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CK BIRLA GROUP

REF: HIL/SE/2023-24/22

May 24, 2023

To
BSE Limited
P.J.Towers, Dalal Street,
Mumbai – 400 001

Scrip Code: 509675
Through Listing Center

To
National Stock Exchange of India Limited
5th Floor, Exchange Plaza, Bandra (E),
Mumbai – 400 051

Scrip Symbol: HIL
Through Neaps

Sub: Transcript of the Earnings Call held on May 17, 2023 on Q4 FY23 Financial Results

Ref: Regulation 30 of SEBI LODR Regulations, 2015

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached transcript of the Earnings Call held on Wednesday, May 17, 2023 on Q4 FY23 Financial Results.

A copy of the said transcript is uploaded on the website of the Company www.hil.in

Kindly take the same on record.

Thanking You.

Yours faithfully,

For HIL Limited

Saikat Mukhopadhyay
Digitally signed by Saikat Mukhopadhyay
Date: 2023.05.24 17:34:08 +05'30'

Saikat Mukhopadhyay
Chief Financial Officer

HIL Limited
Q4 FY23 Investor Conference Call
May 17, 2023

Siddharth Rangnekar: Good morning, ladies and gentlemen! Welcome to HIL Limited's Q4 and FY23 Results Conference Call for investors and analysts.

Today, we have with us Mr. Akshat Seth, Managing Director and CEO of the company, Mr. Saikat Mukhopadhyay, CFO and Mr. Ajay Kapadia, Vice President – Finance and Accounts. We will first have Mr. Seth make the opening comments, and he will be followed by Mr. Saikat who would take us through the financial perspective.

Before we begin, I would like to state 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 and is also available on the stock exchange websites.

I would now like to invite Mr. Akshat to share his views on the performance and strategic imperatives that lie ahead. Over to you, Mr. Akshat.

Akshat Seth: Thank you, Siddharth. And good morning everyone. A very warm welcome to HIL's FY23 and Q4 Earnings Call. Thank you for taking the time out today to join us and understand how the performance has been for us and how do we see the next few quarters panning out for us.

So in this call, we will share and cover two things and talk about the performance in the just concluded year and quarter and how are we poised in the short run. We will also use this occasion to share a glimpse of how we are steering HIL towards an era of fast-paced value-building growth.

At a consolidated level, HIL reported a revenue of Rs.3479 crores, with a PBT of Rs.117 crores for the full year FY23. This includes revenue of Rs.863 crores for Q4 and a PBT of Rs.4 crores for the same quarter. Overall, despite a difficult year, this performance reflects HIL's inherent agility and resilience.

Within this consolidated picture, HIL India delivered its highest ever stand-alone revenue of Rs.2155 crores. In fact, this is the first time we crossed the 2000 crores mark. And this represents a healthy growth of over 9% compared to the previous financial year. The PBT was at Rs.164 crores for this the India part of the business. For Q4, the revenue stood at Rs.512 crores, with a PBT of Rs.21 crores.

Breaking down the India performance to various segments. The first segment is our Roofing Solutions segment, and I am proud to share that we have delivered the highest ever revenue of Rs.1115 crores, representing a healthy growth over previous year. In doing so, we have extended our #1 position in the market with significant improvement in volumes and pricing. This performance was driven by the Charminar brand, which has a rich 75-year plus legacy of trust and is a big calling card for us in the market. We remain at the cutting edge of product quality and innovation and are deepening our distribution and reach to more remote locations, including deployment of digital tools and e-commerce for reaching out to our customers and end consumers.

FY24, April, however, has started with slower volume offtake due to the festive season and high volumes of rains, and this meant a slightly muted demand sentiment at the start of the season. However, recent trends indicate that the season is picking up, and we believe that this will offset the slow start. And in the next 4 to 6 weeks, we should cover the deficit from the soft start that we experienced in April. Overall, last year, the high cost of raw material did impact margins adversely. And it will remain a factor in this quarter as well.

The Building Solutions segment, our second biggest, remains a strong pillar of our thrust for future growth. Last year, we ran at near 100% capacity utilization, and we grew our top line by 27% compared to the previous year and crossed the 500 crores milestone for the first time. There were strong efforts in driving operations and logistics efficiency, which is delivering company's significant gains in profitability in this segment, and we crossed the 9% profitability mark for the year. And this upward trend is likely to continue. In this segment, we will continue our growth push through both inorganic and organic means. Last year, our successful integration of FastBuild is a case in point. In this year, in FY24, new greenfield capacity for panels and brownfield expansion for blocks in Golan and Jhajjar will drive further growth. This will be followed by a new greenfield capacity for blocks in the Southern region.

Moving on to our third segment, which is the Plumbing segment. We achieved an impressive volume growth of 23% in this year in a market that witnessed once in a generation meltdown and volatility of input PVC resin prices. We are aggressively growing our channels, by increasing our reach and investing to expand our product range. We already have a portfolio of 1,500+ SKUs of pipes and fittings.

We have recently entered the underground drainage segment by commissioning a state-of-the-art facility for “Foam Core” pipes at our Thimmapur plant. As we enter the second month of FY24, PVC prices remain in a soft territory, and that has had an impact on demand and prices. However, we believe that at these price levels, PVC prices seem to have bottomed out and that demand recovery is round the corner. And we believe that the outlook for demand for the rest of the year looks healthy.

The Putty segment has been marked by intense competition and a soft price regime. In this scenario, our team has focused on the twin planks of cost reduction through R&D efforts and improving the price positioning with increased market and brand pull. As a result, we have expanded our market presence to South and East India through new trading locations closer to those geographies.

And finally, Construction Chemicals, which is our exciting new foray in a space which offers both high growth and profitability. It is building on the channel strength that we have already built and acquired for putty, and we are driving synergies between those two segments. In the last year, we have built a solid platform, so FY23 was the first year for this product segment. And in this short time, we have built a platform with diverse product assortment. We built our own proprietary recipes and a strong network of vendors and partners which is driving the growth. At this moment, we are focused on the North and West market. And eventually, we will make it a pan-India footprint for us in this segment.

I'm moving on to our European footprint with Parador, where we reported a revenue of Rs.1324 crores for FY23 with a loss of Rs.40 crores. The geopolitical crisis, high inflation and uncertain demand presented a challenging year for us in Europe. However, the company and our team was sharply focused on demand fulfilment and costs, while we were leveraging the inherent strength of our product design, innovation, and quality, and that meant that Parador actually outperformed its peers in the market.

