?

**Akshat Seth:** So, from a region point of view, the biggest contributors, if I look at the picture over the next couple of years, will be the following. There is a recovery that will happen in the dark region, which is Germany, Austria, Switzerland, will be one contributor. There is the whole Nordic block, which will be the second big contributor. And Nordic,

I will also try and answer the product story. In dark region, it is all our products which grow roughly in a 25% or which sell 25%-30% each. In Nordic, it is largely Engineered Wood. The other big cluster which will deliver growth in Europe is the Iberian cluster of Spain Plus Plus, which is largely on the Laminate and Vinyl Flooring. In terms of markets which are largely new and where we are banking on terms of investment, there are three main markets to watch out for or maybe four. One is UK, again a composite portfolio.

Second is US, which will again be more on the Modular One and on the Engineered Wood side. And then there is China, which has done reasonably well for us in the year that closed. We are aiming to grow that. There is a strong retail presence largely on the premium side and that is more on the Engineered Wood side. Middle East is completely missing for us. We have done very small amounts and that's the other geography to grow.

So that's the overall lay of land where the growth will come from. Product-wise, in the past, we have sort of been 25% across our four categories, give or take that product mix will be largely maintained.

**Chirag:** Okay. And just one clarification on the margin guidance that you indicated, that FY26 will be 6 % and that FY27 12% expectation margin, how much of pricing or let's put it, gross margins will play a role in this? Or it is more driven by operating leverage? You are comfortable with current gross margins that you have?

**Akshat Seth:** The gross margin that is at current level is where we will stay. It is the operating leverage which will start delivering the bottom line impact. Gross margin, there is maybe 100-200 basis point work that is still remaining, which is on product re-engineering, et cetera. And as we enter some of these markets, there might be local sourcing, but largely, in fact, I would say mostly all of it will come from operating leverage.

**Chirag:** Wow. This is helpful. So why I was asking is, if the RMC turns favourable, if the cost pressures over the last few years start going down, you are looking to pass it on to gain volume. That is the right way to look at the business of Parador, correct?

**Akshat Seth:** You'll have to say that again, not clear the question.

**Chirag:** So I'm saying if raw material cost pressures, which were there over the last 1-2 years, if they start going south, you are looking to pass it on to the customer to gain volume. That is the business approach that you are looking at for the next 2-3 years. Is this the right thing to understand?

**Akshat Seth:** I think the way to think about it is that the cost levels in our estimate are already now down to probably the levels that they will stabilize at. We do not expect further decline. And hence, the P&L structure that we stand on today is what we would like to maintain at a gross margin level. Minor pricing here or there changes with the product mix. But there are also positive factors that will come into play. For instance, I've been sharing that we are now playing aggressively on commercial.

In fact, the other cut to your question, Chirag, on where will growth come from? Nearly two-thirds of growth is expected to come from commercial customers. Commercial customers and accounts also turn out to be more profitable than the DIY and retail ones. So that will have some positive impact there as well. So I don't think we are seeking to change the gross margin and contribution structure. We are not trying to play the price game but maintain the current P&L structure.

What I did indicate in my opening remarks is that somewhere the agility needed on pricing and where is the fundamental change that we are doing, maybe 24 months ago and that's how the market in Central Europe used to behave. You had one rate list. You applied that rate list to every client or every customer. And there was a certain lack of flexibility.

Now, for us, in a range bound manner, to be playing with the customer to ensure that we win the account is the consideration, which means that in certain accounts, there will be slightly lower margin. And in certain accounts, there will be slightly higher margin. Also, to start looking at margins in a consolidated manner and not just on a product or SKU level is the other flexibility that we have brought in.

**Moderator:** We'll move on to the next question, which is from the line of Sanchita Sood from Robocapital. Please go ahead.

**Sanchita Sood:** I'll just continue asking my question. So this is regarding your Building Solutions business. So our aim was to double our revenues in this segment by FY26 or FY27. So

are we looking at any further capacity enhancement or acquisition for the segment? How exactly are we planning on doubling our revenues here? And also, how are we planning on reaching like a 10%, 12% margin number from the current 5%, 6% levels?

**Akshat Seth:**

Yes. So over the next couple of years, by the time we hit the timeline, there will be some capacity additions that will happen. However, we are being careful that that capacity addition has to be on the non-commodity side of the portfolio. So on boards, designer boards, and things which are more aesthetically oriented and higher yield and profitability coming in from that segment is where we would look to invest. These are not large investments, but we will do that.

