18th November, 2024

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 6th November 2024 and 11th November 2024, please find enclosed herewith transcript of Earnings Conference Call on 2QFY25, held on Monday, 11th November, 2024. 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
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(Mansi Damani)
Company Secretary

Encl: As above

"IFGL Refractories Limited

Q2 FY'25 Earnings Conference Call"

November 11, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 11th November 2024 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. SAHIL SANGHVI – MONARCH NETWORTH CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to IFGL Refractories Limited Q2 FY '25 Earnings Conference Call hosted by Monarch Networth Capital. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sahil Sanghvi from Monarch Networth Capital. Thank you, and over to you, sir.

Sahil Sanghvi: Thank you, Neha. Good evening, everyone. On behalf of Monarch Networth Capital, I welcome you all to the Q2 FY '25 Earnings Conference Call of IFGL Refractories Limited. We are pleased to have with us management, being represented by Mr. Arasu Shanmugam, Director and CEO India; Mr. James McIntosh, Managing Director and Mr. Amit Agarwal, the Chief Financial Officer. We will have the opening remarks from the management, followed by question-and-answer session.

Thank you and over to the management.

James McIntosh: Good evening, ladies and gentlemen. Thank you for joining us on the IFGL Refractories Limited Q2 FY '25 Earnings Conference Call. I hope you and your family and friends are in good health and had a great Diwali. Along with me on the call, we have the Director and CEO India, Mr. Arasu Shanmugam; and 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's had a chance to go through the same.

According to the World Steel Association, global steel demand is expected to decline by 0.9% in 2024. However, after 3 consecutive years of decline, a broad-based recovery excluding China is anticipated in 2025. Global steel demand is forecast to rebound by 1.2% in 2025, and it's anticipated that there will be moderate demand recovery in the second half of this financial year.

The year 2024 has been particularly challenging for global steel demand as the manufacturing sector continues to face significant headwinds. These include declining household purchasing power, aggressive monetary tightening and escalating geopolitical uncertainties. Additionally, ongoing weaknesses in the housing and construction sector, driven by tight financing conditions and high cost has further dampened the steel demand.

India has, however, solidified its position as the strongest driver of steel demand growth since 2021, a momentum that is set to continue. According to the World Steel Association, India's steel demand is projected to grow by 8% over 2024 and '25. This growth is fueled by strong performance across all steel consuming sectors, particularly driven by sustained infrastructure investments.

India's robust infrastructure development underscores its pivotal role in the global steel market, positioning the country as a key growth engine for the foreseeable future.

Over the past 2-plus years, we've witnessed consistent growth in our Indian businesses, and this momentum has continued in the current quarter. For the half year, we achieved a 15% year-on-year growth. I'm pleased to share that our stand-alone domestic market now stands at 69%, up from 61% of its total revenue in the same period last year. We've grown by 30% year after year for the last 3 years on the domestic side.

On the development side, I'm pleased to announce that we have entered into a joint venture agreement with Marvels International Group of Seychelles and Marvel Refractories of the People's Republic of China. This joint venture will establish a limited liability company in India to set up a greenfield facility with a capital outlay of approximately INR 300 crores. The facility will focus on manufacturing products for the cement, glass, nonferrous and gasification industries, further strengthening IFGL's portfolio and enhancing our capabilities in these key sectors. Arasu will cover this in more detail in his conversation.

I am pleased to share that we've completed the payment of the Odisha land to the government entity and is expected to receive possession shortly. Additionally, our U.S. subsidiary EI Ceramics has acquired the building in Ohio for development of the state-of-the-art ISO plant, which will give us an uplift in capacity of 40% when complete. These developments continue our focus on strengthening our global footprint and operational capabilities.

Now I'm pleased to hand over to Arasu.

Arasu Shanmugam: Thank you, Jim. Good evening, everyone. This quarter proved to be particularly challenging for us as our overseas businesses faced economic pressure, slowdown and geopolitical uncertainties. However, we anticipate some moderation in these challenges during the second half of the year with a moderate revival in demand from EU and the U.S.

