November 21, 2024

To,

BSE Limited	National Stock Exchange of India Limited
The Corporate Relationship Department	Listing Department, Exchange Plaza,
Phiroze Jeejeebhoy Towers	5th Floor, Plot No C/1, G Block,
Dalal Street,	Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 001	Mumbai – 400 051
Scrip Code : 520113	**Scrip Code : VESUVIUS**

Dear Sirs/Madam,

Subject: Transcript of the Institutional Investors and Analyst Meet - under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, and further to our earlier communication dated November 12, 2024, please find enclosed herewith the Transcript of the "Institutional Investors and Analyst Meet" hosted by Vesuvius India Limited with group of Institutional Investors and Analysts on Tuesday, November 12, 2024, in Visakhapatnam.

In accordance with Regulation 46 of the SEBI LODR, the aforesaid Transcript is being disseminated on the website of the Company i.e., www.vesuviusindia.in, which can be accessed through below mentioned path:

www.vesuviusindia.in → Investors → Announcements

We request you to take the above on record and disseminate the same on your website

Thanking you,

Yours faithfully,
For **Vesuvius India Limited**

SAHEB ALI
Digitally signed by SAHEB ALI
Date: 2024.11.21 21:00:03 +05'30'

VESUVIUS INDIA LTD. ★ P-104, TARATALA ROAD Kol - 88

Saheb Ali
Company Secretary & Compliance Officer
(Membership No.: A33361)

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Vesuvius India Limited

Institutional Investor and Analyst Meet

November 12, 2024

Management:	Mr. Biswadip Gupta	Chairman and Independent Director
	Mr. Patrick André	Non-Executive Director
	Mr. Mohinder Rajput	Managing Director
	Mr. Nitin Jain	Non-Executive Director
	Mr. Henry Knowles	Non-Executive Director
	Ms. Nayantara Pal Chaudhuri	Independent Director
	Mr. Rohit Baheti	Chief Finance Officer
	Mr. Kartikaye Krishna	Legal Director

Kartikaye Krishna: Good evening, everyone and welcome to the Vesuvius India Investor and Analyst Meet. My name is Kartikaye Krishna. I am the Legal Director. As you well know, we will not be making any statement containing UPSI and request no such questions be asked. We will start off by brief address by our Chairman, Mr. Gupta followed by a Q&A session. Request if you are asking the question please state your name and your organization's name and please try not to repeat the question so that everybody gets a fair chance.

Biswadip Gupta: Thank you Karthik. Sorry Kartikaye. I will call you Karthik. Good evening, ladies, gentlemen, friends, many of you I know for a long time. And before I start, I would like to introduce the people sitting here around us because it is very rare that you get a nice meet with everybody sitting like this. So, I start from the extreme right, Madam Nayantara Palchoudhuri, she is one of our Independent Directors. She needs I think no introduction in the sense that she is an entrepreneur, she is President of many Chambers of Commerce, Consul General of Norway in Eastern part of India. She is also owning tea gardens which for me is very interesting and she is an industrialist by her own rights. Next to her, Kartik has introduced himself. Nitin, as you know, he is an elusive character. A few years back he joined us as MD of Vesuvius India and today he says he is the President of Advanced Refractory Division in London. So that is Nitin Jain. Patrick is the Group CEO. He is the boss man of Vesuvius. He takes all the decisions. Mohinder has just come into Vesuvius India as Managing Director. He knows the steel industry because of his grooming in JSW in Vijayanagar for quite some time, so he knows steel very well. Rohit Baheti is our CFO and Henry Knowles is our Group Legal Counsel and he takes care of all the legal issues related to the group. Henry is also one of our Directors in Vesuvius India. So basically, I was chatting up with a lot of you here just now and I see that you know much more about the industry than I do, honestly. And this is not meant as a flippant comment. You do so much of research, you do so much of work. You know the industry much better than many of us but just to give you a background of our industry, we are primarily focused on the steel industry, steel side and our market is steel which is very gratifying to note that India is now one of the top steel makers in the world, perhaps number two or number three now. And in terms of rate of growth, I think India is the fastest, number one. In growth of steel production, India is going up very fast. And as you all know, the amount of expansions that the existing companies have announced in their brownfield expansions as well as greenfield expansions, it is an amazing story coming up in front of us. Especially I am very interested and keen to see how ArcelorMittal does in Hazira, Surat and also not far from here they have just announced big steel plant. It is a very big, large growing market and I think we are very excited with all that is happening around the steel world in India but as you know Vesuvius in India has been there for more than three decades. We started our first plant in 1994 and we started manufacturing for the first time in India products that were used in the transition of technology from traditional pit casting to continuous casting. That was a time when we had the energy crisis and everything was done to conserve and whatever we did in technology was to save energy. And continuous casting came in a big way worldwide.

And in the late 80s, early 90s, India made a very dramatic decision to convert all non-continuous casting steel plants into continuous casting steel plants. And that is when we came in on the right time and we have been supporting this market, developing this market along with the steel plants for a long time now. And needless to say, therefore we know the market very well, we know the customers very well. We have been working with them together and in many places, we have partnership in performances. It is a very difficult thing in the steel plant to forge a partnership on performance, but Vesuvius has been able to do that because we have been consistent in whatever we do, in our practices, in our quality, in all these things. And while the external environment changes, we have been continuously enhancing our product portfolios from one or two or three items that we used to make in those early days. I do not know how many items we make today in India itself. It is an amazing shift in terms of technology, which is transforming the number of products that we are offering to the customers. And this is all a result of a huge amount of R&D investments that Vesuvius worldwide has been doing at many markets including India. Not far from here in our Vizag facility, we have the worldwide R&D and center of excellence in research facilities in monolithic and powders, which is helping not only India but also the world. So, Vesuvius has been investing heavily on R&D and this is resulting in a number of products which we are being able to offer to the customers.

