



RHI MAGNESITA

RHI MAGNESITA INDIA LTD.

19th & 20th Floor, DLF Square,
M-Block, Phase II, Jacaranda Marg,
DLF City, Gurugram, Haryana 122002
T +91 124 4299000
E corporate.india@rhimagnesita.com
www.rhimagnesitaindia.com

14 August 2025

To,

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street

Mumbai – 400 001, India

BSE Scrip Code: 534076

National Stock Exchange of India Limited

Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (East)

Mumbai – 400 051, India

NSE Symbol: RHIM

Dear Sir/ Ma'am,

Sub: Transcript of Conference Call – first quarter ended 30 June 2025

Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, and further to our earlier intimation dated 5 August 2025, the transcript of the conference call held on 11 August 2025, for discussing the earning performance of first ended 30 June 2025, is annexed herewith.

The same will also be uploaded on the Company's website at the below link:

<https://www.rhimagnesitaindia.com/investors/investor-meet>

Kindly take the same on record.

Thanking you,

Yours faithfully

For **RHI Magnesita India Limited**

Sanjay Kumar

Company Secretary

(ICSI Membership No. -A17021)

Encl: as above



**“RHI Magnesita India Limited
Q1 FY '26 Earnings Conference Call”**

August 11, 2025



MANAGEMENT
MR. PARMOD SAGAR
CHAIRMAN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
-RHI MAGNESITA INDIA LIMITED

MR. AZIM SYED
WHOLE TIME DIRECTOR & CHIEF FINANCIAL OFFICER
- RHI MAGNESITA INDIA LIMITED

Moderator:

Ladies and gentlemen, good day, and welcome to the RHI Magnesita India Limited Conference Call Q1 FY '26. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone.

Before we get started, I would like to point out that some statements made or discussed on today's call may be forward-looking in nature and must be viewed in conjunction with risks and uncertainties that we face. The company does not undertake to update these forward-looking statements publicly.

I now hand the conference over to Mr. Parmod Sagar, Chairman, Managing Director, and Chief Executive Officer from RHI Magnesita India Limited. Thank you, and over to you, sir.

Parmod Sagar:

Thank you very much. Good morning, everyone. Thank you for joining us for RHI Magnesita India's Q1 Financial Year '26 Earnings Call. We have had a very good start to the year, reinforcing the robustness of our operating model even in the face of market commoditization and volatility. Our resilience is transforming into tangible gains reflected in increased market share and stronger financial performance. While the refractory market remains competitive, we are confident in our business fundamentals, positioning and strategic levers to drive growth, improve productivity and maintain safe operations across all sites.

Today, I'm pleased to present our first quarter results and forward-looking along with the dynamic industry landscape filled with opportunities. We operate at the heart of India's steel, cement, and various industrial sectors, which has continued to see robust growth supported by government infrastructure spending and a strong economy. The union budget raised the infrastructure outlay by INR 11.2 lakh crores. This is a promising indicator for the steel and cement industry.

Refractories, the heat-resistant materials that we produce are the unsung heroes, enabling this industrial growth. Around 65% of India's refractory demand comes from steel sector and together with cement, around 75% of refractory consumption. This underscores our critical role in India's industrial ambitions. The overall market environment remains challenging and highly commoditized. Global geopolitical uncertainties from supply chain have increased the refractory's input costs, in particular, raw material costs. This has intensified margin pressure across all industry.

Despite these headwinds, RHI Magnesita's fundamentals have proved remarkably resilient. We continue to focus on customer satisfaction, product performance, leveraging our scale and innovation capability to stay ahead of the curve and meet the needs of the customer. We have navigated these obstacles by focusing on our business fundamentals and strategic initiatives, which helped drive a 13% increase in shipments and 9% year-on-year growth in our revenue for this quarter.

Maintaining excellence amid the tough pricing environment speaks to our commitment to expand across diverse end markets. On the operational front, several key initiatives progressed well in Q1.

1. strategic projects in iron making. Our strategic investments in iron making, particularly for blast furnace, , DRI, hot metal ladles in this quarter, are progressing on schedule and as expected positioning us for future growth in these areas.
2. successfully regained market share almost across all segments.
3. And finally, as communicated in last quarter, we had productive discussions with our customers and secured key price increases, and we are expecting to see these benefits in the coming quarters.
4. The other is cost optimization. We have launched focused program across all our plants to focus on cost efficiency through recipe optimization, use of circular economy, productivity, and energy cost efficiencies, and I'm happy to report that we are on track on execution of these programs.
5. We are also working on automation and robotics in operation. We are making progress in the area of these initiatives. And with the introduction of 4 PRO business model, we have made steady progress in this area.

