



RHI MAGNESITA

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18 November 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/ Madam,

Sub: Transcript of Conference Call – second quarter and half year ended 30 September 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 6 November 2025, the transcript of the conference call held on 12 November 2025, for discussing the earning performance of second quarter and half year ended 30 September 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. -17021



“RHI Magnesita India Limited
Q2 FY '26 Earnings Conference Call”
November 12, 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 & CHIEF INVESTOR RELATIONS
OFFICER– RHI MAGNESITA INDIA LIMITED**

MODERATOR: **MR. RAJESH MAJUMDAR – B&K SECURITIES**



Moderator: Ladies and gentlemen, good day, and welcome to RHI Magnesita India Limited Q2 FY '26 Earnings Conference Call. As a reminder, all participants' 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. Please note that this conference is being recorded.

I now hand over to Rajesh Majumdar. Thank you, and over to you, sir.

Rajesh Majumdar: Good morning, everyone, and welcome to the Q2 and H1 FY '26 Conference Call of RHI Magnesita India. We have with us today, Mr. Parmod Sagar, Chairman, MD and CEO; and Mr. Azim Syed, CFO of the company, joining us in this call. Kindly remember that any conversation made in this call may be forward-looking. Without much ado, I'd like to hand over the call to Mr. Parmod Sagar now for his opening remarks. Thank you.

Parmod Sagar: Thank you, Rajeshji. Very good morning to everyone and thank you so much for joining us today. RHI Magnesita has an unwavering commitment to safety first. We are continuously working to improve our safety system, not only in our production sites, but also at our customer locations, warehouses and corporate office as well through implementing 7 life-saving rules and enhancing the safety with robotics and automation.

I am pleased to report that RHI Magnesita India achieved highest-ever quarterly revenue in Q2 at INR 1,035 crores, sustaining the consistent growth momentum. This growth was underpinned by higher volumes and notable market share gains across all business segments.

Starting with the broad industry landscape, we are observing promising macroeconomic indicators, green shoots across our core end markets. Let me start with Indian steel sector. In the last quarter, the steel production increased by 4% quarter-on-quarter basis, whilst there was an increase in the production and shipment volume, we saw contraction in margins, which underpin the competitive environment that Indian steel sector is going through. India is still a net importer, and most of the production boost came from the safeguard tariffs. The outlook for steel production will come from third round of production-linked incentive scheme for specialty products.

On the cement sector, due to unseasonal monsoon, we saw lower production and squeezed margins. We are expecting further improvement in cement production with the recent GST rationalization, which would boost further demand, aligning with the government's emphasis on housing and infrastructure development and reducing customer cost, which would provide impetus for further cement production and expansion. One of the key areas of focus was to ensure that we gain market share opportunity in the areas of steel and our strengthened drive in 4PRO or TRM contracts are yielding results.

We have secured long-term contracts that we set out to do. We received price increases in specialized markets and secured market share in some areas of commoditized market as well.



We were able to execute key seasonal cement orders. We are also continuously gaining market share in ironmaking, Coke Oven, DRI and pellet business. And with the current results, we are happy to report that our strategic initiatives are progressing well.

We are also pleased to report that we have successfully completed the product transfer of ANKRAL and Radex cement bricks from our group technology into India. This will provide opportunities that will unlock further value for our shareholders.

Our integration with Ashwath Technologies is also progressing well.

Crucially, our growth is not just quantitative. It reflects a deliberate strengthening of our market position. This quarter's results affirm the effectiveness of our business fundamentals to reclaim market share. By aligning closely with our customer needs and executing effectively, we deepened engagement with key accounts.

Quarter-by-quarter, we are gaining momentum, driving growth and navigating a challenging environment with agility and focus. I would like to underscore that while we remain pragmatic about the current headwinds, we are equally confident in the positive trajectory that lies ahead.

Our margins are still under pressure, and this is an industry-wide issue with the headwinds that our end customers face. However, with focused cost optimization efforts, ongoing product innovation and improved outlook on raw material pricing and a shift towards a better product mix, we expect margins to improve progressively in the coming quarters.

RHI Magnesita India plays a vital role in setting the nation's industrial foundation, facilitating safer and more efficient steel production to advance India's \$5 trillion economic vision through resilient self-reliant supply chain.

With a well-defined strategy and a high-performing team in place, I'm confident that our continued commitment and growing customer trust will enable us to transform through these challenges into sustainable growth opportunities.

Thank you very much, everyone, and I will now hand over to our CFO, Mr. Azim Syed to walk through the financial performance in detail.

Azim Syed:

Thank you, sir. Good morning to all. Let me now walk you through the financial results for the second quarter of FY '26. Despite market headwinds, we achieved highest ever quarterly revenue from operations of INR 1,035 crores. This reflects a sequential growth of approximately 8% over Q1 FY '26 and a year-on-year increase of nearly 19% versus Q2 FY '25.