The biggest thing that we have been doing over the years has been offering as I said on partnership and therefore during partnership processes, we have been able to harvest a lot of benefits, both which are now in a formula which we now share with customers, and that's a big thing. When we work together with a partnership, it is not just you take the benefits. We are also working well with the customer, and they are also seeing benefits that are passed on to them. And this is something which is unique and we have been practicing this and we are working very well. And there are many customers. I think most of the big customers, Mohinder, today have this partnership process. That is the way we are working. And thanks to the team which is supporting led by Patrick, a lot of investments are now happening in India and that I think I will leave to Patrick when you ask him he will tell you the rationale behind all that, but basically there is a huge amount of investment, capex planning that is happening in India. Something like that we did not see before so much. This one of the biggest changes that we have seen in the last four, five years. The amount of capex that is coming into India and which is enabling us to offer much better products locally from our Indian plants. In all this, we have, always worked on cost-effectiveness. As you know, it is competitive market, and there are many competitors, very good competitors, international competitors, and we are aware of all that and therefore, we have to be constantly on our toes, not only in R&D, technology. We are also coming out with very cost-effective solutions to customers, and that is something that is there.

And finally, for me this is something which is very important is that we are all about people. Vesuvius is all about people, not just in India, all over the world. It is all about people. And as I was telling in the afternoon that people are our cornerstones. This is something that we continuously believe. We believe in people, we trust people, we value them. There is dignity, integrity, all this happens and it is with the people that we have arrived here and it is with the people that we will take this company to greater heights. And for me, finance or numbers are summation or sigma of all these points that I was mentioning. It is not just A plus B equals to C, two plus two can also be 22 in some cases.

So, I think when you put all these things together, you come to what we call the financial numbers and other things that are looked into as a finance performance. We are trying to become more transformational in our work rather than transactional. And I think this Company, we are really very, very happy and proud to say that under the leadership of Patrick, this company is really moving towards that direction. Thank you. I will open the floor. Karthik has already said, you will have, whatever you want to ask, please be brief. State your name, your places, and I know you have all come from far away. I am very grateful to you.

Jinal Sheth: Hi good evening. This is Jinal Sheth from Awriga Capital. We are a PMS, portfolio management services, and we own Vesuvius in our fund from Bombay and I have been tracking Vesuvius for the last 10 to 12 years or so and owning it. So just going back from the last meeting in Kolkata when Patrick kind of broke the ice and said, okay look, now we are going to start investing in India, because for N number of years, not much was happening. Now, at this point of time, we have multiple of our peers, ourselves spending money. And in this interim, there is a certain slowdown. Now, just want your thoughts on that, that is like a temporary blip and I mean, if this is just a minor pushback or there is something more to this, some thoughts from your end.

Biswadip Gupta: Slowdown in investment or business?

Jinal Sheth: No, business, globally.

Patrick André: Thank you for the question. It is a good question. You know, the steel industry is a cyclical by nature. I have been myself involved in the steel industry for the past 35 years. It is not the fast-moving consumer goods where things move by half a percent up and down, everybody thinks that it is a crisis. You have always had in the steel industry ups and downs. So, I believe that it will be the case going forward. What it means is that even for a country as India, there will ups and downs. We believe that India is growing. We grow very fast on average over the coming 10 to 20, 30 years. It does not mean that India will grow every year and that there will be some years being slower or lower than others. And the past couple of years have been kind of exceptional in India. Will the next year or the next two years be a little bit less exceptional, maybe, maybe not? I do not have a crystal ball, but it is perfectly possible. What does not change is the long-term prospect of the steel market in India. The fundamentals of India have not changed over the past three months or six months. And by the way, demand is still quite good in India. If you look at steel consumption, it is doing quite well in India. What you call a slowdown is more associated to an increase in imports in India and to a decline or a low point of steel prices which are mostly associated with the fact that the Chinese have been increasing very significantly their export to the rest of the world, either to China or indirectly pushing to China steel production from other countries which is being displaced by the Chinese. So this has already happened in the past, will happen probably several times in the future, can create some short-term weakness in the market, but at the end of the day, we should not lose sight of fundamentals and we are not taking our investment decision as far as we are concerned based on our vision of the next three months. We are taking investment decisions based on our vision over the next 10 years, 20 years, 30 years and in that respect, we see absolutely no change as compared with our vision of six months ago.

We believe that on average over the next 10, 20, 30 years India will grow very significantly because the country is developing very fast that steel consumption will continue to grow, quite fast, very fast in the years to come and that tomorrow as yesterday, the vast majority of Indian steel consumption will be satisfied out of local steel, domestic steel production. I do not imagine a scenario where the Indian government would be happy that 30-40% of Indian consumption be satisfied out of steel imports from China. This does not seem as a likely scenario for me and as a consequence we remain extremely positive and optimistic about the long-term prospects of the Indian market. Does it mean that we will never have a difficult year, absolutely no? We will have difficult years. I do not know if it is now or if it is 5 years from now or 10 years from now, but it is impossible in the steel market to have only good years after good years. I have never seen that in 35 years.

Jinal Sheth: Second question, if I may, that out of the Rs.500 Crores of capex, how much have we completed and the remaining, how long do we intend to finish that over and are there any additional plans as well for capex?

