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4 June 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 – fourth quarter and financial year ended 31 March 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 24 May 2025, the transcript of the conference call held on 28 May 2025, for discussing the earning performance of fourth quarter and financial year ended 31 March 2025, is annexed herewith.

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

http://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)

RHI Magnesita India Limited
RHI MAGNESITA

Encl:
As above

"RHI Magnesita India Limited
Q4 FY'25 Earnings Conference Call"

May 28, 2025

MANAGEMENT: **MR. PARMOD SAGAR**
(CHAIRMAN, MD & CEO, RHI MAGNESITA INDIA LIMITED)

MR. AZIM SYED
(WHOLE TIME DIRECTOR, CFO & CHIEF INVESTOR RELATIONS OFFICER, RHI MAGNESITA INDIA LIMITED)

MODERATOR: **MR. MAYANK**
(ASIAN MARKET SECURITIES)

Moderator: Ladies and gentlemen, good day and welcome to RHI Magnesita India Limited Q4 FY'25 Earnings Conference Call hosted by Asian Market Securities.

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 the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mayank from Asian Market Securities. Thank you and over to you, sir.

Mayank: Thank you, Manav. Good afternoon, everyone. On behalf of Asian Market Securities, we welcome you all to Q4 FY'25 Earnings Conference Call of RHI Magnesita India Limited.

We have with us today Mr. Parmod Sagar – Chairman, MD & CEO; Mr. Azim Syed – CFO & Chief Investor Relations Officer.

Now I request Mr. Parmod sir to take us through the overview of the quarterly results and then maybe we can begin the Q&A session. Over to you, sir.

Parmod Sagar: Thank you very much, Mayank. Good evening, everyone. Welcome to RHI Magnesita India's earning call. As we draw the curtain on yet another dynamic Financial Year, we do so with a sense of accomplishment. FY'25 has been a period of challenges, transformation, and forward momentum, not just for our organization, but for our industry and our customers. Today, I'm pleased to share with you an overview of our performance along with a broader outlook on the macroeconomic and industrial forces shaping our future.

At RHI Magnesita India, we have demonstrated operational resilience amidst shifting market dynamics and geopolitical uncertainties. In Q4, Financial Year '25, we continue our strategic focus on innovation, customer engagement, and agile execution, delivering consistent value creation for our stakeholders. Financially, we recorded a total revenue of Rs. 3,675 crores. Our efforts in strategic initiatives like iron making and flow control are delivering growth. However, we see a commoditization in the attractive market.

Let me briefly reflect on the evolving landscape of the core industries that shape our business:

India's steel sector remains a cornerstone of economic growth, with domestic demand expected to rise in FY'26, fueled by infrastructure investment, the national logistic policy, and Make in India initiative with export of 12% import duty restrictions. Globally, however, the market shows divergence Chinese exports have pressured prices, while policy changes in the US, European Union, and United Kingdom have created trade uncertainties. Domestically, India is supposed to expand steel capacity to 300 million tons by 2030, aligned with our mission to support the industry with efficient refractory solutions. All the plant capacity additions in our steel customers aligned with RHI Magnesita's diverse product offerings.

The Indian cement industry is also on a strong footing. The demand projected to grow 6% to 8% in FY'26, backed by an increase in government CAPEX of about 10%, driven by affordable housing, urban development, and higher projects. Cement prices also saw a lift in May 25 after margin squeeze in the entire year. However, we are optimistic that this will change due to infrastructure-led demand. RHI Magnesita is the only refractory player in India delivering end-to-end solutions for the cement industry. Nevertheless, structural changes like overcapacity and pricing pressure highlight the need for the efficiency in the end-customer market.

As a critical enabler of economic growth, refractories will continue to benefit from robust demand. India's refractory market is projected to reach US $4.5 billion by 2030, faster than earlier estimates, driven by material innovations and organic growth. We are proud to support this momentum with increasing traction across high growth sectors, not only steel and cement but in industrial applications like glass, ceramics, renewables, reflecting our expanding industry footprint. However, the announced over capacity expansion in India coupled with Chinese import of refractory materials is becoming a systematic issue resulting in price erosions.

In light of these industry dynamics, our strategy at RHI Magnesita India remains anchored with 5 key pillars.

1. **Strategic initiative –** We will continue to invest and grow in iron making and flow control to gain further market share.
2. **Innovation and technology** – We are scaling up our R&D initiatives and advancing digitalization to develop next-generation refractory solutions. This will lead us to the cost competitive and for local production to transfer technologies from groups. We will also leverage our digital technologies through our 4PRO offerings to our customers.
3. **Sustainability** – Our initiatives are economically sustainable, aligned with India and our global groups' net zero commitments. We will be investing CAPEX to this effect to maximize our cost competitiveness through our circular economy initiatives.