Shipment volume stood at 141 KT, marking a 9% quarter-on-quarter increase and an 18% year-on-year, driven by strong underlying demand and significant market share expansion. The main levers for growth are steel industry -- in the steel industry, orders from integrated private players as well as from public sector steel producers for new converters and ladle business.

The cement industry also contributed to growth, fueled by project orders and seasonal maintenance demand as expected. Broad-based improvements across flow control, Coke oven,



DRI & Pellet. And as Parmodji informed, we are also seeing strategic initiatives in 4PRO/TRM also delivering tangible results.

Turning to profitability. Our operating EBITDA for Q2 FY '26 reached INR111 crores, reflecting an EBITDA margin of 10.7%. On an absolute basis, this marks a 7% improvement over the previous quarter.

Sequentially, we have sustained our margin performance. However, on a year-on-year basis, there has been a decline as the year-on-year is not comparable. In Q2 2025, we had one-time release of warranty provisions, and there was a continued impact of elevated raw material costs compared to the prior year.

Despite reduction of cost in alumina, our raw material costs remained flat quarter-on-quarter. This was due to change of product mix of sales, wherein higher cost of magnesia-based raw material and U.S. dollar and euro foreign exchange depreciation.

As Parmodji mentioned, we are expecting to better our margins in the upcoming quarters with further lowering of raw material prices, recipe optimization and future performance bonus expectations. The profit after tax was INR 38 crores, up 9% sequentially from INR 35 crores in Q1.

Our net debt-to-EBITDA ratio is at 0.45x, which is higher than last quarter, majorly due to working capital tied to revenue growth. We consider this to be manageable and with continued impact of last year's debt reduction efforts, we expect interest expenses to trend downward in the period ahead.

Our balance sheet remains absolutely robust and liquid. We maintain strict working capital discipline. In short, we have the discipline and resources to fund our strategy without undue leverage.

Looking ahead, we remain confident and realistic. Our order book remains robust for the upcoming quarters, particularly in the steel sector, where major mills have confirmed substantial capex expenditure plan.

The Cement segment also shows strong momentum supported by upcoming large-scale expansions and scheduled plant turnarounds. We are witnessing positive developments on the raw material front also. While it's premature to declare full success, the trajectory is promising. As Mr. Sagar mentioned, we anticipate a consistent quarter-by-quarter upswing rather than a sudden spike.

Our intention is to close the year with the EBITDA margin similar to last year's level, and we remain confident in that goal.

Business fundamentals have positioned RHI Magnesita India for success to strong industrial demand, solid execution on strategy and a healthy balance sheet. We believe these fundamentals will enable us to deliver on our FY '26 targets and long-term goals. Thank you to all our stakeholders for your continued trust and support.



We will now open the line for questions. Back to the operator.

Moderator: Thank you very much. The first question is from the line of Pankaj Agrawal, an individual investor. The line for Mr. Pankaj Agrawal has been disconnected. We move on to the next. The next question comes from the line of Ashish Kejriwal.

Ashish Kejriwal: **Thanks for the opportunity. Good morning everyone.** Sir, quickly, 3 questions. In your remarks, you mentioned that we are soon going to have EBITDA margin similar to FY '25 level. So you are expecting that to come in fourth quarter or you are talking about overall FY '26 EBITDA margin to be similar to FY '25, which was around 13%?

Azim Syed: Yes. So we are expecting the full year number to be the same as last year. We are expecting some one-time payoffs, which we received just like in the last year, we'll expect this. So this will be higher than what our current run rate is, in the upcoming quarter. Our expectation is that we will end -- as we said in the earlier calls, between 13- and 14%, which is what we are still targeting for full year '26.

Ashish Kejriwal: Okay. And sir, this is being driven by what -- because when you said that we are able to take some price hikes in some of the specialty markets. But overall, if you look at the prices this quarter, it was also somewhat lower than last quarter. And second thing is, earlier, we were expecting that because of lower alumina prices getting hit in P&L in second quarter, we may end up with the margins of 13%, 14% this quarter only.

But now we understand that magnesite cost has increased so much that margins have been affected. My question was, one, how much price hike we were able to take in roughly what percentage of our volume? And second, if you can say about alumina and magnesite cost, how much is this combining with the total cost?

Parmod Sagar: Thanks for the question. One is we were expecting that alumina prices has gone down, and we will have advantage in this quarter, as you said, rightly. But unfortunately, our inventory is still at a level of finishing even in November. So the impact we were expecting unfortunately could not materialize because the pipeline of shipments was already higher. The order was placed and when we are in a contract and as market leader and ethical company, we were not forcing our suppliers to cancel those contracts and go into a new contract. So it hit us badly, but at the same time, we honor our contracts. And secondly, magnesia prices have gone up, which also impacted us adversely. What is the second one?

Azim Syed: How margins combine?

Parmod Sagar: Yes. For margins, now onwards, alumina prices will be the market prices, whatever high alumina inventory was there, it will vanish in November numbers. So next 4 months, we will have advantage of lower price of alumina. On magnesia front, we are doing some product optimization, recipe optimization to compensate the price increase of Fused magnesia and DBM. So that will also be giving a dividend or positive results from December onwards.

