

September 29, 2022

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

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

*Scrip Code: 509675*  
*Through: BSE Listing Center*

*Scrip Symbol: HIL*  
*Through: NSE Digital Portal*

**Sub: Transcript of Analysts/Investors Call held on September 22, 2022 on updates on business operations of the Company**

**Ref: Regulation 30 of SEBI LODR Regulations, 2015**

Dear Sir / Madam,

Please find the attached transcript of Analysts/Investors Call held on September 22, 2022 on updates on business operations of the Company.

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

Thanking You.

Yours faithfully,

**for HIL LIMITED**

Mahesh Thakar  
**Company Secretary &  
Head of Legal**

Encl: as above

## HIL Limited

### Business Perspective on Current Situation in Europe Conference Call September 22, 2022

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**Siddharth Rangnekar:** Good afternoon, everyone, and welcome to the call hosted by HIL Limited's management to discuss the business perspectives on the current situation in Europe.

Joining us today will be Mr. Dhirup Roy Choudhary – Managing Director and CEO of the company; Mr. Saikat Mukhopadhyay – CFO; and Mr. Ajay Kapadia – Vice President, Finance and Accounts. The call will commence with remarks from Mr. Roy Choudhary on the industry and business perspectives around Parador's operations.

Before we begin, I wish to share that some of the statements made on today's call could be forward-looking in nature. And details in this regard are available on the invite, which was posted to the Stock Exchange websites.

I shall now call upon Dhirup to present his views. Over to you, Dhirup.

**Dhirup Roy Choudhary:** Thanks, Siddharth. Good morning, everyone, and thank you for joining this call today, which I am conducting from Germany. We will share the update on the dynamics of various businesses in India and Europe, more on Europe. The world, and especially Europe, is witnessing severe volatility, owing to the geopolitical developments in Europe, which is having its effect on our businesses too. As a transparent organization, we wanted to come forward and share with you the current situation as we experience in our businesses. By the time we meet to discuss our first half-financial performances later this year, I will have additional perspectives to place before you.

Parador has been a remarkable acquisition for us and for the broader building materials industry as well. With its premium diverse portfolio of offerings, the German's best brand flooring solution is renowned, both within its core market of Germany and also the world. This is clearly evident in the response we get from customers and trade alike.

Revenues have improved healthily since the year we acquired it from EUR 140 million to EUR 178 million, and the operating margin has seen a high of 11.3% in FY21. The German-Indian team's seamless integration is a rather short time coupled with granular level work on customer acquisition has helped us to draw an aggressive growth target for this business in coming years. While strengthening our market presence in home countries of Germany and Austria, the business caters to several unique markets across European continent, UK, China, North America and Australia.

Customers of Parador are delighted by quality and designing thoughts of the portfolio. We have not left any stone unturned in developing an advanced and sustainable range of products that new-age customers have come to demand. Then came the pandemic and with it, the challenges. However, I am also pleased by the tenacity shown by the team behind the operations. They have quite marvelously mapped the business to the upcoming trends of DIY, which graduated into an alternative new channel during the pandemic.

Even last year, with the sudden shortage of critical raw materials and sharp increase in price, our teams have dealt quite defiantly and posted a strong Q4 FY22 performance. However, today's challenges are different and far fiercer. The war in Europe's backyard is having real consequence in the rest of the continent. Having muddled a feeble recovery, various sanctions and counter actions have brought the Europe to the brink of an energy crisis. Drawing a significant portion of gas from overseas, industries and consumers are battling down to rationing several contained supplies.

In the largest countries like Germany, gas price has risen, and the delta is as high as 3x, whereas availability also is a huge constraint. Electricity prices are up 4x given shortage of gas that turns the turbines. And the closure of nuclear plants consequent to paucity of drawable water in major water bodies in the countries have made the problem even worse. As we traverse the autumn period into winter, these clearly are going to be the biggest issue locally in the minds of several. Industries across broad are having to operate at elevated cost structures. Chemical prices are very high, whereas HDF prices have still not come down sufficiently enough. We are witnessing a situation where the manufacturers are happy to shut down plants than lowering the prices.