Last year, we introduced our 4 PROmodel, which is a total solution to the customer an integrated solution approach building products, process, performance, and digital solutions. This quarter, we have moved from planning to execution and the early results are very encouraging. Our teams have achieved multiple operational milestones at customer sites, demonstrating how our solutions improve their processes.

One particular highlight is the deployment of India's first complete robotics solution in a continuous casting plant, the first such installation in an Indian steel plant. By proving this capability in India, we are strengthening our reputation as the go-to partner for advanced refractory solution. As a result, we expect to expand our market share through more 4 PRO long-term contracts, where we manage entire process flows for customers. Our commitment to innovation, be it through robotic, digital monitoring or R&D in refractory formulations is transforming how we and our customers operate.

We also enhanced our steel flow control capability through a small acquisition of Ashwath Technology by our subsidiary, Intermetal Engineers, effective from 1st August '2025.

In summary, RHI Magnesita India Limited has demonstrated that we can, and we will continue to deliver in a tough environment by staying agile and sticking to our strategy. We are building momentum quarter-by- quarter.

Our role in India's industrial landscape is evolving from simply a material supplier to a strategic solution partner for steel and cement producers, contributing to the nation's

drive for manufacturing excellence. By enabling safer, more efficient steel and cement production, we are strengthening India's industrial backbone and supporting the 5 trillion economy vision with self-reliant supply chains.

I'm confident that with the continued dedication of our team and the trust of our customers, we will convert the current challenges into opportunities for long-term growth. Thank you very much, and I will hand over to our CFO, Mr. Azim Syed, to walk through the financial performance in detail. Yes, Azim.

Azim Syed:

Good morning, everyone, and thank you, Mr. Sagar Ji. I will now walk you through the financial performance of RHI Magnesita India for the quarter ended June 30, 2025, where we have delivered growth across key metrics while navigating market challenges.

Let me begin with FY '25 performance, which was marked by intensified competition in the refractory market and rising input costs, especially in raw materials, but first quarter results of this year marked by growth and stable profitability that reinforces the effectiveness of our business fundamentals in complex operating dynamics.

I'm pleased to report that our revenue from operations for Q1 FY '26 stood at INR 960 crores, which represents circa 5% sequential growth quarter-on-quarter and about 9% growth year-on-year. Shipment volume grew to 129 kilotons by 4% QOQ and 13% YOY. This growth was primarily fueled by regained market share in almost all segments.

Production for Q1 FY '26 stood at 85,000 tons, increase of 11% QoQ and 9%YoY. Capacity utilization improved to 66%, ensuring that additional market demand was met through planned inventory increases.

Our operating EBITDA for the quarter was at INR 103 crores, a 10% increase over Q4 FY '25, a sequential improvement in EBITDA margins to 10.8% from 10.2% last quarter, highlights stronger operational performance and the initial gains from our pricing initiatives.

Profit before tax for the quarter stood at INR 48 crores, reflecting a 27% increase over the previous quarter, supported by disciplined execution and tighter cost controls. Whilst our profitability has increased, our margins YoYdeclined by 51%. This is primarily due to high input costs, particularly in raw materials. The reason for this is due to the elevated high-cost alumina prices moving from our inventory to P&L, and this will taper down in the upcoming quarters as the alumina prices have fallen down. On the employee and other expenses, we are able to manage this well with productivity programs that we have implemented across our plant network, which has already started to yield results. We expect to keep the same momentum.

Profit after tax for the quarter was INR 35 crores, reflecting a 3% decline compared to the previous quarter. As in the previous quarter, tax credit was recognized based on the ITR filed for FY '24 pertaining to certain acquisition-related provisions.

We also remain disciplined in our operation and working capital management. By optimizing receivable and payable days to their lowest level, we generated robust cash flow and further strengthened our financial position. This reflects consistent improvement in our net debt-to-EBITDA ratio from 0.3x to 0.2x quarter-on-quarter. We generated INR 88 crores in operating cash flows in Q1, increase of 36% QoQ and invested INR 28 crores in capital expenditure, all funded through our balance sheet.

Our balance sheet remains strong with low net debt and with adequate liquidity, positioning us to pursue growth opportunities and focus on our strategic initiatives. Looking ahead, we are optimistic for the growth and profitability for the upcoming quarters driven by our robust order book, pricing initiatives, input cost optimization through our productivity initiatives and normalizing raw material costs, as mentioned by Parmodji.

We'll continue to optimize working capital and maintain financial discipline. a sharp focus on operational excellence, innovation and differentiated offering, ensuring continued profitability. As mentioned by Parmodji, our business fundamentals remain strong, and we'll continue to focus on strategic initiatives aimed at long-term growth, that is gain market share and strategic advancement in iron- making segments, targeted investment in 4 PRO business model and further usage of secondary raw materials.