Thirdly, we have some product optimization, productivity improvement and some automation, which Azimji was saying, which will give a substantial uptick in coming 3-4 month's time. So



we are confident because of these 3-4 levers, we will be able to deliver similar to last year's EBITDA.

Azim Syed: Last was the price hike percentage, I can also answer that. If that's okay?

Parmod Sagar: Yes.

Azim Syed: So, we received mostly price hikes in the area of flow control, which is approximately 28% of our revenue. We are -- I mean, we basically got, let's say, single-digit price increases, and these are long-term contracts. So we believe that this will sustain at least for the next upcoming year.

Ashish Kejriwal: Understood, sir. Sir, lastly, in terms of the market -- overall market, are we still seeing intense competition in non-specialties business?

Parmod Sagar: Absolutely. competition is going strong. Many small players are just trying to enter. You have seen the results of one of our competitors who is also listed, they are also coming in many product areas. And just to enter the market, they are also offering a really non sustainable price. But it puts pressure on us and other established players also to reduce prices to just remain in the market.

So I see there's heavy trust on overcapacity. People are trying to now fill up their plant with whatever price they are getting. So it is not a healthy situation for the industry overall, I would say, but this is the reality.

Azim Syed: If I may add one more point on top of what Parmodji said, if you look at even our end customers' margin also, there's a quite a bit of a squeeze, whether it be steel or cement, you can look at the EBITDA per ton also reducing. So it's a buyer market as well.

there are a lot of quite a bit of headwinds, but we are confident with our strategy in terms of long-term relationships, diverse portfolio, TRM and 4PRO, end-to-end solutions, which will hopefully improve the productivity of our customers. That's the way we will differentiate ourselves because we believe not in a cyclic market, but in a long-term commitment to our customers performance.

Ashish Kejriwal: Understood, sir. And this is very encouraging that despite this kind of scenario, you are guiding for around 13% EBITDA margin, similar to last quarter -- last year, sorry. So that is very commendable. All the best sir

Parmod Sagar **Thankyou so much**

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

Rajesh Majumdar: Yes, sir. So I had a few questions. One was that why have the receivables gone up so much in this quarter? Is there any cause for alarm? Or is that position better now?

Parmod Sagar: So Rajeshji, one of our key account very big group, they have changed their methodology of services contract where they need backup paper for what we say process improvement. So that impacted us heavily -- and last 2- 3 months, we were not able to get the payments. So then



everything was streamlined. And fortunately in October, I think we have recovered everything. It was a record collection. I would not say the number, but it was a record collection ever. So whatever was a shortfall of last quarter, it is compensated now.

Rajesh Majumdar: So we should see second half cash flows going back to normal levels, right, what we've seen in the last few quarters.

Parmod Sagar: Absolutely.

Rajesh Majumdar: Okay, sir. My second question is, if you look at the performance of Dalmia, it is still like Y-o-Y decline. And even after acquisition after 2 years, the turnover is still nowhere near INR 1,000 crores. So what is happening with this asset? If you could give us some more granular idea about where we can see this business down the line in terms of top line margins and what steps you're taking for the same?

Parmod Sagar: Margin-wise, Rajeshji, I would say we are very well placed. It was around 11% plus margin for last quarter.

Parmod Sagar: Comparative to last quarter which was 7-8%. So we have improved, last quarter was 8.7% EBITDA and this quarter, it is 11.4%. And if we talk about volume, it is 26% growth in volume.

Rajesh Majumdar: That has come from standalone, sir. But if you subtract the consol from standalone, then the subsidiary has not done so. That's what I was asking about the subsidiary

Parmod Sagar: I'm talking about only subsidiary, Dalmia plant.

Rajesh Majumdar: Okay

Azim Syed: To clarify the number, Q2 FY '26 was INR 264 crores and Q2 FY '25 was INR 216 crores. So there is a substantial increase in the revenue and also on the shipment, as we mentioned, 35 kilotons to 42 kilotons is what we have done. And the EBITDA percentage, if we compare Q1 FY '26, we are at 8.7% and we are back to 11.4%. So there has been an increased effort.

Now we are talking about year-on-year quarterly performance, as mentioned earlier in my speech also that we had a onetime warranty provision reversal in Q2 FY '25. If I exclude that, our margin percentages are still in double digit, which we have maintained. So bottom line, Rajeshji, basically is that our performance is getting to some bit of a sustainable level. All the improvements that we have put across is paying us dividends in terms of our performance as well.

Parmod Sagar: Also, we are shifting 2-3 products from our global to India, which will effectively be Rajgangpur, our Dalmia plant. So further growth in this Dalmia plant will happen in, let's say, next 6 months' time or so.

Rajesh Majumdar: Okay. And one last question from my side. are there any efforts to increase the business from the nonferrous or glass side or this where you have kind of investment? Do we have any orders which could give us some kind of fillip on those businesses other than steel and cement?