The good news coming off from Q4 and early part of April and May, is that the cost pressures have started easing out and the demand is picking up. We are optimistic of Parador's prospects going forward. In fact, we at HIL are committed to deepening the Parador brand and its presence beyond Central Europe to other parts of Western Europe, North America, Middle East, and Asia. In this pursuit, we have incorporated a new legal entity in U.K. during the year.

At HIL, and this includes both India and for Parador, we believe that our product segments and the markets we play in offer a significant headroom for value-building growth. In line with this belief, we at HIL are investing in capabilities that will enable us to realize this growth potential. And these investments are for the medium to long run. We are investing in our brands and building a deeper connect with our customers and consumers. We are investing in building capacity and competency of our teams on the shop floor at the front line and at our R&D centers. We are also investing in modernizing our manufacturing facilities in R&D to drive quality and innovation in our products. To fund these investments, we have doubled up our focus on value extraction from our operations. We are driving operational efficiencies and continuous improvement in our cost structure. And a key lever for that is digitization of our shop floors. There are IoT-based solutions that have been deployed in the last year, and we are continuing in that direction. We are using data and analytics to drive decision-making and an organization-wide thrust towards applying Lean Six Sigma principles to derive further value.

In conclusion, short-term headwind aside, the fundamentals and prospects of HIL's business remains attractive, and we remain on course to achieve our 2026 ambition of $1 billion turnover with robust profitability.

On this note, let me invite our CFO, Saikat, who will provide us a detailed overview of the financial performance for the year. And we are available to answer any questions you may have post Saikat's remarks. Thank you for your attention.

Saikat Mukhopadhyay: Thanks, Akshat. Good morning, everybody, and thank you all for joining the earnings call today. I would like to take this opportunity to provide an overview of our financial performance during Q4 and FY23. As Akshat mentioned, despite the stiff challenges which were posed by the geopolitical situation and also the resulting headwind that we faced, our team really worked very diligently to minimize that impact on our financial performance during the year and the quarter.

I'm very pleased to announce that our consolidated revenue for the year stood at Rs.3479 crores with an EBITDA of Rs.248 crores and a PAT of Rs.97 crores, thereby reporting an earnings per share of Rs.129.09 per share. In terms of business segments, our Roofing business grew by 7% in FY23 year-on-year an amounting to Rs.1115 crores, indicating a higher market share which has strengthened our leadership position in this segment. We continue to expand our geographical reach in Tier 2 and 3 markets to enhance digital connect with our customers. We also continue to enjoy highest margin in Roofing business amongst the competition.

Similarly, our Building Solutions business grew by 27% year-on-year during FY23, surpassing the 500 crores for the first time. This segment has made a good progress in the last couple of years. We are confident in continuing this growth by adding additional capacity as we move on.

Our Polymer business also showed positive growth with revenues amounting to Rs.526 crores during FY23, an increase of a percentage from last year. Increasing capacity, utilization and demand for these products are driving the business, and we are on track to make it a pan-India brand offering by expanding our distribution network.

Finally, on Parador – our Flooring Solutions business, generated a revenue of Rs.1324 crores during FY23, which saw a decline of 15% over the last year due to challenging geopolitical situation at Europe.

At a consolidated level, our debt is at Rs.407 crores, and the debt equity is at 0.33. We are confident that our debt levels will not hinder our growth initiatives or our ability to navigate through the challenges in the marketplace. To tame inflation RBI has announced multiple rate increases which had impacted the overall finance cost during the year. A similar impact was also seen in Parador due to rate hikes by ECB resulting in an increase in Euribor, which was earlier negative to more than 3% now.

We are committed to invest in upgrading our existing infrastructure, augmenting health, safety, and environmental setup and to also invest in modernization of our existing plant and machinery. Over and above normal maintenance capex, we will also expand capacity in existing blocks and panels plants and invest in introducing new SKUs for pipes and fittings. Overall, we are planning to spend around Rs.150 crores capex during the year, of which 70% will be funded through internal cash accruals. In Parador, we will spend on sustenance capex close to EUR 3.0 – 3.5 million.

The company's net worth has further increased to Rs.1242 crores at the end of FY23. On March 31, 2022, the similar number was Rs.1166 crores.

With this, I would like to conclude my remarks and hand it over to Siddharth.

Moderator: The first question is from the line of Baidik Sarkar from Unifi Capital. Please go ahead.

Baidik Sarkar: Akshat, welcome to the fold, wish you great success. A couple of questions. There seems to have been a complete meltdown in the Roofing margins the last quarter. We were given to understand from the industry that the trade as such took reasonable price hikes towards the end of February, March, but obviously, that doesn't seem to have stemmed the flow. Could you please deconstruct this fall in margins across the different cost heads for us because there have been multiple headwinds on, right, from fibre to cement to freight and all of that. And on pricing as well, right? Where's all this stress coming from? And in Q1, I'm sorry, I missed your comment on the margins expected going forward in Roofing.

And on the same note, on Parador, there were initiatives to grow the market in the Western, Northern Europe under the group starting Q3. Of course, we haven't spoken Q4, so the numbers per se don't indicate any material de-risking from an existing geography. So what's happening there? What's your sense of revenue and profitability? How are you imagining the next year for Parador?

Akshat Seth: Thank you for that. So on Roofing, large part of the story has been around the input cost increase. In fact, in the last 3 quarters, beginning August, there has been an increase of 20% to 25% increase in the raw material cost, and that has resulted in shaving off nearly 10% from contribution and margins. Price increase happened in quarter 4 to the tune of 3% to 4% for various players, including us. And depending on the region, there have been differences, so this has managed to offset a part of the increase, but it has not covered the entire cost increase that has happened. This has been the primary reason why the margins have eroded.

Given Q1 last year was good from a cost perspective, this impact will be felt this quarter as well.

Baidik Sarkar: When this is normalized?

Akshat Seth: Our expectation is -- so let me just complete the Q1 picture. Early part of quarter 1, there have been very small price increases. We are talking in the range of 1% to 2%. And given the demand offtake was soft, there was less opportunity to pass on more. As demand picks up, there might be some opportunity, but overall normalization might take a few quarters. It is unlikely to happen in the next few weeks and months.