4. **Operational excellence** – Our last operational excellence system has already delivered results, not only in our factories, but also in the acquired entities. We will take it to the next level of maturity to improve productivity in the coming years.
5. **Safety initiatives** – Our target is nothing less than zero accidents, and we have launched a very strong programs to pursue it. In our continued commitment to our safety, we have launched several life-saving rules across all our production settings and sites, not limited to India but global level also. Apart from this, we have launched a program to increase our prices to pass on the input cost. We should see some of the benefits going in the future quarters.

As we look ahead, we remain confident in the underlying strength of our business and industries we serve. Our long-term vision is clear to be the most reliable partner for refractory solution in India's industrial growth story.

In today's board meeting, we have done some addition in our board. I believe the recent addition to our board with strong industrial background will be true value generation for our shareholder and our company.

a. We announced to consider the appointment of Mr. Priyabrata Panda, Managing Director of TRL Krosaki Refractories Limited as an Independent Director for a period of next 5 years.
b. We have also appointed Mr. Azim Syed, our Chief Financial Officer, RHI Magnesita India Limited as a Whole-Time Director and Chief Financial Officer for a period of next 5 years.
c. We also did the re-appointment of Mr. Nazim Sheikh, former Managing Director of Sandur Manganese & Iron Ore Limited as an Independent Director for his second term of 5 years.

On behalf of the entire Leadership Team, I thank you for your continued trust and support. Together, let us build a stronger, more sustainable future. With that, I will now hand over to our CFO, Azim Syed, who will take us through the detailed financial performance of Q4 and financial year '25.

Azim Syed: Thanks, Parmodji. Good evening, everyone, and thank you for joining us for RHI Magnesita India's Earnings Call.

Let me begin by acknowledging the complex macro environment that has influenced our performance over the year. FY'25 was marked by intensified competition in the refractory market and rising input costs, especially in raw materials and our inability to pass through these costs. These factors alongside continued commoditization in the industry tested the resilience of our business model. For the full year FY'25, we recorded a consolidated revenue from operations of Rs. 3,675 crores, 2.8% decline year-on-year with flat shipments. EBITDA came in at Rs. 505 crores with margin softening to 13.7% from 14.7% in FY'24, mainly due to pressures on realization rates, higher raw material costs, and inflation driven increases in employee benefits. Our profit after tax stood at Rs. 203 crores compared to a loss of FY'24. This turnaround was supported by discipline, execution, tight cost controls, and the absence of exceptional items that impacted the previous year.

Q4 performance was seasonally lower with revenue declining 9.7% sequentially to Rs. 919 crores. This was largely expected due to the completion of one-time projects in Q3 and the typical slowdown in the cement demand at the end of the season. Our EBITDA in Q4 was Rs. 94 crores with margins at 10.2% and the PAT for the quarter was Rs. 36 crores. Despite these challenges, we achieved significant progress in managing our working capital and cash flow. Through focused operational discipline, we reduced our net debt by 53% during the year, bringing the net debt to EBITDA ratio down to 0.3x from 0.6x.

The company also saw an improved debtor turnover ratio through targeted interventions in trade receivables. As Parmodji mentioned in detail, our end markets, particularly steel and cement experience margin pressures in FY'25 with EBITDA contraction on our end customer market by one to two percentage. Rising low-cost steel imports and competitive pricing in refractories impacted the realization rate. However, medium-term demand fundamentals remain intact with domestic steel capacity poised to expand and infrastructure-led cement demand expected to recover in FY'26.

Looking ahead, we are cautiously optimistic. We are experiencing an increased growth for FY'26 coupled with margin improvement. This will be driven by stronger domestic demand from steel and cement sectors, cost optimization through recipe rationalization, recycling, raw material savings through strategic sourcing initiatives.

The third one would be continuous focus on market share in the public service unit segments. The fourth one being targeted price increases in targeted areas to reflect the cost passed through. We have also earmarked Rs. 150 crores in CAPEX for the coming year to build and execute our strategic pillars as highlighted by Parmodji.

In closing, while FY'25 was a challenging year, it also underscored the resilience of our business and the effectiveness of our strategic priorities. We remain committed to delivering long-term value to our stakeholders by focusing on cost discipline, innovation, and sustainable growth. Thank you again for your continued trust and support.

We now open the floor to welcome any questions.

Moderator: Thank you very much sir. We will now begin the question and answer session. We have a first question from the line of Chetan Doshi, an individual investor. Please go ahead.

Chetan Doshi: Good evening, and thank you for giving me the opportunity to ask the question. Now, the first question is that we say that we are market leaders in India, but the results for the quarter and for the entire year, it doesn't reflect the leadership qualities and the product portfolio what we are into. And second question is, in spite of degrowth, how come there is almost 50% increase in employee benefits? Even if people don't perform in the organization, you intend to increase the benefits by almost 50%?