Parmod Sagar:

Actually, there are a lot of efforts going on. Let me first give some background. The Nonferrous and glass segments are cyclical in nature. Unfortunately, in '25, there was not a single project of glass and nonferrous, which impacted significantly. In '24, there were projects. And we are expecting 2-3 projects in '26 and possibly 5-6 projects in '27.

So we can see an upward trend, projects are coming back, and these are comparatively better margin projects if compared with the normal cement and steel business. So we are very positive about this, and we have increased budget of these products in '26 as compared to '25.

Azim Syed:

This is my calendar year

Moderator:

The next question comes from the line of Mayank Bhandari from Asian. Please go ahead. The line of Mayank Bhandari has been disconnected. We'll proceed ahead with the next one.

The next question comes from the line of Yash Shah. Please go ahead.

Yash Shah:

Good afternoon Pramod Ji. This is Yash Shah from YPSPMS. We have been invested in the company since last 11 years. So we have seen multiple cycles of the company. But one thing is very clear before the Dalmia acquisition, I would not like to go into the verticals. But before the Dalmia acquisition, we had almost reached a PBT of around INR 100 crores per quarter on a very low turnover, say, around INR 750 crores or INR 800 crores turnover.

With this acquisition, we are nowhere near to it. Like earlier, the EBITDA margins were 15%. If you see them now, it's coming to around -- PBT margins are now coming to around 5%-6%. So plus the equity dilution, which we spoke around, I guess, 15 months back that the equity dilution was opted because the promoter company had debt on its book instead of going for debt.

So the equity has gone up so much and the profit has not paid up to the mark. So that has been clearly reflecting in the share price as well over the last 3 years. And yes, that is it. So are we looking for good times ahead? Are the bad times still going to prevail for some more years? Or how is the business picture looking overall?

Parmod Sagar:

I tend to agree with you. Yes, stand-alone RHI Magnesita India before acquiring Dalmia, we were doing exceedingly well. And if we check that segment, we still are doing exceedingly well. There's no doubt about that. Dalmia, we wanted to increase our footprint in industrial area, non-steel area, which successfully we did. When we entered in iron making area, we were 0. And in last 2 years, we entered into it.

Only thing is we did not convert this or we could not convert this market gain in good margin because the market of these types of products cement or DRI or other ironmaking products, which came along with Dalmia acquisition are low margin or volume product so we are bringing products which are having high selling price with high margins from our parent company to Dalmia Group company, which is now RHI Magnesita India Refractories Limited.

So I would not say bad time or good time. I would say the challenging time is almost over. But still, the market is so dynamic, overcapacity, everybody is putting up capacity in India without seriously thinking of what will be the repercussion of these capacities. So this is impacting. If



you will check, I will not state the name, but other listed companies, refractory listed companies who has declared their results in last 2 days or 3 days, everybody's EBITDA has come down.

We still could manage to maintain EBITDA of last quarter. And in absolute value, 7% increase in our EBITDA. But if you check the others, so it is a headwind for everyone.

Yash Shah: Just to interrupt. So if you say that the business has been good, so the PBT on a quarterly basis was INR 100 crores before the Dalmia acquisition. If it has come down to INR 50 crores, it can be only because of 2 reasons. Either the Dalmia business is making losses or the current business margins have gone down. There cannot be a third reason, right?

Parmod Sagar: There is a huge part, which depreciation is playing. That we cannot ignore because of this buying price or whatever you say...

Azim Syed: So let me do this.

Yash Shah: Yes, please. I would like the CFO to pitch in, yes, please.

Azim Syed: Yes, the first thing is that our -- if you look at our realization rate before 11 years versus now would have dropped quite significantly, okay? I'm talking 11 years before because...

Yash Shah: No, I'm thinking just 3 years back when we said the INR 100 crores profit PBT. So I'm just asking that INR 100 crores is now INR 50 crores. So that can be only because of 2 reasons, either the realizations have gone down of the existing business that we used to do or the new business is becoming a drag on it, right?

So I just wanted that what is the -- why has that gone down? So because sir says that the business is going -- still it's doing good. So at least it should have INR 70 crores, INR 80-crores INR 90 crores PBT. But the Dalmia business is doing poor, then that is dragging it down to INR 50 crores.

Azim Syed: Yes. So can I answer it now.

Yash Shah: So, if have the figures, yes, if you have the figures, please.

Azim Syed: Okay. firstly, we look at it from a business perspective. From a business perspective, as you know that with the PPA that we paid, it carries a depreciation cost. if you look at our Dalmia entity, there are some accruals that we are doing from an indirect perspective, wherein we have some losses there, which we will get after 2 years, So you will see quite a bit of profitability coming back in 2 years once we get these tax credits

Parmod Sagar: 5 years of acquisition.

Azim Syed: After 5 years of acquisition. So the impact is not visible in our current P&L. Second part --there is still some profitability If you adjust and factor it back in, you will arrive at a number that is closer to our current performance. Now the second thing is that...

