HIL
TOGETHER, WE BUILD.

CK BIRLA GROUP

Date: August 18, 2021

To	To
The Department of Corporate Services –CRD Bombay Stock Exchange Ltd P.J.Towers, Dalal Street MUMBAI – 400 001	National Stock Exchange of India Limited 5th Floor, Exchange Plaza Bandra (E), MUMBAI – 400 051
Scrip Code: 509675/HIL; Through Listing Centre	**Scrip Symbol: HIL: Through NEAPS**

Dear Sir / Madam,

Sub: Transcript of Schedule of Analyst / Investor Call held on August 5, 2021.
Ref: Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

In continuation to our letter dated July 28, 2021, Please find attached the Transcript of Analyst / Investor conference call held on August 5, 2021.

Pursuant to Regulation 46, the aforesaid intimation and Transcript of the Investor Call is also available in the Company's website i.e., ww.hil.in/investors.

You are requested to kindly take the same on record and acknowledge the receipt.

Thanking You
for HIL LIMITED

Mahesh Thakar
Company Secretary &
Head of Legal.

Encl: As above

HIL Limited

Q1-FY22 Earnings Conference Call Transcript
August 5, 2021

Siddharth Rangnekar: Thank you Lizanne. Good morning, ladies and gentlemen and welcome to HIL Limited's Q1 FY22 Results Conference Call for investors and analysts. Today we have with us Mr. Dhirup Roy Choudhary – Managing Director & CEO of the company; Mr. KR Veerappan – CFO; Mr. Ajay Kapadia – Vice President, Finance & Accounts.

We will first have Mr. Dhirup Roy Choudhary making the opening comments, and he would be followed by Mr. Veerappan, who would take you through the financial perspectives. Before we begin the call, I would like to highlight that some of the statements made on today's call, could be forward looking in nature and details in this regards are available in the earnings presentation which has been shared with you.

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

Dhirup Choudhary: Thank you very much. Good morning, ladies and gentlemen. Welcome to Q1 FY22 earnings conference call of your company. I thank you all for taking out the time and joining us on this call. I hope that all of you and your loved ones are safe. Q1 FY22 was a robust quarter for HIL despite the second wave of the pandemic ravaging through the country, and marks a good start for this year. While it would be wrong to say that HIL was not impacted by the second wave and the subsequent lockdown, the resilience and commitments shown by our team helped in sustenance of the business and produced a good set of numbers.

Our diversified revenue base in combination with strong brand and geographical presence and our emphasis on processes have served us an effective cushion against what could have been a very difficult quarter.

The first two waves of COVID have definitely helped us to restructure our business in many ways. Meticulous sales plan involving business intelligence, pin codes, and tehsil mapping, drives at the greener pasture, and above all, continuous acquisition of new customers through our last leg connect in the market saw our teams becoming far more agile in recognizing the business potential.

The planning model has been strengthened to ensure material availability at the point of consumption. Digital initiatives like Industry 4.0 have ensured machine maintenance and its continuity. All of this ensured that material was available at the point of consumption and we were able to serve the market better. This led to a consolidated revenue of Rs.984 crore, grown by 42% year-on-year from Rs.693 crore in Q1 FY21. EBITDA grew by 62% year-on-year to Rs.174 crore in quarter under review from a previous of Rs.107 crore in Q1 FY21. EBITDA margins grew to 17%.

I will now take you briefly through the business segments. Firstly, talking about roofing solutions business. With an excellent planning and execution, we have improved our market share by 335 basis points in this quarter. Having aligned our business model to the changing landscape of the economy and the market along with high demand for roofing solutions we have been able to maintain our growth trajectory in Q1 FY22. Leveraging our leadership positions, we continue to focus on our margin profile and continue to be best margin in the industry.

The market has significantly weakened since Q1 and we do not see the pent up demand this year as was witnessed in FY21. Market prices therefore have also softened which put further pressure in subsequent months.

We continue to receive a very encouraging feedback on Charminar Fortune, our asbestos free roofing product. Humid cure has already witnessed some good initiation and traction and the business tripled quarter-on-quarter. Our R&D team has challenged themselves to improve the cost further to bring it down while the efficiency of productions are continuously being raised. As an organization we will continue to have high expectations from Charminar Fortune and its variants in years to come.

While the overall construction sector did witness slowdown in Q1, our business solution segments sustained well, with an increasing phenomenon in the tier 3 and tier 4 cities that we moved to over the last few quarters with providing materials for construction of labor hutments and COVID centers. Capacity utilization in most of our plants have crossed the 85% mark.

And the new Orissa facility will help in not only increasing our capacity, but also better capture the market opportunity in the East for blocks and panels as we bring it up by Q1 next year. It will have an annual capacity of 150,000 cubic meter of blocks and 36,000 metric tons of panels, together with 30,000 metric tons of both. Birla Aerocon is well known in the industry for its quality, and we are sure that at the on-ground situation as it improves the real estate will help this business segment to further grow.

Polymer solution segments also saw significant headwinds in Q1 but our business during the quarter was supported by a strong brand value, superior product quality and increasing reach. The brand has gained pan India recognition with its recent foray into South and East India and is well regarded throughout. Additionally, in putty business, brand has the biggest place. Our model is a careful blend between self-manufacturing and outsourcing depending on raw material prices and regional demand. We have set very high benchmarks internally for this entire segment on quality and cost, and we will continue to innovate and add SKUs to ramp up this business in years to come.

Parador, our German flooring solutions are facing some unprecedented challenges owing to material availability and cost. Key materials like HDF, MDF are in huge shortage and the costs have soared through the roof. The team is taking all actions to find long term solutions for the challenges. However, this will affect both top line and bottom line of Parador in this quarter and part of Q3. Notwithstanding the above, our expansion plans in Europe continue and we will be able to see good results as the materials situation improves.

We also continue to expand Parador's global footprints by expanding and strengthening presence in countries outside Europe. Operations in China have been healthy, and it is well on its way to be the first significant market for Parador outside Europe. Hence, while our order book is high, the revenues will be muted for the next three to four months before situation eases out. All in all, we continue to have high hopes for this business based on robust performance it has delivered so far and the well laid plan for future that we have.

During last four years HIL has taken judicious calls towards converting this company from primarily roofing solutions company to a one stop global building materials and solutions providing company. We will continue to add newer business lines, which will be carefully considered before launching. Our aim will be to limit capital employed into these businesses and look at incremental top line growth using our extensive market reach and brand. Some new products like Tile Adhesive, Primers, Gypsum Plasters, Water Tanks, Waterproof Putty, Teflon Tapes etc., are going through test launches one-by-one, and we will be able to talk more about them in the coming quarters.