Our financial performance was also impacted by another factor, the preventive restructuring undertaken by a major customer, Liberty Ostrava, who had significantly contributed to the last year's revenue and some competition pressures also. Despite these headwinds, we remain focused on navigating these difficulties and are optimistic about improving conditions in the coming quarters.

As you all are aware, we have been expanding into the nonferrous sector to diversify our business, add value for our customers and tap into new markets. We are proud to announce the inauguration of our state-of-the-art casting flux granules production unit in Visakhapatnam, which boasts an impressive annual capacity of 18,000 metric tons. Additionally, we have launched a new magnesia carbon production line as part of our Phase 3 expansion.

As we continue to advance our strategy in the Nonferrous segment, I'm pleased to announce a significant new step in our journey. As Jim mentioned earlier, we are establishing a joint venture in India with Marvels International Group Company of Seychelles and the Marvel Refractories (Anshan) Company of China aimed at enhancing our brick production capabilities in the country.

Let me share some key highlights of this exciting development. The JV will set up a greenfield facility in India to manufacture high-quality products, including basic fired magnesite spinel bricks, basic fired magnesite bricks and fired magnesia chrome bricks. The estimated project cost is INR 300 crores, with plans to begin trial and commercial production by March 2026. We are committed to maintaining balanced debt-to-equity ratio for the JV, which will not exceed 1:1.

IFGL Refractories will hold a 51% stake in the JV, while Marvels International Group Company will hold 49%. This partnership is a significant milestone in IFGL's journey as it marks our strategic expansion into nonferrous sector, while building on our legacy of over 4 decades of leadership in the ferrous segment.

By establishing a local plant in India, we are set to bring more Make in India opportunities to the refractories industry, particularly for the cement sector, which has historically relied on imports.

Let me give you some highlights on operations side. I'm pleased to share that our domestic business has demonstrated strong growth with a 15% increase in Q2 FY '25 despite facing challenges such as shutdown at some major client facilities. This is a significant achievement for us, reflecting the hard work and dedication we have put into expanding our presence and penetration in the domestic market.

The economic environment marked by inflationary pressures, supply chain disruptions and fluctuating demand have had a direct impact on the ability to achieve the growth levels we anticipated. Despite these challenges, we remain committed to supporting our subsidiary through these tough times. We are actively reassessing our strategies in these markets to better align with evolving conditions and ensure we remain competitive moving forward.

With this, now I hand over to Mr. Amit Agarwal, Chief Financial Officer, for financial performance.

Amit Agarwal: Thank you, sir. Let me just give you a brief on our financials, starting with the stand-alone financial highlights. Total income saw a decline by 2% year-on-year to INR 257 crores in Q2FY25. For H1 FY '25, total income stood at INR 506 crores, which saw an increase of 2% year-on-year. EBITDA stood at INR 33 crores for Q2 FY '25, and for half year ended, it was INR 78 crores. EBITDA margin stood at 13% in Q2 FY '25 and for H1 FY '25, it was 15%. PAT was at INR 13.7 crores in Q2 FY'25. And for H1 FY '25, it was at INR 35.7 crores.

Let me now move forward to consolidated financial highlights. Our consolidated financial highlights also include our international subsidiary. Total income saw a decline by 10% year-on-year to INR 415 crores Q2 FY '25. For H1 FY '25, total income stood at INR 837 crores, which was down by 6% year-on-year. EBITDA stood at INR 37 crores for the Q2 FY '25, and for half year, it was at INR 90 crores. EBITDA margin stood at 9% in Q2 FY '25, and for H1 FY '25, it was 11%. PAT was at INR 12 crores in Q2 FY '25 and for H1 FY '25, it was at INR 37 crores.

With respect to the liquidity position, we remain net debt free with a strong balance sheet. Cash and cash equivalents stood at INR 193.3 crores on a consolidated basis as on September 30. Our annualized ROCE stood at 9.3%, and our annualized ROE stood at 6.7%. With this, I can now leave the floor open for question and answer. Thank you.