The second thing is your question on profitability on getting to 12% or thereabouts. Most of the work that is happening is on the internal cost structure. So one on material cost and reviewing the recipes, etcetera, is a constant thing. It's always in response to how pricing behaves in the market. That is one big area. The second area is how we can also start introducing value-added products to the portfolio which have a better margin profile to that.

Again, there have been some wins on that front. But if I were to say there is material cost, there is the conversion cost where we are focused. And as I mentioned, power and fuel is a big component. The third one on the cost side is logistics where some work is happening. And then, of course, I mentioned the value-added products coming into the portfolio.

**Ajay Kapadia:**

Sanchita, one more point here. The 12% margin is operating margin, which is right now 9.5%. And 5% is PBT margin. So this is the difference.

**Sanchita Sood:**

Okay. All right, sir. And my second question is regarding our Roofing segment. What is your outlook now regarding the Chrysotile fibre prices? Is this the new normal for us?

**Akshat Seth:**

I think the level at which we are is the normal. We do not expect a decline. The best-case scenario is that the prices remain nearly stable at the current levels.

**Moderator:**

The next question is from the line of Shubham Sehgal from Skill Ventures. Please go ahead.

**Shubham Sehgal:** So my question was regarding your Polymer business. So I can see there was a loss in the segment in Q4. So what went wrong there?

**Akshat Seth:** As I said, the Q4 picture was essentially on account of the price drop that happened. The pricing reduced by nearly 20%. And that's something that you would see across all players. That is primarily the reason why this happened. But I think also, as you can imagine, across quarters there are some adjustments that happen internally, plus there are product mix variations that happen month on month. That's why it's important to look at the aggregate annual picture, where we feel we have done quite well in improving the profitability. And as I said, that improvement is nearly 300 basis points compared to the previous year. But specifically for quarter four, it was largely on account of the price drop.

**Subham Agarwal:** Okay. And any more one-off costs or capex you are expected to incur because of the acquisition of Topline in the near term?

**Akshat Seth:** Nothing material, no.

**Subham Agarwal:** Okay. So regarding this acquisition only, are there any low-hanging fruits in top line which need to be addressed? And should we expect FY25 to be a consolidation year? Or you think both HIL and Topline can start firing from FY25 itself? And what kind of margins are you targeting in Piping business?

**Akshat Seth:** So, okay. Opportunities identified? Yes. In fact, there are opportunities on the other side as well. There would be learning for HIL also having been exposed to the Topline system. So both ways, these have been properly identified, tabulated, people have been assigned to those. They range from sourcing-related benefits to recipe-related benefits to operational leverage. And of course, the biggest thing of the consolidation is help on the manpower side and on the management.

So all of that is into play. To your question, will this year largely be consolidation? My expectation is that the first four to six months will largely be consolidation, after which I'm hopeful that both should start firing at full throttle. But not the full year for sure, but maybe about four to six months for consolidation. And we are now already one month down into that journey. So as I said, for this year, we should be at similar margin levels as last year. And there will be some additional investments we'll be

doing on business development around advertisement, promotions, etcetera. So near current levels, maybe marginally. Also accounting for these A&P costs.

**Subham Agarwal:** Okay. And could you just help me with the revenue split between your Pipe sales and Putty sales?

**Akshat Seth:** So roughly 65-35.

**Subham Agarwal:** And what would be the volume for the pipe sales for FY23 and FY24?

**Ajay Kapadia:** FY23, in case of Pipe sales, it's 19,500 metric ton. FY24, it is roughly 22,000 metric ton.

**Subham Agarwal:** Okay. Got it. And is your putty business making losses or is it breakeven at EBIT?

**Akshat Seth:** It is profitable. In fact, the profitability there also this year has improved despite a drop in the pricing. And the price drop was nearly, if I'm not wrong, close to 10% odd. But overall, the segment is profitable. Yes, 12%.

**Subham Agarwal:** Okay. So got it. And just last one thing, just can you help me with the capacity utilization for all your different business segments?

**Akshat Seth:** So, across Roofing and Building solutions, we are north of 90%. In Pipes, not counting the Topline acquisition, we are in the 65% to 70% range.

