14th February, 2025

National Stock Exchange of India Ltd
'Exchange Plaza', C-1, Block – G
Bandra – Kurla Complex
Bandra (E), Mumbai 400 051
Code : IFGLEXPOR

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Code: 540774

Dear Sir/Madam,

Re: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Further to our letter dated 24th January 2025 and 10th February 2025, please find enclosed herewith transcript of Earnings Conference Call on 3QFY25, held on Monday, 10th February, 2025. A copy of this is also being hosted on Company's Website: https://ifglgroup.com/investor/meetings-reports/ .

Thanking you,

Yours faithfully,
For IFGL Refractories Ltd.

Mansi Damani
Digitally signed by Mansi Damani
Date: 2025.02.14 18:59:50 +05'30'

(Mansi Damani)
Company Secretary

Encl: As above

"IFGL Refractories Limited
Q3 FY '25 Earnings Conference Call"
February 10, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on February 10, 2025 will prevail.

MANAGEMENT: **MR. JAMES MCINTOSH – MANAGING DIRECTOR – IFGL REFRACTORIES LIMITED**
MR. ARASU SHANMUGAM – DIRECTOR AND CHIEF EXECUTIVE OFFICER, INDIA – IFGL REFRACTORIES LIMITED
MR. AMIT AGARWAL – CHIEF FINANCIAL OFFICER – IFGL REFRACTORIES LIMITED

MODERATOR: **MR. MAYANK BHANDARI – ASIAN MARKET SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '25 Earnings Conference Call of IFGL Refractories Limited hosted by Asian Market Securities. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

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 management briefly concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Mayank Bhandari: Thank you, Zico. Good evening, everyone. On behalf of Asian Markets Securities, I welcome you all to the Q3 FY '25 Earnings Conference Call of IFGL Refractories Limited. We are pleased to have with us management being represented by Mr. James McIntosh, Managing Director; Mr. Arasu Shanmugam, Director and CEO of India; Mr. Amit Agarwal, CFO. We'll have the opening remarks from Mr. McIntosh, and that will be followed by questions and answers. Thank you, and over to the management.

James McIntosh: Good evening, ladies and gentlemen, and thank you for joining us on the IFGL Refractories Limited Q3 FY '25 earnings conference call. I hope you and your family and friends are in good health. Along with me on the call, we have Director and CEO, India; Arasu Shanmugam; also, we have Mr. Amit Agarwal, our CFO; and SGA, our Investor Relations Advisors. We've uploaded the results and presentation on the stock exchanges, and I hope everyone has had a chance to go through the same.

As we navigate the evolving global economic landscape, I'm excited to highlight the significant opportunities unfolding in the Indian market. Despite the high interest rate environment, the Indian economy has demonstrated remarkable resilience, reinforcing its strength and adaptability. While IFGL initially focused on exports, our strategic shift towards a domestic market demonstrates a deliberate effort to enhance our presence and capabilities in India. This realignment is driven by the country's favorable growth conditions and immense long-term potential. I have emphasized this before, but it remains a game changing opportunity.

Our Indian business reported over 25% growth this quarter and achieved an impressive 18% growth for the first 9 months of the fiscal year. Reaffirming our commitment to strengthening our market share, this reinforces our confidence in India as a key driver of IFGL's future growth. Also to support this strategic shifts, we've already completed several of our planned capital expenditure initiatives over the past few months.

Additionally, we are excited to announce our newly formed joint venture with The Marvels Group, IFGL Marvel Refractories Limited, which was officially incorporated in December. This joint venture marks a significant milestone in our journey, enabling us to expand beyond our core business and enter high potential sectors such as cement, glass, non-ferrous and gasification industry.

By leveraging the combined expertise and synergies of both partners, this collaboration reinforces our commitment to diversification, strengthens our product portfolio and positions us for sustained long-term growth in these evolving markets.

As you all know, IFGL's markets are primarily centered around the global steel industry and according to the World Steel Association; global steel demand is expected to decline by 0.9% in 2024. However, after three consecutive years of contraction, a broad-based recovery, excluding China is projected in 2025 with global steel demand anticipated to rebound by 1.2%.

The year 2024 has been particularly challenging for the steel sector as the manufacturing industry continues to face significant headwinds. Factors such as declining household purchasing power, aggressive monetary tightening and escalating geopolitical uncertainties have collectively weighed on demand. Additionally, the housing and construction sector remains weak due to tight financial conditions and high costs, further dampening steel consumption.