Parmod Sagar: Chetanji, thank you very much for your question. You are going by quarter numbers or so. I think we are the undisputed leader. There's no doubt about that. And our fundamentals are very strong. We are working on many areas. We differentiate ourselves from our competition. One of our competition has shown tremendous growth in one quarter with the serious dip in margins. So if the competition, as I said, over capacity, going into the market with whatever price they are offering, and they are accepting the order just to enter the market, should we go into that rat race and erode our market further just to grab market share. I don't think this is a right decision. Being a market leader, it is our responsibility to remain a healthy competitor, guide the industry also to remain healthy. Otherwise, this refractory industry will die. So it was a very strategic decision. We will not go by this rat race of people who are entering into new markets, we have a very clear thought process. And if you see, we have also entered in iron making area with the healthy margins. My margins are as good as my other all established products. I have not entered the market with the throwaway prices to erode the market or just to grab the order. We lost lot of order because I don't want to get order at 4%, 5% margin with less than 0% EBITDA. So that was strategic decision we took. I think that is a right decision, but you have your own opinion and I respect your opinion.

Chetan Doshi: No. Sorry to interrupt, but you see, we have much larger portfolio compared to anybody, any competitor which is there into the Indian market. So what my question is, your marketing team or the people in the organization, they are not able to exploit the market in full capacity. Otherwise, that leadership is lacking. Second thing is, since last couple of quarters, I'm highlighting last 2 to 3 days, as for it is a compulsion to declare the results, so we come up with a date and say, okay, these are our results. Where is a leadership quality. We are living in digital world and all the records. See your parent company, I am really upset with the way or the approach of RHI Magnesita India operations wherein your parent company is if you see their write up or they are very clear what they want and they are into much larger acquisitions and they operate worldwide and everything your Stefan Borgas also is very clear as this year the margins will be so and so. Even the guidance given, it is very near to what he says. Here we have excuses. This time the raw material has gone up. This time the employee cost has gone up. This time there was some problem in the dispatches. This customer canceled the order. See, these type of excuses are not good for the organization. We have to deliver. And I think after the acquisition, almost more than one year is over. Sorry, it's a lengthy question, but these are the points. Next quarter, I expect you to come out with the results like what other MNCs do.

Parmod Sagar: Again, I emphasize when you are talking about global company or Stefan Borgas' statements, we are fully aligned with that and we are driven by the philosophy, the strategy of the global leadership. So they are fully aligned with what we are doing in India and they are fully convinced that this is the way to do and let's not drag this. As a shareholder, you have all the right to hear your frustration, and it is well taken.

Chetan Doshi: No, it's not frustration. Parmodji, see 28th of the month, 2 days are left for closing the accounts. We are doing it just 2 days back. Where is the leadership here? The second thing is that when you have such a big portfolio to operate, the presentation lacks highlighting the features with these points, we have really gained over competition. Last time also, and just 15 minutes back it is uploaded. For the sake of doing it, it is done. You can keep concall day after tomorrow also.

Parmod Sagar: So, you are thinking our competition is gaining margins? Is this your analysis?

Chetan Doshi: No, Parmodji. You are taking it wrongly. See, my question is, we have such a big portfolio to operate in India. We have the backing of our parent company. We have the market.

Parmod Sagar: Have you gone through the presentation? How many products we are bringing to India with the latest technology, innovation? Have you gone through that? I don't think you have gone through the presentation properly.

Chetan Doshi: But 10 minutes back you upload and you expect the entire presentation to be gone through. It is uploaded; you see the time.

Parmod Sagar: That is there. We have uploaded it late. But you could have asked that question 15 minutes later and gone through the presentation. Why you are the first one to ask the question? You should have gone through the presentation while in remote. And other people can talk. And then you come back. And still I am requesting you, please go through the presentation. And after half an hour, jump back again., okay?

Azim Syed: So let me answer that, by benefit of question. So for the full year, we basically have a 2% increase in employee benefits. And for the quarter, we have a 16% increase. There were two major reasons. One basically was the inflation correction that we normally do, along with some of the government mandated increases that have been sought. For example, in states like Orissa, it was expected to increase more than the inflation. This thing and the second thing. Yes, the second thing basically was that we have harmonized our HR policies across all the three legal entities now. So for example, the leaves and gratuity arrangement, we had different policies of the acquired entities, so this is basically completed now.

Chetan Doshi: I will again come back to you. Thanks.

Moderator: Thank you. We have our next question from the line of Suraj from Asian Market Securities. Please go ahead.

Suraj: Sir, thank you for the opportunity. Revenue declined by 9% QoQ and 2% YoY in Q4 FY'25, while our EBITDA margin fell sharply to 10%. How much this decline is attributed to seasonable cement demand versus pricing pressure or project timing?