In conclusion, I want to emphasize that our teams have once again proven their mettle by mitigating the adverse impact of Covid-19 pandemic. They rose to the challenge and with the invaluable experience of last year they have innovatively emerged victorious, as reflected by sustained good health of the company and its result.

While we definitely see significant challenge in our business in Q2 in light of an excellent business performance same time last year, it gives us great comfort in saying that HIL will continue to overcome any challenges faced, knowing that this company is in the able hands of very dedicated and competent workforce. Our long-term goals are secure and will continue to grow in terms of revenue and profitability towards the $1 billion target while maintaining a healthy balance sheet.

Thank you very much for your patient hearing. I would now like to hand over the discussion to my CFO, Mr. Veerappan to take us through specific numbers. I am available for further questions in the later part of discussion. Veerappan, over to you.

KR Veerappan: Thank you, Dhirup. Good morning all. I would like to thank you all again for joining us on the call today. I trust you and your families are all keeping healthy and safe in these distinct times. I will be taking you all through the financial and operating highlights of the business for the quarter ended 30th June 2021.

As Dhirup mentioned Q1 FY22 marked a very positive start to FY22 for HIL despite the second wave of COVID pandemic impacting the country. We found ourselves in a similar condition this quarter as in Q1 FY21. But we were much better prepared this time, and we were able to overcome the second wave successfully. Additionally, unlike the first wave, huge resilience displayed by the team in keeping all the manufacturing plants both in India and Europe, continuously running despite several challenges posed by COVID. All in all, it was an excellent quarter for HIL and we are confident of maintaining this positive momentum going forward.

In Q1 the roofing solution business grew by a robust 40% year-on-year coming in at Rs.412 crore which happens to be the highest ever quarterly revenue for this business in the history of HIL. The lower base of Q1 FY21 also contributed to the quantum of this growth since the quarter missed around 20 days of operations owing to the lockdown last year. We maintain our focus on our margin profile and continue to have the industry leading margins. Expanding geographical reach through expansion into tier three and rural markets remains a key element of our strategy as well.

Moving on to the building solutions segment, revenue for the quarter came in at Rs.84 crore growing 185% year-on-year. Most of our plants are functioning at more than 85% utilization and the upcoming Odisha facility will help not only ease the pressure on the existing facilities, but also help us further establish ourselves in the building material space in eastern part of India.

The polymer solution business has been making excellent progress in gaining a pan India presence as discussed earlier and registered a growth rate of 124% year-on-year in revenues for Q1 FY22. The revenue came in at Rs.108 crore and we are very positive on the outlook for the same. Utilization levels have been increasing in line with the demand for these products and with the brand gaining a pan India presence we will see the growth momentum increasing going ahead.

As regards Parador, the revenue for the quarter stood at Rs.379 crore growing by 18% year-on-year which also is the highest ever Q1 revenue delivered by the Parador. The strong growth was supported by the opening of European economies and easing of international trade curbs. As communicated earlier due to scarcity and increase in prices of critical raw materials profitability of this business is under pressure during the quarter.

In the immediate future for the next three to four months Parador is expected to go through torrid times owing to scarcity of critical raw materials. However, we remain bullish on the prospects and have great expectations from this business, especially when it establishes itself as a global player in the flooring solutions business in the next three to four years.

I will now talk about the consolidated financials. Revenue came in at Rs.984 crore having grown by 42% year-on-year from Rs.693 crore in Q1 FY21. EBITDA grew by 62% year-on-year to Rs.174 crore in the quarter under review from a previous Rs.107 crore in Q1 FY21. EBITDA margins grew to 17%, a growth of 215 basis points.

Happy to inform that HIL has delivered a PBT of Rs.139 crore in three months' time, which is more than the first six months PBT from continuing operations of any of the prior years. In fact, this is also more than the full year PBT of financial year 2020. PAT at Rs.100 crore is doubled than the same quarter last year. EPS came in at Rs.132.84 per share increasing by 97% year-on-year.

HIL continues to maintain a healthy balance sheet and cash flows. We have further reduced our debt by Rs.106 crore bringing our overall debt level to Rs.303 crore. In India the long-term debt as well as the short-term debt have been fully repaid during the quarter and HIL India once again has become interest bearing debt free organization.

Debt equity stood at 0.27x as on 30th June 2021 as compared to 0.41x on 31st March 2021. HIL's net worth stood at Rs.1,107 crore and has grown over Q1 last year, when it was Rs.800 crore and more than double in the last four years. In accordance with a very good performance certified by our credit rating agency, our long-term credit rating has been upgraded to “AA” by ICRA – this is amongst the best in industries we operate in.

Q1 FY22 has been a financially strong quarter for HIL. We continue to prioritize increasing profitability and business expansion. Our dedicated and resilient teams have time and again overcome the toughest of challenges to ensure that the company stays on the path to achieving these goals.

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. Ladies and gentlemen. We will now begin the question-and-answer session. The first question is from the liner Subham Agarwal from Aequitas India. Please go ahead.

Subham Agarwal: First of all, I would like to congratulate team HIL for the phenomenal performance. And given the current situation in Germany, I hope everyone is sound and safe.

Firstly, on the roofing business, I would like to understand what was the Y-o-Y growth in terms of volume? And secondly, I would also like to understand the current demand situation given that last year, we saw pent up demand? So, are we expecting similar demand compared to last year? Or how is the current trend that we are observing?

Dhirup Choudhary: Thank you, Subham and thank you very much for your kind words. Makes a lot for us. We are all safe in Germany. The flood was really devastating. But I am happy to say that our factory and our colleagues are all safe. Thank you very much. The growth this year on revenue has been 40% for roofing. We have intentionally decided not to give out the quantity numbers here on because it unnecessarily creates ripple in the market and does not help in way of how the competitors look at it. So, we would stay with that. The market prices has increased 5% over quarter four in Q1 and we definitely see that the demand has improved about 18% in Q1 as a market while our market share has increased more and we have grown by 40% as I mentioned.

We see Q2 slightly lower than expectation and that was also on account of a pent up demand we had last year but we are positive that on an annualized basis, roofing will consistently grow as it has grown last year, but kindly keep that expectation in single digit growth for the market.

Subham Agarwal: And on the rest of the building and polymer division, obviously it was impacted in Q1, but how is the ground situation right now? Are we going back to Q4 level?

Dhirup Choudhary: Yes, the building materials and polymers are doing well in Q2. It seems that we will be back very soon in building materials with constructions now shaping up well. Polymers growth will be robust. We have grown 64% last year in pipes and about 51% overall for the business last year, including putty.

This year also the growth in Q1 for pipes and putties have been very robust, pipes have grown by 145% and putty by 100%, over Q1 last year, and our plans to take this business up to Rs.1,000 crore in the next four to five years, remains robust. And we are taking all actions towards doing that.