In conclusion, our commitment to shareholders was that we will see an improved quarter-on-quarter results that will underpin our business fundamentals and the strategic initiatives. This is what we have demonstrated in this quarter. Our financial position remains stable, continues to strengthen, place us in a strong position to capitalize on market tailwinds and progress of our internal transformation. We remain committed to delivering long-term value to our shareholders by focused execution.

Thank you for all your continued trust and interest in RHI Magnesita India. We can now take questions.

Moderator:

The first question is from the line of Jai Chauhan from Trinetra Asset Managers.

Jai Chauhan:

Yes, so my question was pertaining to management has highlighted the margin is expected from both secured price increase and lower input costs. Could you provide some color on the balance between these two drivers, specifically how much of the anticipated margin improvement in Q2 and Q3 will come from sustainable price hikes And how has the competitive environment evolved to allow for these price increases now as I remember management mentioning that it was challenging just a few months ago? This is my question, sir.

- Parmod Sagar:** Yes. So basically, the market is still very commoditized, and it is not easy to get price increases in commoditized market. We have some 4 PROsolutions as me and Azim was also talking about this full solution business where we add value to the customer in those areas, we are getting price increases where we are also adding value to the customer and the business is not that much commoditized?
- So if you talk about Q2 and Q3, I would not be able to give you the number, but I can say it will be upswing. It will not be hockey stick, but it will be upswing quarter-by-quarter. Our intention is this full year, if we could manage to the last year's EBITDA, that will be ultimate satisfaction to us. Hopefully, I'm clear to give you the answer.
- Jai Chauhan:** Right, sir. Understood. So sir, can we assume that this lower cost RM, alumina prices that you might will be -- is sitting in the inventory will be consumed from Q2? And what kind of margins can we expect in the coming quarters?
- Parmod Sagar:** That's what I'm saying. I cannot give you the margin percentage. I'm saying it will be upside. By September, this high-cost inventory should be consumed. And Q3 will see, Q2 will also, I assume from Q1, there will be some uptick on Q2 and Q3 will still be better. That's what I can say.
- Azim Syed:** So we can talk to our full year guidance that, as Parmodji mentioned that our aim is to achieve the profitability percentage that we had last full year results. So this is what we are aiming for you can use that probably for modeling for sure, but we don't want to give a QoQ guidance at the moment.
- Moderator:** The next question is from the line of Sahil Sanghvi from Monarch Network Capital.
- Sahil Sanghvi:** Congratulations for a really good set of numbers, keeping aside the margins, which will definitely recover. Now my question is regarding the 4 PROmodel. I mean, just wanted some more details about what new are we doing in this model? How different is it from the total refractory management contracts that we had earlier? And is this something which gives us more margins than the usual way of selling these products?
- Parmod Sagar:** Okay. Sahilji thank you very much for your kind words and support. The thing is this 4 PRO earlier was TRM. So TRM was total refractory management. So it was more focused on maintaining inventory and running the steel plant or cement plant on a per ton of steel basis. But now we add a lot of other elements where we provide them robotic solution, scanning solution, checking their erosion patterns. We provide them slab detective systems, We provide them artificial intelligence, digitalization of their processes. There are many things, and apart from this, even we are providing or talking with them about their metallurgical problems and how refractory can contribute in that also. So this is a wholesome solution for any steel plant. So this differentiates us from our competition, and as far as margins are concerned, yes, automatically, if we will go in this model, the margin will be better in long term.

But as I'm saying this, don't expect that next quarter, it will happen. For this robotics solution for JSW, it took almost 2 years to really did feasibility study, has a tough competition with our competitor who is also very strong in flow control, you know to whom I'm talking about, and we had to showcase our capability to JSW management that we can do it, then we got this contract, which is a 5- year long contract, and now JSW is asking us to do feasibility study in another two plants and similar groups are also asking us to do feasibility study.

But it will happen if we start now, probably after a year or so, we will have upswing of this type of solutions. It is not immediate solution. But long term, this will differentiate us from our competition. This will add value to customers, and they will believe us as a partner, not a supplier.

Azim Syed: Sahil, you can look at our investor deck on Page #14, we have provided a link wherein you can click on to understand the 4 PRO model. What does it mean? A lot of details have been provided with customer testimonial not only for India, but across the world. As Parmod Ji said, it's the next evolution of TRM model, it's a new business model. That's the way you need to model it.

Sahil Sanghvi: Sure, sure, sir. Sure, sir. This is helpful. And good to hear that we are doing something over and above how the industry works. Secondly, on exports, do we have sort of a new understanding as to how we want to ramp up exports? I mean, I believe we were working on some new ways of doing it. I mean, maybe through our entities or something else, but anything on -- any progress on the export front?