Moderator: Thank you so much. We will now begin the question-and-answer session. The first question is from the line of Harsh Shah: from Dalal & Broacha. Please go ahead.

Harsh Shah: So firstly, if you could explain the rationale behind kind of going ahead with the DBM Bricks over Continuous Casting Refractories? And also, is the CapEx amount still at INR 150 crores? Or has there been any change in that? And related question, if you could give some details or some colour on the market size of the DBM Bricks and who are the competitors in India? Yes, that was my first question.

Arasu Shanmugam: Yes. I mean, Harsh, one is that why not ISO and DBM Bricks. Let me tell you on ISO part first. We have a combined capacity of 80,000 pieces a year, roughly, okay? And we do see that this will be sufficient until next coming 5 years, when we are going to utilize for both domestic and export put together.

The most modern plant, what we have created in Kandla has 50,000, and we have also found out ways and means of using this most modern plant to deliver better value to domestic customers from Kandla in combination with the supplies from Rourkela for particular sort of products, which will also add value to customer as well as our capacity utilization. And going for one more ISO now will not make big sense as far as capacity utilization is concerned, okay? And so that's the reason why we have changed the thought process.

And on the bricks, what we are talking about is also like -- conventionally, we were limited to steel sector of entire market, but now we are broadening it to iron and steel as well as non steel market. So these bricks will be used predominantly in non-steel sector as well as some of the steel plants where the bricks' part, we were not there, okay? And as far as competition is concerned, yes, here, the competition will be the existing competition only like RHI and TRL Krosaki But otherwise, there is not much competition.

Harsh Shah: Okay. And on the capex, it would be somewhere around INR 150-odd crores, or...

Arasu Shanmugam: No. Right now, we are envisaging the same. There is no change in investment level and all within that only, it will come. As we go down maybe a year later, so if there are any slight modification to that, we will keep you all informed.

Harsh Shah: Got it. And if I have to, say, compare the margin profile of DBM Bricks vis-a-vis the Continuous Casting, how would you kind of assess that? Is it similar, better or a bit downwards?

Arasu Shanmugam: I can say that our overall guidance of 15% EBITDA for the whole, this also will be -- after this project implementation also will be in the same level and there won't be any up or down.

Harsh Shah: So is it safe to assume then that it would be in double digits?

Arasu Shanmugam: Definitely in double digit.

Harsh Shah: Okay. So when you say 15%, that would be on a stand-alone basis, right?

Arasu Shanmugam: Yes.

Harsh Shah: Okay. Okay. Great. Secondly, on the JV that you have entered recently. If you could give some sort of specific as to what is the market size of those bricks that we are going to kind of produce? And if you can give some colour on the asset turn that can be expected, it would be helpful.

Arasu Shanmugam: See, once the detailed DPR is under preparation, I think with the coming next calls, we will have even more details. But otherwise, on asset side and other thing, it's the regular from mixing, to pressing, to drying, to firing and sorting. So these are going to be the process. What differentiates is the technology, which gives us edge for becoming one of the key players in the industrial sectors with this plant.

Harsh Shah: Okay. But any colour on the market size at least?

Arasu Shanmugam: Colour on the market size is -- yes, I mean -- it's like particularly the industrial market segment where I would say that it's kind of -- if you have to put a number -- so it's around, let's say, we are going to -- particularly on cement alone, this particular sector will consume around INR 500 crores worth of this similar product in a year. And there will be another INR 150 crores in other nonferrous and glass. So overall, it is around INR 650 crores market, where the number of players are limited to 2 or 3 max.

Harsh Shah: Okay. So basically, it is more of an import substitution kind of opportunity?

Arasu Shanmugam: You're right.

Harsh Shah: Okay. And also on the DBM Bricks, if you could highlight the market size for that also?