Yash Shah: Can we have some number on this profitability figure, which we might get after 5 years?



- Azim Syed:** we don't give some long-term guidance. But if you can send some assumptions that you would like to make over an e-mail, we are happy to confirm or deny those assumptions.
- Parmod Sagar:** Yes. But it is a substantial amount. That's what we can say.
- Azim Syed:** Exactly. The second part, about the reason for acquisition of business -- Number one, we want to gain our cement market share. So we grow from 17% to 43% because of this, which means we are ready to serve the ongoing and expanding capacity requirements in the market.
- This will give us further accretive profitability that we didn't have before. Having said that, this also is a drag on the realization rate on this is much lower than what we were doing in the steel business because of the nature of the product mix that we sell. So this will come through also in the future.
- The third thing is the depreciation that we are carrying forward which will be fully absorbed once this capacity flow through. And this is what you are seeing quarter-on-quarter, our improvement in the Dalmia business.
- Yash Shah:** Okay. Fine. So as you are saying how much time can we take to get back to a PBT earlier figure that you used to have, not considering the tax figures, 2 years more or 3 years more?
- Azim Syed:** 2 years to 3 years is a good time frame for your assumption though.
- Yash Shah:** Thankyou Parmod ji, So We are investors from long time, we are future investors but look for good times ahead.
- Azim Syed:** **Thankyou so much for long time investors**
- Moderator:** The next question comes from the line of Mayank Bhandari from Asian Market.
- Mayank Bhandari:** My first question is on like you spoke -- Azim sir spoke about the flow control's contribution, 28% of the total revenue. So is this for the quarter or for the first half...
- Azim Syed:** For the quarter, sir.
- Mayank Bhandari:** And what would it be for the first half?
- Azim Syed:** So for Q1, it was close to about 29.6%, I mean 30% you can assume.
- Mayank Bhandari:** So just checking on what has been the growth in the Flow Control for you if we look at Y-o-Y for the first half?
- Parmod Sagar:** I would say the growth in the first half of this year was flattish. We got market share gain from July onwards, I would say, in one of the biggest group from 22% to 30+% now So likewise, in other groups also. So there is, I would say, 8% to 10% market share gain in Flow Control in second half of this year, which will continue till, end of June before we have a go for negotiation again.



- Mayank Bhandari:** Yes. But the volume as such have not grown, but you gain market share is what you are telling me?
- Parmod Sagar:** Yes. Actually, flow control is not a volume game. It is more a piece game. So even if you get a 10%-11% market gain, it will not reflect in the thousands of tons. It is a few hundred tons.
- Mayank Bhandari:** Okay. Because one of the competitors has highlighted issues with the small furnaces, small blast furnaces, which we are facing in the Indian market. So I was just checking, I mean, how flow control has grown. So basically, it is flat Y-o-Y, you're telling?
- Parmod Sagar:** Till now, first half, it was flat. July onwards, we got market share, but you are talking 2 different things. Blast furnace has nothing to do with flow control. So they are not clearly telling you the story or blast furnace, mini blast furnace, small blast furnace, I think you are talking about induction furnace, induction furnace flow control, I think our competitor is entering into it in a way.
- But that market is sluggish. I would say, in the last 4 -5 months out of, say, 500-plus customers, 150 customers have reduced their production temporarily because of monsoon and Cheap import from Vietnam, Thailand, China, etc
- Azim Syed:** if you do year-on-year comparison, probably you will not get the right figure of what is a significant gain that we have made. If you look at, previous 2 quarters versus last 2 quarters for us. So for example, previous 2 quarters, our average revenue was close to about 27% and now we have done 28%.
- Again, it's a good margin increase. And quarter-on-quarter, we have done 11% increase. That gives you a little bit of the momentum and velocity that we are talking about in terms of what we have. This is despite the sluggishness in the induction furnace, which basically states that we have gained some market share in some of the large steel mill providers.
- Moderator:** The next question comes from the line of Pankaj Agrawal, an individual investor.
- Pankaj Agrawal:** My question is with respect to the recent news on the production capacity decrease by Chinese steel companies and expected price increase so that Indian steel industry comes at par with Chinese steel production industry in the next 2 years to 3 years.
- So how is RHIM going to benefit from this? And are there on-ground capacity enhancement by Indian companies in the view of expected price increase in steel in the next 2 years to 3 years?
- Parmod Sagar:** Sir, actually, the situation is this, Government of China has decided to reduce their steel production 2% every year. And by 2035, they want to reduce their steel production from 1 billion to 700 million, 750 million tons. But their own consumption is much lower than this. So in spite of reducing 2% steel production every year, it will not have any impact. They have overcapacity, still they keep on exporting the steel at a very cheap price, subsidized price, not only directly, but through Southeast Asia countries to Indian market.



