

Date: June 23, 2020

To The Department of Corporate Services –CRD Bombay Stock Exchange Ltd P.J.Towers, Dalal Street MUMBAI – 400 001	To National Stock Exchange of India Limited 5 th 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 May 27, 2020.

Ref: Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

In continuation to our letter dated May 22, 2020, Please find attached the Transcript of Analyst / Investor conference call held on May 27, 2020.

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

G Manikandan
Company Secretary &
Financial Controller.



HIL Limited

Q4 & FY20 Earnings Conference Call Transcript

May 27, 2020

Siddharth Rangnekar: Good afternoon ladies and gentlemen and welcome to HIL Limited's quarter 4 and annual results conference call for investors and analysts. Today we have with us, Mr. Dhirup Roy Choudhary – Managing Director and CEO of the company, Mr. KR Veerappan – CFO, Mr. G. Manikandan – Company Secretary and Financial Controller and Mr. Ajay Kapadia – Head, M&A and Investor Relations. 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 regard 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. Over to you, Dhirup.

Dhirup R. Choudhary: Thank you very much, Siddharth. Good afternoon to everyone and a warm welcome to our Q4 and FY20 results conference call. I thank you all for taking out this time to join us on this call.

Q4 has been a tough quarter for the entire world. With the COVID-19 pandemic bringing industries to a halt, disrupting supply chains and even changing work cultures across the world, many companies have had to quickly adapt to an uncertain period. Economies around the globe have been severely affected by the prolonged lockdowns leading to both supply and demand disruptions which are likely to impact the business in the year ahead.

In these extraordinary times, the CK Birla Group and our company stand firmly behind our fellow countrymen with a host of measures to support them.

As we speak, there are multiple cross functional teams in the background already working with the vendors, customers and employees in order to support the community. Just to quote a few examples, we have distributed in-house developed hand sanitizers and supplied rations to many. CK Birla Group has contributed Rs.35 crore of which HIL has contributed Rs.3 crore to the Prime Minister Care Fund for the service of the nation and fellow countrymen. Many of our employees have willingly donated their one-day salary which we had used to provide financial support to plumbers, masons and carpenters.

India had been facing some headwinds even before the lockdown which has impacted the demand. Furthermore, our prolonged lacuna in activities will hit the economy hard especially the real estate sector. Migrants of workers and non-availability of entire workforce are continuing to pose ongoing challenges for logistics and manufacturing. Change in spending patterns of the consumers may

further impact the business scenario. The world may not be the same after this pandemic is controlled. Price corrections in all sectors are inevitable with abnormal mismatch of demand and supply as the consumers across retail, corporate and residential pockets hold back their spends. We estimate this impact to last more than just a couple of quarters as we all get used to living with this virus.

However, amidst all these unprecedented challenges, your company is doing everything it can to minimize the effect of the current situation on the business by emphasizing on maintaining margin and profitability. We as a team have taken a pledge to be innovative, agile and bold and convert this challenge to an opportunity for us, opportunity to rethink, to reimagine and to reconstruct our business model. In this regard, we have formed 10 work streams with clear charters towards the common goal of protecting profitability and people's health.

Our organization has made a day zero plan way back in March to come alive as soon as the relaxations from Governments were available. As we have notified to you, we have received government's permission and resumed manufacturing of all our plants with full compliance to MHA and local district office guidelines. Post the relaxation of lockdown, the biggest challenge for most manufacturing players was to retain their workforce as many of them were migrating to their hometowns. We at HIL have provided utmost care and financial support to them during the lockdown period. The human safety net has been expanded to them and we have taken all actions to hold them back. Hence our plants have started with minimum effect.

Our R&D team is relentlessly working towards improving the product quality and cost. Some further changes are being undertaken to make the non-asbestos roofing products even more robust, efficient to make and stronger in its application. We will be able to discuss all of this very soon with you.

Monsoons are expected to be good this year again, so we anticipate the demand to increase for all of our roofing products. We continue to face problems related to fibre cost that we are importing from Russia and Kazakhstan. But our R&D team is working tirelessly to reduce the fibre content in our products and bring down the cost. With the rural sector holding up, the demand has been good this quarter. Since the opening of our plants, the roofing solutions category has sustained really well in last one month. Notwithstanding the fact that we have lost more than 20 days this quarter, we are very hopeful to post decent results in this segment under the current circumstances.

Building and polymer solutions are witnessing severe headwinds of a prolonged real estate slowdown. Our businesses for these segments are primarily focused on big cities. With the COVID-19 impact, many of these cities have been declared as red zones. Birla Aerocon is a segment leader and has given us strong results time and again. Our sales team has converted this crisis to an opportunity by focusing more on greener zones and bring back businesses from new customers with better terms and realizations. These businesses have reached 40 to 50% scale and expected to get back on track once normalcy sets in.

We have handheld Parador to strengthen the sales, explore e-business, furthered government supports and banking connects and the results are in front of you. Yet another Parador proves to be a great addition to our portfolio. As expected, it has brought the strategic transformation for HIL in global market while giving us an entry to the flooring solutions business. Even during COVID-19, despite Europe being one of the worst hit geographies, the businesses has hardly been impacted in Q4.

In the parent geography of Germany and Austria where we normally sell 50% of our revenues, we modified our sales approach through DIY and e-business where we safely provided the deliveries and the customers took responsibility of

installations themselves. It worked very well and helped us maintain momentum during tough times and the Parador business is holding up very well this quarter. A lot of actions have been taken to expand the sales and we hope to see the results in geographies like China, Spain, France, UK, North America, Nordic countries and so on in the coming quarters.

At HIL, we have a lot of confidence in our products and offerings and we are certain that we will bounce back even stronger when this pandemic situation passes. We are working hard to convert this crisis into an opportunity and have redefined all our costs by adopting zero based plan model. We are reimagining the organization towards the lean and efficient model. Digital support is being taken in many dimensions to enhance efficiencies. We are implementing end-to-end connect, connected digital shop floor IoT 4.0 across many of our plants that along with integrated robotic process automation will help us reduce cost. Strategically, we are pausing our big budget advertisement and promotional spends this year and utilizing digital media effectively to enhance customer centricity and connect. We have also deferred our initiatives to augment capacities to such times that we see normality in the trend.

Over the past few years, we have steadfastly tightened metrics of trades and as a result, our balance sheet stands stronger. An enhanced cross border cash flow management have helped us to strengthen company's sustainability during this period. Digital connect through lead generation and lead management portal mapping greener pastures through heat maps are promising good results. 60 to 70% of our business solutions and building polymer solutions are now focused towards greener pastures which are showing strong promise to better NSR. Grass-root district planning and mapping of secondary and tertiary are showing encouraging results in these testing times.