**Subham Agarwal:** Okay. Got it. And any capex requirement in FY25 and FY26?

**Akshat Seth:** I think we've shared with all of you, we are expanding our Blocks capacity in Chennai and we are doubling that. So that project is already underway. It should get commissioned by H2 this year. There are a couple of capacities that we are planning on the Putty and Construction Chemicals side, again to be able to better serve the various regional markets. Those are smaller investments. They are not big-ticket as such.

**Ajay Kapadia:** There are certain capacity addition in existing Pipes and Fittings plant.

**Moderator:** The next question is from the line of Deepak Poddar from Sapphire Capital.

**Deepak Poddar:** Thank you very much, sir, for this opportunity. Just a clarification, first up. When you mentioned about this first quarter, we expect both volume and price growth and

margin improvement. So here, what's the reference point we are talking about? I mean, are we comparing it on a Y-o-Y basis?

**Akshat Seth:** Yes, yes. We are comparing it on the Y-o-Y basis.

**Deepak Poddar:** So last year, I think our margins were close to 8.6% at the EBITDA level. So we do expect some improvement.

**Akshat Seth:** You are talking for which segment?

**Deepak Poddar:** So I was talking on a console basis.

**Akshat Seth:** Okay? Yes. Please go ahead. Sorry, I don't mean to interrupt.

**Deepak Poddar:** No. So last year, console basis, I think we were at 8.6%. So we expect that this first quarter, at least, we see some improvement on both on the revenue side as well as on the margin front.

**Akshat Seth:** That's correct.

**Deepak Poddar:** Okay. Okay. Fair enough. And my second question is on your interest cost. This quarter, your interest cost, I mean, it's very negligible. I mean, what's the going forward rate one should look at?

**Ajay Kapadia:** So it will be in the range of Rs. 5 to Rs. 6 Crore per quarter.

**Deepak Poddar:** Rs. 5 to Rs. 6 Crore per quarter, right?

**Ajay Kapadia:** Yes, in India.

**Deepak Poddar:** Okay. Understood. And just a clarification, one more, you mentioned in FY25, we expect a similar EBITDA margin level as last year. So that's FY24 margin level that we are expecting or FY23.

**Akshat Seth:** Last year, when I say last year, it was FY24. And I was making that commentary specifically for the Polymer business. In the other two segments, I said there will be marked improvement in the performance from a profitability point of view.

**Deepak Poddar:** Yes, because the reason I was asking is because you mentioned the segment-wise margin improvement in terms of Roofing will be closer to your FY23 margins. And even the building division would be closer. Polymer is already higher than your FY23 margins. It's just in Parador that there is some differential, but you do expect some improvement in margins. So can one expect that FY23 EBITDA margin on the consolidated level, one can see that in FY25? Which was around 6.5%, I guess, in FY23, your EBITDA margin at the company level.

**Akshat Seth:** You're asking at a consolidated HIL India plus Parador, right?

**Deepak Poddar:** Absolutely. Absolutely.

**Akshat Seth:** Yes. I think that's a fair assumption.

**Deepak Poddar:** Okay. And we are on track for this 12% FY '26 margin or there is some delay here and there that can happen? That we have earlier guided, right?

**Akshat Seth:** I would say nearer the 10% to 12%. Yes. So the range we can talk about is in that. So 10% to 12%, yes.

**Deepak Poddar:** Yes, 10% to 12% FY '26 EBITDA. Fair enough. That's it from my side, sir. I think all the very best to you. Thank you so much.

**Moderator:** The next question is from the line of Keshav Garg from Counter Cyclical PMS.

**Keshav Garg:** Last year, you told us that we will do USD1 billion revenue in the next three years. Last year, there was a marginal decline in revenues. Now, this year, you are saying that in the next three to four years, we will do USD1 billion revenue. Now, sir, if we see that if we take segment by segment, then except for the Roofing segment, which is a traditional segment in the Building solution, as well as in the Polymer solution, we are grossly and comprehensively underperforming our peers, the competition.

Now, for example, in the Polymer segment, our revenues are flat since past three years, and our margin for FY24 are the lowest in the industry, at least among all the listed players. If we see the Building solution segment, then there is a player, Big Block construction, which is doing less than half the revenue that we are doing in AAC block, but their PBT margin is 20%, whereas our margin, PBIT margin is 5%.



And their market cap is almost equal to the market cap of HIL. And after grossly underperforming in the domestic market, we have gone into a saturated or declining market like Germany, and then there we are trying to do the impossible. So it seems we are in a totally value destruction journey, the profit after tax has fallen by 19% CAGR over the past five years. Our return on capital employed is less than the cost of capital. So I'm sure it's HIL is a great place to work for employees. But when will it become a great place for shareholders?