Amid these global challenges, India has emerged as the strongest driver of steel demand growth since 2021, a momentum expected to persist. As per the World Steel Association, India's steel demand is forecasted to expand by 8% over 2024 and 2025, fuelled by robust performance across all steel consuming sectors, particularly sustained infrastructure investment.

India's continued focus on infrastructure development underscores its pivotal role in shaping the global steel market. With its strong economic fundamentals and ambitious growth agenda, the country is well positioned to remain a key engine of demand for the foreseeable future, offering significant opportunities for IFGL and the broader industry.

The global refractory industry continues to exhibit a mixed outlook. While certain Asian markets are experiencing growth, others are facing challenges due to economic conditions and shifting market dynamics. With the global steel demand expected to decline a moderate recovery in demand for the steel sector is anticipated in the second half of the fiscal year.

For us at IFGL, our Q3 FY '25 consolidated total income stood at INR 382 crores, reflecting a 3% year-on-year growth. This achievement despite persistent global headwinds, underscoring our resilience and strategic execution. Our global subsidiaries have been navigating a challenging environment, particularly in the U.S.A., Germany and the U.K., where subdued demand has been driven by major steel plant shutdowns, economic and geopolitical uncertainties, along with elevated raw material costs.

However, we are optimistic about our U.S. subsidiary, especially with the strong policy support for Made in America and the steel industry initiatives under Mr. Trump's leadership. While our international operations have faced a bumpy ride over the past year, we have proactively focused on restructuring and optimizing operations across our overseas subsidiaries. These efforts are positioning us to capture demand efficiently as the market recovers, ensuring that we are well prepared for the next growth cycle.

Looking ahead, while the global refractory industry faces near-term pressures, we remain optimistic about the long-term demand for high performance refractory solutions. Our focus will be on innovation, cost optimization and strategic expansion to ensure that we are well positioned to capitalize on the recovery and future growth opportunities in both domestic and international markets.

Now I would like to hand over to Arasu for his comments.

Arasu Shanmugam: Thank you, Jim. Good evening, everyone. As Jim mentioned, the year ending December 2024 was a challenging yet transformative one for us at IFGL. It was a year marked by significant strategic decisions, capacity expansion and organizational advancements that have set the stage for our future growth.

On the manufacturing front, we made significant progress with the inauguration of alumina production line at our Gujarat toll manufacturing facility which received 7,000 metric ton of alumina products entering all major cement manufacturers in India, commissioning our Continuous Casting Flux plant in Visakhapatnam with fully automated facility is also completed. We also invested in capacity expansion projects across our Kandla, Odisha and Vishakhapatnam facilities, ensuring scalability and efficiency to meet growing demand.

To enhance productivity and cost efficiency, we have actively integrated automation and robotics into our operations. Moreover, our Sheffield Refractories' advanced technologies and product innovation are coming into our Indian operations for providing shotcreting solutions to cement and steel customer.

As part of our Phase 3 expansion, we've also launched a new magnesia carbon production line, further strengthening our product portfolio. Our new JV with Marvels will also play a role in our non-ferrous industry diversification. Despite these challenges, we have laid a strong foundation for sustainable growth through operational excellence, digital transformation and strategic expansion.

Moving to the results highlights. This quarter presented significant challenges, primarily due to economic pressure, market slowdown and geopolitical uncertainty is impacting our overseas operation. Despite the headwinds, we remain optimistic about a gradual improvement in the second half of the year.

Our financial performance was impacted with sluggish demand and a weak global economic outlook. With our subsidiaries and export businesses bearing a brunt of challenges, our operations in the US, Germany and UK faced severe pressure due to market conditions and ongoing restructuring efforts at our subsidiaries, which further affected our margins.

However, we remain confident in our ability to navigate these challenges and drive turnaround. With our strategic initiatives, operational improvements and a gradual recovery in demand, we expect to return to normal performance level in the coming period. Our focus remains on enhancing efficiency, optimizing costs and strengthening market positioning to ensure long-term resilience and growth.

Looking ahead, we remain highly confident in the strong growth trajectory of our Indian operations. Over the past 3 years, we have consistently achieved 25% growth year-on-year demonstrating the resilience and potential of domestic market. This quarter, we sustained this momentum, recording an impressive 26% revenue growth in our domestic made and domestic sold business.