Our emphasis on team and career building for our workforce will continue. They remain the cornerstone of our progress. In this context, I am happy to share that HIL has been awarded with Great Place to work for second consecutive year by GPTW institution. Your company was ranked amongst the 30 of India's best work places in manufacturing 2020 by GPTW.

As I conclude, I wish to underline that your company has shown great resilience in these difficult times. We are building a potent global organization having a diversified product portfolio with a good mix of growth opportunities under renowned brands. Compared to 3 years back, the risk profile of your business has been transformed for the better and we will continue to further augment it. I hope that with our determination, dedication and discipline, we will emerge even stronger at the end of these testing times.

Thank you very much for your patient hearing. I would now like to hand over the discussion to my CFO, Mr. K. R. Veerappan to take us through specific numbers.

KR Veerappan:

Thank you, Dhirup. Good afternoon ladies and gentlemen and thank you all for joining us on the call today. I would like to take you all through the financial and operating highlights of the business during FY20.

The roofing solution business de-grew by 16% year-on-year on account of a difficult year with a slowing economy. The building solution segment de-grew by 1% whereas polymer solution segment grew at 9% amidst challenges faced in the real estate sector due to the lockdown. Our strategy of cherry-picking orders have proven effective and helped us in boosting our profitability. As Dhirup mentioned, we emphasize greatly on cost reduction and enhancing margins and that has delivered such consistent performance during the whole year. We continue to have one of the highest profitability in the industry.

In the first full year of acquisition of Parador, we have put adequate attention towards smooth cultural and financial integration between us and our subsidiary. Our next focus was on enhancing profitability and sales. Operational excellence using Six Sigma and Lean Manufacturing practices have rendered towards cost reduction in Europe which in turn has helped improve profitability at Parador significantly. An impactful improvement in operating margin of more than a couple of percentage points can be appreciated in the year end results.

Consolidated EBITDA came in at Rs.271 crore as compared to Rs.282 crore last year. The consolidated PAT stands at Rs.106 crore showing a 5% increase over the last year despite complete washout in last few days of March in India.

We have prudently reduced spends on marketing and advertising in FY20 to a total of Rs.34 crore as compared to Rs.44 crore in FY19.

The focus on working capital continued during the year and the long-term borrowing at HIL India was reduced by Rs.75 crore during FY20 and at the consolidated level by Rs.43 crore. The debt to equity of the company has been maintained below 1.

We remained committed to maximising the returns of our investors through improving profitability and sustainability of HIL. Our consolidated EPS came in at Rs.142 and was up 4% year-on-year compared to Rs.136 last year.

In view of lockdown due to the outbreak of COVID pandemic, the operations of the company were shut down for second half of March 2020. Ration of this lockdown is uncertain at this point of time. However, the company has resumed its operations in compliance with the directives issued by the government authorities. While this has impacted the sales performance of the Company, we are closely monitoring the situation and have taken all the necessary actions with scale up operations in due compliance with applicable regulations.

We do not foresee significant impact on the carrying amounts of inventories, intangible assets, trade receivables, investments and other financial assets and we continue to monitor changes in future economic conditions. Cash is king during lockdown and we were successful to secure loan from bank in April to ensure sufficient liquidity position. The collections were good in later part of April and in May and we have sufficient cash balance with us currently. As mentioned by Dhirup earlier, various cross functional teams have been formed and the teams have made a charter for themselves to prepare for worst-case scenario. Objectives of the teams are to maintain liquidity, profitability, customer and vendor connect and employee connect and monitor people's health safety. You may be rest assured that your Company is committed to convert this crisis into an opportunity. With this, I would like to conclude my opening remarks. I request the moderator to open the floor for questions.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Amit Vora from PCS Securities. Please go ahead.

Amit Vora: Congratulations on a good set of numbers, especially on the Parador front. It is very good. Can you just throw some more light in terms of what has changed and what exactly was in your favour for this strong performance?

Dhirup R. Choudhary: Ever since we took Parador, we were committed that unless and until the cultural integration works well, everything can fail, and I think that was the first very impactful achievement that the team achieved. There is a full coordination amongst both team and there is a trust and transparency that has been built. Financial

integration was the next bit and I think that has been done extremely smooth by our finance team and their finance team. We have now got both the same auditors, KPMG doing the audit at both the sites. So that also helped us in the process. The third was focusing then on the business, we clearly knew while we were taking Parador that there was an upside possible on the profitability and definitely we had to work with them towards scaling their sales in different parts of the markets. So we dedicated ourselves towards improving the profitability at the first instance while we build the sales organization. Let me talk about the profitability first of all. We have introduced Six Sigma and Lean Manufacturing, we have worked together with them in trying to get the prices out from the suppliers by doing a cross border supply chain and that has improved all of it together, the inventories have come down and the profitability has improved in the organization but a part of it also comes from the sales.

We have built the sales organization in Parador, we have brought in the new sales director as we have promised to you. The gentleman is online now and he is working very aggressively with the team. We have gone across and set up partnership in Nordic countries already. China joint venture was anyway there, it has come under a bit of a set-back now because of COVID as you all know but, however, the business model is absolutely robust. Whatever was invested has already been returned back, so basically we are losing nothing there in China. The brand has been created, 42 new retail shops are being created. Part of the business, we were trying to secure already before the COVID and we are very hopeful once things stabilize in China, this will again go scaling up.

We are also looking at different countries to increase our sales from them and in Germany, specifically we have gone for e-business. E-business was not a forte of Parador and certainly it is not the forte of many other flooring companies there. While Germany has been hit real bad because of COVID, what we have been able to achieve is the e-business settled down since last year and this was more a push from our side but it has really worked very well with Parador. DIY chain was another setback we did, we changed the regional head of Germany and brought in the new guy who could enhance all of this for us and while German market has been de-growing to about 3 to 4%, Parador is growing more than 10% in Germany, so whilst the German business sales only to about 50% revenue earlier, today that is giving the most impactful business during the closedown and as you know German people normally do the rehabilitation and rebuilding of the houses during these lockdown and that has helped in advancing this business. Overall, a model which is relying on people, on sales, on profitability enhancements and for looking at continuing the production even during tough times.

Amit Vora:

That is very helpful and credit to your team for putting up that performance, a follow up on this is that as we have gone into the first quarter in FY21, how have you been seeing the changes? Is that the pent up demand in the Indian operation and even at the European operation getting started to fill in and how are you seeing this trend right now?