**Akshat Seth:**

Thank you, Keshav. I think your comments are a great shot in the arm for us. Thank you. Yes, I think your assessment on where the opportunities lie are spot on. I think it's not too different from what we've also called out. But you can imagine if that's the situation and there's no, I mean, there's no fun in having a debate around whether your assessment on a certain segment is 80% correct or 100% correct, but I would also say that it's not entirely inaccurate.

There are two choices. The choices are either we completely are in a zone of disappointment, or we are in a zone of recovery and there was a plan to do that. I think that's, we opted for the second one and that's the journey we are on. We would also appreciate none of these are overnight switches that can be done and we can turn them on and we are suddenly on a different trajectory. A big part of what again I have been sharing is essentially to also give you the comfort that what are the various dimensions on which the plans have been put in place. Teams have been brought in, execution is happening. Recovery as you would appreciate is always a steadier and a somewhat slower one.

I have not been privy to hockey stick recoveries in any business. So yes, your assessment and the identification of those opportunities are by and large in the right ballpark, but that is the journey we are on.

**Keshav Garg:**

So I just want, sir, if you could tell us that, sir, for Parador especially, there has to be, sir, whatever efforts you are putting, sir, we appreciate. But there has to be some deadline that if we are unable to turn around this company by this time, then we will rethink our plans. So, because there is no point, sir, just like Tata acquired Corus and they kept on putting money, and ultimately they are drastically winding down the capacity. So, it's better to just control the losses rather than just compounding the

mistake by keep on putting more and more funds and more management bandwidth somewhere where the prospects are not great.

**Akshat Seth:** Have you, if I may just ask, Keshav, have you been following the Parador story for the last four, five years? or is it recent four, five quarter story wise?

**Keshav Garg:** Its not a year and a half, but the profits we have made, it will be a cumulative loss. So there is a time value of money also, there is an opportunity cost also. So, it's just feedback from your shareholders that please rethink your priorities. So, because the growth is in India and we are trying to struggle in a saturated market, sir, if you see the Eurozone economy is stagnant since 2007 at USD12 trillion. So, I mean, what's the point of struggling over there? It's beyond comprehension.

**Akshat Seth:** So, I think part of that, Keshav, I think it's important to understand why there is optimism and there's a slightly different point of view that we have internally about Parador then maybe your perspective on it. The most important thing is that the product, the brand and the equity that we have at that company is worth a lot more than what it was showing us at the moment. I'm not even talking valuation, I'm talking in terms of revenue and P&L performance.

We want to give it our 100% to make sure that its true potential is reached. We now have line of sight of getting there. There are early signs of recovery. And one of the things that I would respond to you said, Europe is only a certain market and certain economy. The question I will ask you is, are there more successful companies in the Eurozone? And driving inspiration from those, we feel that you can be one of those, which also means that part of the revenue portfolio will need to be diversified from any particular geography to a few more geographies, which is the task that we are on.

Although I will candidly admit the last 12 to 24 months have been difficult. I will also highlight that the previous 24 months was great. And the same set of shareholders were also extremely happy about those 24 months.

Given there has been a recessionary period in that geography, should not mean that the core that we hold on to suddenly becomes not valuable. Yes, there is a recovery, and we are putting solid efforts to ensure that it's an accelerated recovery from

where we stand. And to your question, there should be a timeline. Yes, there is always a timeline. Has that time come? In our assessment, no. Because there is juice left and we want to make an undiluted, focused effort in realizing that.

**Keshav Garg:** Sir, I hope your efforts bear fruit.

**Moderator:** We'll take the next question from the line of Miraj Shah from Arihant Capital. Please go ahead.

**Miraj Shah:** Hi, thank you. My questions have been answered. Just one clarification was left regarding the consolidated EBITDA margin that you were talking about. For FY26, you mentioned 10% to 12%. But what did you mention for FY25? For FY25?

**Akshat Seth:** I think at the consolidated level, at about 7.5% to 8%.

**Miraj Shah:** Okay, perfect. Yes, that's it from my side. Thank you so much. All the best.

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

**Nitin Gandhi:** Thanks for giving this opportunity. Can you share with us what's the maximum potential revenue for each of this segment, its current prevailing prices?