Additionally, we are proud to have crossed for first time INR500 crores revenues in 9 months in the FY '25 from stand-alone domestic revenue. This is a testament to our strategic execution, expanding market presence and operational excellence. With a strong foundation in place, we are committed to further scaling our Indian operations through capacity expansion, product innovation and efficiency improvement, ensuring continued growth in the years ahead. All of these initiatives along with our efforts to diversify into developing products for the non-steel industry.

We hold an optimistic outlook on the abundant opportunities in the Indian market. Looking ahead, we are committed to leveraging these initiatives to drive long-term value for our stakeholders.

With this, now I hand over to Mr. Amit Agarwal, CFO, for financial performance.

Amit Agarwal: Thank you, sir. Let me just give you a brief on the financials. Starting with the stand-alone financial highlights. Total income saw a growth of 18% year-on-year to INR 235 crores in quarter 3 FY '25. For 9 months FY '25, total income stood at INR 740 crores which saw an increase of 7% year-on-year.

EBITDA stood at INR 22.2 crores for Q3 FY25. And for nine months, it was at INR 100 crores. EBITDA margin stood at 9.4% in Q3 FY '25. And for nine months FY '25, it was 13.5%. PAT was at INR 5 crores in quarter 3 FY '25. And for nine months FY '25, it was at INR 40.7 crores. In Q3 FY '24 and nine months FY '24, we recorded an exceptional item of INR 38.5 crores as a provision of doubtful debt.

Our domestic business have witnessed an 18% growth on year-on-year basis, that is INR 518 crores, having its share of 71% from overall stand-alone revenue, which was 64% in nine months FY '24. Given the global landscape, India stands out as the only growing market in the steel sector . We believe this presents immense opportunities for us to expand and strengthen our presence in domestic markets.

Our exports business declined by 15% year-on-year to INR 209 crores, contributing 29% to overall stand-alone revenues, down from 36% in 9 months FY '24. This decline was primarily due to economic slowdowns in key export markets.

Let me now move forward to consolidated financial highlights. Our consolidated financial highlights also include our international subsidies. Total income grew by 3% year-on-year to

INR 382 crores in quarter 3 FY '25. For 9 months FY '25, total income stood at INR 1,218 crores, which was down by 3% year-on-year.

EBITDA stood at INR 19 crores for quarter 3 FY '25, and for 9 months FY '25 it was at INR 109 crores. EBITDA margins stood at 5.1% in quarter 3 FY '25, and for 9 months FY '25 it was at 9%. There was loss of INR 2 crores in quarter 3 FY '25, and for 9 months FY '25, we did a profit of INR 35 crores.

With respect to the liquidity position, we had a net debt of INR 11.64 crores with a strong balance sheet. Cash and cash equivalents stood at INR 180 crores on consolidated basis as on December '25. Our annualized ROCE stood at 6.5% and annualized ROE stood at 4.2%.

With this, I shall now leave the floor for question and answer. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Rohan Mehta from Nexus Capital.

Rohan Mehta: So sir, first question was any progress now on the technology transfer from Sheffield Refractories?

Arasu Shanmugam: Yes. You see the technology transfer imfact the entire team, jointly IFGL and Sheffield technical experts. We met the largest cement producer in the country on November 26-27, visited 2 of their plants. Almost they have given the opportunity for bringing the technology, and I think from our side also a person has gone and studied. And this technology is going to be end-to-end, meaning material technology and application technology.

The critical difference is made by the way it is applied through the latest equipment with automatic control, right? And that setup is already under manufacturing and almost, I would say, roughly 60% complete. We are expecting that the whole setup to land in India sometime in end April. So from May onwards, we will take up this and then implement in customers in both cement as well as steel.

Rohan Mehta: Sure. And sir, secondly, I think James briefly touched upon it in his opening remarks, but just wanted to have some more color on how do you see the exports business evolving now? And what strategies or plans are we implementing and what initiatives are there in place to kind of drive the exports business for IFGL?

James McIntosh: Yes. I mean the subsidiary companies, as I said earlier on, I mean, we do face some challenges in the market. Our main focus, as I said in past conference calls has been to ready ourselves for when the market comes around. So it's largely been evolving our own individual manufacturing facilities and businesses. In America, we have a large project which is to combine both. We are currently at two locations there for our continuous casting refractories. And we're going to combine that into one building. We've already purchased that building.