Parmod Sagar: Yes, there is a progress, but still, I would say we are at advanced stage of trials for outside world apart from India. So it should happen in '2026. We have quite a reasonably good plan to increase our export in flow control in 2026.

Parmod Sagar: So another 6 months or so.

Moderator: The next question is from the line of Sucrit Patil from Eyesight Fintrade Private Limited.

Sucrit Patil: I have a specific question for Mr. Azim Syed. Are you there online?

Moderator: Mr. Patil can you please be a little louder? We can't hear you properly.

Sucrit Patil: I have a specific question for Mr. Syed, so is Mr. Syed online?

Azim Syed: Yes, yes, I am.

Sucrit Patil: My name is Sucrit Patil, and I just want to understand your view, and my question is, as RHIM is trying to scale its India operations, how are you evolving your capital allocation framework to balance refractory capacity expansion, sustainability linked investments and potentially inorganic growth, especially in light of margin volatility across end

markets? And do you think this will have some positive impact on the company in the next 2 to 3 years?

Azim Syed: Yes. So your voice was not clear, but let me see if I got your question correctly. You're asking about our capital allocation strategy in conjunction with inorganic growth and what would be the impact of it in the medium term on the profitability. Is this correct?

Sucrit Patil: Correct. 100% correct.

Azim Syed: Okay. Exactly. So let me explain how we think about our capital allocation strategy. So first thing, we will do capital allocation if we have a positive cash flow. That's the first requirement. If it is there, our first investment would be on the maintenance capex because we believe in safe operation.

Second is to provide dividends for our shareholders. Third thing, we always link our capex investment within our plants where we can enhance, and after that is where we think about our mergers and acquisitions or joint ventures based upon our strategic fit, okay? So this is how our capital allocation strategy comes in, and after that comes buybacks and so on and so forth. So this is the order of priority for us.

To kind of give you some color on this aspect, one thing is that we will invest if it is fitting in our strategic initiatives, which we think we did it in the last 2 years quite effectively. So we wanted market share in cement and in industrial. So that's kind of justified our acquisitions with Dalmia.

And then we wanted to kind of have stronger presence in the flow control market, especially in the thin slab. So that's where we went for Hi-Tech, and we did the Ashwath Technologies current acquisition, completely funded by our balance sheet because this kind of fitted in our strategic investment in terms of how we can strengthen our flow control on the machinery side. So this was a good linkage for us. So that's the rationale for the past.

For the upward looking, we believe that at the moment, our investments will be more towards capex in terms of plant modernization and productivity-related investments. So this is where we'll do much of our investment. That's where you see a little bit of a capex increase from last quarter to this quarter, almost by 90%. Again, we are trying to kind of improve our input cost improvement. That's where we are kind of focusing at the moment.

So profitability, more than profitability, we always measure KPI called ROIC. This is what we try to check for investment capability. If our ROIC is passing certain threshold that we have internally, you can assume to be -- it depends on business segment to business segment., On an average, you can assume that if it's more than 10%, this is where we kind of put our money there because we believe not in a quarterly profitability game because of our broad and wide portfolio, we look into a long-term investment in terms of what's the

payback period and how -- if the ROIC is meeting a very stringent internal criteria that we have. So that's how we kind of come to this decision-making of if it's a good investment or a bad investment.

By the way, it's not only for acquisition, we do the ROIC decision-making. We also do for any kind of a capex initiatives that we deliver, even for maintenance capex as well. I hope that clarifies and answers your question.

Moderator: The next question is from the line of Arijit Dutta from Kotak Mutual Fund.

Arijit Dutta: Congratulations for a good set of numbers. I have three questions, starting with the first one, which is on the volumes. Sir, this quarter have seen some bit of volumes growth, which is admirable. I just want to understand in the volumes, if we have any one-off kind of thing, which is related to commissioning of a blast furnace, which will not be kind of repetitive, which will come after a while again.

Parmod Sagar: So first question, the answer is it will continue like that. So we have a very strong order book, and as in my last investor call, I said we expect 8% to 9% volume growth. So this is in line with that.

Azim Syed: And onetime it was actually the Q4 numbers to answer your question more specifically. So in this Q1, we didn't have any.

Arijit Dutta: Perfect. Good to hear that. Sir, second question is on the pricing part. Domestically, how you are seeing the competition level because there are a lot of overlapping capacity with everyone entering each others territory. Last quarter, you have given a very, very categorically answered that the competition is increasing. How we are seeing on the overall market scenario now undercutting the prices and the intensity of competition, sir?

Parmod Sagar: You are absolutely right. There's overlapping, undercutting pricing, everything is happening in market. Only solution is or you can differentiate yourself from the competition or you can provide additional service or support or quality, the competition is not able to provide. So we are -- as I said, as Azim was also talking about 4 Pro. So we are working on differentiation and also how much we can be more cost competitive, how good we are in our plant production cost management, how we can reduce our rejection levels, how we can increase our circular economy.