Baidik Sarkar: But what's the delta, Akshat? Because Q1 is when the bulk of your profit pool from roofing accrues to you, right? So if you miss the season, FY24 is pretty much gone off, right? So what's the delta? Because your volumes are the highest in Q1. And there really is no reference range between Q4 and Q1, right, because of the difference in volumes. So assuming we see average -- 25% on an average the previous 3 years, right, FY21, FY22, FY23, what's the ballpark you're looking at this year?

Akshat Seth: Delta on margin, roughly, we are looking at about 4% to 5%. We are hopeful as demand picks up, that we should be in a position to cover part of it, but that's the envelope that we are looking at, at this moment.

Baidik Sarkar: That's all right. So basically, what you're saying is we should expect something in the ballpark of 17% to 18% as far as Q1 is concerned, for roofing?

Akshat Seth: That's right. And again, we are watching the situation as demand picks up and there is opportunity to pass on price to the market, this might look better than what we just spoke about.

Baidik Sarkar: Would you reckon that there's been a very strong increase in the supply side as well, which is hampering pricing, not just for us, the entire industry? Is this more a supply side issue or still more a cost side issue?

Akshat Seth: It is largely a cost side issue, and there is a lag between -- so the increase that happened for a combination of reasons, it was availability, sea freight and also a forex exchange impact that came in. It happened in a very small period of time, and the prices obviously could not be passed on at that same speed. So there is a little bit of a lag there. I don't think structurally, there is anything at a disadvantage overall. And in the next few quarters, we would expect the normalcy to be restored.

Baidik Sarkar: Sure. And given that we've taken multiple price hikes the last fiscal year, assuming volume growth to be in the range of 1–2%, would you reckon that the revenue growth in Q1 could more be in the range of 5–6% or even would that be a very optimistic scenario?

Akshat Seth: I think that will be the top end of what one should expect given April was off to a relatively softer start. That's why we are slightly cautious, but we are cautiously optimistic about this. Because in the last week- ten days, the key markets have started showing signs of picking up and that is good news. And the expectation is that the next 4 to 8 weeks, we will be in a position to get the season back on track, like you said, Q1 is important for us.

Baidik Sarkar: Okay. And your comments on Parador, please?

Akshat Seth: Yes. So for Parador, we are aware of the situation that Europe found itself for the first half or the first 3 quarters of last year. The good news is that on macroeconomic parameters, things have bottomed out and are looking in the positive territory. So, consumer confidence index, the first signs of it, is recovering. Inflationary pressures and cost pressures have eased out and in fact, even if we compare for Parador from its peak around June of last year, the material costs have dropped by nearly 25%, and that is showing up even in our numbers. Of course, it comes with a little bit of lag given the inventory build-up and so on.

And the third, on the demand side, things are picking up. In fact, the last quarter was represented a better performance than the previous two quarters for us. So there is a change in direction. Even within the last quarter, the month of March was a great month for us, and that trajectory and direction will continue. So that's as far as the short run is concerned and as the inflationary pressure comes down, and the consumer index goes up, I think the demand will only strengthen from where we stand today. So the outlook remains strong.

What we are also doing, and this is now from a medium to long term, you also mentioned there were in our earlier calls, we have shared that there is a whole growth and diversification of markets that we are putting in place. I think we have used this time to add momentum to those efforts. There is a bunch of six to seven markets that we have identified as priority markets outside our home of Central Europe. These are in Western Europe, North America, Middle East and Asia. And we are building these markets not just from a tactical play of being a sales outpost, but almost building it as independent businesses and the focus really is on in each of these markets, getting the product assortment right, getting the brand, our brand positioning and pricing right. And that's why in the last quarter or so we continue to do that, and we are building teams that will service these markets almost on a dedicated basis. So that's the foundational work that is on, and the results will start showing up in the next few quarters. Already the order book coming in from these markets looks much better and very healthy and augurs well for the future.

Overall for this year, we are far more optimistic than the performance of last year. Last year was an aberration. If we go back to the last one-two years, we have to restore the trajectory we were on, and I think we are fully confident of getting there in this year.

Baidik Sarkar: So I mean just the last question before I get back. So will Q1 see breakeven? Or should we wait till Q1 -- till probably Q2 for that?

Akshat Seth: I think we will have to wait for Q2 and Q3 for that. At an EBITDA level, we are already breaking even. We did breakeven in Q4 also. And at a PBT level, Q2, Q3 is where we should look at.

Moderator: The next question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

Pritesh Chheda: Sir, I will ask 3 questions because I have one each for the 3 divisions. In the Parador business, you mentioned that cost pressure have started easing out, and you've also mentioned that the 25% drop in material costs from the peak. Yet, when we see the EBITDA absolute, there is an increase in loss. So if you could reconcile that? And when do you see yourself moving back to the peak EBITDA that you had seen in Parador business? That's the first question. And I will ask the other two questions on the other 2 divisions after this.

Akshat Seth: The cost in Q4 is largely due to a one time employee cost that was adjusted at the end of the year. So it is one time in nature, and that should not influence the numbers for next quarter and in this year. So that's on the first one. I think the first focus for us is to restore the revenue trajectory and there are investments we are making in building these markets to come back exactly to the profitability that we were at a couple of years ago. We are looking at 3 to 4 quarters to get there.

Pritesh Chheda: Which means if you do not clock Rs.400 crores of revenue, you do not clock the older margins at Rs.350 crores revenue. At max, you are basically breakeven? Is that the assessment?

Akshat Seth: That is correct.

Pritesh Chheda: My second question is on the asbestos side. Any impact of this season of no rains or lower rains and substantially lower asbestos volume roofing sheet volume by any chance?

Akshat Seth: No, we have to see the season as a period of 3 to 4 months. There is enough optimism in the system, and there are signs indicating that as a season, we'll be all right, despite a slightly slow start which in early part of April, apart from rain there was the festive season, which kept people away from markets, but the signs in key markets, which are important for us, are all very positive.

Pritesh Chheda: But is there any historic correlation between lower range and asbestos volume by any chance?

Akshat Seth: There is, but it comes with a lag. So, bad rains or relatively poorer rains this year will have an impact on the season in the following months and in the following season.

Pritesh Chheda: And my last question is on the Polymer business. Competing companies in the piping have communicated about restoration of margin, while lower PVC prices. Will we see the same where our EBITDA will entirely get recouped in FY24 because of the PVC?