And we're currently outfitting the interior of the building and coupled with the changes as I mentioned earlier and the focus of the new President, President Trump, he has a long-standing assistance with the steel industry in America by introducing tariffs to stop low cost producers supplying into the American market. Thus we see as a positive and we think this will give both of our American companies a leg up. Monocon International, a very massive change in the organization.

And we're really structuring the company for the future by introducing new products for the company. And thus we hope over the next couple of years will result in some fairly healthy growth in that market for the company. Unfortunately, Hofmann, our foundry company based in Germany. The foundry market has been indicated by all of the refractory producers who are involved in that area has struggled really badly over the last year.

And we are affected by that. But more recently, we've seen a very promising uptick in the incoming orders and interest from our customers. So we think that next year, we'll start to see some positive things.

Rohan Mehta: Sure, sir. That was very helpful. And sir, just lastly, if I may. Can you just throw some more color on the -- our new JV with Marvels International Group and how -- what kind of synergies do we expect and how will it benefit IFGL in the overall scheme of things?

James McIntosh: Yes. I'll ask Arasu just to give up more detail on that. He's obviously heavily involved in that as an Indian project.

Arasu Shanmugam: Yes. So let me come in. See this IFGL Marvels JV that I would say it is going to be a really path breaking movement for IFGL. Why do I say so? Because our diversification into non-steel market so far historically IFGL heavily dependent on steel. And that to a small section of steelmaking because iron and steel is going to -- I mean it -- generally it consumes 70 percentage of the refractory, both iron and steel put together.

But whereas we are in the small portion of the steelmaking, which is at the end value addition on tundish and then casting area and then the bottom of the ladle with slide gate. But now this JV is going to give us first ever fired basic bricks which is going to be highly consumable in cement plant.

We know in India, we are producing now right now around 450 -460 million tons of cement and in coming 4 years when we touch 2029, India is going to produce 900 million tonnes. And that will make a basic brick consumption, the JV which is going to produce the consumption will be almost 150,000 to 160,000 tons a year. So this plan is going to give us absolutely spreading the risk of IFGL on steel cycles to cement steady requirement.

In addition to that, this will also serve us to enter into another non-ferrous area called glass making. All their -- if you look at their regenerators, they're all made of basic bricks and there we'll go and then gas -- coal gasification. You must be hearing about big projects coming into India for coal gasification. So all these areas where we are not present, it's going to be helping us.

In fact, we already started selling this as our primary technology partner who is also the JV partner. This year we are already selling almost close to 7,000 tons in Indian market. The prospect of this JV is going to be so bright because in a way, it's going to be backward integration. Meaning market is ready. Instead of production base from our partner in China, that's going to be shifted to our own plant in Gujarat. So the ramp-up is going to be faster and that's going to put IFGL as one of the top countable two or three full range refractory player.

We all know that once you have a basket of full range, then it helps us in managing internally the risk even if one area falls and other area picks up. So it helps in delivering a consistent performance as a company. Have I answered your question?

Rohan Mehta: Yes, sir. That was very helpful. Sir, just to confirm you said the facility is being proposed to come up -- proposed to come up in Gujarat, right?

Arasu Shanmugam: Yes.

Rohan Mehta: Okay. So there is no capacity -- existing capacity, it'll be a Greenfield facility?

Arasu Shanmugam: Can you come again?

Rohan Mehta: So this -- the proposed facility in Gujarat would be a Greenfield facility, right? Not a --

Arasu Shanmugam: Absolutely Greenfield state-of-the-art plant.

Rohan Mehta: Thank you for answering all my questions. I will join back in the queue. Thank you.

Moderator: Thank you. The next question comes from the line of Payal Shah from Billion Securities. Please go ahead.

Payal Shah: Thank you so much for the opportunity. I have three questions. First, like if you could help us understand the revenue growth of domestic sales between the large steel plants and mini mills, like, which growth has been better, Sir, I just wanted to understand on that?

Arasu Shanmugam: The last portion of your question is not clear. Can you repeat what was that you said large steel plant?

Payal Shah: Sir, I just wanted to understand the revenue growth of domestic sales between the large steel plants and mini mills. So I just wanted to understand which growth has been better?

Arasu Shanmugam: See, our growth in 9 months we said 18% and in the last quarter 25% in domestic steel It is almost the same percentage in both mini and large steel plant, because in mini steel plant, we are adding up new customers and in large steel plant we're enhancing our share of spend. And both coupled together, the rate of change is almost same on both sides. It's nothing. There is nothing called skewed one only in large and so, no. It is consistent and both -- the rate applicable to both mini and large plant.