Subham Agarwal: Great. And lastly on the Parador division. So, as I know that last quarter, we had taken a maintenance shutdown. So, is that already done? Or are we expecting few more shutdowns?

Dhirup Choudhary: So, let me just correct your understanding. There was not a maintenance shutdown at all. And I do not know where that is coming from, Subham. But the problem in Parador is that there is a huge scarcity on raw material availability, and this is in the net, everyone knows it is in Europe, and all flooring companies are reveling through it and so are we. But our extended efforts towards improving the market and improving our sales in the market and getting into and penetrating newer zones have been consistent, and we are getting good rewards of that. So, the order intake is absolutely fabulous there. We are just hoping that the material availability issue corrects itself. We are talking to many of the leading suppliers of the materials to support Parador. And hopefully this will correct itself, but Parador will be weak this quarter. And I wanted to keep that sound and clear and that is only because of material availability.

Subham Agarwal: So, are we looking at any alternative supplier for HDF right now?

Dhirup Choudhary: Yes, we are looking. The problem that we are facing is while we are looking at China, we have also spoken to a couple in India and other places in Eastern Europe and other things. The problem is sea freights have become suddenly extremely expensive. So, it is all about valuation at the point of usage. But all actions are being taken. Rest assured, the team are working overnight to correct this at the soonest possibility. The good part is that there is absolutely no bearing of this to the long-term plans of Parador. And we are very bullish on Parador.

Subham Agarwal: And the demand I would assume would be very strong right now?

Dhirup Choudhary: Demand is very strong, our penetration has been extremely good. We have done very good penetration in countries like Spain, France, Nordic countries, and they are all resulting good results on order intake. We are now supporting them with alternative products. There is a fantastic new venture that we have done in products there which is called "ModularOne Hydron', which is a waterproof solution. The Modular one was an absolute bright product that we had launched a year-and-a-half and done fantastic revenues last year. This is the newer variants of that. And this Hydron does not need HDF/MDF and therefore we are trying to push this into the market as much as possible.

Moderator: Thank you. The next question is from the man of Baidik Sarkar from Unifi Capital. Please go ahead.

Baidik Sarkar: It has been a phenomenal consolidation for us over a year now and in the context of the journey that all of us have enjoyed, thank you very much for your leadership. A couple of questions. How should we read the industry structure at the unorganized manufacturing and in the context of your phenomenal market share gains? You have explained in previous occasions, how the supply chain of the smaller players have been impacted, how do you see this progressing?

Dhirup Choudhary: Mr. Sarkar, many thanks again for your kind question. Roofing is primarily organized. So, I would not say that is unorganized at all. About 90% or 92% of this market is fully organized with big five, six players.

That is going as per requirement. Building materials and blocks, there is 50% unorganized and 50% organized and we definitely see that unorganized players are struggling. And I am hoping to see a lot of consolidation there as we go forward. Pipes again, there are both the unorganized or the smaller players and big players five, six, who are really big guys. Our aim is to get into this big league in the next few years and we are taking all actions towards that. Flooring is very much organized in pockets of the country. So, each country has their big players there and they dominate through their brands and quality. Parador has an extensive brand and quality and therefore, we are able to get good traction on sales in different countries.

Materials is not an issue at all. So far as we see though the prices were extremely high in Q1 which is normal for cements and fly ash and other things, but it should subside in Q2 is my expectation. For fiber we are doing reasonably well. There was an issue in availability of fiber more so because we did a bumper season in quarter one which was quite unexpected also from many quarters. But we have been able to manage that and material availability at point of usage, excellent everyday production mapping that we did in all our plants, each plant doing fantastically well and scoring highest ever production numbers. All of that supported in availability of material and then the same sales did the miracle.

Baidik Sarkar: So, on the fiber input seen from Brazil, I think you alluded to in a previous call that you expected fiber prices to moderate in H2. Could you help us understand if that tailwind is still on and if it is so, how we plan on utilizing the incremental gross margins with respect to head our way in terms of either retaining the earnings or investing that in market share gains?

Dhirup Choudhary: So, margins are dependent on NSRs and material costs. And NSR is something that we will have to cope up zone-by-zone. There are different challenges there. While the competition is all organized in roofing, but their behaviors are unpredictable. And even though we have the best brand and market presence and we are the leaders in market prices, this softening in Q2 and Q3 is inevitable and that will continue to drive down the margins in Q2, Q3 but it will again pick up in Q4.

Overall, I think roofing has done fantastically well in Q1 and will continue to deliver good results throughout the year. Fiber in fact, definitely will be a positive for the balance of the year. And that should help in the process.

Baidik Sarkar: Lastly, in the context to billion dollar aspiration. What is the blue sky we are looking at in the polymers and putty business in terms of new capacities and product segments? If could just spend some time on this?

Dhirup Choudhary: Wonderful, I like your theme of blue sky and it is really a blue sky. There is absolutely nothing which will prohibit us to achieve our aspiration. Our aspiration for polymer business is Rs.1,000 crore for pipes and about Rs.600 crore for putty in the next five to six years. We are taking all actions towards that. The present capacity for pipes in our plants will pop up to a revenue of Rs.400 crore beyond which we will have to add capacities.

We are looking forward to expanding the product portfolio there, various SKUs for our existing products as well as possibly getting into newer types of pipes. All of that is being looked in by the team. They are very active as we speak, and the sky is blue, and we will achieve our target.

Moderator: Thank you. The next question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

Pritesh Chheda: Sir, on your comment on margin impact in Parador, what is extent of margin impact and what are the pricing actions possible?

Dhirup Choudhary: Parador is going through a tough time, it is every day's calculation that we are doing. I will not be able to sincerely put a number across to you. But there will be a dip in profitability in Q2, as I see, and it is good to state that upfront. Prices are being increased by us and by the market also. And we have already increased the prices by about 9.5% over Q4, and we are taking stock of it every day.

Pritesh Chheda: Okay. Earlier there was this thought process that the capacity of Parador can support about $200 million of revenues at about 12% margins with a slightly higher buyers there. So, does that get challenged seriously as we go incrementally, or what are your thoughts there?

Dhirup Choudhary: I have always spoken very clearly that the capacity in Parador can take us to €200 million, just a small correction to your statement. And the profitability should always be taken around 10%, anything more than that the team will deliver. Last year we had delivered. The present problem in Parador is only for the next few months. And I repeat, it is only for the next few months. Our long-term strategy for Parador continues to be there. Parador will be a €350 million in the next five to six years. That is my commitment to you with a double-digit profitability and our actions are towards that.

Pritesh Chheda: Your margin last year was 12%, right since some of the quarters after?