Dhirup R. Choudhary:

Amitji, first of all as I said in my opening remarks, we had done a fantastic planning of day zero and day zero was a special plan that HIL made wherein each factory that we have, we have 20 locations, each of them prepared as though they are going to start tomorrow and therefore what is the inventory levels of finished goods or raw material or work in progress, how we will manage the workers around the factory, how we are going to manage the transporters and labourers, all of that was planned, therefore as soon as the government gave us permission to start the operations and you know that our product was not given an approval straight away, in bits and pieces we started but with total compliance with the government and we have been able to start up the roofing segment which is the most important segment during this time because this is the season from 20th April itself, so all the inventories

that were at different places in godowns and everything was taken stock of and as and where there were green zones approvals that we were getting, we started dispatching these materials and it augured very well for ourselves. I would say, April the last 10 days has been miraculously good for us and even this month till now, it is holding on extremely well from roofing segment and that I believe is the strength of HIL. We have bounced back very soon. Of course, the building material segment and the pipe segments were mostly dependent on big cities and real estate that has got a severe setback and yet to start honestly. So the team, while sitting at home, during the lockdown has revamped the complete country map and looked at greener pastures and looked at customers' profile. They had got the heat map done through digital route and what we have been able to achieve is about 60 to 70% of the revenue of building materials and pipes are now coming from new customers in greener zone. These markets have started decently. We are at the moment has about 40-50% of last year in these businesses, Building Materials and Polymers. Polymers, we are doing better than last year but I am very hopeful that all of that will start to pick up very soon.

Amit Vora: Just one more thing, on the roofing segment, how are we during these 10 days of April and in the month of May, if it is okay for you to answer that?

Dhirup R. Choudhary: As I mentioned Amitji, last 10 days of April has been very good for us. We have started from day one in pockets where we could, and it started well for us. The realization is far better than last year and definitely demands are shaping up. I think there is cash in the market, so collections are also good. Our penetration and our brand has really hold us to reach to deep pockets where there is a possibility to sell and therefore I would say I am very satisfied with the roofing segment progress so far in this quarter.

Amit Vora: Just one thing, as we are speaking, all our plants are operational and there is none of the plants which are kind of still in the shutdown mode, is that right assumption both in India and Europe?

Dhirup R. Choudhary: All our plants are operational; we have got the approvals from all factories and we are operational both in India and Europe. German plant has been continuously working even during the lockdown in India. Austria has been slightly slow because most of the product of pure wood that is made in Austria goes to rest of the world and the rest of the world had completely paralysed but it has picked up, now it has started again. We have never closed the factory, but we were working on small gaps.

Moderator: Thank you. We have next question from the line of Baidik Sarkar from Unifi Capital. Please go ahead.

Baidik Sarkar: In the context, a great set of numbers for Q4. Couple of questions. The beat in Q4 for Parador especially was very encouraging and great to see the show from Germany, but obviously Spain and the rest of the European markets, we know, have been under a lot of strain. Could you just give the sense of how they are doing comparatively on a Y-o-Y basis and realistically net of cost control initiatives in Europe, what do you think is the best case earnings impact that one should expect for Q1 of this quarter?

Dhirup R. Choudhary: I understand your question is primarily on the Parador, so let me say Parador is holding up very well. There are severe headwinds on the international business for Parador because the rest of the world has collapsed and it is slowly picking up in different places. Even in Europe we would say the main market was Spain, France, Italy, UK which was collapsed for major part but what they did is they have done exemplarily well in Germany and when the other manufacturers were not able to supply, we have got benefited. Therefore, as I said, the plant has never stopped

while our inventories are coming down and that should give you a good symbol that the revenue is really picking up. I am definitely looking at the next 3 months to be weak in Europe because it will normally be, not for COVID, because of the summer. Summers are normally weak periods in Parador and it is going to shape up from September, but I do not see that the impact will be severe because we are still holding on to the orders as we talk about this.

Giving you a judgement on how the year will close, I think it is very difficult for me to make an assessment how COVID is going to span out. Though we are staying positive, we have taken a lot of cost reduction drives in Parador as well. There is no increment to people, no recruitment, no CAPEX except for maintenance CAPEX that we are doing and we are holding on to our cost through much dearer. Even the employees whom we can release for short time, there is a short time work which is allowed in Germany where the government pays them 60% salary and we don't have to pay them. So those are all being utilized wherever in pockets we can to save cost.

Baidik Sarkar: In your opening comments, I think Mr. Veerappan referred to what Rs.34 crore in terms of Advertisement spent for last year. Is it fair to assume that number will be completely nullified this year and if you could in a way hard core other cost initiative programs that you have taken this year, it will help us understand your OPEX in perspective?

Dhirup R. Choudhary: Yes, absolutely right, you are absolutely dot-on on the marketing spend, we are going to do as minimum as possible. Rs.34 crore was last year, this year should be substantially lower than that. We will only do the BTL activity and where the point of sales is needed. So for us other cost as Veerappan and I both said, we are going at zero based costing model. That means we have looked at every decimal of the company cost, both variable and fixed, and we have looked at every possible opportunity to reduce the cost. We are also looking at rethinking the organizational model which means that how to combine various departments and consolidate the organization, all of that is being talked off. You can be rest assured that there are 10 teams working on this and you would see good results coming from HIL under the present situation.

Baidik Sarkar: Mr. Choudhary, in your statement on the TV last week, there was a comment on deleveraging if I could request your thoughts on that as well. I understand the cash from Hysil is yet to come in. So as and when that comes in, net of capital gain is about Rs.65-68 crore what was the outlook in deleveraging for next March please?

Dhirup R. Choudhary: I think the total long term debt that sits on our balance sheet is about Rs.494 crore as on March 31st and out of this, about Rs.215 crore sits in Indian book and that is our prime focus because the other part is in Europe with absolutely close to zero interest. We are planning to repay majority of this portion in India this financial year.

Moderator: Thank you. We have next question from the line of Ritika Gupta from Aequitas Investment. Please go ahead.

Ritika Gupta: Good afternoon Sir and congratulations on a good set of numbers. For the roofing segment, can you tell me currently at what capacity are we operating?

Dhirup R. Choudhary: Roofing is fuller, 101%.

Ritika Gupta: And what is the price differential between us and our competitors?

Dhirup R. Choudhary: We normally are up on prices. We are the best brand in the country and because of our excellent network, customer connect, we always get a price premium in the

market. So we continue to get that price premium. It is anywhere between Rs.7 to Rs.8 right up to Rs.20 per meter.

Ritika Gupta: You mentioned even that the fibre prices are a challenge right now, is fibre availability is also a challenge? And what are we doing regarding fibre prices and how have they moved since last quarter?

Dhirup R. Choudhary: The prices of fibre last whole financial year have been a severe challenge for us and I think the comment was from last year's results. The availability of fibre is absolutely not a problem. It was only on the prices because it was the Russians and the Kazakhs who had the sole agreements of supplying because Brazil had come to a halt. Even though the Brazil Supreme Court has not given them approval for mining, there was a bit of fibre left with them as a finished good. So we have negotiated and I guess we will be able to get most of it if not all from Brazil that should bring down a bit of our fibre cost. I can give you the numbers in the next meet once we have confirmed our deal but that together with de-risking that the R&D is doing in way of lesser and lesser fibre impact in our product, I think overall, we should be able to do better than last year on the prices.