Patrick André: In fact, we are already a bit above. If we look at what we have invested, the Vesuvius Group in India over the past few years, we are already crossing as we speak, this Rs.500 Crores. And we have plenty of other ideas. Next to what we have already implemented, you know that we have inaugurated today two new production lines in Vizag, in AlSi Monolithic and in Basic Monolithic, after the Flux plant that we inaugurated in April. We will have a new plastics plant which will come on stream next year. And we have already on the drawing board many other ideas which will be discussed when implementation will be launched. But I think we are on a very good track not only to exceed our Rs.500 Crores, but we will probably be quite close to Rs.1,000 Crores invested in India in the very few years to come when all our investment programme and ideas will materialize.

Jinal Sheth: Okay and my last question from my end is that Vesuvius has been very strong in the advance of flow control products. In the last few years, have we gained market share by entering new products as well in India?

Patrick André: Yes, we continue to introduce regularly new products in flow control in India and we will continue to do so. We continue to invest in research and development twice as much as our nearest competitor. A very significant part of this investment are done in flow control even if we invest also in other refractory products but this gives us a strong technology advantage in flow control, which is rather reinforcing itself than the other way around. So, we have continued to gain market share and our ambition is for the foreseeable future to continue to gain market share in India going forward.

Lakshminarayanan: My name is Lakshminarayanan from Tunga Investments, Bangalore. So, a couple of questions. If I just split our business into two, one is flow control and advanced refractories.

In flow control, again, there is tundish flow control, there is ladle flow control, and furnace flow control. In tundish, we are number one, and ladle, we were number two. And our furnace flow control was limited. So, I just want to understand over the last five to seven years, have we increased our competitive position in ladle flow control, as well as the furnace flow control? That is one question. Second, when it comes to the lining, again, if I split it into tundish, ladle, and furnace, we are strong in tundish lining, I believe. What is our view on the other two products? Because of all this inauguration of new units, are we plugging these white spots?

Biswadip Gupta: Thank you, Mr. Lakshminarayanan. You are right about the flow control thing, but there is nothing called furnace flow control we do not have so it is basically tundish, ladle flow control product and application there. The other parts are the ARD, which is the advanced refractory division. And if you see the refractory market where we work in, there are very distinctive areas, one is the ladle, tundish and then before the ladle, where the steel is made and before that where iron is made which is the blast furnace area. So, we have always been specialist in the flow control of liquid iron that comes out of blast furnace, which is a trough management. The products applied there are mainly coming from ARD linings, that is from Vizag areas. That is the blast furnace, trough management and the lining management, the spray masses. If you go down in the converter side or where the iron is converted into steel, we were not present inside the vessels. The working after that steel which comes out from the vessel when it comes to the ladle, we worked on that, so ladle we were doing everything which was controlling the flow from ladle into tundish and tundish into the moulds where the liquid steel converted into solid steel. So, I am just giving you the background because there was a significant area of refractories which are basically the lining of the blast furnace inside, lining of the vessels which is making the steel, lining of the ladles. We were not present there at all. So, we were focused on certain niche areas as we call, where the quality and technology of (inaudible), I am not saying that the other areas are not susceptible to bad quality or technology, but what I am saying is the degradation of steel quality happens mostly where it is exposed to air. And this happens in these areas where we are operating. So, if you ask about market share per se, in the areas where we operate, we still maintain very high market share. But if we take the global refractory market, we are still about 12% is our total global market share, but in our own areas, where Vesuvius is operating, we are talking of about anything between 50% to 55% market share and the rest are taken up by other companies. So, this is the way we are. Now how we plan to go ahead in the future is something that we are working on, strategies etc. going on. But as far as currently we are working mainly in these areas of controls.

Lakshminarayanan: Got it. See we have increased our capacity to almost 250,000 tonnes is what we want to increase our capacity in the advanced refractory plant, right? Now, by when the 250,000 tonnes plant would come and are we creating market or are we taking market share from someone and what is the revenue potential for that delta which is 250,000 tonnes which we are planning in Vizag that is one. Second is if I look at the VISO plant in Kolkata, we have increased our capacity by almost 50% right. Do we have place in Kolkata for adding more or what kind of utilization you are running in because that is where the entire flow control, the shape refractories are made, I believe.

Patrick André: To your first question, the 250,000 tonnes are basically here today because we inaugurated them today. So, in fact, it is the end of the year, between the end of November and beginning of December, but these 250,000 tonnes will hit the ground in the coming few weeks and will enable Vesuvius India to continue to grow in the coming months and years, but it is immediately available at a few weeks from now. How do we grow? By both following the market growth and ticking market share. Our ambition is at minimum follow the market and our ambition is to grow a bit faster than the market, meaning to grow our market share for these products that we are installing manufacturing here in the Vizag plant because we will have in Vizag the most modern equipment, the most modern technology enabling us to propose to our customers new recipes, new products enabling our customers to create more value in their own process. And we believe that with such value proposition we should be able to gain market share in the coming months and years and this is clearly our ambition. On your second question regarding to Kolkata, the answer is yes and we are already working on it. We have achieved a few months ago a capacity increase of 50%. We are already studying the next step of further increase of our capacity in Kolkata. And yes, we have the room available to do it. We have taken care of that. We are making room in Kolkata to enable the further capacity increase in this plant, which is already one of the most efficient VISO plant in the world and will probably soon become not only one of the most efficient but probably one of the biggest, if not the biggest.

Lakshminarayanan: Got it. My last question is that see Vesuvius is always known as a partner to integrated steel plants, which is maybe 70-80% and the rest of the things, which is like the, not integrated steel plants did not have a play, I think couple of years back. Now with this capacity coming in, are we going to address that particular thing, which is like, less than maybe 1 million tonne plants and so on that is one. And second, if you look at the India's different way of steel making, there is electric induction route, which is around maybe 20% or 25% where we do not have a play. So, these two areas, which is electric induction furnace based, as well as these non-integrated steel thing, is there a play for us, which we were not there several years back, and whether these capacities are going to help those wide spaces. That is all. Thank you.