Dhirup Choudhary: That is absolutely right. But I had also said very clearly, please do not take these margins as long term, take it as 10%.

Pritesh Chheda: Okay, and just lastly, a clarification on the roofing business. So incrementally, you are forecasting that the business should be growing at maybe a single digit, but there will be a beneficial margin because of the fiber price. That is how you are putting it, right?

Dhirup Choudhary: Absolutely right. But again, to get the context correct, Q1 is the best margin for roofing during the year as the season is at its prime. It could be down in Q2 and Q3 and again picked up in Q4. So that should be kept in mind, but overall, on an annual margin part we will not let it there.

Pritesh Chheda: And what is your capital expenditure for FY22 and FY23? And how will the debt look like in FY22 and FY23?

Dhirup Choudhary: My colleague Veerappan just informed that after Q1 we are debt free as an organization in India and the debts in Parador, absolutely is not a problem it is a seven years' debt at 1.8% average interest. And Parador is able to deliver cash beyond what is needed to repay the bank. So that is not an issue. Coming specific to your question, this year, we should do about Rs.125 to Rs.130 crore investments in CAPEX in India and Rs.82 crore out of that is for the new CAPEX in East for our building materials, new plant. In Parador. We will invest I think about €5 million to €6 million. A part of it is maintenance CAPEX.

So, no major plan of CAPEX investment this year apart from the Odisha plants. And most of it should be from internal accrual. FY23 numbers, let me get back to you.

Moderator: Thank you. The next question is from the line of Amit Vora from PCS Securities. Please go ahead.

Amit Vora: First of all, I would like to congratulate the team for putting up such an excellent performance in such tough times. And over the last four years, the way you have transformed this company from a pure roofing company to a building material company. Great, great work on that aspect. And you mentioned in your opening comments, Dhirup Ji, that going forward new products you are venturing into are going to be very promising. So, looking forward there. What are these new products if you can throw some more light on these and how have our own products that you launched in the last two quarters including the tile adhesives, and primer, how are they doing if you can give some color on this?

Dhirup Choudhary: Amit Ji, you have been very kind. Thank you very much, it means a lot to the team. And yes, four years, there was a very clear strategy that we have rolled out for the organization from a sustainability point of view. And I think that is absolutely raging well.

You know, when you want to be one stop building materials company, new products will roll in. The question that always haunts the management is should we go all out, set up CAPEX, and go all out for products. We have taken a line where we want to utilize our USP, and the company's USP is its market spread. And its brand, there are lots of counters in the rural sectors that we have almost spread across the country, and they sell many products. And we want to bite into these products. So, with less investments, as I mentioned, we want to do the outsourcing model and test this product as we go forward in test markets. And as it goes profitably forward, then we will take on the business to it. Products like tile adhesive, primers and gypsum plasters have already started its penetration in the market in a small way in test markets. Business is not at a stage where I can talk about it at the moment. So, I asked for a couple of quarters more when I can get back to you with more details. Water tanks, waterproof putty and Teflon tapes are the next bit that we will be launching may be this quarter, and all will be through our existing sales routes, and therefore there will be no incremental OPEX or CAPEX related to this.

Amit Vora: Excellent. That answers my question. And my second question is that the kind of cash flow that we are generating and of course this year, you are going for a CAPEX. Going forward are we looking at some kind of acquisition or something because we assume that there will be bigger cash flows coming through?

That is one thing and the second is on roofing. What is it that we have done differently from our competition that has led to this kind of market share increase? That is all from my side.

Dhirup Choudhary: Thank you Amit Ji. Both are very good questions. So let me take the roofing part first. So, I think we have some wonderful competitors, and they push us further. So, I owe a lot to them for making HIL what it is today. We have done a meticulous planning, in material availability, in production capabilities, introducing Industry 4.0, which ensured that no machine will take us by surprise. And it is a fact known to everyone and to you and to the market that Q1, the productions are far lesser than the sales in a good quarter. And we were ready with it. So therefore, our plans were active far before Q1. And we had carried good quantities of relevant material SKUs at different pockets of the country. And we have 40 depots, and we have utilized that extensively. Quarter one, the miracle was that none of the days of Q1 our factories were stopped. There were continuous vigilance from the government and directions to us and they were checking physical checks were there but they were very, very happy with the way we had kept the plants neat and clean and free of COVID and taken care of our people. So, I think that was one aspect, which kept the manufacturing on, and every day was a better result than the earlier. So, they were breaking records after records. I think the team was fully motivated to come out of their homes during the second wave and aggressively worked towards the success of their company.

Sales had penetrated immensely, and we had used several digital modes to get into the pin codes, tehsil mapping we had improved the retail spread, about 1,026 new counters have been away from our composition and we have far more ground last leg connect now. And all of that has comfortably helped us to get the best from what I would say was a good market in Q1. So, we have been lucky, but we have been strategic.

Coming back to your second question, which is on what we will do with a good cash flow. So yeah, good cash flow is good to have. But zero debt is not ideal for a growth profile. If we had stayed with zero debt, we had received zero debt in the first year of my joining 2018, and HIL would not have grown to where we are. So, we will take actions to grow but this time, the actions would be more organic growth in pipes and building materials. This time the actions will be more towards growing in India, because we feel there are a lot of flexing that we need to do to expand our product portfolio.

We are not in a hurry for an M&A at all, honestly, and let me confirm that to you there is something definitely that comes knocks on our door, which is exciting, we will be taking it to the stakeholders and taking those problems.

Moderator: Thank you. The next question is from the line of Madhav Marda from Fidelity Investments. Please go ahead.

Madhav Marda: This is the first time I'm speaking with the company. I just wanted to understand one sort of the aspect was the Parador business that we have, could you help me understand the industry landscape and the industry structure? How it operates in the flooring business in Europe, and just sort of our key growth drivers that you are planning to reach €350 million revenue in the next five years?

Dhirup Choudhary: Thank you, Madhav Ji. And I can go for hours and hours on this because this is very true to my heart. Parador first of all is a brand which is number one in Germany and German brands are number one in the world. So, you can take a correlation that this brand is the best-known brand in many ways in flooring. We have two factories, one in Coesfeld in Germany and one in Guessing in Austria, and both these factories are highly automated. The revenue of Parador was €142 million when we took this company about two-and-a-half years back and we had taken this to €170 million last year.

The growth profile on profitability was the first issue that we have, from a 7% EBITDA when we took this company to about 11%-11.5% last year as we achieved that was a good regime that we had been able to achieve.

The second goal was then to expand the company, geographically, and product wise.

So, this is a highly R&D and innovation involved company where 50% of their revenue every three years get changed by new products. So, a lot of innovation continues to happen. And we keep complete tabs with the markets and customer expectations in prices.