Arasu Shanmugam: I think that we will come out with -- we'll let you know in the next call because we are still working, and we'll come back.

Harsh Shah: Okay. Thirdly, on the contribution, if you could highlight what was it from the new casting flux and the magnesia carbon bricks for this quarter?

Arasu Shanmugam: No, this quarter is primarily on entry stabilization. I know all those. So actual supplies volume will take place in Q4.

Harsh Shah: In Q4. Okay. And what -- if you could quantify the impact of the freight cost in the other expenses?

Amit Agarwal:: See, I could only tell that it has increased from last year H1 substantially.

Harsh Shah: No. So that we also know. Why I asked this question is because the EBITDA margin for the stand-alone operation, what we had guided for, say, of 15% is not kind of achieved even in this quarter. So I just wanted to know what is the incremental impact of the same

Amit Agarwal: We don't want to go into macro details. At guidance level, we'll maintain the same guidance.

Moderator: The next question is from the line of Aditi Sawant from ADM.

Aditi Sawant: Just wanted to take an update on the acquisition. You know that we were looking at a few acquisitions. So any update on that front? And what size it would be if we plan to go ahead? And are we -- on that front, it will be in India or overseas?

Arasu Shanmugam: We do not have any – Yes, Jim Please go ahead.

James McIntosh: No, no, I was just going to say, yes, we do have an acquisition that is currently under review, and it is in India. But with regard to details, I wouldn't like to share any of the details at the moment.

Aditi Sawant: Sure, sure. No issues, sir. Just last question that on -- the domestic business has relatively seen good growth. So what will be -- I mean, what will be the strategies around this business going forward?

James McIntosh: The strategies -- Arasu can cover. But I mean, in general terms, our focus on Indian growth has been based around technology development and new product development, and it's been very successful. Arasu, I mean, you might want to put more detail on that?

Arasu Shanmugam: Yes. So in domestic business, particularly on bricks, as -- what the question was asked by the previous caller also, this -- actually, we are getting very good early market indications, which will get consolidated when we land into Q4. And the next year, it will have a substantial portion of our budget also. So brick business is one. Another one is ramping up of casting flux. So both -- particularly on the casting flux, we have put a good team, which was not there earlier.

So both casting flux and this magnesia carbon bricks, they are going to make a big difference on our domestic business growth in addition to our venture into industrial, which is totally a new one. So all put together, it's going to make our domestic strategy even more stronger in coming quarters.

Moderator: The next question is from the line of Rohan Mehta from NEXA Capital Partners.

Rohan Mehta: So sir, firstly, just wanted to get your thoughts on how you are seeing the export business evolve in the coming times? And what strategies or what plans are we implementing or initiatives are we undertaking to drive growth in the export business?

James McIntosh: Yes, certainly from the point of view of overseas business, this would include also the subsidiary companies. I mean, on the export side, I don't know if we could maybe cover that from the point of view of the stand-alone. But on the subsidiary side, we have a fairly difficult situation. I mean, if you look at many of our steel markets overseas, the percentages are quite substantially down. The North American market, for example, is about 3.9% down.

And so far this year from last year, we have seen the European business with no growth. So there's definitely headwinds there, but our focus has been to really try to work still to improve our plants to be ready for the future growth, which we expect. As we said, I mean, the World Steel Association sees 2025 as coming back into growth for many of these areas. And for us -- we think that, obviously, there's been a major election in the US, which is now over.

And hopefully, this will enable the US to take a more positive stance on steel growth. And hopefully, we will see some changes in the geopolitical situation worldwide, which will help us in other areas. And so subsidiary-wise, we still feel that we have another quarter at least of, let's say, depressed figures, but then we hope to see some changes from there.

Rohan Mehta: Sure, sure, sir. And secondly, I just wanted -- can you just throw some colour on the new JV with the Marvels International Group? How will this benefit our business in terms of the synergies or anything? And if it is a greenfield project, where are we planning to set up the facility?