So we want to be ahead of our competition by many initiatives which we are taking. But of course, 80% of the market is still commoditized, and we have to be step ahead if we want to maintain our growth -- volume growth with sustainable margin.

Arijit Dutta: Perfect, sir. Sir, third question is on the OCL part of our operation. Sir, do you see that there is -- there were challenges in the cement industry per se or even we are planning to upgrade the infrastructure in OCL plant because I believe that's a very old machinery and in absence of a better word, it's a bit inefficient also.

- Parmod Sagar:** I think it's a combination of both. We have increased our market share from 12%, 13% prior to acquisition of Dalmia to almost 42%-43%, but there's too much commoditization. Everybody enter into this and there's a price cutting, etc. etc.. So then we start working on our product optimization how we can be more competitive. We have market share. Now we have to improve margins.
- So we are working on that. At the same time, as you said, the infrastructure in Dalmia plants are too old, and as Azim said that we are putting up almost double the capex, what we were doing in these plants to modernize these plants so that we have more efficient operations and reduce our in-house rejections, improve quality, etc, apart from product optimization.
- Arijit Dutta:** Perfect. Nice to hear that. Sir, last question is on export part. In the export market, what we understand that there are a lot of Chinese competition and the lucrateness of that market is slowly going away, like we see in domestic and export also, the situation is same because of the Chinese presence. Any update on that, how you are looking at it?
- Parmod Sagar:** I don't see China as a threat or challenge because our export is based on flow control products, and China is mostly into magnesia carbon bricks, etc. So I don't see them as a challenge for our export initiatives.
- Arijit Dutta:** Understood, sir.
- Azim Syed:** The key factor on export would be the demand must pick up in the export market. So as you can see that there's quite a bit of geopolitical challenges. So there's not a lot of production happening in the key export market in Asia, so I think this is also -- needs to pick up apart from our own capability as well. So that's where you will see quite a bit of an upswing. But yes, I think we are ready, as Parmodji mentioned, that our trials are going on pretty well and in advanced stages. But yes, this also is a key factor as well.
- Arijit Dutta:** Sir, this -- right. On the magnesita part, do you see there has been Chinese import that is happening because China has been pushing on the magnesita off late a lot?
- Parmod Sagar:** It is magnesia, you are trying...
- Arijit Dutta:** Magnesia. Yes. Yes, sir. Magnesia based refractories.
- Parmod Sagar:** Yes, absolutely, almost 50% of the commodity business if we talk about the ladle business or so, the Chinese traders are coming because China is having overcapacity, and their aspiration is very small. So they undercut the pricing. They are traders, if they get some 2%, 3% margin or so, even then they are happy to get orders,
- And at the same time, many Indian players have jumped into magnesia carbon brick ladle business. So almost, I think, 8 or 9 small players, which probably you never heard the name of, are now producing magnesia carbon brick. So there is overcapacity, particular

for this commodity business. So we are working on our way how we can be more competitive in this segment and keep our market share not intact, but improve. Now we are very confident we will be able to maintain this growth, what I'm talking about 8%,-9% volume growth.

Arijit Dutta:

Right, sir. The last one is on Hi-Tech specifically. What I believe that our hopes on Hi-Tech products were very high. In absence of better word, the result is disappointing what we are seeing in Hi-Tech. Do you feel the same that it has not delivered as per our original estimate and it is still struggling, the scope that we envisage for Hi-Tech has not actually materialized?

Parmod Sagar:

I would say we are not disappointed. It is a bit slow. I can tell you one thing, one of the plants, I just got this information today morning. In thin slab caster, we delivered 26 hour casting time, which is equivalent to the best in the market, who is in thin slab caster, so from Jamshedpur plant.

So it means now the results are coming. So it is an initial stage. If we are able to sustain or give consistent product at this level, probably next year, we will be equal for competing in the tender, So it will be replica in our plants as well. The confidence of other plants will also go up to go for a trial or for a commercial trial because in India, we were not having the reference. Now we are creating reference with the very good results.

Secondly, when we have this Hi-Tech in mind, we are thinking a lot of export from this plant, which due to geopolitical situation could not happen. And as I said, in 2026, there will be quite a big upside because the market was not responsive. It was a bit slow. European market is almost 40% down. Only West Asia, East Asia, and African countries where we are targeting, we're getting a very good response of our trials. And hopefully, next year, we will be able to fill up Jamshedpur plant when it comes to isostatic. We have already ramped up slide gate production capability in Jamshedpur plant.