Nitin Jain: So, the topic of smaller steel plants, what we call mini mills, it is not that we were not present. We have been present in these plants for many, many years. And we have been partnering to help them in improving quality, productivity cost. But what has happened over the last few years, we see that the plants are increasingly more focused on high technology steel. These are the plants which are producing steel for special applications. You have plants producing steel for example, stainless steel plant producing for blades, for utensils, you have plants producing for vessels. And these are the plants where the type of alloys that they cast are relatively high value alloys. So, we find ourselves in a very interesting situation as customers start to upgrade their quality and performance towards better quality steel. The product that we have, starts to become increasingly more interesting. And yes, in last couple of years, we are seeing very good momentum and very positive progress in what we call mini mills and we start to see engagement in these plants not only on core structure but more so on quality and performance.

So yes, we are there in mini mills and it is an area where we start to see good momentum and an area where we have good potential growth in months and years to come. Regarding the topic of induction furnace, that is a segment that we do not address today. And that is the fact. But that is an area that we are studying as we are studying other growth opportunities to look at whether it makes sense for us to participate and in what product portfolio and how would we create value. At the end of the day, Vesuvius is a technology company. It only makes sense for us to play if we can win and add value to customer. So, unless customer has need, which often they do, where we can add value in terms of quality, performance, productivity, then it will make sense for us to play. But yes, induction furnace, we do not have much presence. We have small presence on some induction lining, but that is an area that we are studying at this point. And in weeks and months to come, I am sure and certain that we would be able to look at product portfolio that might be interesting for them. Thank you.

Dhawan: Hi Sir. This is Dhawan here from AlfAccurate Advisors. So basically, I just wanted to understand, you already highlighted that Vesuvius is a technological company. So based on the technology, what kind of technological developments you are seeing in the refractory side and how Vesuvius versus the other competitors in India is placed at this moment, if you can share thoughts on this. And plus, the other competitors are also increasing, the capacity in the monolithic or the other flow-based refractories. So how do you see the pricing environment at this moment in India, given that the demand outlook at this moment is bleak in steel sector?

Patrick André: Thank you very much. It is a very large question, but I will try to answer in a summarized way. Generally speaking, in India's case, the type of steel being produced are more and more sophisticated. We see that in every country in the world and we see that also in India. Year after year, the mix of steel being produced in the country is becoming more and more high level, more and more sophisticated. And it is a trend which we see continuing in the future in India. And the best way I could describe the job of Vesuvius, what is Vesuvius? Vesuvius is helping steel producers produce more and more difficult types of steel. We are not very differentiated vis-à-vis our competitor to produce simple type or commoditized type of steel. But when steel becomes more complicated to make, either because the characteristics of the steel are difficult to reach or because the way of producing the steel since strip casting for example is difficult, the process used is difficult, then the difference of Vesuvius technology, Vesuvius technology really makes a difference. And the reason why we are investing in R&D is because we are permanently inventing new products to help our customers break new technological barriers. We measure our level of innovation with a parameter or KPI, which we call new product sales. New product sales is very simple. It is the percentage of sales in a given year made with product, which did not exist five years before. And this percentage, which used to be a little bit less than 10%, between 9% and 10% eight years ago, is now 18%. And we believe that we will reach and stabilize at above 20% as from next year. So, it gives you a measure of the innovation and innovation capabilities of the Vesuvius group. And within Vesuvius, flow control is higher than that. You have three business units. In flow control, we are higher now than this number. So, it gives you an idea of the way the portfolio of flow control products rejuvenates itself permanently to the benefit of our customers.

This is what enables us to continue to grow and gain market share, including here in India. So, we are very optimistic that despite the fact that we have a lot of competition, we welcome competition. I think competition is what keeps us on our toes, is what forces us to be even better in innovating. So not only we do not fear competition, but we really welcome competition. We are quite positive about the fact that we will maintain a technological edge going forward. And on your second question, the fact that many companies are investing in India, I think it is normal, India is the fastest growing steel market in the world. Everybody knows it, so it would be very surprising not to see other companies interested in investing in India. And I think it is good. It is good for India. It is good for the country. It is good for the development in India. And again, we welcome competition.

We do not see competition as a problem. Competition is what again keeps us on our toes, forces us to be better, to be innovators. And we have always had competition. Competition did not start six months ago, since Dip (Mr. Biswadip Gupta) created Vesuvius India 30 years ago. The past 30 years, we have developed with competition, and we will continue to develop in the next 50 years with competition. And again, we have very good competitors, competitors, which we respect a lot, but our job is to be better than them and we have done it in the past and we have the firm intention to continue to do that in the future.

Mohan Krishnaswamy: Sir this is Mohan Krishnaswamy. I am an individual investor. My question was more with this whole decarbonization move in the steel industry, where eventually there is an effort to change the fuel to hydrogen or green hydrogen, whatever it is. Some companies already started. Now, does it in any way affect the refractory consumption of ours, if in a blue sky scenario, the fuel mix changes from coking coal to hydrogen from a content, per tonne of refractory for a blast furnace? So that is my primary question.