Parmod Sagar: Mostly it is driven by high alumina cost. About 6 months back, we were buying tabular alumina, white-fused alumina in the range of Rs. 60,000 to Rs. 65,000 a ton and it went to Rs. 95,000 a ton. So this has a huge impact on our commodity business when it comes to cement or non-ferrous or glass or even our flow control products. So it is the main driver for this erosion of EBITDA. Apart from this, yes, there are some levers also. As I said, the competition, I don't want to take any name, but they enter the market with very, very attractive pricing. And nowadays, end user, whether it is a cement industry or all small players, they are looking for the price. They said, okay, we are not bothered about RHI Magnesita or XYZ they are giving us more than discount on that price also. So why should we not give them the order? So should I also follow that? So I thought I can not follow that. So there are two levers were having impact on this EBITDA erosion. Fortunately now, alumina prices are going down. From 95000, it has reached to Rs. 77,000. It will go down further. It has not reached to the level from where it started, but at least it is a halfway backward. So this will help us to increase our margin also in coming quarters.

And also at the same time, we are doing some product optimization also. I would say as a leading company, a multinational company, as a listed company in India and at London Stock Exchange, we have a very clear, transparent quality assurance system. So our recipe may be over a linear, maybe we are offering better product than the small players who are entering with the some compromise on quality standards and all those things. So we don't want to do that. So that we are looking at how we can offer best quality product, better quality product where the performance speak for itself and the life of the cement kiln or the other lives improve. So that is our way of entering into the market. Maybe we are a bit slow, maybe we are working, whatever innovation and R&D people are working on it, maybe a little slow, I can accept that. But our way is right, and our vision is very clear.

Moderator: Thank you. We have our next question from the line of Gopal Agrawal from HDFC Mutual Fund. Please go ahead.

Gopal Agrawal: Yes, good evening, sir. So I have some observation and clarification to seek. So in this quarter, as compared to last quarter, we have seen other expenses have increased significantly, despite our topline has come down. That is one. And second, like employee expenses are also high, even Q-o-Q and Y-o-Y, despite our topline is less. So are there some one-offs? Can you clarify? The third question is that as we are seeing alumina prices, we shot up very high. Now coming back, so how much old inventory do we have? And when we can see the benefit into P&L of this?

Azim Syed: Thank you. So I will answer the other expenses part. So basically we had this true up of our statutory CSR expenses that has basically seen as a higher number in the other expenses. So that has contributed to that. Second question would you take?

Gopal Agrawal: Sir, how much can you quantify?

Azim Syed: Alumina pricing, it will come after 3 months.

Parmod Sagar: We always carry an inventory of about 2 months' time. So I believe July onward, we should be having this reduced price inventory in our system and next quarter should see improvement in margin for sure.

Gopal Agrawal: And sir, would you like to quantify the CSR expense for the quarter and last year?

Parmod Sagar: Last year it was about Rs. 7 crores, Rs. 6.83 crores to be very precise. It will be almost same, it is a combination of last 3 years total profitability. Rs. 6.84 crores this year also as you see our revenue and profitability in absolute value is same. So if you don't look at 10.2 or so, so our probability in absolute value remains same, it has not eroded.

Gopal Agrawal: And sir, anything on the employee expense side?

Azim Syed: So as I mentioned earlier, again, three causes. Number one is the inflation adjustment, which we normally do it in the first quarter effective January. So this was one of the reasons. But on top of that, as you know that in Odisha and some other play states, there was a mandated increase in minimum wage requirements. The second one basically was that we also had to harmonize as planned. We had basically to harmonize our leaves and gratuity policies for the acquired entities. So these are the two things that impacted our employee costs.

Gopal Agrawal: So can we assume this as a recurring now or it has come into base? How do you look at?

Azim Syed: Absolutely. Having said that, we will also balance this with our operational excellence program to improve productivity. But yes, this is a good base for you to assume for the future.

Parmod Sagar: Apart from this, OES or operational excellence, we are also looking at how we can increase our productivity and reduce our manpower to some extent to mitigate this increase.

Gopal Agrawal: Sure. Thank you, sir. Wish you all the best.

Parmod Sagar: Thankyou

Moderator: Thank you. We have a next question from the line of Pratim Roy from B&K Securities. Please go ahead.

Pratim Roy: Hi sir, thank you for the opportunity. Sir, my first question is that as I attended that RHI Magnesita Global Conference call where the team has guided that the overcapacity in the Indian domestic market is a big problem for the industry in Hawaii land. It can drag the growth and something like that, that sounds slightly negative. So as a leader in the refractory market in the domestic side, how we can overcome this current situation to a statistically growth part in the next couple of years? That is my first question. And the second question is that that you always mentioned that our EBITDA margin guidance will be around 15%. So how we can achieve that and what are the drivers that help us to achieve that. So if you can give a broad idea on these two particular things, how topline growth will be maintained in the situation of oversupply and the margin side, both if you can give some ideas of?