Ritika Gupta: And sir, regarding Parador, have you received any Government aids from Germany?

Dhirup R. Choudhary: The Government of Germany is very progressive towards supporting the industry; They are paying the workers who are being sent home for short time and the company doesn't have to pay and this we can do right up to 6 months. We don't need it because the plant is well running up but wherever that is needed we have done it. For instance, we have even used it for our sales colleagues. During the serious lockdown that Germany and also even today, many of the sales do not have a face to face work, so we are utilizing all bit of that. Further, the government has decided that they are going to support industries which have made profit in last 3 years and support them. So Parador is one amongst them and therefore Parador will continue to get any support that is needed, whether it is the postponing of their county fees, postponing of their tax pays or the bank is also looking at possibility of giving them a loan if they are needed from a cash flow standpoint. So I think from all angles Parador is taken care of by the local government to a great extent.

Ritika Gupta: So what are the kind of benefits that Parador has availed? Have we availed the lower tax rate?

Dhirup R. Choudhary: No, it is not the lower tax rate, it is basically deferment of tax. Yes, we have availed.

Ritika Gupta: Did we even avail it in Q4?

Dhirup R. Choudhary: No, we didn't and then the other thing is the short time work which is basically we are sending home people whom we don't need. So even for a day, we can send them home and bring them back next day. That is the process that the government has done, so that we don't have to let go the people and they have their jobs and we have the continuity. That is being availed in Austria to a great extent and also in Germany.

Moderator: Thank you. We have next question from the line of Devansh Nigotia from SIMPL. Please go ahead.

Devansh Nigotia: Sir, in our polymer solution, can you elaborate on the split between pipe and wall putty for this year and for the quarter as well?

- Dhirup R. Choudhary:** Devansh, we are almost at 60-40% between pipes and wall putty or may be 55-45% and I think that percentage will continue this year as well.
- Devansh Nigotia:** And since because our commentary is continuously that it continues to face headwinds because of the real estate sector, so would it be right to conclude that we have low exposure to agri pipes?
- Dhirup R. Choudhary:** We do not make agri pipes, Devansh, so that is something that we have not got into. The profitability margins there are extremely low and there are quite a few players, so we haven't really looked into that. But as I mentioned over last year same period at the moment, as I said, we are doing better in pipes, so we are hopeful that this business will really shape up this year.
- Devansh Nigotia:** And from post, we have started reviving and selling pipes in green zone. So how is the response from the ground? I mean if you can just throw some light on that?
- Dhirup R. Choudhary:** About 60-70% business is coming from new customers, so that can give you a call that we have been able to plan very well. The heat metrics that we have done, we are tapping on the demand metrics at the greener zones, the new projects and everything. Even e-business platform is being looked at by HIL in a similar way and technical sales department has been created which is looking at that to work with the project even before they are posted. All of that is supporting us. I think we will try to make the best of it. I can tell you that the prices are better and the terms of payment are certainly better.
- Devansh Nigotia:** The asbestos prices, it is what is impacting our GP margin on standalone, if it is at the right direction?
- Dhirup R. Choudhary:** Yes, asbestos raw material peaked the roof last year and there was a huge, about 20% increase was there in the price previous to last year versus last year. We are hopeful that the price won't improve any further and definitely, we are trying to de-risk ourselves through some quantities from Brazil as well as by we working on our designs to use the fibre lesser and lesser.
- Devansh Nigotia:** And in terms of end product price, are we looking because even the situation is difficult on the ground, I think even price increases look really difficult. So I mean how are we really looking to expand GP margin or probably, would it be right to say that improving the sourcing mix is the only way to improve it or what was your comment on this thing?
- Dhirup R. Choudhary:** So I think we were very clear even last year that there is very little we can do on the material cost because cement is dictated you know by whom and then we have fibre is getting into a bit of a sticky position, so we knew that we had to do much more at the front end at the sales. We have mapped 520 districts in the last 6 months and we have gone into grass root level, we have looked at each retailer, so rather than pushing the material from distributors as we used to do earlier because our brand was very well recalled, we are now looking at pull from the retailer and that has helped immensely as we see after the COVID situation once we start with the business. The business is on a roll because of that and we are also getting plus 10% or more as a raise in NSR, so that has also helped us in every way.
- Moderator:** Thank you. We have next question from the line of Abhijit Vora from Sundaram Mutual Fund. Please go ahead.
- Abhijit Vora:** Sir, my first question is, if you can help understand how the consolidated debt will move in FY21 and some colour on how the operating cash flow as well as asset

sales will help reducing this debt level, both standalone and consol if you can just clarify?

Dhirup R. Choudhary: Both are very difficult question Abhijitji, you would know because giving any projection at this stage is a very difficult task for any management or any company but we still try to do the justice. On the debt, Veerappan, can I ask you to come in please?

KR Veerappan: Yes Dhirup, I think Dhirup had already mentioned on the debt in one of the questions earlier. Right now, the consolidated ~~debt of~~ long term ~~debt~~, we have 31st March is at Rs.494 crore of which Rs.215 crore sits in Indian books and Rs.279 crore in Parador books. It will be definitely substantial in excess of Rs.100 crore will be repaid during this year and by end of the next financial by March 31st, the Indian debt portion would have come down significantly and Parador as per the normal instalment what we are paying that would have come down which will be around Rs.35-40 crore. So this Rs.494 I don't want to give a number but I would expect this will be in the range of Rs.350 crore.

Dhirup R. Choudhary: On the profitability of the Company, that is your next question Abhijitji, I can tell you that roofing has started well. I don't know how long does it last, but has started well definitely. Productions are going on full swing as we speak and there have been severe problems that the factories have faced in bringing in labour. At this stage also, there are many plants where only 50% of the labourers are allowed to work but we are doing everything that is possible under our norms to do it as per the Government rules. Roofing is standing up very well. Building solutions and Pipes as I mentioned, Building solutions is about 50% of last year at this stage and Pipes is doing better than last year at this stage and we are hoping that real estate somewhere or the other will creep up, so that some portion of our old customer comes back to us. At the moment, the business is coming through new customers, but we are looking at exciting our business model towards providing COVID centers wherever the Government is building or labour hutments wherever they are building, so that we are able to quickly assemble it for them. Roadways, a lot of projects are happening and there again labour hutments are getting created, we are looking at that. We are diversing our efforts fully and constructively towards healthcare as well as the COVID centers, so that we are able to get the mileage from greener zones. I believe that is something which will happen but the next couple of quarters would be taken in building solutions, if you ask me, to come back to where we were while we will strive to do it even earlier. Parador is still sustaining slightly lower than last year but it is still sustaining well.