Patrick André: The global answer is in fact, it has very little impact on us. For several reasons, first because our flow control products, which are the main foundation of the Vesuvius business, are consumed as you know at the continuous casting stage of the steel process. So, what happens upstream before that if the steel is created in a blast furnace, in an electric arc furnace with coking coal, with gas, with hydrogen, is more or less neutral because you always need a continuous casting operation after that. So, the sale of flow control product are in fact completely independent of the decarbonization trend, meaning the decarbonization trend is neither the tailwind nor headwind for our flow control business. For the advanced refractory business, it is more a change in the nature of products being used. The overall refractory consumption in advanced refractory, I do not believe will decline because of decarbonization. It may well be the other way around. It may even increase a little bit because of decarbonization. So, I would say more or less neutral for flow control. And in case this decarbonization really happens, I will come back to that, it could be a big positive probably for advanced refractory. And the reason why I mentioned in case is because as you know in fastest growing steel country in the world everything is blast furnace. So today if you look at the world, everybody talks about decarbonization, but all the growth, 90% of the growth in the steel industry, which is today happening in India, is happening with good old blast furnaces and coking coal.

So, for the time being decarbonization is more in the talks than in actions on the ground. It will probably change because I do not think it is sustainable, if you ask my personal opinion, but for the time being, it is blast furnace, blast furnace, and blast furnace.

Menon: Hello Sir Menon from MKB Securities. My question is with respect to you are we putting up so much capacity in India, one if you could give us some granularity as to what portion of your capacity is at refractory and what portion of your capacity ………. (audio not clear). Since you have all of this capacity in India, is there any plan to make India an export base for other countries, whether Southeast Asian or elsewhere? And if you could just give us some color on that, that would be great Sir.

Patrick André: To cut a long story short, all the expansion we have been doing in Kolkata, in VISO and the flux plants in Vizag are flow control. The AlSi mono and Basic mono that we have invested in Vizag are advanced refactory. Knowing that in our definition, lining, tundish lining is advanced refactory, it is not flow control. Other companies consider that tundish lining is flow control. For us, tundish lining is advanced refactory. So, in that respect, in terms of number of tonnes, of course there are more tonnes of capacity increase in advanced refactory. In terms of value of the product, it is kind of balanced between advanced refactory and flow control. And it will be in the future. I was answering a question on Kolkata. We intend to continue to grow and expand our isostatic production in Kolkata and we have in our plan the possibility to introduce other flow control product lines than the isostatic product in India going forward and most probably here in Vizag. Talking about export, our business model is not to export. We do not use today and we have no plan to use in the future India as a base mostly for export. It does not mean that we will not export from India. We are already exporting a little bit of our production from India to Southeast Asia in particular. We could export to other customers elsewhere on opportunistic basis going forward. So, we have done it in the past. We will continue to do it in the future, but our capacity in India is mostly reserved. The priority of our investment in India is for our domestic customers here in India.

Sahil Sanghvi: My name is Sahil Sanghvi from Monarch Network Capital. I am a sell-side analyst. First of all, congratulations. I think the way you guys have performed that is sometimes incredible actually. Just wanted to understand this a bit more better. We have been taking a two, three year view on your company when we pitched this to funds also but to understand the business dynamics, the question I have is that in the first half of CY2024, while the steel production grew, maybe first quarter was really good, but second quarter was I think probably 4-6% growth. I mean third quarter was really subdued when it came to that. In the first half, your revenues grew more than 15% I think and the third quarter was a little subdued when the revenue growth came. I think it was something like 7-9%. So, I wanted to understand this contrast on how we are so different in these periods as compared to the steel production. Is it the pricing issue? Is it related to some contracts? What has changed? What is the dynamics, how this works out?

Patrick André: I will leave Mohinder to give you some more detailed answer on this question, but before Mohinder gives you some answer, I would like to come back to a comment I made earlier.

In the steel industry, do not look at quarters. If I have one advice to give, do not look at quarters. You will have good quarters, you will have bad quarters. If you want to look to make an assessment of a performance of a company, take long-term average. Look at what we did over the past five years and what we will do over the next five years. Because the steel industry is first cyclical, you have good quarters, bad quarters. So, the companies operating in the steel industry have good quarters and bad quarters. You cannot extrapolate from one given quarter about the quality of the company and the quality of the strategy. And especially, because it takes months, sometimes years to win a new contract to gain market share, to displace a competitor, it takes years. And then when it works, you have a step improvement and then you wait for another one year or two years before winning another contract, and then you have another step. So, to judge our performance quarter by quarter could be very misleading. Either we could be too optimistic or too pessimistic. I believe we are doing a good job, but not because we have such or such good quarters, but because on average, our performance over the past five years is quite good. And this is the way we are internally judging our own performance.

Mohinder Rajput: So, very interesting and correct observation about the quarter on quarter growth in sales. In our business, what happens is, let me talk about the quarter in which you saw the very high growth. Since you cover the steel sector you might have also seen in the news certain ultra mega big blast furnaces were being commissioned. Now when that happens our business also gets a sudden boost because when you set up a new blast furnace and we have the trough contract, you get initial boost because the blast furnace is being started up and then it sort of levels out, it normalizes over the next quarter. So that is my hint on what happened in that particular quarter. And in the subsequent quarters, you must have also noticed the steel production in India is growing, yes, but the rate of growth slightly dipped. What was happening in those quarters is actually something that happened very near to where we are sitting. It is in the public domain in Rashtriya Ispat Nigam Limited. They have three blast furnaces, two were running, one was shut down because of cash flow issues. Now that has a direct implication for our business because if one blast furnace shuts down, you produce less hot metal. It impacts our revenue from the blast furnace refractories but since you have less hot metal, less hot metal goes downstream in the steel side, so it then affects us on our steel refractory revenue as well. This is what explains the fluctuation in the revenue growths but overall, if you see, the trajectory is still upwards.