**Miraj Shah:** Maximum potential revenue?

**Nitin Gandhi:** Yes.

**Miraj Shah:** I'm just trying to build a reasonable time frame so that the answer makes sense. If I look at the FY27-FY28 timeframe, the Roofing segment, maximum potential could be about 1.3 times of where it currently is. Overall, Building solution could be in the range of about Rs. 750 Crore to 1000 Crore, depending on the capacity addition that we are doing. Pipes and Fittings our own plants, and already, I think with top line acquisition et cetera, we have line of sight to Rs. 1,200 crore or pushes towards the Rs. 1,500 crore mark. The petty CC segment will be closer to about the Rs. 500 Crore mark. Flooring Parador in this timeframe should be nearer to EUR230 million to EUR225 million mark.

**Nitin Gandhi:** Sorry, how many million euros is that? 32 million.

**Akshat Seth:** EUR225 million to EUR230 million mark.

**Nitin Gandhi:** Thanks a lot. For this Building, you are likely to double the capacity, but for Roofing, any expansion is planned?

**Akshat Seth:** Roofing, no expansion is planned.

**Nitin Gandhi:** Okay. Thank you. All the best.

**Moderator:** Thank you. The next question is from the line of Sanjay Kumar from iThought Financial Consulting. Please go ahead.

**Sanjay Kumar:** Yes, what was the realization per cubic meter for the full year in the building segment?

**Ajay Kapadia:** Per cubic meter, you mean to say it's AAC blocks, which is around Rs. 2,800 after freight net.

**Sanjay Kumar:** Sir, isn't it much lower compared to the peers? I think the peers, even the listed peer is at Rs. 3800 per cubic meter. Why such a difference?

**Ajay Kapadia:** That is with freight and that number will be in the range of Rs. 3500. Again, the prices are different in different geographies. So, we have a plant in Chennai, in Hyderabad, Gujarat, Haryana, as well as in Orissa. So, each plant has a different realization.

**Sanjay Kumar:** Okay. And what is the raw material cost for this segment as a percentage of sales?

**Ajay Kapadia:** With this realization number, it will be in the range of 40%.

**Sanjay Kumar:** 40%. Okay. So, this is a gross margin is in line with other peers, but it is not reflecting in EBITDA margin. Is it down to the efficiencies we have in our freight and transportation or the operating leverage sitting in employee cost? Because the gross margins are same. So, we are lagging behind in the other line items. Any comment on this?

**Akshat Seth:** I think, I can guess which peer you have in mind, but it's not an exact peer because we are a multiproduct view. So, we do Panels, we do Boards as well as Blocks. There is that difference to keep in mind. Also, we are a multi-geography player. So, there

are some differences that come with that. The third, the same peer also had a in Q4, a fairly sharp decline on the profitability. So, there are those factors also that come into play.

**Sanjay Kumar:** Okay. Correct. And so, second question was on the other products, fiber boards and sandwich panels. The listed peer is going to introduce ALC panels, Autoclave Lightweight Concrete panels, which is going to target our sandwich panels and fiber boards. Is this a threat or are we working on ALC panels?

**Akshat Seth:** Yes. So, from our side also, there is effort, but it's not a direct competition. The applications are similar, but not the same. A lot of it is also for our type of product, there is an effort that goes in building the demand for the right influences for that type of product. So, these are not exact substitutes to each other.

**Sanjay Kumar:** Okay. Final, what's the capacity addition in AAC blocks that we are planning?

**Ajay Kapadia:** 200,000 cubic meters in the Chennai Plant.

**Moderator:** The next question is from the line of Viraj from SIMPL. Please go ahead.

**Viraj:** Hi, Akshat. Three questions. One is on Parador If you see the trend in the last few quarters, the sales have been on a decline and a lot has also to do with the market. And if we see the commentary from one of the largest players in Europe, the view on the market is still quite bearish. So, just wanted to get your thoughts on what gives you the confidence, the kind of volume growth we talked about for FY25. What is it that you're seeing in terms of which gives you the confidence that we'll be able to achieve that? And is that a turnaround happening from Q1, itself or you think it's more back-ended? That is one.

Second, again, on Parador, we did some financial restructuring back in Q3 and the interest cost was expected to come down. Now, what we understand is we have provided an intercompany loan and as well as we have provided a corporate guarantee as well. So, any thoughts you can give on why we did that?