As Azim said, we are still a net importer. – our imports continue to exceed our exports. In addition, the 12% safeguard duty on specialty steel, which the Government of India had implemented about six months ago, is now over. As of around 30th October, there is no safeguard duty for steel industry. So that's why the margins have squeezed. So one of our biggest customers, share its results with us indicating that at present sale price of steel is the lowest in the last 5 years. And they are under tremendous pressure.

Even today, I read one group is planning to form a joint venture with a Japanese company by selling 50% of one of their steel plants. So it appears that the industry is growing rapidly. However, the actual figures tell a different story: while capacity expansion is happening at 8–9%, real growth is only around 3–4%, only and with lower margins. So I don't see in the very near future, we will have a bumper steel sale and with good margin. And in turn, we will also get very good price increases.

In near term, I would say it will be gradual growth. And we are thinking we will be growing more than the market growth.

Pankaj Agrawal: Understood. So if I may highlight that a few of the steel companies in India, they have started giving the outlook for their capacity increase in near future. So does it look like a very long-term strategy of 5 years, 6 years or near-term strategy of 2 years, 3 years?

Parmod Sagar: No, no, it is long-term strategy because when they are saying, for example, if JSW is saying we are putting up a 5 million capacity they will create in next 2 years. But to utilize that capacity to ramp up the production from 0 million to 5 million will take maybe 3 years, 4 years, 5 years. So capacity is increasing, but -- capacity utilization is a gradual process.

Pankaj Agrawal: I appreciate the clarity given by the management on this aspect. This was a very big question in the entire industry as of now, I think.

Parmod Sagar Thank You

Moderator: The next question comes from the line of Mayank Bhandari from Asian Markets.

Mayank Bhandari: Sir, I also want to understand about our export strategy. I mean, if you could highlight how much is our export revenue currently? And I mean, we look at your parent's release and it says that the demand of refractories in Europe could spike up because there is some import -- sorry, import duty cut in Europe, which is slated to happen. So if you could highlight on that?

Parmod Sagar: As of now, our export is somewhere like 9-10%. It is hovering quarter-to-quarter. I will not say some -- sometimes you have order in this quarter, some in next quarter. So it's better to say year. So year-on-year basis, we are around 10% of our total capacity and it is primarily flow control products. So if we take the stand-alone RHI Magnesita India Limited, our exports are to the tune of 24%- 25%, which historically we were doing. But with consolidated Dalmia put together everything, it is around 10%

So I would say we will be growing gradually. We have a business plan. We did trials in last 1 year at various countries, successful trials, I would say. Now it will be a semi commercial trial.



And in next year, we will have an uptick, substantial uptick in flow control area. So when I say substantial, maybe it will go from 10% to 12% because it is overall. If we talk about RHI Magnesita India Limited stand-alone, maybe it will be 5%- 6% increase in 1 year's time from now onwards.

But in Europe, the steel production as of now is still declined. And recently, European Union has put a sanction on Russia. So we will not be able to sell anything to Russia, which we were selling. So it will impact globally everybody.

Moderator:

The next question comes from the line of Sahil Sanghvi.

Sahil Sanghvi:

First of all, very commendable numbers on the top line, very well done. I must congratulate the whole team. My first question is, sir, as I have been looking at this industry for a couple of years now, I mean, more than 5 years now. We used to expect a good 18%- 20% margins in Flow Control and maybe some less -- lower number in the commodity products before.

Now with the rising competitiveness in the market overall and with new capacities coming in, where do you think the margin levels can stabilize? Just product-wise, if you can help me understand?

Parmod Sagar:

Sahilji, thank you very much for the kind words. First of all, flow control, as I said earlier to answering to somebody's question, we are still good. Q1 '26 was about 21% margin. And now this quarter, it is 23% margin. So we don't have any issue. We are comparable with the best in the class, -- but the other products, be it high alumina bricks, magnesia bricks, magnesia carbon bricks, castables, these are commodity businesses where too many players have entered into, and they are trying to sell at any cost. So that is giving headwind to everyone.

So maintaining that double-digit margin in that segment is a challenge. Still, we are trying to maintain that. As you can see Dalmia as Azim was telling 11.4% margin, which is purely a brick-and-mortar business, castable and bricks mix of high alumina and magnesia bricks. So we are still trying very hard to how we can reduce our production cost, how we can reduce our scrap rate and how we can use more circular economy recycling in our field.

So We don't have any issue with flow control. We have a headwind of margins with the commodity business.

Sahil Sanghvi:

Right. I understand Secondly, if you can help me with the Dalmia numbers again, you said that the shipment has increased to 42 KT versus 38 KT Y-o-Y, right, 38 kiloton Y-o-Y.

Parmod Sagar:

It is a quarter-on-quarter basis, I think. So we are talking about the last quarter or this quarter, 35,000 tons versus 42,000 tons quarter-on-quarter.

Sahil Sanghvi:

Yes. And margins roughly 8% has gone to 11% roughly.

Parmod Sagar:

8.7% to 11.4%.