Questionnaire: We have been investors in Vesuvius I think since more than 15 years. So, my first question was on the new products especially on the advanced refractory side, which we are making in Vizag. So apart from the two products that we have already given the public announcement, any colour on further products that we are looking at on the advanced refractories in Vizag because I believe that the Vizag facility is I think about 21, 22 acres and we have used hardly I think maybe one, two acres. So, any sense on how the new product introductions will happen over here, both on flow control and advanced refractories? But I believe largely it would be advanced refractories here. And a related question on the advanced refractories as Patrick, you just mentioned that it takes time to get new customers for getting the market share. So, we have these two new products that we have just launched today or inaugurated today.

How easy or difficult would it be for us to displace the existing competitors who would be already supplying these products to the customers? And the last question would be on the TAM. We are expanding our product base. So, what would be the total addressable market broadly that we are looking of the total refactories in India, market size, how much would we be supplying then eventually once all the products are launched? How are we looking at the overall TAM in India? Because earlier I think we were more in the flow control and now we are expanding our TAM.

Nitin Jain: Well, very interesting. So, in terms of the growth path, if you are talking about what products we would introduce and what we have introduced, so what we potentially are better to talk today is what we have done so far. What is more difficult to talk today is what we have not concluded here or agreed on. But if you look at in general Vesuvius market share in India, where we are present. Overall, we are 10-12%, if you look at a global picture, but then in the area where we participate, we have significant leadership position, where we continue to add value and customer continue to get benefit from our technology. Now that being said, there is still significant part of the market technically 90%, right? If we are 10%. Market, which we do not address that today. But if you look at Vesuvius group and it might be interesting for you to sometimes spend time on group website to look at what different product portfolio that we have and what we are doing in India, you will see that the portfolio of technology that exists in Vesuvius group can and do address significant part of the markets. Where we have plans, maybe not in India, but elsewhere or where we have a strong product portfolio and market presence, not in India, but in other geography, which enable us to pick and choose what we think will add value for customer. Again, we are not interested in market share. We are not interested in volumes. What we are interested in, if we are able to help customer to enable their own growth, which is in terms of quality, productivity, safety and all that. Now that being said, the investment that has been made, if you look at last two, three years in different product lines in India, the focus has been these investments should not only enable us to deliver more volume, but specifically to be able to introduce products that we do not have in our portfolio. So, the question whether we would be able to displace a competition, we do not look that way. Our focus is whether this product that we are introducing to Indian market will have value for customer. So, if it has value for customer, I am sure customer will value and we should be able to participate. So, in terms of what is our future plan, again, it is a very large market, and very large portfolio that we have in Vesuvius group. It enables us to pick and choose as we go forward. So, there are quite a few in pipeline. I think Patrick talked about additional product line that we will introduce by early next year, plastic. But along the way as we conclude in the board and we make the decision, we will be able to talk about it.

Questionnaire: How would we look at margin and if advanced refractory has lower margin?

Nitin Jain: Well globally if you look at flow control products, very true. Flow control, if you look at from a value-add perspective, if you look at tundish, the quality consideration for customers are much, much, much stronger when it comes to tundish versus a flow control product versus otherwise. And in general, globally, it is a true statement that margins tend to be lower. But again, our focus is not to go in commoditized segment. Our focus is to go in areas where we can add value. And if we are able to add value, we can expect that we would be able to have appreciation from customer in terms of price and margin. One topic which I think somebody asked earlier, in terms of capacity and competition is adding capacity, you are adding capacity, what will happen to the market? Well, it is an interesting question, but if you look at today, the capacity utilization of refractory industry in India, I do not have the number, but I can tell you, it will not be 150%, even today. So, if you look at very simple product lines such as AlSi mono, a monolithic product can be sold in market for Rs. 20,000 but can also be in the market for Rs. 2 to 3 lakhs, but one tonne is one tonne. So, I will not be worried about the capacity. We will only add capacity if we believe this will add value for customer. Again, we are not interested in volume and revenue. We are interested in creating value for customers.

Rajesh Kothari: Rajesh Kothari from AlfAccurate Advisors. We are PMS and AIF and we hold your company in our portfolio. So, a few important things which I wanted a little bit more clarity on is first, what is going to be your capital expenditure for current year CY2024, CY2025 and CY2026? Three years combined 2024, 2025, 2026 combined.

Rohit Baheti: If you look at what we have announced earlier in the past as well, that Vesuvius group will be investing close to Rs.1000 Crores in India that is Vesuvius group in totality. If you look at Vesuvius India Limited, if you just look at last 2.5 half years numbers which are in public domain, you will see that we have already invested close to Rs.360 Crores that is available in public domain. In 3 months, time you will have the yearend numbers which will also talk about the significant two new plants. The capex of that will also come in public domain. So, what I would like to highlight is that the initial investment outlook, which we had given of Rs.500 Crores, we have already surpassed that. We already have a lot of capex in pipeline, which we have not announced, but are at various stages of internal approval process, because we have a very rigorous internal approval process for any new capex. For us, as I think multiple times it has been highlighted, we do not want to do a capex just because we are sitting on cash. We have always been a cash rich company. We do not want to do acquisitions because we are sitting on cash. We do not want to increase our capacity because we are sitting on cash. We would like to invest it when it makes business sense and that is the plan going forward as well. We already have close to 32 acres at the new site. So, there is enough land capacity which we have. So as and when new plants will come up, it will be built over the next two, three years.

Rajesh Kothari: So out of Rs.1000 Crores capex total at group level, how much is likely to be Vesuvius India? Because you keep saying it group, group. So that confuses us.

Rohit Baheti: We would not be able to give a split. But see, as I am telling more than Rs.500 Crores we have already spent in India. I would not be able to comment specifically for Foseco of numbers. But my request is we do not give specific capex numbers here.