On the demand side, the sentiment is generally soaring given the high inflation, high cost of everything that the consumers are having to face across EU. In Germany alone, we have seen inflation rise to 8%, whereas the rest of the block, it is hovering in double figures. Consumers are sticking to bare essentials, and discretionary spendings are being curbed.

Parador, like any other flooring company, naturally is witnessing all of this. There are practically no footfalls at any DIY stores nor at the large format stores for flooring. We haven't seen primary stocking in sometimes to dilute. Solutions are being worked out and knowing the strong credentials of Germany, we are hopeful to see a respite soon.

In a nutshell, this is a wait-and-watch situation in the market. The Federal Government in Germany has advised manufacturing companies to use less power and gas by curbing their operations and by opting for "short-time work basis". To give some instances, many of the large HDF manufacturers in Germany have announced temporary shutdown of their plant. Even Flooring Companies are going for part shutdown to tide through these times. We have heard yesterday, one of the major Automobile Company who had just now set up a plant in Germany, also deciding to close down. Q2 is shaping up to be significantly challenged quarter for Parador as well.

Since we last connected on this platform, we have redoubled efforts to bring parity to this situation. I want to be upfront and share these with all of you. This will be an uphill task as we navigate the challenges excavating by the Geopolitics, but listing down some of the measures that we are taking in Parador, I want to bring peace to your mind. Our teams have reviewed cost item wise and proposed zero-based cost forecast plan for Q3 and Q4. We are targeting substantial reduction in material cost by norms, which were unheard of in a mission mode basis. Modular flooring is still the most profitable product for us. Hence, by top most level connect between our Far East supplier and us, we are on the way to continue exclusivity of raw material despite having severe shortfall in agreed volumes for the calendar year.

We are stepping up efforts to obtain additional volumes from greener pastures, which are less affected by the crisis, to make up for the business loss in existing territories. At the offices and at the plants, we plan to make use of wood chips for heating during winters. We have ceased new hires at the moment and are closely monitoring all cost elements on war footing. HIL's Six Sigma specialists from India have already landed in Germany and are focusing on optimizing inventory and operational cost.

Parador is a core part of our strategy, and we shall pursue all initiatives with both the long-term and near-term alignments to our growth objectives while sustaining it to sail through these transient challenging times.

I also want to take this opportunity to convey some context on the Indian operation. Q2 is normally the weakest quarter for India. We are seeing fiber price increase and these together with higher ocean freight, are impacting margins in roofing business when compared to last year. We have passed the crucial high demand quarter and absorbing all the costs will be poor in the softer seasonal period.

In Polymer Solutions, we still witnessed considerable softening in PVC resin price. This has translated into negative margins as well as inventory valuations loss, even during the quarter. These are transient challenges, and our teams are addressing with a view to optimize the operating levers.

However, Building Solution is going strong, both in top line and bottom line. We have successfully completed the business acquisition of AAC Blocks business of Fastbuild in Orissa. The new boards plant in Orissa have also become operational, and we are well on track to strengthen this business further.

I once again state that our Company and the Management, both in India and Europe, are extremely proactive and resilient, and we'll be doing everything to mitigate the present crisis while not losing sight on our 1 billion growth plan. I will be spending inordinate time in Europe for the next couple of months, as needed, to strengthen our European operations.

That brings me to the end of my interim perspective on the current situation of the business, and I would request the moderator to kindly open the forum for questions. Thank you.

**Moderator:** The first question is from the line of Arun Maroti from Subh Labh Research. Please go ahead.

**Arun Maroti:** My question is with regard to the Parador operation that we can see that the energy prices in Europe and all the things. But what is the next I can say that the step to mitigate in a moderate manner that okay, we will not get affected much?

**Dhirup Roy Choudhary:** So, Arun ji, thank you. You touched on the energy. Let me tell you that this calendar year towards January, February, I've taken a call to pre-book our energy prices for Parador. So, we consume electricity in our production, and we do not use gas. Our energy cost is 2.5% of revenue. We have already hedged our energy requirement for the whole year to the extent of 60% to 70% and part of next year. We will wait for some more time to take the decision on hedging of energy requirement for balance part of next year. But to that extent, Parador is protected.