Akshat Seth: That's the outlook for us as well. The price levels that are there and as volumes start restoring and demand picks up, the expectation is that it will come in that. In fact, early indications from April also indicate the same -- actually confirms the outlook that we are looking at.

Moderator: Next question is from the line of Subham Agarwal from Aequitas Investment. Please go ahead.

Subham Agarwal: First of all, congratulations on your new role. My questions are limited to Parador and Building Solutions division. So firstly, on Parador, sir, we have been talking about breaking into new geographies since quite some time now. So I wanted to understand the specifics related to what kind of revenue we have already started generating and what outlook do we hold in the coming 2, 3 years for business ex-Germany? That's one.

And on the second question on Building Solutions. So in your opening remarks, you mentioned a few capex that are expected to come this year and few greenfield expansions also you mentioned. So what is the plan overall? If you can elaborate on that, it will be helpful.

Akshat Seth: On Parador, the international part of the story is already rolling and you will see that gathering momentum in the months and quarters to come. I will also like to inform that already today, we are selling to over 80 countries. And the international part of our business has grown steadily at double-digit growth rates for the last 3 years, and we are only strengthening that momentum. Today, nearly 35% to 40% of our revenue contribution is coming from international markets and markets outside our Central Europe home base. So as we stand, the situation is growing stronger, and we are expecting that this growth momentum will continue.

The market that we have chosen, as you can imagine, for seeding these markets, and the aspiration for us is that like Central Europe is one major fortress for us. We need to create at least 4 to 5 such markets, which are seen not just from a sales perspective, but there is a whole business that we are running in these countries, and that's the approach with which we are going. In setting up those businesses, inevitably, there is the element of getting the right team in place, both sales and others. It is about getting the right products in our portfolio because the product demand and aesthetics of each market is different. Sometimes the mix that a market prefers between, let's say, engineered wood, laminate, luxury vinyl tiles, that mix is different. So we have to -- the channel predominance in these markets is also different. Some are more commercially focused markets, and some are more retail-distribution-led markets.

The price structures and the incentives in those markets are different. So that is where a lot of effort is going on. And some of the early wins that I just highlighted in terms of double-digit growth is essentially coming from the first efforts that have already been there. We are, in many markets, also setting up logistics centers and actual infrastructure to also augment the customer service that we are offering there. So these results will start showing up in the next few quarters, but the base work and the foundational work is in full swing, and the early signs and early wins give us the confidence that it is headed in the right direction.

Subham Agarwal: So just to elaborate on this point a bit more. So I think we entered China as a market 3 - 3.5 years back. So how has been the response for our product in that market? And how has that market matured for us over the last 3 years? This will give me a better integration of our strategy.

Akshat Seth: China from when it started, and somewhere -- the last year in China is an aberration. We are all aware of the situation that it was in. So I will keep that out of the equation. But from the time we started about 4 years ago, it's steadily grown to a volume of nearly EUR 5 to 6 million of sales which, in our market, and also, we are positioned as a premium product in that market. It's a robust growth. As things resume in China, the order book has started building up, and we are hopeful of resuming the trajectory that we were on till about 12 months ago.

Subham Agarwal: And what is the potential that you think a market like China is for our product?

Akshat Seth: In the short run, we are at least about 50% of where we should be.

Subham Agarwal: Got it. And my second question was on Building Solutions regarding the capex.

Akshat Seth: So, on Building Solutions - let me break this down across the two main product segments here. In blocks, the total additional capacity that we are looking at and some of it will have a full year impact this year. So it was commissioned late last year, and we'll see the first full year impact this year. And some are new capacities that will come on stream in the first and second quarter of this year. The total additional capacity is to the tune of nearly 240,000 cubic meters from a block's perspective. The impact in volume, this year, will be about 120,000 cubic meters. So there's a delta which means some of it has been commissioned. So the actual nameplate capacity will grow by 240,000 cubic meters but the volume impact this year, will be about 120,000 cubic meters on the block side. And these are capacities that are coming up in Golan, Jhajjar, Cuttack, and Thimmapur where we have already sort of executed these and commission these new additions.

On the panel side, there is about 36,000 MT that is coming through in Balasore in the next couple of months, and some new capacity that we commissioned late last year to the tune of about 35,000 MT across Thimmapur and Faridabad. The full year impact is about 45,000 MT, which will be shown and reflected in this year's financials. So, that represents nearly a 20% growth in the panel capacity, both blocks and panel capacity across -- if we compare it with previous year.

Subham Agarwal: So overall, 20% for FY24, we can assume that will be available.

Akshat Seth: That's right.

Moderator: Next question is from the line of Rajat Setiya from iThought PMS. Please go ahead.

Rajat Setiya: Sir, are we facing any raw material availability issues on our roofing side? Or is that all smoothened out now?

Akshat Seth: There is no availability issue. Of course, the situation is dynamic and requires a fairly alert set of eyes to look at that. We have a diversified base, so we source from all available sourcing destinations across the world. While we continue to monitor it, but there is no foreseeable risk on availability.

Rajat Setiya: If I'm correct, right now, we have sources coming in from just two countries, right?

Akshat Seth: No, it's from three countries: South America, Kazakhstan, and Russia.

Rajat Setiya: And sir, the last year that we -- the capex that we did around Rs.135 crores, could you please break up or give a breakup of this, which segments -- so how much of capex?

Ajay Kapadia: Last year, we spent major capex in Building Solution segment where we set up a new panels plant, and we acquired the FastBuild business in Cuttack. We also spent capex for capacity expansion in panel plants as Akshat mentioned earlier. This year also, we are spending major capex in Building Solutions, where we are expanding our blocks capacities in Golan and Jhajjar. We have already announced setting up of a new plant in Southern region for blocks business. We will also spend capex on the number of SKUs expansion in the pipes and fitting business. Apart from that we have, on an average, Rs.40 crores maintenance capex, which we do every year for all the business put together.

Rajat Setiya: Sir, could you please break it up in terms of numbers? Like how much went into panels or how much on into blocks?

Ajay Kapadia: Around Rs.50 crores capex, we will see in Polymer business and around Rs.40 to 50 crores capex in Building Solutions. This is in addition to the greenfield project in Southern region. And Rs.40 crores capex for maintenance in Roofing and Building Solutions business.

Rajat Setiya: Understood. And last year, what was the breakup?

Ajay Kapadia: Last year, majority capex was in Building Solution business. Again, Rs.30 to 40 crores we spent for maintenance, which is mix of all the plants.