Rajesh Kothari: Got it. And this Rs.1000 Crores is from which period to which period? CY2022 to CY2027 or CY2023 to CY2029. What is this time frame?

Rohit Baheti: See when we announced Rs.500 Crores, I think this was announced probably around couple of years back. So, we have already surpassed that. And that is why earlier in the year, an announcement was made that the Rs.500 Crores has now become Rs.1000 Crores. This was made earlier during the year. So, this Rs.1000 Crores investment in India will happen over the next three to five years.

Rajesh Kothari: Got it. My second question is with reference to the capacity utilization ramp up, considering that and it is actually a little bit extension of what you answered to the previous question. Can you give us a little bit colour in terms of, what we all are trying to understand is that you have a complete, very large portfolio available from your parent side. And you are going to pick and choose when it comes to India customer, adding value to the customer that too at a margin at which you are likely to be happier am I right? So, all these things put together, what kind of a size of opportunity we should finally look because the 10% market share is not relevant, correct? Because 90% you may or may not want to be present in the entire 100%. So with the portfolio which is available to you and with the kind of capabilities what do you have and with the kind of requirements of customer what actually he likes it and with your pick and choose kind of thing is it safe to assume that you want to be present into 30-40% of the market is that the fair assessment?

Nitin Jain: Well, it's an interesting question!

Rajesh Kothari: I do not think so, I think you guys all have full answers. So, I do not think it is an interesting question at all. I think it is a very, very basic question and which we all are trying to figure it out for last 10 years believe me.

Nitin Jain: So, it is an interesting question, again! I mean, the question is what percent of the market we would like to address. It is a difficult one to address. The reason being, we have not done the analysis out of 100% what percent we would like to address and what percent we would not like to address. Only thing I would suggest or say is that our hands are full. We have plenty of interesting ideas, some of them which are being executed. And as Patrick said, if you look at the growth over the last few years, I think it has been fairly positive progress. The only thing I can comment is I believe with the portfolio that exists, there is a large part of the market that we can address that we are not addressing today.

Patrick André: It is a moving target. If I may, we are discovering every year that there are parts of the market which probably you would have asked us a question a few years earlier we would have said oh no, no it is not for me and after all may be there are some innovation potential in this part of the market so it mean that Vesuvius may have a role to play. The percentage of the share of the market where we believe Vesuvius has a role to play is significantly higher today than it used to be five years ago. And if you ask me, I am quite convinced that it will be even bigger five years from now. But we are not setting ourselves a number saying, oh, I want five years from now to participate in this percentage of the market. It is more linked to our innovation capabilities. We participate where we believe we can bring something.

Where we do not believe we can bring something, where it is kind of commoditized, it is not very, very attractive and interesting for us. If you ask us about, are we interested by mag carbon ladle bricks, probably no, because I do not really see what we could bring there. Other type of bricks, yes, and then progressively we are expanding our playing field based on the evolution of our technological reflection. When we believe we can bring something that our competitors cannot do, or improve upon our competitors, this is generally a signal that it is worth investing more in this part of the market. So, we are expanding our playing field. So, I cannot tell you what it will be five years from now, but I can tell you that it will be bigger than today.

Questionnaire: So, I have a question on margins. Like last two years, we have seen a significant improvement in the margins. And considering the trend that you are seeing that you are coming out with a lot of new products, which caters to high specialized steels also. How should one look at these margins? Like currently they are hovering between about say 18-20% above. Do we have more headroom? How do we create more efficiencies and kind of more value added products? So can give some colour on how the margins can, we should look at it.

Mohinder Rajput: I would like to say, first of all on margins apology. We do not give forward guidance on the margin evolution of the company. However, I would like to say, we constantly strive to sustain the margin levels that we are and probably the biggest lever that we have to sustain, there are actually two levers that we have to sustain our margin position. The first is to continuously bring higher tech products to the market, which add more value to the customer so that we can then command premiums, which give us more margins. That is the first lever that we have which we continuously are striving to bring to the market. The second lever is, cost discipline so that is something that we also continuously on a daily basis focus to bring cost discipline on in the plants, in our procurement strategy, everywhere. So, apologies if I do not give you margin guidance, but hope this gives you some comfort on what we are trying to do here.

Patrick André: Just to compliment Mohinder, I would like to reinforce what Mohinder said. At the end of the day, it is all about technology. If your product is doing more or less the same things that what everybody does, at some point the customers are smart, they are creating competition between suppliers, and so margin are what they are. If you want to increase your margin, you can only do that based on innovation by bringing to the customer something different something that competitors cannot bring, and then having an open, transparent, and honest discussion with customers, saying okay we are creating value, let us share a little bit. You take 90% of the value and please give us 10% of it, and then we can improve our margin. And this is exactly how it works in practice. Customers will not let us improve our margin if we would not give them something different and if it would not be beneficial for them. This is a very important fact. We can only improve margin if our customers improve also their margin with our products. We cannot improve our margin at the expense of customers. It never works. We can only expand margin if we help our customers improve their own margin. And this is why innovation is important.

Rajesh: Hi, this is Rajesh from B&K Securities. I had a couple of questions. My first question was do you have any exposure in alumina-based refractories? And if so, we have seen a significant price appreciation in alumina, which has been affecting some of your competitors in the last quarter results. So, we have not seen it so far in your results. So is there any exposure and it is going to hit us sometime in terms of alumina refractories.