Our major markets is Germany, catering to 50% of the revenue followed by the rest of Europe, which is another 25-30% and the rest of world which then makes up for the balance 20-25%. Our sanction is while we are strong in Germany, how can we be stronger in rest of Europe and expand and that is where specific actions have been taken in Spain, in France, in United Kingdom, in Netherlands, in the Nordic countries, and also the new joint venture that we have set up in China.

Spain has grown 100% over last year in Q1 and Q1 last year was also good for Parador because while the pandemic had affected Europe, Parador was the only flooring company which is doing fantastically well catering to all people who are staying at home by individual shipments and digital modes. So, over that we have grown 100% in Spain about 17% growth has come in France, UK has grown by 140%, Netherlands has grown by 24% and Nordic country has grown by 75%.

And China is doing very well now that COVID is settling down in China that joint venture is showing good colors. Our expansion plan in Parador is to expand in Europe first, further expand in China because they have the biggest middle-class population which are highly brand activated. We have a direct train line from Germany to China for the goods movement. And we have got everything supplies, therefore everything is it can stand otherwise could be a risk in China. So, all of that has been done.

Our next room is to move into North America and Canada. And we are looking at a joint venture there as well. We are taking the joint venture route because the investment is absolutely small and the risks are limited thereof, and once we get a good footing then we can look at our own investments and creating our own companies at a later date.

Parador will grow to €350 million in the next five to six years and we are taking all actions towards that. There has been a small setback which was quite unexpected in Europe, in the flooring segment where the material problem has come up. So Q1 we have somehow been able to skip through, Q2 will get impacted, Q3 partly may get impacted though we are taking all actions towards it. We will be back in Q4 in big ways and thereafter there is no looking back. So, this is how I will define Parador for you.

Madhav Marda: And just from the industry landscape in terms of maybe for Germany or Europe, how big this addressable flooring market is for us where Parador operates? And just our market share and maybe like how much market share do the large players have just some sense around that would be really helpful?

Dhirup Choudhary: Okay. So, unlike roofing as we say here, which is absolutely organized and we have a digital count of the markets, in Parador flooring market there are no data that clearly talks about the market share. Therefore, any number that I say will not be rationally proved and therefore I will stay away from it. All I can say is Germany, we are number one. There are good players in every country, and they have their meanings, but we have an excellent brand, we have a coordination with very good designers who fill up for new designs and Parador, therefore, space on the top.

The market is pushed through by many through the big distributors and therefore it is a three leg push; distributors and retailers and to the consumer. We have moved away in Germany, which is our 50% revenue market to a two level where we are slowly doing away with the distributors and going directly to DIYs and selling through them to the consumer that would in long term give us better margins, as well as have a far better feel of the consumer sentiments.

So in different markets it is different because some places are in importer driven, some places are commercialized, which means they have to go with the influencers and push the business to big commercial constructions, some are DIY driven again. So different countries have entirely different phenomenon.

Madhav Marda: So essentially, this is driven by, similar to any building material companies in India, like if a brand distribution and one key aspect here is the design and the R&D. This is very crucial, like you said, every three years the product line gets sort of revamp. So that is the broad way to look at that?

Dhirup Choudhary: You are absolutely right. It is like any other building materials, but what separates Parador is its innovation and brand. So, I think these are the two which makes it so attractive for many.

Moderator: Thank you. The next question is from the line of Shantanu Basu from SMIFS Limited. Please go ahead.

Shantanu Basu: I have a few questions. The first is with respect to Parador. So, just wanted to confirm if the rest of the world sales is still at 25% in Q1 or has it been different? And if you can give the broad outlines of the sales from different areas in Parador? So that is one. And I would also like to know the capacity utilization across your various segments like roofing, polymer, building and flooring? And you have made the comment in the presentation that humid cure technology has been introduced in international markets. So, just wanted to get more insights on that? So, these are my questions.

Dhirup Choudhary: Mr. Basu, thank you very much. You know, the Parador revenue has more or less been consistent. Germany has dipped a little bit over last year, because there was a huge pent-up demand in Germany that we have seen and also since the borders were closed, our intention was to maximize out of Germany last year. So, as a percentage overall, Germany has dipped over on a pie, and I give you the percentages of growth that we have achieved in different countries. I can repeat that for you. Austria we have grown by 30% over last year, in Q1. Spain 100%, France 17%, UK 140%, Netherlands 24%, Nordic countries 75%, China 100%. So there have been good growth outside Europe as well. That was also our intention because that solidifies our positioning internationally and de-risk us from a heavy dependence on one country like Germany.

Coming to your second question on capacity utilization. In quarter one, roofing has been 100% utilized. But overall, I definitely see that roofing is about 70% capacity utilized as an annualized basis, because there are lean periods that have started now. And two quarters, Q2 and Q3 are lean, where we do not need 100% capacity utilization. And that is the time we use in some of our plants to make non asbestos roofing, especially in Kondapalli and in Faridabad.

Coming to building materials, we are 85% to 90%, full up on our capacity, and we seriously need capacity expansion. And that is where we are looking forward to our new venture in East. It is slightly getting delayed because of land acquisition, which is taking a lot of time again, owing to COVID and the priorities that the government has there, but government is very positive. And we are hopefully going to be in line to bring it to the light of the day by Q1 next year. Polymer solutions, capacity utilization is roughly about 50% both in putty and pipes. So therefore, that gives us a lot more to expand in these.

Parador is about 72% capacity utilization at the moment. It is low, because we are not able to produce enough owing to raw material issue. But there is a good room to expand in Parador also from its present capacity.

Shantanu Basu: My last question was with regards to your Humid cure technology. So, you made a comment on the presentation that it has been launched in international markets?

Dhirup Choudhary: So, I would correct myself if I have said so, because it has not really seen the light of the day in too many countries. We have definitely supplied Fortune into Nepal but Nepal like India, we have a market share in Nepal now of more than 60% of roofing by Fortune. So, it is a good penetration we have done in that country. We have also supplied to Somalia and Oman. So, there have been some good initiations in these countries against tech supplies so that we can, but they are all doing well. They have been put on the roof and behaving very well. So, exports have been rather limited.

Shantanu Basu: So, I mean, are these exports based on the humid cure technology?

Dhirup Choudhary: It is all humid cure now for us.

Moderator: Thank you. The next question is from the line of Naresh Kataria from MoneyCurve. Please go ahead.

Naresh Kataria: I have followed the new launches and I see products like wall primer, interior, exterior and style jointing mortar etc. Is there something we can hear from you on new products and how do you think that should shape up in the coming years? Are there any other product categories which you are in a position to talk we are thinking of launching?