Payal Shah: Okay. That's quite helpful. My next question is really a bookkeeping question. So now the employee costs have been increasing continuously for the last 8 quarters. So when can we expect some stabilization on this, sir?

Arasu Shanmugam: See, the administration needs to be put at least a year in advance for generating, like for example, we talked about Operating from Sheffield and the joint venture already we entered into -- in my opening remark I have given last year FY 24 -- no, sorry -- 2024 February, our toll manufacturing plants was a plant which was under making.

Now in just 12 months, we've already got an order of 7,000 tons and sold. That's the kind. So the administration we've put earlier in FY '24 the cost was different now it is shared. So the same way 1.5 years to 2 years anything between 16 to 18 months down the line, the administration which is now we're putting in place right now, we'll be delivering the numerator in coming 16 to 18 months which is absolutely normal for our kind of a business in the [Inaudible].

Payal Shah: Okay. My last question is can you give some guidance for next year, FY '26 in terms of revenue both consolidated and standalone and margins for the same?

Arasu Shanmugam: You see, because we're already -- we're in the fag end of the financial year and there are lot of budget speech on February beginning by Nirmala Sitharaman ,Honourable Finance Minister. There are something for steel but all those things to come on ground, deliver results, it's going to be a lag of 2, 3, 4 months by which this year will be over. So as we are almost nearing end of the financial year, we do not want to change any guidance. But yes, definitely, the next quarter when we see FY '26, we will come out.

Moderator: The next question comes from the line of Sahil Rohit Sanghvi from Monarch Networth Capital.

Sahil Sanghvi: Sir, my first question is, I wanted to understand that our gross margins have also declined this quarter. So if you can throw some light on is that the raw material cost inflation? Which raw materials mainly? And I mean, if that's the reason? And then how do we work on the pass-ons also for this? How many quarters do we take for the pass-ons?

Arasu Shanmugam: You see, if you have seen the results of our major largest steel producer in the country, the margins reduction in the range of 65% to 78%. You would have seen that results, right? And then, for -- that is how the order that you finalize in the month of June, July everything, in our a contract prices there by the reduction of 6 to 9% depending upon various contracts, that is one side pressure.

In other side pressure is raw material, particularly, aluminium index if you see aluminium index from USD 320 -30, it went up to USD 650 - 660. I mean, it's almost like dependent at times. So -- and we are also now discussing with customers on bill -- or may be aside of mentioning to the previous question, we may be -- we're going, we're planning and we're confident to indulge in the situation with the first quarter -- end of first quarter FY '26 and there onwards.

And there are plans. So that is also for another quarter-- also going to be -- the challenges are going to be same, but we've plans to revive it by end of first quarter FY '26.

Sahil Sanghvi: Sir, which raw materials are these? I mean, is it alumina, magnesia…

Arasu Shanmugam: Probably alumina, 2 or 3 which is also having direct factorization with aluminium, which is aluminium an ounce and moves at a reference price.

Sahil Sanghvi: And how much is this -- has this doubled Y-o-Y? How is the…

Arasu Shanmugam: It has almost doubled, as I was mentioning USD 320 -330 went up to USD 650 - 660. And now it is on the same range plateau, okay? And also, there are a lot of capacities of leading alumina producers in Germany and all closed down because of unbearable energy cost, which is an outcome of Russian Ukrainian war.

And so, they have shut down their manufacturing facilities in part of Western Europe, and they are trying to make it up with other countries which are -- and which also put pressure on logistics costs. Adding to that, even the containers and the logistic costs also have gone up. So this is how resulted and now we are expecting that, okay, so to soften a bit on ocean freight cost, but primary basic raw material -- then the alumina cost bear in mind and we are expecting some kind of a reduction maybe 3 months to 4 months down the line.

Sahil Sanghvi: Got it, sir. And sir, I had one more question on EI Ceramics. So while Mr. James had mentioned about the restructuring that is ongoing. I just want to understand when do we get done with this restructuring? Does this restructuring impact our offtake? And when do we actually see EI Ceramics coming out with a full-fledged sales and good amount of margins? I mean, what could be that…

James McIntosh: You mean back to where we were before? Yes. I mean that's, really, the work that we're doing in EI Ceramics at the moment should let us see probably not in the -- yes, nothing in the next quarter, in the next quarter. We might start to see some differences there in the margins. And as Arasu mentioned in that the Indian market, the American market is exactly the same.