Abhijit Vora: Sir, just one question on Roofing Solutions. You mentioned that from Brazil you are trying to get some raw material. What portion of your raw material can be met through this particular inventory in Brazil? The second question is, you also mentioned the pricing is not expected to go down, is that for you or in the industry? The pricing of asbestos

Dhirup R. Choudhary: When I said the pricing won't go up what I meant was for the fibre prices from Russia and Kazakh. I hope that it doesn't go up further this year because they have already peaked last year. That is my understanding and hope as well. Brazil, we are still negotiating, we will get back to you next time that we talk around same time, we will give you the exact numbers. But on the profitability of SBU-1 which is our roofing segment, definitely we are trying our best to get a little better price realization from the market as I mentioned, to live up to the bottom-line pressures.

Abhijit Vora: Sir, Q1 is the most important quarter, right, for HIL because roofing solution, I think it is a seasonal product. So if the profitability were not to pick up in Q1, even if it improves for the rest of the year, it will not sort of support the profit margins for the entire year to the same extent which is very critical for our understanding? We

wanted to understand how much will it contribute in Q1 itself? It doesn't look like so soon it will be contributed that is the bottom-line.

Dhirup R. Choudhary: Abhijitji, as I mentioned, I talked of all the three businesses separately but if you are talking about roofing, let me tell you, we have a clean 20 days washout that has happened, neither you nor I could help that. But soon after that the business has made all impactful actions to get the business back and as we speak to you we are doing rather well in roofing. So hopefully for the balance part of the quarter, the business will stand really good and I am hoping that the range get a bit deferred, so that the season extends to half of July. If that does we will be really advantageous.

Abhijit Vora: On PVC segment margins, there has been a little bit of volatility. I understand that you mentioned revenues are doing quite well and it is still holding up. Can you help understand if EBIT margins are also started improving and what was the issue in Q4? Has it got sorted in the pipe business?

Dhirup R. Choudhary: For this business, EBIT will not be the right perspective because there is a heavy investment and therefore depreciation is very high. We are focusing more on positive EBITDA and enhancing that and there I can tell you polymer solutions is making positive EBITDA and we are hoping that to continue amidst all the seriousness of volatility of products, raw material as well as the market.

Moderator: Thank you. We have next question from the line of Manish Poddar from Nippon AIF. Please go ahead.

Manish Poddar: I am just trying to understand the net debt number as on FY20 end?

KR Veerappan: the total debt was Rs.743 crore both long term and short term together and we have Rs.100 crore cash, so consolidated level net is Rs.643 crore.

Manish Poddar: And can you explain the bridge which you just mentioned that you will bring down the total debt by Rs.350 crore, so how does it match?

KR Veerappan: I talked about only long-term debt. There is also a short term working capital borrowing. This will be based on the business quarter to quarter that will vary. What we have focused on reducing the long-term debt.

Dhirup R. Choudhary: Manish, if I can take your question what Veerappan is trying to say is we have a long-term debt of Rs.494 crore as on 31st March 20 and out of that Rs.215 crore is all that sits in India, the rest is in European books in EURO and there we are not really very worried about repayment because that is an average of 1.8%, so that will go on its own from Parador's profit. The Indian debt is what Rs.215 crore long-term debt which we are at the moment focusing to repay and majority of that we believe should be repaid this financial year.

Manish Poddar: Is it still you are trying to say that roughly Rs.200 odd crore debt reduction on the long term part will happen in FY21?

KR Veerappan: Rs.150 crore, excess of Rs.100 to Rs.150 crore should happen.

Moderator: Thank you. We have next question from the line of Dhananjay Mishra from Sunidhi Securities. Please go ahead.

Dhananjay Mishra: First of all congratulations on decent quarter despite all challenges. Sir, just a follow up question on roofing side only, when you say now after 20 days of loss, we are

doing well. You are saying you are doing well compared to last year or because this is peak season, so matching the last year volume or what?

Dhirup R. Choudhary: So doing well Mishraji is always with respect to last year. That is how all investors and even the management looks at, so definitely we are doing well on that perspective plus the prices are holding on and that is where I said doing well means revenues will be good and profits will be good.

Dhananjay Mishra: So can we achieve last year volume number in terms of roofing segment in this quarter?

Dhirup R. Choudhary: It would be a difficult task because 20 days are lost, right and to make up, we have not only lost the sales but we have lost the production in 20 days and you know roofing segment needs a 15 days of drying of products. Therefore after 15th June, whatever you make really doesn't count in the quarter's revenue. So effectively you would have lost 20 days in April and 15 days in June which is normal. That means almost a month washout. We can't make up the whole month in a quarter.

KR Veerappan: Dhananjay, doing well is like to like. It means we need to compare like to like period and what we are saying is like to like period, we will be doing better.

Dhananjay Mishra: May be May and June you are doing well, month to month basis you are doing well

Dhirup R. Choudhary: Absolutely, you are right spot on now Mishraji.

Dhananjay Mishra: And one more question, can we expect some pickup in demand in this Roofing segment due to this migration happening for workers and they may require building homes in their rural areas?

Dhirup R. Choudhary: Yes, answer is yes Mishraji. Absolutely the demand should pick and is doing well, I must say. At the moment, the question is how much can we supply.

Dhananjay Mishra: And also this MGNREGA thing may also help.

Dhirup R. Choudhary: Yes, absolutely and the Rabi crop has been good. The cash is in their hands. There are lot of things that government is doing around that. I think farmers are one community which would be doing well and we should take that benefit in our business.

Dhananjay Mishra: And sir, in building segment we are saying 60 to 70% customer is new. Are you talking about contractors per se, right?

Dhirup R. Choudhary: In that newer zones, yes. We are talking about the new zones, the green zones. Because primarily we had been focusing on big real estate and commercial activities, now we are going to the Tier-2 and Tier-3 cities. So that is the new customer I am talking about.

Dhananjay Mishra: You are requiring new contractors, building sector contractors, right?

Dhirup R. Choudhary: And builders in their own rights in the Tier-2 and Tier-3 cities. That is right.

Moderator: Thank you. We have next question from the line of Siddharth Rajpurohit from JHP Securities. Please go ahead.

Siddharth Rajpurohit: Good evening and congratulations on your efforts fructifying in Parador, Sir, on Parador, I just wanted to understand what is the utilization level now?