Dhirup Choudhary: Naresh Ji, I mentioned that twice, but I am happy to say that again. Yes, these are the products that you name Tile Adhesives, Primers, Gypsum Plasters, Water Tanks, Waterproof Putty, Teflon Tapes, etc., that we are all planning and we are planning them in the same sales routes as we have to strengthen our utilization of sales reach. And you would hear about how successful they have been in the coming quarters. At the moment they are only test launches.

Moderator: Thank you. The next question is from the line of Nikhil Gada from Abakkus AMC. Please go ahead.

Nikhil Gada: Sir, my first question is just once again, going back on Parador. While you mentioned that we have seen good growth across the regions of Europe was not that Europe was also under lockdown in Q1 and that would have had an impact on our numbers or we were able to still deliver in such a challenging environment?

Dhirup Choudhary: So is your question Nikhil Ji on this year or last year?

Nikhil Gada: Sir, this year Q1 FY22.

Dhirup Choudhary: So, you are absolutely right. There were parts of Europe, which went through severe problems on COVID. And these challenges were there even last year. And if you remember the same thing, as I said, last year, we had changed the sales model of Parador, from a distributor driven to more digital, DIY, retail, online brand stores, commercial business. And the same strategy was taken this year as well.

So Parador is not getting affected by COVID, I can make that statement confidently. If the borders get closed due to a third wave or whatever, I do not know. So, I cannot forecast that. But if the borders are open, sales of Parador will not get deterred at all. At the moment, there is a concern on materials, and therefore we are having a slow revenue growth in Parador or rather, we are facing problems in Parador. But that is only temporary.

Nikhil Gada: Just on the demand aspect where you are saying that the demand is still quite strong. How do we take into account the order flows as in, because since we supply on a DIY basis, as well as through distributors, how does this booking happen? If you can just help us understand that?

Dhirup Choudhary: We have our people, in many of the countries, we have our own companies, we have JV in China, and bookings come through them. And we are extensively growing our customer base, which is also a part of our goal to grow Parador. And that is happening every day. So, orders therefore are good, we are challenged to keep our customers with us now that there is a material scarcity. But we will come over that.

So, orders are good, it is only finding the material and delivering it, which is a concern. We are working on that every day. And it is going to be a challenge, though for this quarter.

Nikhil Gada: But we are not losing any orders because of this delay right as of now?

Dhirup Choudhary: We have to let go some orders which have a HDF/MDF and some critical chemicals which are problems, but we are trying to compensate the others with alternative products.

Nikhil Gada: Sir, and secondly on the margin front as well in Parador. So, while you sort of alluded that we were able to skim through in Q1, was it because we had some low cost inventory still with us that we were able to deliver at least decent margins in Q1. And that is something which is going to be a problem in the coming quarters?

Dhirup Choudhary: In simple words, Parador is working the Indian style. And I take pride in my country. That is why I am saying this, while the Germans are also excellent. But they have completely gone out of the way to keep pace and doing everything they can to keep the revenue up while the materials are a big problem. But the bottom line is being pushed hard. And there is a huge headwind owing to raise in prices of the materials. Chemicals are absolutely on the roof. And sea freights have gone 6x up. So, it is putting a lot of pressure. There was a serious problem in Q1, Q1 calendar year this year when there was this debacle in the Suez canal as well as huge snowfall, which completely collapsed the economy there for at least good two weeks. And those cascades have happened. Summers are summers in Europe and factories closed down. So, there is little that we are able to, therefore quantify at this moment, but as summers go off, we will make once again our attempts to get back to where we were in Parador.

Nikhil Gada: So secondly, on the pipes business, especially the pipes business. So, we have seen that, you know a lot of the other companies have reported numbers and they have seen some impact of inventory losses because of the PVC prices seeing a sharp dip. Somewhere down the line our numbers are still quite resilient. So is it that some of it might we might see in Q2 and Q3 and how do you see the demand aspect as well? I know you mentioned that we have now achieved some amount of pan India presence. How do you see because last two three quarters we are still at this 50%, 60% utilization. I think COVID has been an impact. But are we benefiting in terms of improving our market presence?

Dhirup Choudhary: Market presence is certainly getting benefited. Numbers are growing and the revenue has grown. So pipes in quarter one has grown by 145% over last year and thought last year was a weak base, but this year also one month was completely collapsed due to COVID. So, it is a good performance by the team, I give it to them. We will continue to grow in pipes, and that is being triggered by brands, the extensive growth in sales that we are doing in way of market reach, we are growing our sales team in pipes, we are growing our market reach, we are growing our brand realization in pockets. And now we are pan India as I had mentioned to you. So, all of that is supporting. Yes, the impact of inventory will be there this year, and it is having a two legged impact. One because PVC prices are not growing as much as it did last year. Therefore, there is no consolidation or rather primary stocking that is happening in the market. Therefore, the demands are low for pipes and second, the carrying inventory and those prices, you know, as the PVC price did lower itself, so carrying inventory prices could be higher at times so there is a loss owing to that that happened.

HIL has managed it well even last year when we had started importing a lot of it and they were at better prices than the domestic availability and we have taken the right time decision. We have lost about Rs.2-2.5 crore owing to inventory already this quarter. Next quarter also there will be some hit. But overall, by cost saving by R&D interface and everything we will try to see how we can manage this.

Nikhil Gada: And sir, just lastly on this pipes business itself. What kind of sustainable margins do you expect this business can deliver once we reach those 70%-80% utilization levels?

Dhirup Choudhary: Pipes should be catching up with a double figure and our aim is to grow pipes to about 12% when we reach Rs.1,000 crore levels or more.

Nikhil Gada: This would be on EBITDA level, is it?

Dhirup Choudhary: At that EBITDA. And at Rs.400 crore level we should be at double figures EBITDA also.

Nikhil Gada: And just lastly, before I get back in the queue in the roofing business, we are sort of you know at peak levels of utilization especially in the main quarter which is Q1. Any plans of expansion over there or some amount of capacity additions that we can do so that this demand which we are seeing that sort of we are able to keep on capturing more market share?

Dhirup Choudhary: Nikhil Ji, I give it to my competition who are already adding further CAPEX for expanding AC sheet asbestos roofing because that takes away valuable cash out of them. I would not do that. And that is the last in my strategy. I will tell you why. Because (a) we have only a 70% utilization of our plants in roofing so there is a good 30%. It is a matter of good planning and meticulous way to handle the products, good quality products which can sustain a long term in warehouses if we have to stock them and all the rest of it which HIL is able to.

Second, during the season when you really need materials, if your plants can't deliver an astronomical number or a benchmark number, then you will need to add CAPEX. Our plants are number one in the world on productivity. And we are very confident that with our present productivity and capacity, we do not need to add capacities. We would use our CAPEX as I answered to one of my valued investor. I think Amit Ji asked that question, I answered. We are going to use our cash, very valuably. They are your money, and we will use it sensitively, not for effect.