On the other actions, as I mentioned, while the sales is low, we are trying to look at other opportunities and countries which are less affected. To give you a view, Spain at the moment seems to be less affected. We also see Nordic countries who are

doing reasonably better than Germany and Central Europe. We are also looking at alternatives to sell more in China and the United States. We have sent the team to Middle East to look at opportunities in Middle East to be ramped up at the earliest. And we are also looking at South Africa, but that's too early to be spoken about.

So, we are catering to the world, and this is our time to really use all the networks that we have developed in the last 2-3 years since the acquisition to spread Parador in different parts of the world, to strengthen ourselves in areas which are less affected by the European crisis and make good of our production capabilities. So, that we are doing positively.

The second thing we are doing is we are looking at every cost angle in Europe to try and curb it, as I mentioned in my opening statements. We are aggressively working with suppliers to see how we can bring down material cost steeper than the normal. We have also spoken to banks for all supports that we can. The Government has already approved for us short-term work, which means if there are days that we do not need production, we can request the workers to be at home, and we pay only 60% of their salaries. So, all of the actions that are needed in the short term to mitigate the transient problem, believe me, we are looking at every bit of it.

**Arun Maroti:** Sir, you told about that the Government has given us some scheme that only we need to pay the 60% done in the production in order to not working. So, how much did already happened in that case for the current quarter?

**Dhirup Roy Choudhary:** So, not much in the current quarter. We have taken these calls in the second half of September, and you would see some reduction in manpower costs in the coming quarter. We are monitoring the production based on the demand scenario and sticking holistically so that the inventories are not raised up unnecessarily. So, all of that is a work in progress.

**Arun Maroti:** So, by this mean, I can guess that okay, the demand scenario is not so affected?

**Dhirup Roy Choudhary:** The demand is affected. The actions that are being taken to mitigate a low demand is what I was talking about.

**Moderator:** The next participant is Baidik Sarkar from Unifi Capital. Please go ahead.

**Baidik Sarkar:** Mr. Choudhary, thank you for the call on the update, appreciate very much. So, by way of demand substitution, how much of the opportunity loss in Germany do you think we can recoup from sales to, say, Spain and the Nordic regions? And is it fair to assume that we will be significantly away from break-even for the rest of the financial year as far as Parador is concerned?

**Dhirup Roy Choudhary:** So, Mr. Sarkar, thank you for your question. We are definitely in a bad shape in Q2, but we do not want to be in a bad shape in Q3 and Q4, and therefore, all actions towards that is happening. Demand have slowed down to the extent of 20%, as I see today. But how do we make up the loss of sales from additional countries are the actions that I talked of. I have personally been to Spain. I have personally been to France, Switzerland and UK And my teams are all over the world today trying to track, wherever possible for orders. Give me some more time, I think a far better flavor, I will be able to present at the quarter end call that we will have once again in November. And believe me, every extraction that we can do from wherever on sales is our attempt and we will do that.

**Baidik Sarkar:** If I can just squeeze in one more question on the India front. You did mention the fact that ocean freight rates are still high. Anecdotally, we were of the understanding that there was some situation softening in the oceanic freight rates. So, is this route specific for us given that we operate from Latin America to India? Or is this a generic trend that you're seeing? Point number one. And point number two. As far as the demand in the saliency per se for Roofing Sheet is concerned in India, how is that?

**Dhirup Roy Choudhary:** Very good question. So, yes, you're right, absolutely. Some of the routes, the prices have come down. So, for instance, the sails, the shipping route between, let's say, Eastern world and Europe has softened a bit. But our Brazil-India route hasn't softened enough. And most of the imports that we do is fibers from Brazil. So, that's

an area which I referred to. And whenever I discuss about the costs high, it is with respect to last year. So, while it's softening, it is not good enough to compare with last year. That was the point. And fiber also is quite high than last year. And that's the element that is hitting the bottom line when you compare with last year. So, that was the element in mind.