Sahil Sanghvi:

Okay. And revenue, you said has gone from roughly how much?



- Parmod Sagar:** It is 26% growth I would say – INR 208 crores to INR 264 crores.
- Sahil Sanghvi:** Right, sir. Right, sir. So this is really a good improvement, sir, and that's really commendable. Lastly, on the capex that we aim to do at Dalmia, I mean, the refurbishment and all that, is that largely on track and we should expect some positives out of that refurbishment say next year?
- Parmod Sagar:** Yes. capex is on track, but the problem is the lead times. We have placed order for a SACMI press, It has 14 months lead time. So by end of, say, '26 calendar year, it will be commissioned. So some mixers are 8 months delivery time, some 6 months, some 1 year, but it is on track. One of the press, which we ordered last year is under commissioning in Rajgangpur plant. Some will come in next 2 months, 3 months' time, some will come end of '26 -- but it is on track.
- Sahil Sanghvi:** And because of this, all these new fresh machines, refurbishments, can we expect some efficiencies to come out? I mean, some benefits on the cost.
- Parmod Sagar:** Absolutely. Absolutely. It will -- definitely, it will improve our productivity, reduce the labor cost, reduce rejection levels, improve quality.
- Azim Syed:** So we don't do any projects, especially in the acquired plants if the payback period is not less than 3 years, we have a very strict ROIC reasoning, and we basically aim at least to do it in double digits. So these are the 2 conditions on which we do the investing planning.
- Sahil Sanghvi:** Perfect. Lastly, my last question is your capex spend for, I mean, absolute numbers or capex that you wish to spend this year and next?
- Azim Syed:** So we had budgeted INR 150 crores. We have spent INR 60 crores in H1. We aim to do the rest in the H2. As we said, it's more about phasing of spending, which normally happens in Q3 more versus in Q1 or Q2.
- Parmod Sagar:** And something will also spill over to next year.
- Sahil Sanghvi:** So next year should be roughly INR 100 crores or should be less?
- Parmod Sagar:** Should be INR 100 crores, INR 90 crores.
- Azim Syed:** Exactly. As we said that this year would be the highest capex spend that we are doing, again, because of specific investments that we are aiming to do. But again, for next upcoming years, it will be to the tune of INR 100 crores is a good assumption to make.
- Moderator:** The next question comes from the line of Shanaya Jain, an individual investor.
- Shanaya Jain:** Just like 2 questions. First, like could you outline the margin outlook for like H2 FY '26 and FY '25? Like what factors are expected to drive improvement going forward?
- Azim Syed:** So I can take this. So for the full year, we are saying that it will still be around 13% to 14%. The main reason is that one is we would have a raw material price decrease because we do average inventory pricing. And, the average inventory price for alumina and magnesia, we expect to subside in the upcoming quarters. So this will give us a natural profitability increase.



The second part is we are also expecting a better product mix because in the current quarter, we had cement high volumes. So this will also help us to improve our realization rates better.

The third part, what we are expecting is that we gained significant market share in the ladle business. We are expecting the performance bonuses to come through in the upcoming quarter.

And fourth thing, we have some industrial orders, which are naturally higher margin percentage orders. So these will also come in the upcoming quarters. So with this, we are absolutely confident that we will go back for the full year to the last year performance, what we are expecting. And also the FX as well.

My apologies, I forgot to mention the FX because we were actually -- FX weighed quite heavily on us this quarter because we purchased most of the materials from China and we use USD or euros. And as you know that there was a significant depreciation on the euros. It's gotten better already in October. If this continues, we are also getting some relief on these expenses as well and financing costs or other expenses should better.

Shanaya Jain:

Thanks for detailed clarification. And just one more question. Could you share an update on the performance of each segment, like the steel, cement, industrial and Flow Control during the quarter?

Azim Syed:

So we don't give those individual details, but what we are happy to share is the split of business we have. So for example, the steel, including flow control, we do about 80% of our revenue. Then we have the second highest revenue is our cement business that is close to about 14%, rest comes from the project order business. Total revenue, we normally have 25% to 28% again, depending on the quarter, we have flow control business. And normally, flow controls are our highest margin business that we operate at.

Moderator:

The next question comes from the line of Vaibhav Gupta from Aavya Advisory.

Vaibhav Gupta:

Yes. So my first question is, if I'm not wrong, our capacity utilization has been around [inaudible 0:53:25]...

Azim Syed:

Although we can hear you, your voice is not coming clearly. Can you please repeat the question and maybe a little bit away from the phone that will help.

Moderator:

Mr. Vaibhav can you just increase your volume?

Vaibhav Gupta:

So my first question is, if I'm not wrong, our capacity utilization has been around 72%

Azim Syed:

I am sorry, we still can't hear you clearly.

Vaibhav Gupta:

Okay. So my first question is, if I'm not wrong, like our capacity utilization has been reached around 72%. So could you please share what kind of optimum level of utilization that we are thinking of? And what is the -- like are there any plan for capacity expansion or debottlenecking of facilities?