Arasu Shanmugam: Yes. See, I think on JV part, we have already answered in the previous question, but the one specific question what you are asking is about the location of the plant. One, it is going to be a greenfield project. Two, it will be in the Northwest region of our country, where most of the modern cement plants are coming up with very high throughput.

Like, in excess of 8,000 tons to 9,000 tons per day kind of cement, which will require these specific bricks, which are primarily met through import, which we will substitute. And this will be in Northwest.

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

Sahil Sanghvi: My first question was, what can be the optimum revenues from the magnesia bricks and mould flux products?

Arasu Shanmugam: No, yes. I mean like -- it's like both. And we are reaching say, 90%, 95%, both bricks and casting flux, it should be anywhere between INR 300 crores to INR 350 crores, both put together.

Sahil Sanghvi: Both put together. Okay. Secondly, would you be able to quantify the loss in volumes or the loss in, say, absolute revenue terms, which happened due to the Liberty shutdown? I mean, what could have been the incremental revenues we could have done if the shutdown was not present?

Amit Agarwal: I think, if you go to our December '23 results, we have mentioned around INR 38 crores, INR 39 crores of provision we have taken. So something about INR 30 crores, INR 35 crores of revenue we have lost this year. We have not done any business with Liberty. These are ballpark figures.

Sahil Sanghvi: Okay. It's the same one. Okay. And thirdly, are we seeing any RM cost pressure, especially with respect to alumina cost? Some of the peers alluded to that. So...

Amit Agarwal: There is a rise in alumina price, no doubt about it.

Sahil Sanghvi: Okay, okay. And in the second half, can you -- if not name, tell us which -- I mean, a couple of plants where -- these are new plants which are getting commissioned. Are we present over there? And will we see a recovery in the volumes due to these new capacities?

Arasu Shanmugam: Can you repeat the question. We are not clear, please.

Sahil Sanghvi: Sir, I was saying that some of the new steel capacities in India have got delayed. So are we present over there? And will that lead to recovering volumes in the second half?

Arasu Shanmugam: Which capacities? Can you just throw light? Because I mean based on -- you mean to say that our projection for expected increase in capacity in steel not happening? Or...

Sahil Sanghvi: So -- like Tata Steel has a new plant -- the expansion coming up. So would that help us? That's what I'm trying to understand.

Arasu Shanmugam: As far as Tata Steel business is concerned, yes, we have a great potential. And then we have even reorganized our structure in such a manner that we also leverage Tata Steel growth for our business. So definitely, our ways and our approach towards Tata Steel has also strengthened, and this is going to help us.

Moderator: The next question is from the line of Aryan Sharma from B&K Securities.

Aryan Sharma: So single question, just to add on to the previous participant. Could you share the impact of various raw material costs like magnesia price, alumina etc? Like we are seeing these costs move, of course, unanticipatedly and these were the parts of the lag like, it is affecting our realizations. Also then there's like a double whammy from lower realizations and higher costs impacting our margins.

So could you share the impact during the quarter and outlook for the rest of the year? That will be helpful.

Arasu Shanmugam: See the numbers, I mean, are -- overall, you have seen the results. That result of exactly the 2 impacts what you said on from both sides. And on the realization side, we all know India has become -- last quarter, a net importer of steel. And that will put a lot of stress on some of the medium-sized steel people, may even throttled down their production because they couldn't make as well as the large player also kind of reduced that production.

So they put a lot of pressure on refractory vendors for reducing price. And overall, I would say that there is kind of 7% to 8%, 9% net realization reduction from steel customers, which are predominant customers for most of the refractory vendors that has reduced -- that had a big impact on margin.

On the other side, both alumina and magnesia price increased also because there, again, the large vendors, very big people, international vendors, they have also increased their price both sides because they've got a very clear index with which they move their prices, LME. LME is jumping like what Mr. Agarwal has mentioned, like the alumina index, which switched -- which increased from somewhere between INR 350 to INR 360.