Now about the sales. Sales in Q2 is the weakest for Roofing and for Building Materials and for Pipes. This is a regular affair because construction goes down, rains after the rains. And it again starts picking up from quarter 3. Quarter 4 is a very good quarter for HIL, and quarter 1 is the best quarter for HIL in India. So, quarter 2, therefore, the sales have definitely come down over quarter 1 in all sectors. But in Building Materials, we are doing very well. And because of PVC price slide down that is happening and actually, we have seen almost a 60% reduction in PVC in the last maybe 5 months. And that's been so steep that the market is waiting for further reduction. And therefore, the primary stockings are not happening, there is a weak sentiment in the market and companies are losing on inventories because they have materials bought at higher price. So, all of that is hitting us on the PVC side. I hope I've answered the Roofing part. Yes, there is a definite reduction in volumes over quarter 1.

**Moderator:** We move to the next question. Next question is from the line of Nikhil Gada from Abacus Asset Managers. Please go ahead.

**Nikhil Gada:** Sir, my first question is so now that we are seeing such a surge in the gas prices and the demand is also sort of slowly and steadily coming down, what are the plans in terms of running operations as in? are we also planning to take some amount of periodic shut down for a month or so? And secondly, when we say that the demand has already gone down, and then we are going to see the winter season where as such, our demand for Parador is also on the lower side. So, how do you see this navigating through this, if you can help us.

**Dhirup Roy Choudhary:** So, Nikhil, 3 things you've touched on, if I have understood you right. One is the gas. As I mentioned, on the cost front, gas doesn't directly hit us because electricity is

what we use. We don't use gas. But gas is used severally by consumers around Europe for their heating purposes. And because of gas price going up, all other costs are going up. So, inflations are high, and therefore, that's having a negative sentiment to the demand scenario.

Now coming to shutdowns. We are absolutely monitoring this on a close way. We will, for instance, this week now, as I'm sitting on Thursday, Thursday and Friday, we have switched off our plant in Coesfeld. And all our blue-collar workers are sitting at home on these 2 days. Let's talk of Austria. We are absolutely full on orders in Austria. And therefore, there is no reason of a shutdown for Austrian plant, which is making the engineering wood.

So, we will monitor this on a regular basis. Yes, you're right, quarter 3 is weak. So, for Parador, quarter 2 is the weakest in the whole year, quarter 3 is slightly better, but December is weak because of Christmas. Then quarter 4 is a very good quarter and quarter 1 is a very good quarter, historically. So, we are hoping again quarter 4, the recovery will happen after winter. And there will be huge pent-up demand once the recovery happens because people are waiting to buy. They are just wait and watch on how the winter goes through. We are also very sensitive to the demand, and we will be taking all needs that are needed to save on cost, including shortening the production cycle, if that's needed. I hope I've answered your question.

**Nikhil Gada:** Yes, sir. Sir, just on the fuel cost, you mentioned that we generally use electricity and even those prices are up by close to 4x in Germany. And when we look at our power and fuel cost on the subsidiary side, it's close to 2.5% of our total sales. So, is it fair to assume that this has sort of also gone 4x? Or when we say that we have hedged 60%, 70% of the requirement, is it at a better negotiated price?

**Dhirup Roy Choudhary:** Yes, it is at the old prices.

**Nikhil Gada:** So, then we are getting hit only for this remaining 20% to 30% of the requirement?

**Dhirup Roy Choudhary:** You're right, the direct hit. But indirect hit, as I mentioned, the freights have gone up, the sentiments in the market, therefore, the sales coming down, all of that continues for everyone else. But we are favorable to others because we have hedged the electricity to a greater extent.

**Nikhil Gada:** So, just now in terms of while Q2 is going to get impacted because of this, and we have also had an impact because of unavailability of raw material due to the Russia-Ukraine crisis, so is that part of the situation at least improving or even the raw material part of the Parador business is still going to get impacted in the upcoming quarters?