- Dhirup R. Choudhary:** Siddharthji, the utilization today if you ask me is a very difficult question because naturally COVID has had its impact on Parador. Let me explain you this way, the sales of Parador before COVID, 50% was from Germany and Austria and the rest 50% was divided into 25% from the rest of Europe and 25% from the rest of the world. As you know, due to COVID, rest of the world has come to a full stop almost. US is not buying anymore. India you know what is the situation. Australia has come down. China has come down immensely. Middle East has come down immensely. So that will take its time to come up. Now, we talk of Europe, the 25% which went into balance of Europe, then you had the Spain, Italy, France and UK, all impacted by COVID. That has now started, but the 50% volume that we used to get from Germany has definitely gone up and therefore we are holding onto closely about 90% of last year's volume already in revenue and Parador, I think that at the moment, it is really outperforming than our own expectation. That is all I would say.
- Siddharth Rajpurohit:** Sir, I think this is for this quarter, I think you have given the guidance. Just wanted to understand for Q4 what was the volume growth and utilization, Q4 to Q4?
- KR Veerappan:** We have grown by 7.6% and the utilization level is a little bit above 70%.
- Siddharth Rajpurohit:** And do you have any currency translation benefits also in the month of March?
- KR Veerappan:** In the month of March, yes. Last year also we have brought 5 million what we had hedged and there is a currency translation. Yes, there is a currency translation on closing conversion also.
- Siddharth Rajpurohit:** What will be that impact in EBITDA sir?
- KR Veerappan:** It will be around Rs.6 crore in the last quarter.
- Siddharth Rajpurohit:** In Q4?
- KR Veerappan:** Yes.
- Siddharth Rajpurohit:** And sir, we have actually reached a very good margin level in Parador, not say Q1, Q2 also I would like to discount even in this situations which are uncertain, although Germany has done a very good thing on COVID but sir, how do you see, what is the sustainability of this margin sir which we have achieved in specifically Q4?
- Dhirup R. Choudhary:** I will answer this question if you permit on two dimensions. One, if COVID had not happened, we had taken all actions to explore the rest of the world as well in a significant way. We had looked at joint ventures in many countries other than only China and we had got the sales team in place. I think that was our right way of moving Parador and we were very much on track. COVID has definitely put a break to the rest of the world as you know and the impactful significant break in many of the parts of the world. So we will have to wait and watch how that happens. In the meantime, we are extremely lucky and I use that word knowingly that we have put in the e-business in place last year and also attached ourselves big way into DIY and gained on our competency to do individual shipping from our factory to the consumers and that has helped good. So, I would say coming to Q3, if COVID situation has improved by then, we will see Parador thereafter not looking back.
- Siddharth Rajpurohit:** The long term guidance of say 7 to 8% top-line growth could be maintained after first half and second half onwards if things normalize, it could be maintained?
- Dhirup R. Choudhary:** I can't tell you first half, second half because I really don't know how to look at COVID but definitely as things normalize, that is a very good estimate that you are doing.

- Siddharth Rajpurohit:** And in margins, it would definitely be better on normal scenario better than what was there in say FY19?
- Dhirup R. Choudhary:** Absolutely yes.
- Siddharth Rajpurohit:** Margin wise we have stabilized, so is there a scope still in your calculation?
- Dhirup R. Choudhary:** To still improve it?
- Siddharth Rajpurohit:** Yes sir.
- Dhirup R. Choudhary:** Absolutely yes. As the utilization of the factory will improve, the margins will improve significantly as you know. Since the element of cost in European countries is manpower and if you have to put the spread that over a bigger pace, your margins will improve. That is exactly what we want to do. That is where the whole intention of building the sale in a much more pragmatic way to reach out to bigger geographies, yes you are right sir.
- Siddharth Rajpurohit:** And we have done CAPEX also sir in Parador during the year?
- Dhirup R. Choudhary:** Of course, we have done, I think about.
- Siddharth Rajpurohit:** Rs.57 crore?
- Dhirup R. Choudhary:** Veerappan about EUR 3 to 4 million?
- KR Veerappan:** yes that is right, it is EUR 3.8 million.
- Siddharth Rajpurohit:** EUR 3.8 million, so Rs.40 crore plus?
- Dhirup R. Choudhary:** Yes.
- Siddharth Rajpurohit:** Because the difference between standalone and consolidated CAPEX is Rs.57 crore, so I thought that will be the CAPEX in Parador. The purchase of assets on consolidated is somewhere around Rs.118 crore, standalone is Rs.61 crore, so I thought the difference Rs.57 crore will be the CAPEX in Parador.
- Dhirup R. Choudhary:** We will get back to you Siddharth offline.
- Siddharth Rajpurohit:** I will take that offline.
- Dhirup R. Choudhary:** Exactly, EUR 3.8 million that was spend on CAPEX in Parador, I confirm that.
- Siddharth Rajpurohit:** And how is China shaping now sir, any updates?
- Dhirup R. Choudhary:** No, I don't think it is shaping up well at all. It will take its time. Give it time but we are well poised as I said 42 new points of sales have been created, the retailers have been spread, digital, road maps right from choosing the solution right. If anyone of you get into Parador's website or HIL India website, you would see there is a wonderful digital handle that we have created there. You can use that handle in your mobile and get into any part of your own house and select and look at the floor through that and then select any material of Parador, you can see how your flooring is going to look and those digital media have been utilized extensively in all parts of the world and I can tell you that China was using it very effectively. Just

give it sometime to settle down. China business is definitely going to prove a huge metal for ourselves, as I said we are not losing any money in China.

Siddharth Rajpurohit: Any CAPEX still required in Parador, not expansion?

Dhirup R. Choudhary: I think this year also we will need a similar CAPEX in Parador because some of it is maintenance and some of it would be normal expansions that we are planning in different areas where we are getting a lockdown but we would be very careful on CAPEX and every time have a double think before we click on to it, both in India and in Parador.

Siddharth Rajpurohit: Because you have done a free cash flow of Rs.12 crore for the year and still have to do some CAPEX, then the reduction of debt may take time or a bit hit?

Dhirup R. Choudhary: I think you take it offline because we have done a complete cash flow on Parador. We will be able to help you, so get across to Ajay and I think we will be able to help you understand this better.

Moderator: Thank you. We have next question from the line of Jaspreet Arora from Equentis PMS. Please go ahead.

Jaspreet Arora: Commendable job last quarter despite challenging times. My first question was and my apologies upfront, I missed the initial part of our discussion, sir what is the ballpark utilization rate across our factories in India currently versus let us say the peak of the March quarter, ballpark?

Dhirup R. Choudhary: You are talking about the quarter that has gone by or the present quarter?

Jaspreet Arora: No sir, currently.

Dhirup R. Choudhary: So currently, Roofing segment, I wish it was more than 100% because it is far more than 100% required at the moment from the market, so it is absolutely 100%. We are trying to do even better in some of the factories by using certain sensitivity. When it comes to Building solutions, I think the business is not yet fully picked up as I mentioned because we are looking at greener pastures, so it is about 40 to 50% at the moment of last year and that means the capacity utilization is about 40-50% because building solution is absolutely pick on capacity even last year. Polymer, the capacity utilization is only about 23% at the moment. There is a long way to go on there, and Parador is about 70%.