Moderator: Thank you. The next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.

Alisha Mahawla: Sir, I just wanted to understand that considering in our roofing solution business we are expecting slightly tepid growth considering there would not be any pent up demand this year. Building solutions, we are almost at peak capacity. Flooring, or rather Parador, we are expecting again some sort of constraints because of raw material.

So, do you think FY22 will be more of a year of consolidation and FY23 is when we will be sort of all cylinders firing or do you think there is still scope for very healthy growth for FY22 also?

Dhirup Choudhary: Alisha, thank you so much. I wish I could give these numbers off-hand, but it is very difficult to predict but I can tell you, our team will work for still a double-digit growth in this year. Profitability will be an issue this year in Parador. But overall, in other businesses, we do not see that problem. That is where Q1 being so good for us will help to stabilize the whole year also.

Alisha Mahawla: Just one last question. For the ambitious target of $1 billion revenue that we have, which we aim to achieve over a couple of years, do we expect all our segment contribution to be in line with where they are right now and margin profile to be similar or do we expect some segments to sort of start contributing more and hence our margin profile will look relatively different from where we are today? Just broadly, your view on it I am not looking for exact numbers.

Dhirup Choudhary: No, I can give you exact numbers on this, Alisha, because $1 billion is slowly becoming less of a dream and more a reality, the team is working on that. We will grow all cylinders. And we have to because $1 billion cannot be achieved by 2026 if we cannot achieve a 20%-22% CAGR and those kinds of growth will come from next year. This year would not be a 20%-22% growth because we did not add CAPEX last year. So, this year, we are slightly hinged because last year was a year where we could not add CAPEX in many of our businesses.

But pipes will be astronomically growing. We will see pipes at Rs.1,000 crore, we will see putty at a Rs.600 crore we will see building materials at Rs.700-800 crore from where it is. We will see roofing at about Rs.1,500-1,600 crore including the non-asbestos roofing. We will see some new products delivering a few 100s crore here and there we would see Parador at €350 million-€400 million. Our internal is €400 million but €350 million for you and we will see some new businesses definitely coming up as we need some new verticals may come up adding Rs.1,000-1,500 crore which will all add up to Rs.7,000 crore.

So, margins, there is no growth without margins and therefore, we will protect the margins very much, we will try to improve the margins where it is required. So, pipes will improve the margins as the volumes grow. Therefore, the organization is all carved towards value add it is all about economic value add for our investors and we will not lose sight of that.

Moderator: Thank you. The next question is from the line of Sagar Jethwani from Philip Capital. Please go ahead.

Sagar Jethwani: Most of my questions have been answered. Just couple of questions. Sir, so what is the replacement life cycle of roofing and the flooring? Is there any data available?

Dhirup Choudhary: Roofing at the moment, asbestos roofing is on its 74th year of existence. HIL was all roofing till about four or five years back and therefore it continues. So, there is no need for a replacement honestly. Asbestos the way we handle is absolutely safe, Sagar Ji, and same for manufacturing, same for usage. And we do not see a need for getting worried. Though the risk always is there because some of the countries in the world have gone away from asbestos. A lot of institution in India have gone away from asbestos. So, the risk does hover, but it is not something we should be unnerved in the next 5-10 years at all. But we have worked on the non-asbestos roofing solutions and Charminar Fortune is a product which will stand up and can be made from all our existing manufacturing facilities of asbestos lines if asbestos goes out of the market, and therefore, HIL will be the only company in roofing which can immediately switch within the next three months to non-asbestos if asbestos is a risk. So, there is absolutely no problem.

Parador, as I mentioned, it is not sticking to an existing product that this model or this company works. This company innovate with a revenue carve out of 50% every three years from new product and that innovation, that development, that R&D will continue in Parador and therefore it will continue to churn its product portfolio as the needs from the customers keep changing, and we do not see a problem on sustainability there.

For building materials I do not see a problem at all, Blocks will continue. They were doing very well in class “A” cities. Now they have started picking up in tier two, tier three cities as well. And those markets are growing. And we have seen really how it has grown over the pandemic, because we have charted our complete focus to tier two, tier three, and they are doing extremely well. Panels is all systems and value proposed products. And we have a market share of 67% there in the country. We basically work with the influencers, construction agencies and help them to understand the value for this product. And it is growing fantastically. And it is a very profitable product. So, we do not see a problem there as well.

Pipes is an evergreen product and again, we are into CPVC, UPVC, SWR, pipes and fittings and those are the trend of the day. If PEP or HDPE, or any other pipe model we need to enter we will keep our minds absolutely open and look at the business profile, the ROI, the return on the investments and then invest in this. So we do not see a problem again.

So sustainability is not an issue from an environmental point of view, all our products are doing very well. Asbestos though has a negativity in many minds, but we are very clear how we handle it. And ESG is something we have gone all out this year, and you will see it on annual report. So as an organization, your company is fully focused on keeping the environment's, the people's and its products' sustainability.

Sagar Jethwani: Actually, sir, my question was a little bit different. My question was - what is the average replacement life from the consumers and as in the flooring market. So suppose every six years or seven years that way, in flooring and roofing as well?

Dhirup Choudhary: My apologies on that. Mr Sagar, roofing stays 75 years, we say 75 years because the first products are still living, so you do not have to replace them. For flooring, the trend in Europe so it does not need a replacement. But the trend in Europe is they change their flooring every four to five years. And that is a fantastic trend for us because then the replacement demand continues. And it is not the demand of the product or technology of the product. It is all about having new designs in your own home. So that is the trend.

I do not think building materials can change because you build the house. So blocks and panels stay.

Sagar Jethwani: And secondly, a very small percentage of our promoter holding is placed right now suppose a 5.6%, I think? So, any plans to put it to zero levels?

Dhirup Choudhary: You are asking the wrong person here. You should have been at the AGM. But I will put your question across to the board and to the chairman.

Sagar Jethwani: Yeah. And sir, any CAPEX plan for FY22 any number if you can give FY22 and FY23?

Dhirup Choudhary: Yeah, I had given this earlier in the call. But I am happy to repeat. The CAPEX for this year will be within Rs.125 crore in India, and about €56 million in Parador, including the maintenance CAPEX. And Rs.125 crore includes the East project where Rs.82 crore will be spent.

Moderator: Thank you. The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.

VP Rajesh: Most of my questions have been answered. I just wanted to know, with respect to the pipes side. How the competition is there and how are we replacing some of the current incumbents in that?