Rajat Setiya: And one more question about -- if you can help us by sharing the numbers of different product verticals, say, pipes and putty and construction chemicals for the last year.

Ajay Kapadia: We did close to Rs.350 crores in pipes and Rs.175 crores in Putty business this year. Construction Chemicals is more reported as the channel, which we use as a part of Roofing and Building solutions, but it is was small number last year -- we did around Rs.29 crores. However, March exit was Rs.4.5 to 5 crores a month.

Rajat Setiya: And so pipes and putty, is it possible to share the -- similar numbers for pipes and putty for the year, let's say, FY22.

Ajay Kapadia: The pipes & fittings in FY22 was close to Rs.320 crores, and the putty was Rs.200 crores.

Rajat Setiya: And 2019, sir?

Ajay Kapadia: I don't have that number right now. You can connect with me after this call.

Moderator: Next question is from the line of Nikhil from SIMPL. Please go ahead.

Nikhil: A few questions. One is, if you look at last year for HIL as a whole, we had the losses on the Polymer business and because of the inventory and also on the Flooring business because of the cost inflation. If we -- so first is, can you spell out what were the inventory losses for the pipe for the Polymer business as a whole for last year?

Ajay Kapadia: Nikhil, there are two types of impact. One is the inventory loss, and second is when the prices came down, we lost contributions on the immediate sales. All put together, we lost around Rs.25 to 26 crores in the first two quarters of the year.

Nikhil: Okay. And Akshat, you mentioned that in the Flooring business, last year, we had the cost inflation because the MDF prices had gone through of the roof and then there was the forex, and everything hit Parador negatively. And the freight cost also hit us negatively. Now, since June, January, and February, what we are hearing, in MDF, even the domestic MDF players are saying that the prices have gone down by 20%, freight has also largely come back to pre-COVID around that level.

But for our Flooring business our gross margins are still around less than that 40% level. So why it is not completely replicated in our P&L for this quarter because the cost deflation has started happening since December and January. So, was it some inventory holding issues? Or is it like we've not -- so what impacted our profitability in this quarter and the gross profit level?

Akshat Seth: It will start showing up when you look at the Q1 results, the 20-25% drop is almost at a March end level. So the impact of that will start showing up and playing out in the numbers in this quarter and the next quarter. When we internally do our weekly, monthly numbers, it's beginning to show in those.

Nikhil: And you mentioned in Parador, there was some onetime employee cost adjustment. Sorry, I couldn't get it for this quarter, that's why the loss. Can you spell out what was onetime cost impact, employee costs related impact?

Akshat Seth: There was a combination of new talent being brought in and restructuring of the team, of which -- onetime costs that were incurred.

Nikhil: Okay. But the talent cost and everything will remain. So this is more of a regular employee cost, right? So what was onetime in nature?

Akshat Seth: So when you are acquiring talent, there are associated costs in hiring that get incurred. Similarly, if there is a separation, there might be some onetime costs, so it's of that nature.

Nikhil: Okay. And lastly, Akshat, in your starting remarks, and even in your conclusion, you said that the goal or how you see HIL is a value accretive growth. Based on the current businesses which we had -- and if we can keep FY23 aside because it was an odd year in terms of a performance. But where do you see majority or major levers for improving the profitability lies in HIL among the 4 or 5 businesses? And if some of the businesses are not operating at a profitability level, are we open to shutting them down and this is more over a 3 to 5 years than and the continuation, would you also look at adding more businesses or we would consolidate among these 3 or 4 businesses?

Akshat Seth: Let me answer this at two or three levels. First, when we look at a company as a whole, there are a few themes that we are driving. One is -- and that will add at least a few percentage points on the profitability side is, how can we premiumize the products and command a better price positioning in the market. Hence, there is a range of initiatives that are on that side. So that essentially will drive better realization for the production that is across the board, including in our Flooring business in Europe. So that's number one.

Number two, in certain segments, it's a function of scale. So Polymer business, as it is ramping up, certain parts of our Flooring business in international markets as it is ramping up, when it reaches a steady-state scale in the next 12 to 18 months, the profitability will start looking better. So that's the second lever.

Third, there is an element of automation and technology infusion that we are making in our operations, which is driving efficiencies. Each program that we are introducing has a solid business case and ROIs that are attached with it and is actually delivering value on ground.

Fourth is on operational efficiencies, which start from procurement-related and sourcing-related efficiencies to the conversion and manufacturing. And these are 3 or 4 themes that we are driving consistently across all our businesses.

To your question on whether some businesses are less interesting or more interesting, I think at the moment, the portfolio we have, we feel very bullish about this portfolio, and we are committed to growing them. What we are also looking actively are adjacencies, which can piggyback on the existing infrastructure, both in terms of manufacturing and our sales infrastructure and that can bring more operating leverage for us.

So overall, we see significant headroom for growth, both on the top line and bottom line with the product portfolio that we are playing in and also the markets we have identified for ourselves. Our combination of products and markets is what gives us confidence that the journey ahead is interesting for us. And along the way, as we look and evaluate opportunities, things which are adjacent, which are complementary to what we are doing, we will continue to pick up those as well.

Nikhil: Okay. Just one last question from me. You mentioned that they've opened 4 or 5 new, if we say, branches in Parador in new markets, would you say those branches or those new areas which we have entered, would they be breaking even at this point in time or there would be a drag on the overall P&L at Parador? That is one.

And secondly, the four points you mentioned on procurement and operational efficiencies, what different can we do then what was not done earlier? Because as I understand and -- is that – Dhirup did work a lot on improving the operational efficiencies and a part of it was always visible on the Roofing business where our profitability even on bad period was much ahead of all the competitors. So where do you see -- so if you can just spend some more time on what differently or what avenues you believe we can do differently which can probably give this advantage on the profitability or the margin side?

Akshat Seth: So on Parador, the short answer is they are not a drag. They are individually making positive contributions to the P&L. The beauty of that business is manufacturing is still centralized at the moment in Germany and Austria. So, with that as the hub -- and there is enough capacity available to take us to at least 2x of where we stand. Each of these countries, the way we are scaling them up are being done in a positive contribution manner, not in a way that they are a drag on the P&L. So that's number one.

The other piece that we are doing in these markets is essentially on building the brand. And you are aware that the whole brand build journey takes a little bit of time. It's not an overnight exercise. So there, we are making conscious investments.