Jaspreet Arora: In India in terms of the touch points or retail points or distribution network, the numbers are they better off versus all this because at the end of the day, they would be equally opened for us to sell it out, so is the situation better versus the production utilization rate?

Dhirup R. Choudhary: Are you saying whether the sales demand is better than production?

Jaspreet Arora: Not demand, I am saying the distribution network, the logistics, the retails points being opened, the red, green, orange zone being supportive, are all of that helping you or they not as much in terms of, are they equally supportive or?

Dhirup R. Choudhary: Definitely, it is not a free open country anymore at the moment. There are lots of restrictions around which you have to move. We are identifying the greener zones and trying to sell there. So from roofing point of view, because it goes to rural sector, we are able to keep up very much with the pace that we need. On building solutions, still not there but the touch points are well aligned. We have gone into newer touch

points. We have gone into newer revenue streams. We have got into greener belts by heat mapping and I think that part expansion of our rural network is something that we are always working on and continuously working on.

Jaspreet Arora: On Parador, we have done. The numbers were very good in last quarter and there is a comment in the presentation as well on that despite Europe being one of worst geographies we have done well. So I was just curious to understand March was not a very good month for whole of Europe. So I am just trying to understand we have done good in March, there are good chances that may flow through to April, May as well despite the situation there. So I was not able to connect the two if you could help?

Dhirup R. Choudhary: Definitely, March was extraordinary because a) March is normally a good season in Parador. Q4 is a good season in Parador, so March was good. We did the e-business more, we did the DIY connect more. We were able to sell in Germany far better than any other competitor and therefore we were able to take a huge market share in Germany. All of that contributed because the borders were more or less sealed and therefore selling out at Germany was very difficult. We were also extra sceptical on payments and therefore we were doing businesses that are absolutely safe. The same in India, we are not doing any business where there is a possibility of money getting stuck and so same in Parador. In April, it has sustained quite well but definitely the order intake from the balance part of the world as well as from balance part of Europe was far lesser and therefore you can't expect the 100% revenue to come from Germany alone. Therefore it is not 100% definitely but it is quite up. About 90% is what we achieved in April. I think May is in similar lines at the moment and we are hopeful that Parador will not go down to 50% or 40% at all. So we will definitely be able to mark it up from here. But summer is a weak time in Europe, so I want to also caution you that this is not this year, this is every year that June, July and August would be a difficult part of the year and it is normal in Parador. Nothing to do with COVID but I think Parador has managed COVID very well.

Jaspreet Arora: And we discussed this in the previous portion, I am just referring to slide 25, so you have highlighted all the challenges that are there in real estate and migrant problems and lockdown restriction supply that so the summary of this is that current running quarter will definitely be challenging on all aspects. I am referring to India and therefore we should not be having too much of expectations while we are comparing Q1 versus Q1 when we talk same time after let us say sometime in July. Is this that broadly the summary that you are trying to highlight here?

Dhirup R. Choudhary: I would not paint it that dark as you did. Definitely I have lost the first 20 days. There is no stealing away the fact that we can't get back 20 days and 20 days of peak season of roofing. 20 days of a business which gives you maximum profitability, so we have lost that. But definitely thereafter we are standing good on roofing, building materials have come back to about 50% scale, plumbing is doing better than last year and Parador is about 90% of last year if that gives you any symbol of where we are.

Moderator: Thank you. We have next question from the line of Shailee Parekh from Prabhudas Lilladher. Please go ahead.

Shailee Parekh: I have two questions for you. The first being that for the rest of the year, can we expect any additional divestiture of any non-core assets sir?

Dhirup R. Choudhary: That is something that we are always looking at. Anything which is noncore, non-utilized, we will not stay back from divesting it and paying back our long-term debt. At the moment, I think the time is really bad to sell an asset. Because of COVID,

we will have to wait a little bit but you would get to know it as soon as something materialize will happen.

Shailee Parekh: I have to agree that. That is true and sir, I had a follow-up question, one of the earlier participants had spoken with you about a cut in your A&P spends for the year for obvious reasons. I just wanted to know and you also did mention that you are now working on other cost cutting initiative, but I just wanted to know it would be possible for you to quantify the variable and fixed cost that you see reducing in addition to your A&P spend sir?

Dhirup R. Choudhary: As I mentioned, it is the zero based costing both from variable and fixed cost element. Many of our employees in fact to be clear all our middle level, senior employees, all have taken a salary cut and they have all contributed towards the company's sustainability. We have looked at cost cut effect at every angle that is possible and it is even going on. I think overall you will get a much better picture once we are able to skip through May which would be the first full month of plant running. We will get a picture of that but yes, all actions have been taken, 10 focused groups are working on that. Every element is being looked at. No CAPEX unless it's absolutely needed, no increments to colleagues, no promotions this year, salaries have been deducted from most as I mentioned on their own behalf, they have only opted for it and several other cost saving drives, there is no recruitment at the moment unless it is absolutely there. So all of that have been put in place to prepare ourselves from a worst case scenario.

Shailee Parekh: And sir, if I may just one last question, at what capacity utilization level do we breakeven sir, would you be comfortable sharing that number please?

Dhirup R. Choudhary: I think we will breakeven, you just wait for the results. I think we will be better than that. If roofing does what it is doing, I don't think we should have a problem there.

Moderator: Thank you. We have last question from the line of Mahantesh Maralinga from Finvest Securities. Please go ahead.

Mahantesh Maralinga: Sir, actually I was trying to get an idea on the realization part because in the last couple of quarters, the realization in the roofing segment was quite competitive in sense the competitors were cutting their prices and you were slightly holding on. So what is the current scenario in that roofing segment?

Dhirup R. Choudhary: You are absolutely right. Last year I was very pronounced and clear that we are not following our competitors. There was a determined approach from their side to lower the prices. We didn't want to get into that panic. a) because we have a brand to protect and we don't want to go below that, b) I didn't think it is worth doing a business where we are not making money. I think competitor's results would give you a good clarity around this that we have sustained on the profitability. This year, we have made enough impact in the market to increase our selling price and I think the realization has increase in double figures.

Mahantesh Maralinga: These double figures you mean in terms of rupees per meter?

Dhirup R. Choudhary: No, percentage.

Mahantesh Maralinga: And even the competitors have increased, or they are maintaining the same price?

Dhirup R. Choudhary: I think they would be also increasing. We are the market leaders on price, so once we increase, they will also. Veerappan, was it Rs.10 or 10%?

KR Veerappan: The increase is around 10%.

Mahantesh Maralinga: Sir and you mentioned about the roofing business doing more than 100% utilization right currently?