We have created this -- creating this excellence of iron making in Jamshedpur plant. We will be putting up all our machinery division in Jamshedpur plant. So all in all, we have an infrastructure, we have a capability to turn around this plant to the desired level in coming days or months.

Arijit Dutta:

Since the technology in this plant is pretty old, that time it was one of the best, but after -- this plant has been underinvested. We are planning for a major overhaul in terms of technology also here?

Parmod Sagar:

I would not agree to that, the technology is still very relevant, but at the same time, our R&D is also working on upgrading the already established quality and technology, so it is not, even in the Bhiwadi plants, we keep on doing upgrading innovation, R&D activities happening across all our plants in the globe. And Hi-Tech also, we are doing that, but still Hi-Tech has a very stable, established quality and technology.

Moderator: The next question is from the line of Rajesh Majumdar from B&K Securities.

Rajesh Majumdar: I had a few questions. The first one, sir, is on the employee cost. We've seen a 9% decline in the employee cost. Now we saw a large jump in the employee cost in the last 2 years due to the acquisition and some one-offs as well. So are we to assume that the employee costs will be stable this year or come down a little bit from last year's levels? That was the first question.

Azim Syed: So it will be hover somewhere about 10% employee benefit cost is what you can model, Rajeshji.

Rajesh Majumdar: better than last year.

Azim Syed: No. So last year, we did 11.5%, right, last quarter. This quarter, we did 9%. So I'm talking about that number. So it will hover around 10 %for full year.

Rajesh Majumdar: Okay. That's great to hear, and secondly, sir, we also talked about the fact that the revenue growth will be along these lines, and also, we've got a little bit of a price hike in the alumina refractories as well. So if you take that and the 14% kind of margin that you've guided for the full year, it would mean that the EBITDA for the year would be somewhere close to FY '24 levels or even slightly better, not FY '25. Earlier in the call, you mentioned you plan to achieve FY '25 levels. But if you do the math, on a 9% growth and 14% margin, it comes to somewhere around FY '24 level. So are we missing something here?

Parmod Sagar: Yes. We have already missed first quarter, and it was 10.8%. So we already missed it. So now if we have exponential growth, price increases, everything, you average out everything, and if we will match the 13.7%, I think it will be a great satisfaction, at least for me.

Azim Syed: And also, right, I mean, the alumina prices are.

Parmod Sagar: And we should be happy, Rajeshji with this.

Rajesh Majumdar: No, no. Yes, Azimji please continue.

Azim Syed: No, I was basically saying that another factor is that alumina cost raw material in our P&L, it will flow through until September also, right? So it will be a steady state growth, even we get price increase and other thing and you suddenly go into quite a bit of comfortable margin. So yes, for full year, that's the reason for our guidance.

Rajesh Majumdar: Okay. And sir, my last question is that are we doing anything on the industrial refractory side because you've talked about steel, we talked about cement. And we haven't seen anything on the industrial side. Is there any initiative there? Are we going to see something happening on that side?

- Parmod Sagar:** Actually, we are desperately looking at projects. Unfortunately, for non-ferrous or glass, all the projects are shifted to '2026-2027. So unfortunately, there is no project in the pipeline for this FY, so unfortunately, we can't do much. But at the same time, with the Resco in our portfolio now, this American company, which we acquired in the beginning of this year, they have many products, a very niche product, very high-end products, which they are selling to even Reliance industry.
- So they are very strong in petrochemical, and we are now leveraging it on and not only limited to Reliance, but we have many PSU refineries also petrochemical companies. So that is where we are working on, and it will yield results in the coming year or so.
- Rajesh Majumdar:** Okay. This is going to be imported products or products locally made?
- Parmod Sagar:** Initially, it will be imported, but we will try to localize it with a period of time.
- Rajesh Majumdar:** Okay. And sir, last question is, what is the kind of total capex you're planning per annum now with the Dalmia plant and everything, maintenance capex included?
- Azim Syed:** We'll almost double the last year's capex full year to this year.
- Parmod Sagar:** It is about INR150 crores, total.
- Moderator:** The next question is from the line of Patanjali Srinivasan from Sundaram Mutual Fund.
- Patanjali Srinivasan:** Sir, I have a couple of questions. So this refractory management service business, how much would have been the share in this quarter for us? Has it gone down meaningfully?
- Parmod Sagar:** If we talk -- it is primarily limited to steel industry. So we have roughly 32%-33% market share in this niche business.
- Patanjali Srinivasan:** No, sir. In our share of top line, how much is it?
- Azim Syed:** You are talking about the revenue percentage?
- Patanjali Srinivasan:** Correct, correct.
- Azim Syed:** So this time, our steel was about close to about 81%.
- Parmod Sagar:** So out of this 81%, you have to take out 32%.
- Azim Syed:** Exactly.
- Parmod Sagar:** Right, it's full 32%.
- Patanjali Srinivasan:** 32% is the -- okay. So it has declined pretty meaningfully from our Q3. So -- and between like volume growth, where is the volume growth higher?