Parmod Sagar: Yes, I will try to give you some idea. So one is commodity market where our competition is entering into with very aggressive pricing, we cannot stop them. Okay, this time will prevail sooner or later when they will also have a margin pressure and they will come back with the reasonable pricing. So this is one part. Second is how we can differentiate from our competition. So what we are doing is we are bringing a lot of new products into India, local for local like a thin slab SCN, a stopper rod with different holes, cold setting mask development, random porous plug from Europe to India, chrome castable type of porous plug from Europe to India, blast furnace from Divača, Seven Refractory to India, Ankoform from Divača to India and many more products we are bringing to India which we were not able to sell from Europe or from America because of price competitiveness. But when we will produce this in India, this new market will open up for us. So we are developing new products. We are doing optimization of many products where we think there is an opportunity we can really reduce our cost by different type of innovation and R&D activities. So, this, I think, will give us an edge over our conventional competition, and we will have a niche market type of product where we will have a margin advantage also. At the same time, we are trying to develop many products for commodity market, but probably it will take another 6 months or so by the time we reach out to market. So with these initiatives, I think we can turn around this and as you said, last 2, 3 years, I was very consistent and you remind me also and I'm still having a belief that 14%-15% margins are really sustainable achievable margin, and we aspire to reach to that level. That is our internal discussion all the time how we can reach to that level, and we will reach.

Pratim Roy: So, we can expect that by the beginning of second half of this Financial Year, I am talking about FY'26, so we can expect this kind of margin can be achievable. Is it a fair assumption to take?

Parmod Sagar: I would say you will see from July quarter, which is the second quarter you will see upside from July onwards and by third quarter you will see that the results are coming to our expectation.

Azim Syed: Yes, maybe I will add one more point. In Parmodji's opening remarks, we also spoke about pricing features as well because we believe that these input costs must be passed out. There's a very targeted and strict program we are also delivering which will also support with us. So, one again self-help measure as Parmodji explained in terms of targeted commodity market recipe optimization. Second, the market share development with the introduction of transfer of technology. But we are also having very intense discussion with our customers on how to pass on this input cost. Hope that gives a 360 degree perspective for you.

Pratim Roy: Okay sir. Thank you for the clarification. I just want to have another few questions. You just mentioned that the CAPEX side you are going to invest Rs. 150 crores, right? So if you can give a broad idea where we are going to expand and how much you can expect margin improvement from that and by when you can expect that will come into the book?

Parmod Sagar: Whatever CAPEX we are talking about, it will actually be commissioned by end of this year or the beginning of next year because all these big equipment like presses, live press, auto clay the delivery time is 10 months to 14 months. So, this will come probably in next Financial Year, the actual tangible benefits, not this year. This year we have been spending this money, ordering and we are doing a lot of engineering discussion and all those things.

And when this will be operational commissioned, probably our productivity will go up, our manpower cost will come down because they are modern presses, not like a 40-year-old Dalmia presses which are in place now. So that is the idea.

Pratim Roy: So, this investment will be in this DOCL plant, right?

Parmod Sagar: Mostly it will be DOCL plant. I would say it's 65%-70% and the rest is RHIMIN plant.

Azim Syed: Yes, we also want to talk about probably the iron making center which you are excited about.

Parmod Sagar: Yes, that we last time also told you guys we are creating this iron making excellence center in Jamshedpur. And again, it is a time-consuming process. We have done the trials in Europe with our raw material, with the technology transfer here. Again, we send some material, we did the trial, trials are successful, and now we are ordering those machines on Europe, which will come by the end of this year or beginning of next year. And then this excellent center for iron making will also start flying.

Pratim Roy: Okay sir, and export side, how much is currently the export contribution of the total sales for FY'25 and for this quarter?

Parmod Sagar: It is about 10% of this quarter, maybe 11% and sometimes it 9.8% or so. So, you can take average 10%.

Pratim Roy: 10%, is there any opportunity it can go up further in the next couple of years or something like that?

Parmod Sagar: That is also a very important for us to grow and it is at global level also we are discussing with global team, our site team how we can increase our export also, but again same thing, maybe you will say few people are giving only excuses but the thing is this if I need to do a trial, it will take 6 months minimum and then they will give you a commercial order, small quantity order and then you are a proved supplier. So, it all takes time. So I take this for all the investors, analysts, you have supported us throughout so many years, must take it with a pinch of salt that with 3%-4% of EBITDA Dalmia plants, we have taken it to double digit without doing much expansion or much CAPEX. So, you should have a faith and support us.

Pratim Roy: So, what is the current EBITDA margin for Dalmia also? It is around 10%-12%?

Parmod Sagar: Yes, we are maintaining double digits from last 3 quarters or so.

Pratim Roy: Okay, sir. Thank you, sir. I'll come back in the queue. Thank you for the detailed answer, sir.

Moderator: Thank you. We have our next question from the line of Ashish Kejriwal from Nuvama Institutional Equities. Please go ahead.

Ashish Kejriwal: Hi. Good evening, sir. Thanks for the opportunity. So, a couple of questions on the market. As you rightly pointed out that we are seeing intense competition, and I think management is very right not to disturb the market in such a way to flood it. But in this intense competition, which is maybe prevailing even in FY'26. Is it possible to share what's your expectation of volume growth?