Coming to the cost part of the story that you were asking about. The frame of what was not being done earlier and what new has been done probably is not applicable to us. What the last 2-3 years have done is they have changed the context in which we play. So, solutions that were already deployed 3 years ago, 1 year ago, just given that the global scenario has changed, the supply dynamics have changed, those solutions may not be applicable anymore and may not be the most optimal solutions anymore. So there is a need to refresh those strategies that I think is one clear win that we see for ourselves.

The second piece, which is interesting and where, again, the available options have improved, and increased, is on the technology side. And there, again, we are deploying tools which are helping automate our lines further, which are driving more uptime of our plants and mines and driving better conversion efficiency. And there are simple things, and I'll give a very small example. Every time we introduce a new product in the market, there is a cycle time that it takes where we need to do trials in the market and so on and so forth. Now if there is a technology, and assisted way of doing it and that time can be reduced by 50%, and that improves our agility and our response time to the market. So, these are the kind of interventions which are driving greater sense of efficiency in the organization.

Moderator: Next question is from the line of Satish Kumar from InCred Capital Financial Services. Please go ahead.

Satish Kumar: My questions has been answered. Thank you.

Moderator: Next question is from the line of Nikhil Gada from Abakkus Asset Managers. Please go ahead.

Nikhil Gada: And just a few questions, firstly, on the Parador part. While we are trying to bring in a lot of efficiencies, and we are seeing that the cost pressures are easing, just wanted to get a sense in terms of where we are in the cost index, if we can say so, as in when we were in a normal situation and when we saw this entire rise. The reason to ask this is that our gross margins, if I just do consol minus 10 and assuming that, for Parador business, still remains -- there is an impact of 800 to 900 bps, 8% to 9% on the gross margin. So just wanted that perspective?

Akshat Seth: I probably answered this in an earlier question as well. The cost pressure and the elements going into the gross margin has started easing out around the March time frame. They are currently not reflected in the numbers that have been shared because there is a certain lag effect.

Nikhil Gada: Yes, I understand that so that the benefits will be visible from the next quarter. So what I'm trying to understand is that if those benefits are factored in, how much of a gross margin improvement we will see in the coming quarters? And when will we get back to the 48%, 49% sort of gross margin levels?

Ajay Kapadia: It will be in the range of 4% to 5%. That will be on account of material cost reduction.

Nikhil Gada: Understood, sir. And do we expect this to further improve in the coming quarters in terms of how the RM pressures are easing of?

Ajay Kapadia: It's a continuous process since the contracts are negotiated every quarter. So we will try all our best efforts to further bringing it down.

Nikhil Gada: Got it. Sir, my second question is on the Building Solutions segment. Over year as well, we are seeing consistently the EBIT margin levels are sort of going down. So any specific reason why we are seeing such kind of low EBIT margins even when we are doing such high-capacity utilization, and do we see this improving first quarter?

Akshat Seth: Overall, on the Building Solutions side, our view is the margins are headed in a positive direction. So, if you compare the full year versus the previous year, we've actually improved by about 200 bps.

I believe your commentary is correct for quarter 4. There were certain onetime issues that cropped up, especially with our Golan plant, and there was some pullback on the Chennai plant for a period of time, which is why this particular quarter, it is lower. However, at a full year level, the trajectory is in the positive direction, and we are confident that this will only go up from here.

Nikhil Gada: Got it, sir. And sir, just a couple of more questions. On the Construction Chemicals part where you mentioned that you want to leverage the putty channel and also more brand investment will go into it. Could you highlight the products that we are -- sort of earmarked to scale up in this particular segment?

Akshat Seth: It's a wide array of products. At the moment, we've got nearly 65 to 70 SKUs that are there. They belong to...

Ajay Kapadia: It's mainly into tile adhesives, primers, coatings. We are also now trying to enter into waterproofing solutions.

Nikhil Gada: And all will be in the B2C space itself, right? We will not do any B2Bs per se?

Akshat Seth: It will be a combination of B2B and B2C.

Nikhil Gada: Okay. Sir, and just last question, can you give some kind of ballpark guidance for the full year FY24 for the company level in terms of where we can reach?

Ajay Kapadia: Normally, we do not give any guidance, but it will be positive from this year's number. So we will report a growth...

Nikhil Gada: We will do better than FY23? That's all we have to...

Ajay Kapadia: Yes.

Moderator: Next question is from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.

Keshav Garg: Sir, I just wanted to understand that in each of the divisions, like you mentioned that in Parador, with our existing capacity, we can roughly double our revenues. So what about the rest of the division? If you could just indicate that what is the maximum revenue we can generate if you operate at full capacity and by when do, we reach to -- basically to reach the same? And also what kind of steady state operating margins in each of the segments do you expect going forward?

Akshat Seth: The capacity utilizations will give you an indication in Roofing, we are between 80% and 85%. Building Solutions, as I mentioned, we are running at full capacity, but this year, we are adding nearly 20% to 25% on top of that and that effort will continue. On Polymers side, while we are at about 65% capacity utilization, but given the volume growth that we have seen in the last few years and our plans for this year, we are already contemplating adding more capacities in this segment. At Parador, I mentioned already that there is headroom for nearly 40% to 50% more than what we have done.

Keshav Garg: Sir, and margins, do we have steady state margins in each of the segments?

Ajay Kapadia: In Building Solutions, we expect the margin will go up -- gross margin will be better than the current numbers. We will expect it will be in the range of 12%.

Akshat Seth: Yes. In Building Solutions, the aim internally is to start hitting the low teens as the first milestone and then see what we can add to that, on Polymers, again, I think the lower teens is the range that is the first milestone for us to cross. Construction Chemicals, we believe from a mid-teen's perspective is the milestone that we are aiming at and where it becomes interesting for us. Flooring, the first milestone for us internally -- and again, it comes from a combination of the choice of markets, product mix - is to start hitting or inching towards double-digit mark.

Keshav Garg: Sure, sir. And sir, lastly, wanted to understand, that is there any possibility that, we can move the manufacturing of Parador to India and maybe export to the European and other markets from here, sir? Is that a realistic possibility?

Akshat Seth: On the manufacturing side, the evaluation is a continuous one because we also need to understand the markets and the products that we are serving, what is the best place to serve that. So it's not just India. I think within Europe, we continue to evaluate. Elsewhere, we continue to evaluate.