The same pressures are there on raw materials and from the customers. And I mean, certainly, our guys there are working on -- working on price adjustments to take care of those. And we feel very sure that, as I said, with changes in the American Government that we'll see more help to the steel industry in America, which will directly affect EI Ceramics' results. I mean it's purely sales driven. So market comes back, then the margins will definitely be there.

Sahil Sanghvi: And that is does this restructuring affect the offtake at EI Ceramics?

James McIntosh: No. That's why I was saying it's not really affecting the change in the manufacturing location will not affect the offtake of the products. Certainly not for the next 2 - 3 years. That will take some time. Once we're there, we'll have much more room to expand, but -- and it's not going to be taking us to higher margins or anything very quickly.

Sahil Sanghvi: Right. And my last question would be to understand about the JV with Marvel Ceramics. So assuming that we have some capacities commissioned by March '26, which is our goal. And then, we take out some 4 months to 6 months of trial runs, etc., and commence commercial production. How long do you foresee -- will it take 2 - 3 years? Is the right amount of time to ramp it up to optimum utilization? And what is the exact capacity over here in kilo-tonnes, if you could give us?

Arasu Shanmugam: You see once when the JV plant commences in operation, we're expecting that the plant is of 25,000 ton a year capacity. And our ramp-up will certainly start 4 months down the line from 40%. And there onwards, I would say that within maybe 2 years, we will reach 90%.

James McIntosh: Yes. Thank you.

Moderator: The next question comes from the line of Saket Kapoor from Kapoor & Company.

Saket Kapoor: Sir, taking into account the Marvel capacity -- facility coming on stream by March '26, what are the volume gains or incremental volume that we'll be having for this year for quarter 4 and for the next financial year? You mentioned about Vizag facility about getting on stream. So if you could give some color on the same?

Arasu Shanmugam: See, as far as volume gain as a percentage from JV, the entire FY '26, nothing, because the project will be there in FY -- I mean March '26, April'27 , from then onwards. Actually, FY '27 second half, only the volume comes from JV, okay? That's clear. That is about I mean, on JV volume.

Yes, the volume addition from our Vishakhapatnam plant, so H2 of FY '26 -- H2 of FY '26 will give at least 6,000 tonne for us, which was not there initially. So this entire 6,000 tonne, which will be added in H2 of magnesium and carbon from Vizag will be a 100% buildup.

Saket Kapoor: Will be a 100%, didn't get it?

Arasu Shanmugam: This is addition. Volume addition.

Saket Kapoor: Okay. And at today pricing, what kind of revenue will it garner to?

Arasu Shanmugam: Let's say it is around roughly if you take 80,000 and to the amount of INR 48 crores.

Saket Kapoor: Okay.

Arasu Shanmugam: Roughly, around INR 48 crores to INR 50 crores, that the addition.

Saket Kapoor: Correct, sir. And sir, you did explain about the employee cost being on the higher side because of the setup of the new unit and the cost incurred. Other than that, sir, then this will be the run rate going ahead now for a quarterly basis at INR 70 crores on a consol level?

Arasu Shanmugam: Can you repeat your question?

Saket Kapoor: My question is, sir, our employee benefit cost has moved up to INR 70 crores for this quarter. So what should be the run rate going ahead on a quarterly basis?

Arasu Shanmugam: I would say that the change will not be much because we have almost put 1 or 2 key hiring maybe there, but going on percentage terms, it's not going to make substantial change, but you can take that as this plus/minus 5% will remain the same.

Saket Kapoor: Okay. So for that, now the environment needs to improve. Otherwise, that is not commiserating with our revenue. I mean on a top line of, say, INR 370 crores, INR 70 crores is a very high number as of now since the market are depressed and that's the reason. So the bottom line will continue to take a hit because of this line item.

Arasu Shanmugam: That's temporary if you look at the future growth and potential that we've explained, and this is a normal preparation with any business has to do we're doing and we're very, very optimistic about bringing the percentage of employee cost to the normal. Once like they're ramping upYou have seen the result, there will be a one business of around INR72 crores from Vishakhapatnam in FY '24 which is going to be INR 160 crores more than doubled this year, and they are going to be more than INR 220 crores coming year. The ramp-up is going to be faster. Yes.