**Dhirup Roy Choudhary:** So, Nikhil ji, on raw materials, when we say there were 2 issues, one is availability, one is cost. Cost is still high, and the suppliers are not reducing cost. Rather, they are going for closing their factories, that's their decision. We have been able to bring down cost a little bit, but my aspiration is to bring it down by a sharper scale. And that's what I was trying to speak of, which is what I'm monitoring personally. When you talked of availability, that's no more an issue.

**Moderator:** The next question is from the line of Parin Gala from SageOne Investments. Please go ahead.

**Parin Gala:** So, probably right now I mean, times are difficult due to whatever is going on, but they always say, right, that opportunity lies in crisis. So, when things are going bad and there must be a lot of these other competitors or some other segment altogether, which you were earlier interested into. And with a strong balance sheet that you have right now, you see a scope of some more inorganic opportunity, whether it's the same segment or different and where you can probably up the time for your \$1 billion target that you are looking out for?

**Dhirup Roy Choudhary:** So, a very interesting question, and I must say my hunger for \$1 billion continues and gets even more every day. So, we will bridge the gap even though situations are difficult. Today's call was more about the present transient operational crisis that we are going through in Europe. And rather than waiting for the quarter to end and

then the results to be out and then coming back and speaking to all of you, I rather thought like we have the policy of transparency. It's best that you know what is happening in your company. And more so from India, we only contemplate what's happening in Europe. It's that someone amongst you, which is I, spend time in Europe and give you that impression. So, this call was on that, but I will still answer your question.

The question is very relevant. As I said, we have already jumped into Construction Chemical as a new vertical in India. So, now in India apart from Roofing, Building Solutions is doing very strong and good. Last quarter, you would have seen a margin of 14% in Building Solutions. Of course, quarter 1 was very, very good. So, we are hoping as quarter 3, quarter 4 comes up, Building Solutions will do even better. We are strengthening that segment by new acquisition that you have heard of our Blocks and also the new plant for boards and panels are coming up. Boards is already operational in Orissa. Panels will be operational in the next 2 quarters. So, we are strengthening that segment.

Pipes - our aspiration doesn't go down at all. We are going through terrible times in pipes as an industry, quarter 1 and quarter 2, which all of you know about, but this is transient. We have now come to a situation where PVC can't go down anything much. So, definitely, there will be an improvement in quarter 3, quarter 4 for pipes, that I can pledge for. And Construction Chemical has started Last 3 months, 4 months, we have already done Rs. 5 crore revenue in that YTD. And we will look at expanding construction chemical, both organically and inorganically, and it will be a fantastic segment to dwell on. On Europe segment, I don't think we are looking at any inorganic in a hurry.

**Moderator:** Next question is from the line of Amit Vora, Individual Investor. Please go ahead.

**Amit Vora:** I appreciate you taking time out and updating the investors on what is the situation. Thanks for that. Most of the questions have been answered. Just one question is considering the current situation, our competitors or the smaller people or the smaller business units would be definitely going through a lot more trouble

considering we have a strong balance sheet and decent cash flows. Once the tide turns, we should be coming out much more stronger. Is that a correct assumption and directionally right thinking?

**Dhirup Roy Choudhary:** So, Amit ji, thank you first of all, for your question. I will separately answer in 2 segments, one being India, one being Europe. So, in India, I think small or big, the competitors would do on a consolidated basis better than us because Parador is going to bring down our consolidated results. But so far as Indian standalone is concerned, we will remain #1. So, that is not going to get down to the toll. There is no austerity that we are planning to take in India to curb our directional growth strategy, and that will continue, absolutely. So, yes, you are right, when demand comes in quarter 3 and quarter 4 as is a regular trend in India, we will be up on speed as HIL India.

Coming to Parador. Of course, if situation doesn't improve, we may have to take some structural changes in Parador, which may not be favorable for future growth in a hurry. But I do not see that as of now, but I'll keep all of you informed fully from time to time on how I see Europe. We are far better than the flooring companies in Europe because of some very good management decisions we have taken here, but we are lamenting. But the company's profile fabric is absolutely in order to take the spring as soon as the demand comes back.