Now it is already crossed INR 600 and going towards INR 650, more than double. So they have a formula of markup price over this. So both sides, we were compressed. And conventionally, in refractory, passing on takes place after 4 to 5 months or even 2 quarters constant effort to customers. And that has not happened.

We are only hoping and we are fighting with various customers to do that. We hope that some relief may come in the middle of Q4 or next year only when the passing -- the lag period of passing on to customer is almost 5 to 6 months, and that's unfortunate reality in refractory, okay? So both have definitely impacted our margin. You are right.

Aryan Sharma: Okay, sir. So are we still maintaining your 15% guidance despite this change -- lower realization in higher margins? So are we still maintaining that 15%?

Arasu Shanmugam: Yes. Overall, we are. Because as a total, like some kind of a new area we are entering. So we need to do something to maintain that. So that's what we are expecting on a stand-alone basis.

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

Mayank Bhandari: My first question is on the competitive scenario. I just want to understand how is the competitive scenario in the Flow Control segment vis-a-vis in the Bricks segment because we have seen commentary from a competitor that Bricks is a highly competitive -- Chinese competition has increased significantly in that segment. So how is this in the Flow Control segment?

And secondly, is there any Chinese player who has become dominant in the last 1 year in the Indian market and grabbed share in larger clients, like Tata Steel or JSW?

Arasu Shanmugam: Yes. See, there are some players, particularly China, 1 or 2. But more and more now customers are looking into supplier partner, refractory partner, who can provide service over a little longer value chain throughout so that it becomes seamless in producing and managing the refractory. So in that way, there is pressure on price.

But as I was mentioning, end of the year, maintaining our margins and other things, yes, we have our ways and means of managing this challenge, but there are challenges.

Mayank Bhandari: Okay. And sir, for the first half of the year, can you give subsidiary financials, Monocon...

Amit Agarwal: I think you can refer, segment of consolidated, you'll get an idea. Otherwise, we are not disclosing this company-wise number separately.

Mayank Bhandari: Okay. And so how is the business in the Sheffield refractories, or if at least if you can give some idea?

Amit Agarwal: Sheffield I think is doing the same way that they were doing in last couple of quarters. The sales they are maintaining as in Quarter 1. And obviously, there is a dip in profit as compared with last quarter because of the geopolitical and economic scenario.

Mayank Bhandari: Okay. And we have plans for bringing some of the products from the overseas market to the Indian market before. I'm just wondering how is that thing going on?

Arasu Shanmugam: Yes. So we definitely have plans because Sheffield has technologies which are cutting edge in nature for Indian market. And please wait for at least 3 months so you will come to know the kind of action what we are taking in leveraging that technology for Indian market. We have already taken steps. There are preparations going on.

And particularly in monolithic and technology we are bringing, I think let -- the next call after the Q3, we will give you even more details. But we are doing that, and we are leveraging and there are time-bound action plans already in place.

Mayank Bhandari: And lastly, sir, we had mentioned about some acquisitions we are going to do in overseas as well as in the Indian market?

Arasu Shanmugam: We were mentioning about -- yes, we are open for growth, both organically and inorganically. Organic path, we have already -- it's very clear. We have already announced and declared that JV plant is coming up. Odisha, we are also building. So all those. And in the same manner, inorganic, you know the sensitivities related to inorganic till the time we reach to sensitivity stage, sharing any details will not be appropriate. But otherwise, we are open for both.

Mayank Bhandari: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Harsh Shah from Dalal & Broacha. Please go ahead.

Harsh Shah: One question regarding the new Greenfield at the Odisha location. So you did mention in the opening commentary that we have not yet received the land. Sir, can you expect the commercial production to start in FY '27 or there could be some delays on that front also?

Arasu Shanmugam: It will be definitely in FY '27, maybe in the latter part.

Harsh Shah: Okay. Secondly, if you could give some colour as to what percentage of our stand-alone revenue kind of is getting contributed from TRM?

Arasu Shanmugam: No, what do you mean by TRM?