Parmod Sagar: Yes, good evening and thank you for your support for our philosophy. Yes, I can give you, you know, in RHI itself, we have a tremendous growth. We were kicked the block, just entered one year back, We were at trial stage, but the initial results are so fantastic and satisfying to the steel industry, the blast furnace, pellet plants and DRI, now we are getting repeat order even at a higher price than our last year price. So, this will be a big lever to increase our market share and at the same time the product which I just mentioned, we are bringing the technology to India that will also be an upside. Secondly, commoditization, we are not leaving this alone for the competition, We will also be working on it. We are already working on it like Product optimization, recipe optimization, it will definitely also add. And I believe we should be able to deliver 8% to 10% volume growth in coming days.

Ashish Kejriwal: So, sir, when we are talking about 8% to 10% volume growth, we are taking into consideration that we are also going to then some hiccups in the commodity market also because now if competition is already there. Because one thing is steel margins definitely has improved after the safeguard duty. So, are you seeing in your interaction with your customer that they are somewhat easing off and giving you higher prices for the work which we are doing or still they are negotiating on a lower prices?

Parmod Sagar: No, they are better placed and they are positive now. I would say I will not take the name of the customer, but I can tell you in last one month, I got a price increase of almost Rs. 11-12 crores. But the effective date is 1st of July, 1st of August because the long-term contract is in place. So that's why I'm saying July onwards you will see upside in margins, in volumes.

Ashish Kejriwal: Understood. Secondly, sir, is it possible to break down broadly our total volume into commodity versus premium products?

Parmod Sagar: As of now, I don't have numbers with me, but yes, we can talk offline sometime after a week or so, so that we can have a number with us.

Ashish Kejriwal: Sure, sir. No issues. And thirdly, sir, as you mentioned in your opening remark that raw material benefits, you will start getting it from second quarter. So, is it safe to assume that from second quarter we can see volume growth as well as raw material cost benefit and benefit of price increase also from the customer?

Parmod Sagar: Yes, you are right.

Azim Syed: Especially for integrated plant customers, this is absolutely a good assumption.

Ashish Kejriwal: Understood. And in the export market, where we are having around 10%, are we seeing any green shoots available over there where we can somewhat increase our exposure, or this 8%-10% YoY volume growth is entirely on basis of domestic market?

Parmod Sagar: Historically before we acquired Dalmia etc., our export revenue was about 22%-23%. It is still at that level, and I keep on saying our ambition is to take it to 30% in that in RHI Magnesita India Limited because from Dalmia plants we are not doing any export at all. So that is still there but you must realize that geopolitical situation outside India is so bad, so bad, China is dumping the refractories, here, there everywhere and now with the Trump's tariff policy, they will still be having over capacity, and our Indian competition is also increasing capacity. So, it is double value for us. How to counter it. But still, we have our own plan, and we are working on that.

Ashish Kejriwal: Understood. And lastly, obviously, we have an external market where we have little control. But internally, are we doing something which can optimize cost further and if yes, how much one can expect that to lead to increase in margins on what period?

Parmod Sagar: Yes, it is really, really a very focused area for Indian management, our R&D people, technical marketing people, they are just working on only on this optimization of recipes, reducing the cost of our products, etc. So, this is a very serious issue for us to remain relevant in the market in commodity market.

Azim Syed: Just basically is that even to have the sustainability of these cost competitiveness, some of the CAPEX, the appropriation is for some of the recycling or secondary raw material operations as well, so that it's continuous for us.

Ashish Kejriwal: Because in the last 2 years, we have pruned down the capacity also by maybe closing down one of the plants and making other plant more efficient. So that also could have helped us in lowering cost or still that's in the making because our capacity we have obviously pruned down from 525 KT to 512. So, you know, what's the road line ahead?

Parmod Sagar: It is market driven. If the market is bias, if the demand is really good, and as I said, 8% to 10% growth, we don't see in short term we do some product optimization or plant optimization or production optimization. But if the market is a bit slow, then we will definitely look into it whether we can further consolidate our operation or not. So, this is also one of our strategic discussions within RHI Magnesita.

Ashish Kejriwal: Sure sir. Thank you and all the best sir.

Moderator: Thank you. We have our next question from the line of Sahil Sanghvi from Monarch Net worth Capital. Please go ahead.

Sahil Sanghvi: Yes, good evening, Azim sir and Parmod sir. Thank you for the opportunity and good performance in such a competitive market. My question was one-fold in the export, which you have largely answered. But on second, I just wanted to understand the seasonality in the cement side of the business. Now, is it fair to say that couple of these quarters are the ones which have very large volumes and some of them don't have volumes. Is that correct? And how do you aim to ramp up the revenue contribution from Dalmia going ahead? Any plans on that please?