And as our geographical footprint increases, there might be opportunities for us to diversify the manufacturing capacity from our current location -- or manufacturing capacities beyond our current location. But that's a subject of constant evaluation. At least in the short run, we do not envisage that shifting to India.

Ajay Kapadia: Keshav, one more point on the margins, which we just mentioned is operating margins and not the PBT margin.

Moderator: Next question is from the line of Ashwin Reddy from Samatva Investments. Please go ahead.

Ashwin Reddy: Congrats, Akshat, on your appointment. So my first question is - Akshat, as you come in fresh, are you seeing the company, right? So where do you think is the biggest scope of improvement in the company? Meaning, how do you want -- so where would you want to spend the most amount of time in the next weeks to come, 6 months to 1 year?

Akshat Seth: I'll say, there are broadly three themes. First, there are pockets and engines that will be the driver for growth. Getting those growth engines fully primed up and firing at 100% level is the first priority. And that's why, what product mix, which geographies we are operating in, what capacity needs to be added is, of course, the first one. So the growth piece is number one.

There is a second piece where we are focusing a lot of our energy is to build a stronger customer connect, and that has two implications. One is having stronger brands that resonate with these customers. Having a product portfolio which is closer to what the customer needs are and that in turn hopefully allows us a better price position, so that's the second thing.

The third focus area is getting the right team, not just across the board and across functions, which can enable this growth. So the people front is something that is a key focus area. And I have to say on that account, HIL, in the last 4, 5 years, has done strong foundational work.

In fact, we are widely recognized. This year, we are breaking into the top 50 of great places to work. We are rated -- and this is the fifth year running that we've achieved this milestone. We are rated #1 in the Building Materials and Cement category, which is a recognition of the strong people practices that exist. But getting these teams ready for the phase of growth and the elements and initiatives that we are driving is the third focus area.

Ashwin Reddy: Got it. And my second question is on the Roofing part of the business. So in the Roofing part, could you outline what is the concentration like in terms of the states, say, what would the top 4 or 5 states in the country contribute to your Roofing segment? And what would these states be?

Akshat Seth: In the North - UP, Bihar are key markets for us.

Saikat Mukhopadhyay: So UP is one of the key areas that we have. Apart from that, Haryana, Punjab, these are the emerging markets, and we have done good business out there. East -- Bihar, Jharkhand is definitely one of the key markets that we are operating. So primarily, the northern sector is our sweet spot as far as these markets are concerned.

Ashwin Reddy: So these top 4, 5 states would contribute what? 50% of the sales or more than that?

Akshat Seth: More than 50% of the sales.

Ashwin Reddy: Okay. Got it. And finally, again, on Roofing, sir -- so any comments on Charminar Fortune brand which was there with the previous management, they highlighted. So what is the progress there? How do you -- how would you think about it? Any investment on this? And what is the progress on this Fortune brand?

Akshat Seth: It's a product for the future. On technology side, there has been rapid strides made internally where the product stability and the features are at a level where we have a good client base. And it's also now been in installation for some time, so we know post-installation results also. And we continue to drive it. There is a dedicated team that is developing clients and market for it.

Ashwin Reddy: Sir, right now, what is the proportion of Fortune to the overall Roofing segment, in terms of the percentage contribution to the Roofing segment?

Akshat Seth: It is still small and somewhere -- it's partly our effort, it's also how the market evolves because there is still a price differential that comes in. And the adoption of the market is also a function of how customers sort of adapt to it.

From our side as a company and just given the focus on sustainability, we are making our efforts to make sure that there is greater awareness for this product. We are inducing a lot of trials, especially in institutional clients, and steadily -- in fact, last year, we did about 25% more than what we did previous year on the Fortune name.

Moderator: Next question is from the line of Deepak Poddar from Sapphire Capital Partners. Please go ahead.

Deepak Poddar: I have 2, 3 queries. Now first up, I think we did mention that we are on course for $1 billion revenue by FY26, right? I mean, that effectively means around 30%, 35% CAGR in our revenue over next 3 years. But do you think that it's a little more optimistic than what I think we have seen over last past 3 years? I mean, some comments on that -- in this regard would be quite helpful.

Akshat Seth: It's ambitious. It's a stretch, but it's an ambition that we are all committed to. So yes, we are trying to break away from the growth rates that we have seen in the past. So that's a conscious choice.

Within that, we have broken down what are the steps that will get us there. And one key lever we see is inorganic which I think in the past has contributed in a small way, may have to contribute in a slightly larger way as we go along. But it's an ambition that we are all fully committed towards.

Deepak Poddar: So it includes inorganic ambition also in this -- I meant, it's not the organic growth we are talking, when we are talking about $1 billion.

Akshat Seth: It's a combination of both organic and inorganic. The relative proportion of that will have to play out as we go, but it does include an inorganic element also to this.

Deepak Poddar: Okay, understood. And I got it. And when you mentioned that in terms of steady state margin, right? So you mentioned segment-wise. So ideally, what -- 12% to 14% could be a -- at a consol level, would be a steady-state EBITDA margin that one can look at, I mean, over the medium term?

Ajay Kapadia: It is in the range of around 11% to 12% operating margin.

Deepak Poddar: 11% to 12%. And that is a target over what? Next 3 to 4 years or sooner?

Akshat Seth: Yes, at least -- if I look at it in a 2 to 3 year horizon that will be the right aspiration to keep given that this is also a growth part of our evolution.

Deepak Poddar: So 2 to 3 years, right?

Akshat Seth: That's right.

Deepak Poddar: And the last thing that you mentioned on the Roofing as well as on the Parador side. So quarter-on-quarter, we do expect some benefit, right, in terms of cost pressure easing out in Parador. And in the Roofing segment, because of the price hike, we do expect some delta in margin, right? So ideally, it would be a right way to think that this quarter, our margins have bottomed out and there is only one way up as we move into coming quarters in terms of profitability specifically?

Akshat Seth: At our gross margin, certainly.

Deepak Poddar: EBITDA margin. I mean EBITDA margin at 4.5% that we did. So ideally, it would be right to assume that it has bottomed out?

Akshat Seth: From this quarter -- I would say between this and the next quarter, you should see the trend that you were outlining yet.

Deepak Poddar: Bottomed out, yes, from this quarter or next quarter.

Akshat Seth: That's right.

Moderator: Next question is from the line of Manish Dhariwal from Fiducia Capital Advisors. Please go ahead.