Dhirup R. Choudhary: Roofing, yes.

Mahantesh Maralinga: So net-net even after taking into account 20-day shutdown, would it be safe to assume that the sales ratio will be on par or may be when compared to last year or slightly better than last year?

Dhirup R. Choudhary: I said that, 20 days lost completely on manufacturing and sales. So you can understand we couldn't even create the inventory in first 20 days and we will lose out the last 15 days of the month because the production is not good for this quarter. There is a drying period that we have.

Mahantesh Maralinga: Sorry sir, what period?

Dhirup R. Choudhary: There is a drying period. The products get dried before it can be sold. Curing time.

Mahantesh Maralinga: During that 15 days will be lost.

Dhirup R. Choudhary: So I think 30-35 days are lost from a revenue perspective on production. Naturally we can't make up one month and then balance 2 months.

Mahantesh Maralinga: And coming to the other businesses like building solution, what is your near term take, like for example the real estate is down off late and you are only catering to the green zones and trying to improve demand there, may be this will run to one or two quarters more, what is your insight there?

Dhirup R. Choudhary: I think it is as good as your guess. I would opine at least one or two quarters will be a difficult period for real estate to come back. But we will try and maximise through digital network, through lead generation, through heat maps, everything that we are trying to do to get business from the greener pastures.

Mahantesh Maralinga: In the roofing segment regarding the fibre procurement from Brazil when you are dealing with them. So this will run for a couple of quarter or for the whole year?

Dhirup R. Choudhary: No, the quantity won't be that much. Please give me some more time, let me conclude that deal, I will come back to you and pronounce the amount.

Mahantesh Maralinga: Also on the rupee depreciation, would you have some effect on the overall raw material cost?

Dhirup R. Choudhary: We normally hedged extremely well, we don't like to take any positions and that is exactly what we have done. At the moment, I think for the next two quarters the fibre is very much in and therefore the hedging has already been done. I think the last two quarters would be something which is still opened because we haven't yet completed the ordering cycle. So we will see how the rupee fairs up then and then we will have to take a call.

Mahantesh Maralinga: Sir, lastly what is the current cost of debt sir?

Dhirup R. Choudhary: The current cost of debt, in Europe I mentioned already to you. In India, Veerappan, about 8.5%?

KR Veerappan: No it is around 8.25%.

- Moderator:** We have next question from the line of Sarika Kukshya, an investor. Please go ahead.
- Sarika Kukshya:** Just wanted to understand, when we talked of 30% jump on the bottom-line for FY21, which segment is going to contribute towards the same because when we actually talked that the building material or the Parador, we hardly expect the growth to set in for FY21?
- KR Veerappan:** Where did you get these numbers? I think we need to be little bit if you can just clarify?
- Sarika Kukshya:** We definitely talked about the Rs.150 crore when it comes to reduction on the debt side, so definitely it is going to be out of the cash flows which we expect for FY21. So we are expecting 50% jump on the Rs.100 crore which we have clocked in for this year?
- KR Veerappan:** I think the debt reduction is mainly on account of the sale proceeds which we are going to get from the sale of this thermal insulation business, that sale proceeds. That is the major one and we are also trying to transfer some money from Europe based on their internal cash accruals, so it is a combination of all these. There is no jump in profits to that extent I don't know that understanding, I am not sure.
- Dhirup R. Choudhary:** I think madam it will be fair to say it is very difficult for any organization to give you a year end projection at this stage and I would not dare to do that. So it is very difficult for me to tell you how much the profit will increase or decrease at this stage.
- Sarika Kukshya:** When we talk of the roofing segment, just wanted to catch upon the margins as well. Would you be able to find a sustained last year's margin for this year as well?
- Dhirup R. Choudhary:** For the period that we work, yes, for the period we have lost 20 days, definitely no.
- Sarika Kukshya:** On the roofing segment, we were active on the institution side as well. We actually had made some supplies on the railway side and we were actually trying to build up on it. So what is the progress on that side?
- Dhirup R. Choudhary:** It is sparing well because these are initial orders which get installed and it takes about a year for them to repeat it. It was actually doing very well till the COVID settled in. At the moment, institutions are little weak but we are hoping that we will get this picked up in the next 30 days' time. So I would be able to give you a much better picture next time when I talk to you on this.
- Sarika Kukshya:** Would the same be finding application on the warehousing side as well?
- Dhirup R. Choudhary:** Absolutely, yes.
- Sarika Kukshya:** So this will be on the Tier-2 cities wherein the corporates roughly are finding?
- Dhirup R. Choudhary:** That is right.
- Sarika Kukshya:** So how could that turn out to be for the current year itself?
- Dhirup R. Choudhary:** It should be positive. That is all I can say.
- Sarika Kukshya:** Or it would just like starting the first quarter of this current year itself? Then it would reflect in the numbers?

- Dhirup R. Choudhary:** Difficult to say whether we can catch on to that immediately but definitely in the next couple of months we should be able to.
- Moderator:** Thank you. We have the last question from the line of Naomi Marfatia from Investec India. Please go ahead.
- Naomi Marfatia:** Actually, I wanted to know a couple of things, one is, how is the putty business doing, specifically competitive intensity in space with paints companies venturing in?
- Dhirup R. Choudhary:** Putty is doing very well ma'am and I must say that we are extremely happy about that business. a) it is a negative working capital business for us and b) the productions have set up very well. We have now set up two lines of putty manufacturing, one in Jhajjar and one in Golan. I think our brand has created itself a good mark in the market. We are mainly centered at North earlier, now we are spreading to East and South as well. West is slightly dull because of COVID but hopefully in the next one month's time, putty will really pick up. I have no concerns on putty at all.
- Naomi Marfatia:** And also I wanted to know, what is the product mix on agri versus non-agri?
- KR Veerappan:** I think Dhirup mentioned in the earlier this thing. We don't have agri pipes madam.
- Naomi Marfatia:** And also one last thing. Can you please share the polymer division volume growth or de-growth for the quarter?
- Dhirup R. Choudhary:** For quarter 4 or the present quarter?
- Naomi Marfatia:** The present quarter.
- Dhirup R. Choudhary:** The present quarter, at the moment polymer business is sustaining well over same time last year. It is doing better than same time last year.
- Moderator:** Thank you. Ladies and gentlemen that was the last question. I would now like to hand the conference over to the management for closing comments. Sir, over to you.
- Dhirup R. Choudhary:** Thank you very much. It has been a pleasure interacting with all of you over the call. We thank you for taking your time out and engaging with us today. We value your continued interest and support on HIL. If you have any further questions or would like to throw anything as a suggestion to our company, kindly reach out to our investor relationship desk. I will be most happy to speak to each one of you if you have anything in particular. Thank you very much and good bye.
-