Harsh Shah: Total Refractory Management, meaning all these services.

Arasu Shanmugam: So that's -- as I was mentioning, like the entire market, particularly in steel sector is converting into this TRM more slowly, which was only limited to ladle, tundish, slide gate, all those areas. But they are extending that on both sides of the value chain from that point. So that means even it is going up to iron from starting from blast furnace and this side, even going up to the rerolling and even walking beam furnaces.

So this is going to increase. So more and more, if you go in future, all refractory players, including IFGL who are in steel will -- the out of steel business, at least in excess of 65% to 70%, will come from TRM model only. That's what the future, and it is evolving.

Harsh Shah: So currently, what exactly it is, if it is in future 60%, 65%.

Arasu Shanmugam: That's, but -- like in the total year, maybe I can put a ballpark figure of 35% to 40%.

Harsh Shah: Okay. Got it. And also, if we say, have an outlook of 3 to 5 years, where do you see the nonferrous contribution to the overall revenue in terms of percentage? Ballpark would be fine.

Arasu Shanmugam: As I said, endeavour let's say, we expect our maturity in this market in coming 3 to 5 year time. So in that, if you say it's something like we have a ballpark number, if I have to give, 1 minute. So this will have a share in top line of close to 15% to 17% as of now, but it may change and increase.

Harsh Shah: Okay. And also on the -- if we have to look the H2 of this year within the stand-alone operation of the products which are made and sold in India. So can we expect, considering that capacities are coming up, that our H2 growth vis-a-vis H1 within the stand-alone operation could be, say, somewhere around 15%-odd? Or is it -- I mean, if you could give some colour on that?

Arasu Shanmugam: We are talking about H1 of FY '25 versus H2 of FY '25?

Harsh Shah: Yes.

Arasu Shanmugam: Yes, because we definitely have a plan of gaining some of the losses in H1, in H2. But exact numbers, we can't. But definitely, we have a plan of making up some of the misses in the H1 to be made in H2. The H2 will be definitely better than H1.

Harsh Shah: Yes. So meaning -- what I was trying to get was, is there a double-digit growth that is possible?

Arasu Shanmugam: I can't say exactly because it all depends on -- we'll come to have some idea about end of Q3 because as we mentioned in the beginning, our brick and casting flux both are expected to grow in the Q4. So definitely, a decent growth between H1 and H2 of this year.

Harsh Shah: Okay. And anything on the recovery from the client for which we had made a provision, meaning I think 2 calls back, you all had mentioned that the recovery may start in a year or so. So any update on that in terms of recovery from that client for which you have made a provision?

Amit Agarwal: As of now no amount of recoveries that we mentioned. Because -- and it has no impact on our books also as we provided 100%. If we get something, we'll update.

Harsh Shah: Okay. And lastly, on the cost that we had incurred from Q4 of FY '24 with respect to appointing Deloitte for whatever HR transformative initiatives that we took, is that cost still reflecting in our other expenses?

Amit Agarwal: Yes, yes.

Harsh Shah: So how long is the contract for?

Amit Agarwal: This year, full, it will be there.

Harsh Shah: No, sir, next year onwards?

Amit Agarwal: It will not be there.

Harsh Shah: Okay, so it was a one year. Okay.

Amit Agarwal: Yes.

Harsh Shah: Got it, yes. That's it from my side, thanks.

Moderator: Thank you. Ladies and gentlemen, we'll take this as the last question. I now hand the conference over to Mr. Sahil Sanghvi for closing comments.

Sahil Sanghvi: Yes. I just want to thank the management for patiently and elaborately answering all questions. And also, I want to thank the participants on behalf of Monarch Networth Capital to participate in the call. The management, do you want to give any closing remarks, please.

Arasu Shanmugam: Yes. I mean, I hope we have been able to answer most of your queries. And we look forward to your participation in the next call. For any queries, you may contact SGA, our Investor Relations Advisors. Thank you very much.

Moderator: Thank you. On behalf of Monarch Networth Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.