**Amit Vora:** My question was more to do with European operations. India, I am pretty comfortable, not worried at all. And you did touch upon the \$1 billion sales, which includes your consolidated entity. So, do we change any of these timelines or if it is too early to take a call on that?

**Dhirup Roy Choudhary:** Sir, would you allow me to change the timeline. I'll ask that question to all investors. And the answer would be no. So, I'm here to exactly work what the investors want me to do and we will do it exactly that way.

**Amit Vora:** Excellent. Reassuring again, thank you so much for the call and your time and all the very best.

**Moderator:** Next question is from V.P. Rajesh from Banyan Capital Advisors. Please go ahead.

**V.P. Rajesh:** And we really appreciate you doing this call. My first question is you mentioned that Austria is doing well. So, if you can just elaborate why that part of the business is doing well because the energy cost has had an impact in the entire Europe?

**Dhirup Roy Choudhary:** So, Rajesh ji, Austrian operation is doing well, what I said. That means we are full up on manufacturing. And that was what I said. The reason for that is most of engineered wood orders come from international market, international to Germany and Austria. And therefore, that particular country hunting, if I can use the word hunting we are doing, we are going to areas which are less effective -- everything is affected in Europe but less affected than Germany and Austria. We are going to those countries hunting the orders, and most of these are engineered wood. Therefore, our backlog for engineered wood is very good to continue the plant operation. But the problems on costs are hitting Austria as well.

**V.P. Rajesh:** So, just to repeat what you said. In Germany, both demand and cost is an issue. In Austria, the demand is not an issue because we're getting orders from other parts of Europe that are coming into us, but the cost is still an issue. Is that the right way to understand it?

**Dhirup Roy Choudhary:** Right, thank you. Very well said.

**V.P. Rajesh:** And then on the Germany, you said that you used to get 20%, I wasn't sure if that demand is 20% down from last year or from Q1, if you can just clarify.

**Dhirup Roy Choudhary:** So, demand is down by 20% from last year is the right statement and also from Q1. So, we were very much hoping the demand pickup after summer. Summers are weak in Europe. We were hoping the demand pick up from mid of September, that hasn't happened. In the meantime, the summers have been extremely weak, and therefore, we have been in trouble in July and August, which I already spoke about.

**V.P. Rajesh:** So, is it fair to conclude that Q3 compared to last year, the Parador will again be down year given what you are just saying about the current dynamics in Europe?

**Dhirup Roy Choudhary:** Sir, if my hunters are able to help me get more volumes from greener pastures, we will try and keep Q3 better. But at the moment, with the cost structures and the sentiments, I will not be able to give you a firm commitment. Let me revisit this question when I meet you after the quarter.

**V.P. Rajesh:** Thank you, and all the best, and let's hope all your efforts work.

**Dhirup Roy Choudhary:** I need that more than anything, Rajeshji, and thank you very much for your comfort.

**Moderator:** Next question is from the line of Aejas Lakhani from Unifi Capital Private Limited. Please go ahead.

**Aejas Lakhani:** Just want to get a sense and could you speak about the debt levels currently and has that gone up since the previous quarter. Do you expect debt cost to increase for this quarter and the next?

**Dhirup Roy Choudhary:** Lakhani ji, this call was only for Europe. Therefore, my apologies, if I'm not ready with the numbers, but I can answer that the debt in Q2 always goes up. We borrow money in Q2. Q1 was debt-free as India. Q2, we have borrowed money. I think about Rs. 50 crore has been borrowed till now in India, but we will be able to pay back. This is cyclic in India, and we pay back by Q3, Q4.

**Aejas Lakhani:** Sir, could you just also give some color if India Roofing is down Y-o-Y?

**Dhirup Roy Choudhary:** India Roofing is about the same, I would say, Y-o-Y, though the sentiment in the market on prices is extremely weak. So, every competitor is taking panic decisions, which I don't understand why because their costs are also high. But we are not sinking to that level.

**Moderator:** Next question is from the line of Subham Agarwal from Aequis Investments. Please go ahead.

**Subham Agarwal:** First of all, best wishes to the team to tide through this current challenges. And my question was more or less regarding the Europe business. So, I wanted to

understand, given that now the demand scenario is certainly so challenging, are we rolling back some of the price increase that we had taken earlier? And secondly, on unit profitability basis, are we able to make profit at gross level in the current scenario?