Parmod Sagar: Sahilji, thank you very much. I was waiting for you actually. I was missing you. So, first quarter is historically very lean quarter when it comes to steel. And with second quarter starting until September, you know, it is a monsoon season. So, during monsoon season, normally cement people do the maintenance of their kilns etc because construction is slow. The output is, they are not able to sell at that pace because of monsoon. Construction of roads, bridges, housing, everything has come down to 50% level or so. So, this is the time when they do the maintenance. So, this is the time I think all the factory people, not only us, will have a chance to increase their sale in this segment.

Sahil Sanghvi: Is this sort of a few quarters phenomenon? I mean, it's not spread across the whole year, right? Is my understanding correct on the cement volumes?

Parmod Sagar: Yes, you are right. These two quarters normally are strong from say July to September or so, beginning as maybe June. It's sometimes spill over to October. These are the strong time. And one thing more is there, I-if there is a project, one or two projects come in between, whether it's a January to March or October to December, then it is upside. If somebody is putting up a new kiln, etc., then it is almost a Rs. 50- Rs. 60 crore project. Last quarter, there was no project. In October to December quarter, there was a project. So, it also depends upon in which quarter project comes or if it comes in every quarter, then it's a very similar type of sale.

Azim Syed: Just to give you some numbers around this, Sahil, if you look at our Q3, we said we had a record revenue in the last quarter. That's been also shipment as well, again, contributed by cement volume. And as Parmodji mentioned, also for some of the project orders in our iron making business that we ended up delivering. But these project business are quite absolutely, I will not call it seasonal, I will call it sporadic because it depends upon when the customer wants to commission whereas, cement is quite seasonal and predictable if that answers your question.

Sahil Sanghvi: Yes, that does and just my second question on the Dalmia revenues or the volumes on an annual basis, I mean how do we see this asset ramping up in the next 2-3 years? What will be the few factors which will help us do this? I understand there is a refurbishment or you're bringing in new technology and new machinery, but then what needs to be done on the marketing front or on the customer front or anything on the product front over here at Dalmia?

Parmod Sagar: So, in coming months you will see a lot of local for local production which now is coming from China or Europe particularly for cement, fired magnesia bricks etc. We have already done the technology transfer. We produce 500 tons. We supply to two customers. Performance is under evaluation. And within next 2-3 months, we will produce another 1,000 tons and supply to 4-5 customers. So, this year probably, calendar year, is the trial time. And from Jan onward, if trials went well, probably it will add Rs. 100 crores for next year in that particular segment only. And then we have a strong market also for magnesium carbon and our Cuttack plant is full running at full capacity and now from last month we start producing in Rajgangpur Dalmia plant about 600-700 ton of this magnesium carbon bricks also for steel industry which we will ramp up to 1000 ton every month. So that will also give us about Rs. 100 crore or so next year. So, these are the upside apart from what product I told you, high-end product which we are bringing to India. Mostly, it will be in Jamshedpur or in Bhiwadi or in Vizag plant or few in Rajgangpur also. But it will be spread, not only in Dalmia plant.

Sahil Sanghvi: Exciting sir, very exciting. Thank you so much for this information and very all the best sir.

Parmod Sagar: Thank you, thank you Sahil.

Moderator: Thank you. We have our next question from the line of Chintan Shah from JM Financials. Please go ahead.

Chintan Shah: Hi, thank you for the opportunity. So, I had a few questions that were broadly around the industry. You mentioned that there has been a significant overcapacity in the industry. So, if you could highlight what sort of industry capacity currently is there and going ahead, any sort of expansions are that in coming in? And secondly, considering the growth that we expect in the end user industry, when do you think this overcapacity situation normalizes? That is the first question.

Parmod Sagar: Basically on paper, the projects announced by our competition or refractory industry is about 150,000 tons to 170,000 tons, which will come up in next one year or so. India is perceived to be growth market and every company, whether it's global or local, want to take the advantage of this growth. So everybody is putting up capacity. We acquired two, three companies definitely, but we have not added the capacity. We are working on optimizing the production and plant. maybe in coming days we will think of further how we can consolidate, not increase the capacity of greenfield. So we have our own plans how to consolidate and give right products to the market.

Chintan Shah: Got it. Understood. But is it fair to say that next 2, 3 years, even 2, 3 years out, this overcapacity situation will continue to play out or do you think the situation will be much better, say 2-3 years out, once the demand comes in?

Parmod Sagar: I would say, Chintanji, very frankly, it is a matter of fittest survival. So the companies who will really deliver consistent product with the right cost will survive. In 2005 to 2007, this type of mushrooming has also happened. And in next 4 years' time, all these small companies vanished. Every company has their own strengths and weaknesses just to enter the market seeing that RHI Magnesita is growing in this segment or Vesuvius is growing in this segment, why not we? So it is a wishful thinking and maybe people have earned a lot of money to now spend on these expansions. But we are not too much worried about this. We have to correct our house, have to remain ahead of our competition with innovation, R&D activities, product optimization. So we have to be cautious but not overly worried about this.