Manish Dhariwal: Akshat, I congratulate you on coming on board and leading the company from hereon. So I was, in fact-- am I audible?

Akshat Seth: Yes, you are. I was just saying thank you for your kind words.

Manish Dhariwal: See, we know that you've been associated with the group for the last couple of years, but I think on the health care side. So basically, I wanted to understand that you know the businesses that HIL is in is rather different, like brick-and-mortar, actually literally. So what has been the experience at your end? Have you been able to completely like come on stream? You got like a handle on the dealer network? It's a very ground level kind of work. It's a very -- a lot of action happens on the ground. And so you know like the nuances that this business requires and their specific challenges and issues.

You did mention that the earlier target of reaching $1 billion in 2026 like remains. So I guess on that line -- and then you also mentioned that you -- or the focus is going to be on the inorganic opportunities. But on the core business is something that I wanted a handle on. It's a big management change. So I wanted your comments on that.

Akshat Seth: First of all, thank you for your kind words. It's been a great start to my stint here. And the good part is I've been with the group. This is my ninth year with the group. And I started off at the Group Office leading growth in strategy for all our portfolio companies.

In that capacity, I have worked extensively with HIL in the past. At that time, we were just about starting out our pipes business. So, the polymer foundations were being laid at that time and scaling it up, so I was quite closely involved on that one. I was involved in a few M&A acquisitions that were done at that time from a Building Solutions point of view, so I had a chance to work with the business there.

So HIL is not entirely new. The HIL team is not entirely new. And when it comes to group companies, there is a fairly close interaction that all of us have at our leadership level. We are aware of the dynamics of each other's business and closely synergizing that.

So the -- I hope I've hit the ground running. And you guys on the call, looking at the numbers, and the teams can say whether I've done it or not, but the attempt has been to hit the ground running. And in this time, I've spent a fair amount of time not just with our channel partners that, of course, are very important, but also at our manufacturing locations with our teams.

The good part is -- coming into HIL is that there is a very strong team in place. The leadership team at the BU level, at the corporate level is strong, has had a long vintage and track record with HIL so they have obviously helped in this transition.

I feel very, very optimistic about the prospects of the company. There is the task of setting the ambition, and that's already done. But the task of achieving the ambition is on us, and we are confident of making it happen.

Manish Dhariwal: That's very, very -- that's very good to hear. So see, Akshat, we are like long-term shareholders in the company. And what matters to us and obviously the company as well is the shareholder value which actually, in the last couple of quarters, has taken a hit. And basically, that's emerging from the operational challenges that the company has been facing and continue to face.

So you -- you've shared your strategy on Parador, where you're looking at setting up 4 or 5 citadels, I would say, like as strong as Germany, but this basically can be the new outposts around which the business can grow. And if the margin can improve to double digits from -- which is double from what we've had here, I think that, I think, will be a very, very big thing.

So other than -- so see, one is the inorganic strategy, right? You mentioned that you were like kind of the driver of acquisitions that we've done in the past. Now so -- but see the core business is the Roofing business, right? And in the last 2 years, you know that the whole texture in fact, the whole kind of the profitability, the costing, and the whole thing has changed drastically. So -- and to note that the new businesses that the company has gotten into, they are actually low-margin businesses. So like in Roofing you've had 25 plus margins and the new business like 11%, 12%, 13%. So -- capital allocation being a critical factor, meaning -- you coming from a rather macro perspective, you had a bird's eye view of where the company was going. And now your kind of hitting the micro level, meaning what are your thoughts that could like comfort us shareholders in terms of that now the company is kind of taking a turnaround?

Akshat Seth: Okay. What are the kind of thoughts that you would love to hear from me which will give you the comfort?

Manish Dhariwal: That's for you to tell us. And so may be on the operating side of the businesses which are -- which the company already has in the Roofing side, what kind of changed? The last 2 years, the margins are completely kind of -- got decimated. Obviously, there were like external issues, but see that's where the strength of the brand and the strength of the company which is kind of -- being here for so long that kind of comes to play. So but what are you -- so maybe some thoughts there would be like helpful.

Akshat Seth: Here are some thoughts, and please do tell me at the end of what I have to say whether they are comforting or not. But this is how at least things are panning out for us. I strongly believe -- there is learnings from the past, but we can't dwell on the past too much. Second, change that we are bringing in is an element of impatience and aggression in how we look at the future. And there is a strong burning desire to make this happen. 80% of the path is clear and 20% will get clear as we go along.

The third thing is while ambition is there, the opportunity for us is to also review and reassess the strategy that will lead us to that path, and that's something that we have done in the past few weeks and continue to do so. A lot of the elements are getting crystallized, we shared on Parador, but that kind of exercise has been done literally for every small segment that we are looking at. And it is that assessment that is giving us confidence that we are in the right products and market. So there is a fair amount of confidence on that front.

The fourth element is that -- and you made a mention that they are inherently the products that we've been -- have returned lower profitability. If we look at the larger industry context of the product segments that we are in, they are not less attractive product segments from an overall industry perspective. So the focus for us is to get to the industry-leading profitability levels and growth percentages there. So that's the fourth point.

The fifth point is, yes, in the past -- and if I rewind back to 5 years ago, the center of gravity of the organization was around the Roofing segment. It is important today, but a lot of our growth will come from things beyond Roofing. And that's an important fact to acknowledge and recognize. Much of our growth plans are around those segments. And the idea is to diversify both from a product mix perspective and also the markets that we play in. So those are some thoughts.

Overall, we have a strong legacy to fall back on, but we obviously need to do a lot of things differently to chart out a successful track from here for the next 5 to 10 years.

And if I may just add one last comment. The way we see ourselves as HIL is not just a roofing and a building solutions company. We see ourselves now as a comprehensive one-stop shop when it comes to the entire range of building products. And that's where more things might get added. And to build our brands which are recognized not just in India but at a larger scale.

Moderator: Ladies and gentlemen, that will be the last question for today. I now hand the conference to the management for closing comments.

Akshat Seth: Thank you, and my heartfelt gratitude for everyone to -- for having joined this call and for hearing us patiently. It's been an absolute pleasure for me to interact with all of you and answer some of your queries. We thank you for taking your time out and engaging with us.

Please do remain plugged in to HIL. Please do keep sharing your thoughts and ideas with us. These interactions are valuable for us. And if there are any further questions coming out of today's call, please reach out. Our Investor Relations desk, all of us are available to address them. Thank you very much.