Dhirup Choudhary: Mr. Rajesh, welcome to the call. Pipe is a very aggressive market. We know it, we have known it and we had taken a very concerted effort towards fighting all of that. The market is growing about 10%-12% annualized, but we are growing more than 50% for the last two years. So yes, we have to take away the market from other players.

But the good thing about pipes is there are about five, six players and we can name them who are in the top brass Rs.1,000 crore plus revenues and the rest of them with no mean to demean them but are toddlers, they are about Rs.200-300 or lesser in total turnover. So, the brand plays a very strong positioning there, and there is no Birla Pipe in the country.

So, that helps us to get into and being the way retail and distribution, we are continuously growing on that, and that is giving us extra buy to take away market share, if at all that means any, even though we are very small.

VP Rajesh: My second question was actually guided for this year that you will see double digit growth. But on the margin side, given all the volatility you are experiencing in Parador and otherwise, what is your sense, will we be like the margins we see in Q1 or will it be more like last year, so if you could directionally give us some idea on that?

Dhirup Choudhary: Sir, on the margins, it will be very difficult for me to cast the number and I am very transparent, so I would not have stayed away from it. The reason is, as soon as we are able to get the material issue sorted in Parador, everything will be balanced out. So, for Indian context, I can tell you for the businesses in India we will grow, we will grow, and we will do decent margins.

Whether it is higher than last year, last year was a great margin, or lesser or how much growth I think let us wait for another quarter. I will give you those numbers. Parador, just that much. If we are able to sort that out everything is back.

Moderator: Thank you. The next question is from the line of Shreyans from Quest Investment Advisors. Please go ahead.

Shreyans: I just joined the call a little late. So, pardon me if I am asking this again. Just on the roofing side I had two questions. So, from what I understand in the previous calls, you mentioned that roofing business goes through some cyclicality in the sense that every three years there will be two good years and one bad year. So, I am just going through the last few quarters, you know, Q1 FY22 has been good, Q1 FY21 was good.

So, in a way, what I am trying to understand is should we expect that FY23 should be a dull year in some sense? And second thing is you mentioned that we should do about Rs.1,500-1,600 crore in the roofing by FY26 for the $1 billion target. So just back of the envelope calculations, tell me about 10% CAGR.

Now, if I were to assume the cyclicality in the business, so out of the five years, I expect about $1 billion-$2 billion to be a little dull, so that this takes the CAGR will be higher in double digits. And you also mentioned that you expect the roofing business for you to grow in single digits. So just wanted to get your sense on this?

Dhirup Choudhary: Wow, very good question. Thank you so much for helping me with this question, because I can clarify this to you. Do not go by the sentiments of two plus one, two years, good one year bad. Though that has been what we have seen for a decade now. Please count yourself for next year based on the rainfalls of this year, and the cash availability with the farmers and any incentives that the government do. This year again, the rains have been extraordinarily well.

It has been slightly delayed, but it is cool. It is got its share. We are very hopeful that the Rabi, the Kharif and all the crops will be good for farmers to reap by next year. And therefore, I am hoping to have another solid performance of roofing next year. Also, government is paying directly to their banks. They are taking a lot of initiative. I thank the Indian government for taking keen interest on farmers and that is helping our business. So please do not worry about that at all.

Second question is, look, roofing is not asbestos alone. So, we sometimes just be myopic. In my opinion, that is not what today's HIL is. Today's HIL is all about excitement of creating the new fortune by bringing in new products and value-adds using our extensive market reach.

So, we will carve out this Rs.1,500-1,600 crore from asbestos definitely which is growing, as well as from non-asbestos roofing and from many other value added solutions and new products that can go through this route to the rural sector where we are strong from roofing. So, all of that will add to this.

Shreyans: Okay, thanks a lot for that. And just last bit, so, just wanted to understand what is the industry growing at in roofing, just for you to know that?

Dhirup Choudhary: Q1 the market has grown by 18% in roofing over Q1 last year and we have grown at 40%. These are revenue numbers.

Shreyans: And so, just do you think the market has expanded in some sense, because from what we understand is that steel prices have also gone through the roof? So, the differential that used to be there has increased to about 20%-25%. So, do you think this this helps the roofing business in the long term and how sustainable would that be?

Dhirup Choudhary: There are two things that HIL is doing for instance, to help the market grow (a) we are doing good branding activities now and therefore, a perception in the minds of people about good quality, good brand, sustainability and all those things are being done by us. We are the leaders in the market. So, a lot depends on how we also carve out the market. (b) We have come out with colored roofing in asbestos roofing. So that competes with the brightness of colors that steel sheets do and therefore hopefully that part of our creativity will also add to a business expansion and the market expansion. And yes, we have seen last year also, asbestos roofing has grown and this year also in the quarter one they have grown. So part of it is steel, but again, please do not forget that there are certain sectors of markets where steel is always preferred and immaterial of where the prices are, they will still go with steel. So, there is a certain bit of cannibalization that still had done from asbestos, which may be coming back to us because the steel prices are high, but most of it is creations in the market through brands.

Moderator: Thank you. We will move on to the next question. That is from the line of Ritesh Badjatya from Asian Markets. Please go ahead.

Ritesh Badjatya: My question mostly is answered. Just one question. Even our most line of the business are in the growth phase. So just wanted to ask about the management bandwidth? How do we manage certain line or different lines of business so efficiently? And how we take it, going ahead how will you take it?

Dhirup Choudhary: Sorry your line is slightly disturbed. But what I have heard is the management bandwidth and how do they manage this expansion for different lines of business. So, people are the resource it is the biggest effect that I believe, and I claim is in my balance sheet, though it does not reflect there. It is the team, and we are growing the team extensively. We are growing the team both in leadership as well as down the line.

You know, merit is given priority in this organization. Employee engagement is given priority your company is a great place to work for the third year. And this is only the third year we have gone for a certification like that. And we have got the certificate and we are 55th in the country. We have an 86 employee engagement score from Great Place to Work. All of that adds to it. So, we are adding people we are adding you know the spread of people in sales. We are adding plants wherever it is needed. We have added the putty plants, we have added the pipes plants in the last four years.

So, all of that is a continuous effort. If we get suffocated on management bandwidth, we will never be able to do. I confidently say I do not work. It is the team that does it. And I am proud of this team. So that will continue that way. Believe me, without people, HIL will not be able to achieve what it is doing.

Moderator: Thank you. That was the last question.

Dhirup Choudhary: Okay. Thank you very much. It has been a pleasure interacting with all of you over this call. We thank you for taking time out and engaging with us today. We value your continued support and interest in your company HIL. If you have any further questions, we are transparent, we are open, and we would love to discuss all of that with you. Please reach out to our investor relationship desk. Thank you very much. Stay safe. God bless you.