Saket Kapoor: The last point was, sir, for the March quarter, for this quarter, which is the ensuing quarter, are we seeing any further capacity being introduced on any product profile that was not there for the first 9 months incrementally product change or volume that we are anticipating the increase? And how should we take this quarter in terms of the business environment as there were various factors you have alluded both for domestic and international operations, which has affected. So are those factors have taken a back seat? Or are the same -- are they prevailing for this quarter also?

Arasu Shanmugam: It's going to be almost a continuation of this quarter to, I mean, third quarter to the fourth quarter mentioning the policy level announcement and other things to come on ground. Obvious, first the primary people like to see and all will take 3 months and from there another 2, 3 months' time lag for the practice consumption. So in a nutshell, Q4 is going to be -- can say the extension of Q3 you can't expect anything. And internally our capacity addition is also nothing in Q4.

Moderator: The next question comes from the line of Rohan Mehta from Nexus Capital.

Rohan Mehta: Thanks for the follow-up. Sir, just a clarification, you said nothing incremental in Q4. So I just wanted to get a clarification on contribution from the magnesia bricks and casting flux. When do you expect that to start?

Arasu Shanmugam: It will be from FY '26 first quarter onwards.

Rohan Mehta: Okay. First quarter '26. Understood. Sir, just one more thing. I mean, are we kind of looking at any inorganic opportunities in the near future, whether domestic or overseas?

Arasu Shanmugam: That is always open you know for our growth plan, both through organic and inorganic. Organic, you all know, that what we have done and it's all going well and it started delivering results. Inorganic is definitely on the card, but yes, I mean, already, it is on the card till the time we find the right one.

Rohan Mehta: Right, right. Sure enough. And sir, just lastly, considering how global markets are currently, especially Germany and even Europe as a whole, are there any discussions at Board level right now to kind of exit that market? I mean any color on that front?

James McIntosh: None whatsoever.

Moderator: The next question comes from the line of Suraj Sonulkar from AMSEC.

Suraj Sonulkar: How much capex has been spent so far in FY '25? And what is expected in full year FY '25 and '26?

Amit Agarwal: I think '24, '25, we spent almost INR 160 crores, INR 170 crores of capex.

Suraj Sonulkar: Okay. And expecting…

Amit Agarwal: And not much to be done in this quarter, except for new plant and JV and all that we will try to do.

Suraj Sonulkar Okay. And could you please provide me Sheffield Refractory revenue in 9 months? And what is the growth expectation for FY '26, '27?

Amit Agarwal: I think individual, company-wise, we are not giving on revenue thing. You can refer our segment in the consolidated results whereby you can get the results of Europe as well as other segments.

Suraj Sonulkar: In overseas subsidiary, which subsidiary we are facing major issues? And when we are expecting to recover this?

Amit Agarwal: as our managing director said that in Europe and UK we are facing some challenges -- as the economy recovers that we'll slowly recover.

Suraj Sonulkar: Okay. And we're aiming for the non-ferrous business to contribute 15% of the revenue in next 5 years. So what step are being taken to accelerate this transition?

Arasu Shanmugam: One is that JV plant is coming which is predominately for non-ferrous. And in non-ferrous -- our entry into non-ferrous already commenced and this year through our alumina products is non-ferrous that is already around modest from 0 the previous year, this year INR 15 crore revenue comes from non-ferrous which is first entry.

And then, once when the JV plant comes then whatever percentage you mentioned that will be it. So we already commenced our entry into non-ferrous through alumina product. And for basic products there is JV work commenced, which we are expecting the plant will be commissioned sometime in March, April 2026.

Suraj Sonulkar: Okay. So what is the latest update on land acquisition for DBM Bricks in Odisha? And when do you expect the production to commence?

Arasu Shanmugam: So, 28th January, I was there and already work of making compound wall has been started. So almost we can say the entire boundary of 2.3 kilometers, the boundary wall work already has started. So we've already taken possession and boundary wall construction already commenced.

Suraj Sonulkar: Okay. And lastly, on Marvel JV that we have done. So how will this contribute to our revenue and margin from FY '26 onwards?

Arasu Shanmugam: No, FY '26, nothing. It will be FY '27 second half.

Suraj Sonulkar: Second half, FY '26?

Arasu Shanmugam: Yes, '27, FY '27 second half.

Moderator: Thank you. Ladies and gentlemen, that brings us to the end of the question-and-answer session. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Arasu Shanmugam: Okay. So, I hope we have been able to answer most of your queries. We look forward to your participation in the next call. For any queries, you may contact SGA, our Investor Relations Advisor. Thank you.

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