Parmod Sagar: We did not get you. From where you get this, we have not reduced, it has gone up by 1% or so.

Azim Syed: Exactly.

Patanjali Srinivasan: No, I think from Q3, I'm talking about, but okay Yes. And I wanted to know like volume growth between sectors?

Parmod Sagar: He is talking about TRM. Q4 was 35% and first quarter is 32%. That's what you are talking about?

Patanjali Srinivasan: Yes, yes, that's correct.

Parmod Sagar: Okay. Okay. So actually, this is why because in last quarter or so, we were not able to get price increases. So prices were under stress, and we got now price increases, and it will be on the same level. In fact, we are in a very final stage of having two more 4 PROo contracts in the pipeline.

Patanjali Srinivasan: Understood, sir. Okay. And in terms of volume growth, we've reported 13% volume growth. So which segment has grown faster here? Like is it like more of a commoditized business, which has grown faster, which is why there's a drag on the margins? And that's -- is that also the reason why the gross margins have also fallen?

Parmod Sagar: Yes, you can say it is a combination, but yes, mostly it is a commodity business, cement bricks or magnesia carbon bricks, etcetera, and also iron making.

Patanjali Srinivasan: What is the margins there, sir, in iron making right now? And what is our aspiration long term?

Parmod Sagar: Margin is about 18% to 20% , standard margin, and it is under stress, I would say. We have just entered 2 years back and the leaders, 3 big leaders are there. So we aspire to still grow in this market, and we will not be looking at margin as of now for another year or so, but we want to take this from last 2 years when we started, we were having 2% market share, and now we have 13% market share, and aspiration is 25% to 30% in next 2-3 years' time. So it will not be very lucrative business so to say, but we have to first establish ourselves and then margin will automatically come.

Azim Syed: Exactly. When we say we will not look at margin percentage doesn't mean that we'll go for any price. I just want to clarify that. We are very focused and disciplined on the right customer -- selecting the right customer strategy and what is the long-term partnerships that we can have where we can add value to the customer. So that's what we will target. As you can see, even with the market share penetration strategy we have, we have not bad margins comparing to our commodity business.

- Patanjali Srinivasan:** Understood, sir. So what would our contribution of this segment to our top line be currently?
- Azim Syed:** Iron making somewhere around 10%.
- Moderator:** The next question is from the line of Kaustav from BAMPSL.
- Kaustav:** I had a question on your capital efficiency, because of your intangible assets, right, your capital employed, if I include the intangible assets has swelled up, and so your net worth is also around INR 4,000 crores. So even if you more than double your PAT, right, it's 2-3 years down the line, even if you do INR 350 crores of PAT, you're still at single-digit ROE and very low double-digit ROCEs. So what's your view on this? And how do you plan to readjust your capital structure to get better capital efficiency?
- Azim Syed:** It's a very good question, first of all. Thanks for asking this question because this is what we talk about it in our monthly reviews and everything. So we -- you need to think of this in four different initiatives, how we are going to improve the ROIC or ROCE for our shareholders. So number one is our market share. So what we are planning to do here basically is that the first pillar, let's talk some specific numbers here in the area of iron making.
- As Parmodji said, we grew from 2% to 15%. The next tangible thing for us to do -- I'm talking 3-year time frame, please keep that in mind, will go to 30%. So this is an underrepresented market. With the acquisition, we have these capabilities, and we are very confident with the proven track record that we can take it to 30%. So that's the first thing.
- The second thing is to import some of our product transfer from our group acquired entities, primarily being Resco. Second, also with the PDrefractories. So these are two very high-margin products, which we will domesticate to meet our Indian market needs, and we believe that this will add quite a bit of improvement in our profitability.
- The third thing basically also is that in some of the product transfer, especially in the cement segment, where we have this high-margin technologies that we will also improve -- introduce, especially on the MGG side or magnesia side, which we believe that, that will also quite a bit increase our profitability. So this is what we want to do to outgrow the market.
- The second lever is -- and this is the most important one is our new business model introduction. This is your 4 PRO. The advantage of 4 PRO basically is that is to kind of -- we want to expand our robotics offering. What it ensures is two things. One, it is our fixed cost improvement because we have long-term contracts and commitments, and this basically will yield us customer stickability and also will ensure that we have steady-state gains, and most importantly, the biggest -- one of the biggest weakness in refractory business is

the volatility due to commoditization of this product. We aim to eliminate this with the 4 PRO model.

So we believe that with this introduction of business model, it will help us to achieve consistent profitability, not a sign wave that we normally see in our profitability. The third and the most important lever, what we are doing is that to improve our competitiveness.