**Dhirup Roy Choudhary:** So, Subham ji, thank you very much for your good wishes. I need it, as I said, the team needs it. Yes, a drawback on prices is evident and eminent because when the demand goes down, we try every other area to look at and one would be giving some discounts and opportunities for customers to come through. So, yes, prices are coming down, but that's where the raw material has to be treated more. And I mentioned that we are trying to work on that even more aggressively. On margins, I would stay away from giving the numbers, but Q2 has been extremely bad.

**Subham Agarwal:** And in the current scenario, how are the competitors faring? Is there any chance of some competitors going out of business or something like that?

**Dhirup Roy Choudhary:** Sir, there is an overcast in Europe to talk about competitors. You are aware of the rules. But we do have a very good sense of how our competition is doing, and they are all in terrible, terrible situation.

**Moderator:** The next question is from the line of Mohit Khanna from of Banyan Capital Advisors. Please go ahead.

**Mohit Khanna:** I just wanted to understand that after this mayhem settles down, what do you think will be the first step or the strategy for HIL to recoup the lost business? How about to capture the highest incremental share of the incremental demand or the pent-up demand that would come up, especially focusing on Europe. And then what is the progress on the Chinese JV? Is there any mitigation effect from the Chinese JV for the European business?

**Dhirup Roy Choudhary:** Thank you, Mohit ji. Good afternoon to yourself. So, yes, we have converted crisis into opportunities in India. You would recall last couple of years, during COVID, HIL India took all actions, going granular into the market, tapping untapped areas, going

into greener pastures in Tier 3, Tier 4 cities, using digital to map the pin codes and heat maps and everything. We have started all of that in Europe. So, this has given us an opportunity, for sure, to help our European colleagues to sharpen their skills for hunting. And I think that's going to help us in a big way.

Going big way to new countries and trying to poise ourselves to get orders from countries which are not so affected, will help us in this penetration route when the pent-up comes up. See, when the pent-up comes up, if we have destroyed the fabric of Parador, it will be difficult to come back. But if we can sustain Parador to go through this situation in the next maybe 1 or 2 quarters, as situation may improve, my estimate is from February, March, we will be absolutely there to reap it up. So, our stance for Parador for 350 million top line, that means doubling from here in the next 3 years does not change.

**Mohit Khanna:** And as the Chinese JV, is there any --

**Dhirup Roy Choudhary:** Chinese JV, sorry, I didn't answer that. So, China is still closed in many ways. Traveling is not allowed them. That's something that has not taken up as much. We have, in the meantime, opened up 42 POS in China, but their footfalls are low, and so the requirements haven't shaped up. But I'm going to speak to them very soon to find out ways to excite this.

**Mohit Khanna:** And the last one if I may squeeze in. Sir, you say that if you do get orders from greener pastures, you would get back on the production and the manufacturing front. So, in that sense, how is Middle East strategy? What is our Middle East strategy? And what you also spoke about South Africa? So, if you could just throw more light how big these markets are and what is your outlook on that?

**Dhirup Roy Choudhary:** Middle East was a good market before COVID. We went through a tough time in Middle East where construction slowed down. But I'm picking up that situation is improving. So, therefore, we have sent the team there to especially look at Middle East. I'm hoping to get a response from them. But I hear that we have located a very

good partner there who can support us. So, I'll throw some more light in the next couple of months to you, sir.

**Moderator:** Thank you very much. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

**Dhirup Roy Choudhary:** Thank you very much for being patient and coming forward and listening to this call. The intention was clear and simple, to carry you and give you all impressions of the company that you care for. And I hope I have been genuine to that and transparent into that. If you believe situation is really bad and it's worrying you, believe me, we are on the ground. The differential between any other manufacturer in Europe and us would be we from India know how to manage challenges and you can rest assured on that. Thank you very much, gentlemen. Have a nice weekend ahead and stay safe. Bye-bye.

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