Azim Syed: Just kind of underline some of the things where Parmodji remarked early just to kind of remind everyone, in cement, we are the only providers who can give end to end solution, Let it be basic, non-basics or castables. In case of steel, most of the major expansion is on the blast furnace route. And here is where we did already establish ourselves in the iron making part and with the product transfers and CAPEX investment, we are well poised to take advantage of it. Again, we have built it up in the last 2 years to have this capability, not as a spur of the moment as Parmodji is mentioning, just to connect it with what's happening now in R&D from our side.

Chintan Shah: Got it, understood. The second question is regarding Pramod sir was mentioning that there is a sort of commoditization that has been happening in the refractories. So, just wanted to understand this better. So what has actually led to this? Because earlier, understanding was that considering the cost of the end customer and the criticality of refractories, I mean, customers are pretty much sticky with the best sort of supplier, best quality. But now basically what is leading to this commodization? What is driving this change from a customer perspective that they're willing to shift the customer just because they offer some lower pricing? So just if you can help us understand.

Parmod Sagar: So I can put it in two baskets. One is specialized product, very critical product, which we are producing in flow control area and Vesuvius is producing in flow control area, that has not commoditized. That's why you see very consistent performance of Vesuvius and RHI Magnesita India Limited in that segment. Our margins before we acquired Dalmia was about 17%-18% EBITDA. We still are enjoying that type of EBITDA when we take out those flow control products. So that market is very consistent, very product and quality sensitive. The customers don't play around with that segment. Then comes to commodity market when it comes to ladle bricks, etc. Tundish, working linings where the customer thinks, okay, I have a guarantee of 120 heat. So if somebody is from China or from local and number of, now 12- 13 small players are there for ladle bricks for steel industry. So customer has a guarantee. If you know small player is giving 20% or 10% or 50% lower price and agreeing for that guarantee or doesn't matter to the customer. If the heat rate of 120 like if it will come down to 110, they will deduct the pro-rata payment also. So their cost is coming down and from last 7-8 months everybody knows steel industry was also under pressure because of import from China etc. And now with this 12% duty on some special steel products, that they are breathing a little more easily and they probably will think again how to handle the situation but they were under pressure so they wanted to control their expenses, but in particular segment here they don't have productivity impacting issues.

Chintan Shah: Got it understood. And if you can give this mix between specialty and commodity that would be helpful for all of us.

Parmod Sagar: Normally, specialty products are to the tune of 25% to 30% of total steel. Okay.

Chintan Shah: Okay. Got it. Understood. This is the last question. I mean, if I see a presentation of the previous quarter and current quarter, so if we see the requirement of refractories for say one ton of steel, I see that previous quarter mentioned was 10 to 15 kg and in the current, you mentioned 8 to 13 kg. So I mean, is there any structural change here in terms of the requirement of refractories?

Azim Syed: First of all, great observation. Very few people have picked it up. What we have done this time is that we have split the refractory consumption into steel making and iron making. So if you compare the last time, you will not see the iron numbers because it's a focused area, so you see the iron making numbers, the 10 kilograms minus eight, 2 kilograms have gone there just to kind of to show the growth potential.

Parmod Sagar: Yes, at the same time, the steel industry keep on asking better and better products when it comes to high-end products. So they want that continued casting. Sequence level from now, I'll give you an example, Arcelor Mittal, 8 months back they were having 12 hours casting time. And for things like, when we went for the trial, it was very successful. Then they asked 20 hours casting time. So it took us 6 months to develop that product. And now that's not really developed, but now they're saying 24 hours. So the factory consumption continuously coming down in steel industry. About 10 years back, it was 15-16 kg. Now it has 8 to 13 kg. 13 kg is the plant which are really not taking care of their refractory, their solution etc. and going for commodity business like this, the low end products, buying from anybody, the consumption will go up. Upfront they will be thinking that I am buying cheaper, but eventually the life will be less, the consumption will be more. But all efficient plants as of now are running at 8 to 9 kgs refractory consumption.

Chintan Shah: Got it, understood. Thank you and all the best.

Parmod Sagar: Thank you, Chintanji.

Moderator: Thank you. Ladies and gentlemen, that would be the last question for today. And I now hand the conference over to the management for closing comments.

Parmod Sagar: Thank you. Thank you very much, dear investors, shareholders, analysts. Your feedbacks are always very welcome. It gave us the thoughts how we are working, where we need to improve and we always take every comment in a positive way. So, we will keep on working on improving our performance. But as I said, the fundamentals of RHI Magnesita are very strong and we believe in that, the global management believe in that and I think you people will also believe in our thought process and keep supporting us and we will deliver much better results in coming days. Thank you so much.

Azim Syed: Thank you.

Moderator: Thank you. On behalf of Asian Market Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.