So here, what we are trying to do is that we are -- one of the biggest lever that we utilize through our R&D center is -- yes, so one of the things that we do is that through our recipe harmonization and through R&D improvement in terms of adapting our product portfolio.

For example, in case of product -- in case of segments like cement, which has low margins, we are in the process of revamping our product offering to our customer, which meets the needs of today's customers' production. And second, basically is that how we can optimize our recipes to meet this to us -- for us to be competitive in case of the most commoditized segments, which we can't attract to 4 PRO.

The third thing basically, already I mentioned the localizing much of our production. This will improve our capacity utilization. We used to about 55%. Last quarter, we did 66%. We believe that this will -- localizing the acquired entity product portfolio will help us to achieve our production efficiencies and drive even more further more profitability.

Now let's talk about the balance sheet item, which is focused mostly on the working capital item. Parmodji has given a very stringent target that consistently, we should be able to reach 25% as working capital intensity. We see a lot of opportunities in our overdues.

We also are launching one of our corporate programs called Everest. Everest is introduction of a supply chain planning tools, which is aiming towards improving our customer service without compromising or without trading off with our cost or on our investment in our inventory. So this, we believe that it will help us to improve our balance sheet further.

On top of it, we also believe that the pricing initiatives and the new contract mechanism we have, which will kind of give us even quite a bit of upside in our profitability. And on the capex side, we will be absolutely disciplined. This is our highest year of capex investment, which we are using to modernize our Dalmia plant.

Next year, we'll go back to FY '24 run rates. So this will also give us quite a bit of a breathing space on the working -- on the capex side as well. With this, if we have modeled it, these are the initiatives that we are completely banking upon, and we are seeing some progress quarter-on-quarter. It's a long game, as you know, in the ROIC stuff, and we are very confident that we can easily enter into double digits based on our internal modeling. Hopefully answers that question.

Kaustav: I mean that answers the question on the -- on you growing your profitability, but the point is that the beginning of my question was that even if you grow your profitability 150% from here, which -- so your question answers you -- how will you grow your profitability more than double from here, right?

But more on the side of the capital employed, yes, you spoke about improving your working capital efficiency, but what about write-offs on goodwill on intangible assets to reduce your overall capital employed based on non-performance of the acquired asset?

Azim Syed: So we did this already in the last financial year. If you recall, I'm not sure if you are aware of it. Last -- we took a write-off of EUR 35 million worth of it because we believe that the export business that were embedded in the business plan of the acquired entity, we were not able to fulfill and because of the currency as well, which the business was valued when we had done the acquisition.

At the moment, based upon -- we did -- as you know, that one of the stat requirement is that we need to do this goodwill study on a yearly basis, and last year, we did a very comprehensive study on it. So one of the things I'm not sure if you're able to follow that our capacity utilization in the acquired plants also have increased quite significantly in the Dalmia plant.

This is introduced because we started to have an optimized recipe for a magnesia carbon which have started to produce at Rajgangpur already, and we don't expect any kind of an impairment because of these kind of initiatives that we already said. So yes, I don't foresee it at the moment.

Moderator: The next question is from the line of Amit Agicha from HG Hawa.

Amit Agicha: Sir, my question was coming to the order book. Like can you just brief us about what is the current order book size in its segment on a geography aspect?

Azim Syed: Your audio was not clear. The question, let me see if I got it correctly, you want to know if our order book is good and where it is good. Is that the question?

Amit Agicha: Yes, sir.

Azim Syed: So we have a very strong order book in iron making area and also in the steel area as well. Steelmaking, especially with our integrated steel plants on the TRM side. I think you guys are aware that because of the 12% safeguard tariff, there is quite a bit of a positive momentum on the steel customer side, which we're able to correlate, which we can see in our order book.

Second, we have regained some of the market share that were from L2 to Level 1 supplier in the public sector unit plant. So here also, we see quite a bit of a very strong order book to be fulfilled. Now the question remains is the function of if they are able to produce as

they have committed and because we have this long-term TRM contract, which we supply based upon the exhaustion of our -- of their refractory materials, we see a strong order book, just to simplify it. Do you want to add something to it?

Parmod Sagar: Nothing.

Azim Syed: So yes. So I think that would be the final question, right, operator?

Moderator: As there are no further questions from the participants, I now hand the conference over to Mr. Parmod Sagar for closing comments.

Parmod Sagar: Thank you very much, shareholders and analysts for your continued support and very engaging discussion, questions. I hope me and Azim are able to satisfy you, give right guidance to you. But in fact, if you have any further questions, please reach out to Geeta, and she will be able to reply you back for any clarification. Thank you so much. Have a nice day. Bye-bye.

Moderator: On behalf of RHI Magnesita India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.