Parmod Sagar:

Yes, you're right, and we are having a planning to reach to a level of 80% to 85% capacity utilization in next 2 years' time. As of now, we will not do any capacity expansion. There can be in some bits and pieces in some particular product range where we feel that it is reached to an optimum level and we need to increase. So that will be add-on type of thing, adding some press or some mixer or some dryer or some kiln, but it will not be add on a new plant.

Vaibhav Gupta:

Okay. My second question is like what is the revenue contribution coming from the -- our transform product like UREX, Resistal, or eco-grade kiln bricks. And how this provision is scaling up in the current quarter?

Parmod Sagar:

It is a very initial stage as of now, Eco or green. These are trial stage things. It will not have a material impact on anything. It will take another 2 years to 3 years when we have a substantial business of these type of products.

Vaibhav Gupta:

[inaudible 0:56:08]...

Azim Syed:

Sorry?

Vaibhav Gupta:

Is it possible for you to quantify like what will be outlook, let's say next 2 years, 3 years for this product?

Azim Syed:

we are talking about transfer of technologies here. we are getting this some of the businesses already in our revenue run rate because today, we are importing this from our group company or group plant. But the benefit of this technology transfer, the way we can unlock the value for our shareholder is, one, once we import this technology, that means it will increase our capacity utilization, thereby absorbing some of the fixed costs.

Second, it will also help us hugely on our working capital because we will produce the product. Third, also, it will provide quite a bit of a margin improvement as well because we will be able to produce it in India, which has a lower cost versus what we get from either from Europe or other locations.

So that's the unlocked value that we will have. The upside maybe is there because we can probably sell it to more customers. But as Parmodji mentioned, it's at a very early stage, and we don't give product-wise details because I mean these products have quite a bit of competitive movement as well.

Coming specifically to Green bricks also, I'm talking specifically about the green technology, what you mentioned. we have the products and it's up to the appetite of our customers if they want to do it because, as you know, the green product has quite a bit of cost attached to it. So it's the appetite of the customer. So we are ready to provide a green product. And if they are able to take it in the portfolio, we will welcome it and we'll see accretive growth, but we are ready for the future.

Vaibhav Gupta:

Okay. Okay. And my last question is, like how has the demand trended across the steel and cement sector post monsoon? And what is your outlook for the second half of this year?



Parmod Sagar: Demand, after talking to many big players of steel and cement, should be hovering around 4% to 6%. And outlook is almost similar to first half. There will not be any substantial change in the outlook. I don't see it. We ourselves believe that we are better placed than first half.

Moderator: The next question comes from the line of Rajesh Majumdar.

Rajesh Majumdar: Yes, one last question I had was, since we have seen alumina prices so low now, does it make sense for us to kind of build up our RM inventory? Because 3 years ago, we did that before the Beijing Olympics, I remember, we had built up a huge magnesite inventory. Does that same kind of tell you make any sense now for us to build up some kind of alumina inventory, RM inventory?

Azim Syed: So a very good question. We deliberate this question quite importantly because the raw material costs are such a huge component of it. As you know that - we leverage the scale of the group. I'll give an example of FM. For FM, we are the 80% consumer in the entire world, Rajeshji.

similarly, I don't want to give the percentage for alumina because there are a lot of different numbers that will pop up. But if we start buying in a bulk thing, we will actually either favorably or unfavorably impact our global alumina price. So it causes a catfish impact -- or sorry, trying to catch it sale impact, and we don't like to gamble. We say that we will hedge and we will be more protective of our -- how we deploy our capital in a more judicial manner.

So that is why we don't bulk up because the question is this is the lowest and further can it go lower. So it becomes a very tough game for us. But what we do is that we use market insights because we buy it at large scale, we understand China, we understand Africa, we understand India, what are the prevailing prices.

I'm talking specifically about alumina. We select the right strategy for us, right quantity for us, we did it. Beijing, we did it. I remember because I was there on the other side of the table at that time. It was purely a supply risk that we would like to avoid, especially coming from post pandemic when there was quite a bit of supply constraint that we had.

Hence, we wouldn't -- at the moment, we don't see a supply constraint in any of the products. Hence, we would like to deploy our capital in the most efficient manner.

Rajesh Majumdar: And just given your inventory policy, we would see like the high-cost alumina prevails for at least 3 quarters, the current low prices should prevail for at least 2 or 3 quarters?

Parmod Sagar: I tend to agree with you, but we cannot predict authentically. Yes, it looks like it will remain like this. And moreover, now in the last few months, 2 - 3 players have come up in India also with this alumina raw material. So that will give some stability to this product, not only for us, but for everybody.

Azim Syed: I think that was the last question, right operator?

Moderator: Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Parmod Sagar for closing comments.



Parmod Sagar:

Thank you very much, dear shareholders, analysts for participating in this call, for your support. As usual, we will keep on striving to improve our margin, improve our market share and unlock the value for you, shareholders. Thank you very much once again.

Moderator:

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