And last is on the Building solutions. If you look at our presence by and large on a pan-India basis, we are more on North, East and South. But if you look at some of the markets like say West where demand is far excess of supply right now. So, any

particular reason why we have not been there or any plans of expansion in that territory? These are the three questions, thank you.

**Akshat Seth:**

So, Parador, what gives us confidence on the recovery side? I think much of what we are talking about is assuming a flat to stable market environment. So, whatever bounce back happens on the market will be an upside potentially on the numbers that I'm talking about. Where does that confidence come from? I think the real hard evidence is how the order books have been tracking over the last three to four months and that order book has consistently exceeded the turnovers that we have registered. That is one lead indicator that gives us a good sense of confidence.

The second are steps that we have taken internally. Number one, within Europe, we have reorganized our sales teams, reorganized the structure in which they are incentivized, which basically means that some of the success we've had in our core Central European markets like Germany, it is now being replicated across Western Europe and Nordics. So, we are opening up channels on DIY retail, which was our traditional mainstay in Central Europe in these geographies as well. Now, these channels have a way of adding scale and volume in a significant manner. That's number one.

Number two, I've been talking about the play on the commercial side. There, over the last four to five months, a lot of work is now concluded on building the right product portfolio, the right collateral and the right team to make a solid push towards at that work having been done, now there are pipelines of orders that we are changing and that should open up a new segment.

Third is the work that we are doing with our customers, not just from a branding marketing, but also from a product innovation point of view. We had not done a major new product launch for nearly four to five years. The event that I talked about in March, think of it like a fashion week in the garment space. That's the kind of category we are in where you need to refresh what you have as an offering to the market periodically. We had nearly 500 people come in from mostly from Europe, but also a large contingent from places like China where nearly 40 people showed up. That has resulted into orders, a lot of customer interest, but most importantly, sort of

reasserted our seriousness of being in that business, in that geography and the new geographies that we are getting into.

Places like US and China last year in terms of the revenue performance, although still small, but have been the best ever for us. Those are also showing signs. A lot of the confidence that we speak about is coming up bottom up from what we are hearing from the markets that we are playing in and the teams that operate in that market. It is not a mathematical projection on Excel. These are all bottom up estimates.

I'm again reiterating that these estimates are basis, continued sluggishness in the macroeconomic environment. If that bounces and there are indications that that bounces up, there might be an upside also on this. So that was, I think, your question on Parador.

**Ajay Kapadia:** One question was on the financing cost advantage. So the annualized advantage will be in the range of Rs. 5.5 Crore. Half of it is already realized in last year. The balance will come in this year.

**Akshat Seth:** In your question on Building solutions. Yes. West has been an interesting market. We do have capacity. It's not that we don't have. We have a planting Golan which produces Blocks. So, there is some capacity. Do we want to seriously consider putting up more capacity? Yes. Are we evaluating it? Yes. So as soon as we are in a position to announce something concrete, we'll share it with you. But we are closely tracking the market and we agree with your view that it's an attractive one for Building solutions.

**Viraj:** Just one follow-up on Parador. In the past, we talked about having a pipeline of more than 70 million-75 million on commercials, right? How will that pipeline be now and how is the conversion happening? Any color you can give on that?

**Akshat Seth:** We wouldn't have the exact numbers. My sense is after churning out the winds and whatever lost opportunity, we will still be in the zone of about 80 million-85 million. That I think is a healthy pipeline to maintain. What has been the win ratio? The win ratios are typically the win loss, It's about 35% as the win ratio that happens. But you would appreciate that items in these pipelines also have a 2 to 4 months period in

which it gets resolved and the decisions come. So that's the other factor to keep in mind.

**Moderator:** We will take that as a last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

**Akshat Seth:** Great. Thank you. As always, it's been a pleasure interacting with all of you over this call. We thank you for taking the time out. Thank you for staying engaged with the HIL story. I will again reiterate. I think there were some comments that Keshav made. We take those comments in the absolute positive manner because that's the opportunity that lies in front of us.

For companies with the legacy that we hold, there will be periods where the opportunity looks wider than what it should. But that's the time when our execution capability and our legacy comes into play. And we are deeply conscious of making that turnaround in a quick and accelerated manner. So thank you so much. If you have more questions, you would like to know more about any of our businesses and how we are doing, we are happy to spend time one-on-one with any of you. But do reach out to our investor relations desk and we will revert ASAP on those queries. Thank you very much.

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

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