Nitin Jain: The challenge in terms of alumina price is real. We are seeing the market for last few quarters and we believe quarters to come. Alumina price is expected to continue to grow stronger which is coming from number of external market factors especially from a capacity of alumina production out of Australia as well as some bauxite supply out of Guyana. Now that being said, Vesuvius has yes exposure to alumina in our products. So, the plant that we commissioned today, alumina silicate, 120,000 tonne capacity is actually consumed, alumina is one of the raw material in it, as well as flow control. So, the question of alumina, yes, the raw material prices are going up. And it is not only alumina. Even magnesia prices are going up. And we have had some impact of freight dynamics as well in the last few quarters. So, we are exposed to that as well but that being said, as long as we have a very fair relationship with customers. So, typically, we come to the term where we are able to have a fair argument around the cost increase and compensation for it.

Rajesh: Just a second question, if I could hazard on the impact of raw material prices, the steel prices being as low as they are. Is it going to be difficult for the industry to get a price increase in the near term from the steel industry?

Nitin Jain: It is a challenge. Only thing I can say it is a challenge. And it is also true that the steel industry, because of high import of lower price steel from China struggling to some extent, not only in India, but globally in terms of if you look at margins. We do not have that strong problem of volume in India, but globally we do in terms of steel production as well. Yes, you are right. It is a challenging time from the perspective that the raw material costs are going up and customers are also struggling in terms of the steel price in the market but that being said, this is not the first time and this is cyclical in nature. If you are not discussing anything quarter and quarter, longer term, I do not see it as a challenge.

Patrick André: It is a very good question but I would say unfortunately a very simple question. There is no choice. There is simply no choice. So, we will not sell alumina products and I do not think any refractory company will sell alumina products at a loss, simply because the steel producers are seeing their steel prices going down. We are a profit organization. We are not NGO. So, yes, we will increase the prices of alumina based product whatever and we will explain as we have done for the past 50 years to our steel customers that we are really sorry and it is not a lack of solidarity. We feel a lot for our steel customers, but when alumina prices go up and for some products the alumina represent 80% of the cost of the product, what we do. We will increase the price of alumina based products, as all and every refractory producer will, and steel producers, if they want alumina-based products, they will have to pay for it.

And, by the way, when steel prices go to the roof, I have still over the past 35 years, to see a steel producer coming to me, who will pay our product a little bit more because we are making so much money that we will give you a little bit of it. Our cost structure is not the same cost structure as a steel, sometimes it is good for the steel, sometimes it is good for us, but it is not a lack of solidarity, it is simply what things are. And we cannot escape reality, we cannot and the steel producers cannot.

Jonas: Hi gentlemen, Jonas here from Aditya Birla Mutual Fund. Two questions. First, if you can talk about the mold flux as a product line, that is something that we're doing for the first time in India. Is this product replacing something that is currently being used by steel mills or this is something that you spoke about in the last meeting as well there are certain products where you are looking to convert customers into using and if you just can give us a broad landscape of what are we looking at as a product line here given that one more of your domestic competitor has also announced a capacity for mold fluxes. Just curious to know the addressable market there.

Patrick André: For us mold flux is a flow control product line on which we have a very strong market presence worldwide. And not only strong market presence, but a strong technology presence. Vesuvius started to integrate this mold flux product line 15 to 20 years ago with the acquisition of a German company called Metallurgica, which is considered as one of the best, if not the best, technologically advanced specialist of mold fluxes. And since then, we have been expanding this presence worldwide with a plant in North America, a plant in South America, which was our last acquisition seven years ago. And now we are continuing our deployment worldwide with this first plant in Asia, which we built here in Vizag, and where we have decided to build the best quality mold flux plant, which we could technologically imagine. So, we will be able to produce here in India, the same level, the same quality of product. We are already, since a few weeks now producing in India the same quality products as the one we have been historically producing in our metallurgical plant in Germany. And again, same reasoning as for the other product line, we are very much aware that competitors are also increasing capacity in India in the same product lines so be it. We again have a lot of respect for competition, but we believe we have a strong technology and based on this our ambition is to grow our market share in mold fluxes in India in the years to come and we are determined to do so.

Jonas: So, is this a product where it is largely being imported or there are domestic capacities that meet and you will need to displace those domestic capacities or is it an import substitution?

Patrick André: It is both, today as far as we were concerned, we were mostly importing from Germany. We have been importing for years from Germany this product. And if we look at the competitive landscape, you have both outside of Vesuvius, I mean, a combination of domestic production and imports. We will target both.

Jonas: My second question was to better understand this refactory management services, which now accounts for about 50% of our sales. Given that you help the client become more efficient every time that contract comes up for renegotiation, he sort of tends to benchmark you to the last number of heaps that were provided. And that sort of, ideally should lead to sort of more and more pressure on margins because you will have to deliver more with the same or less product. And that is what we are technically seeing where the intensity of refactories with steel growth is in fact coming down. How should we think of the refactory management services as a percentage of sales going forward? Do you cap it at roughly 50% or that is the industry trend and you will go with the flow?

Nitin Jain: If I can address this question, so as we go year on year and you have a fair point as you increase the let us say productivity out of a product for customer, their demand starts to go up. So next time they say, can you do more? And that is exactly where we excel. This is exactly what works where we are able to continue to introduce new product. These service contract with customers are very good source of innovation for us, where we learn, deliver, and in the next cycle, customers are saying, can you do more? And then we say yes. And that feedback into the technology R&D side of things where we are continuing to innovate. And when you do that, when you are able to produce, enable customer to produce X amount of extra production from your refractory, you actually enable them not only in improvement in their productivity, but it also enables them in terms of quality and cost. So, if you look at cost of refractory in a steel production, it is very small. So extra amount of productivity, the benefit for customer is much, much, many times more than the extra cost of refractory. So, typically in this situation where we are continuing to innovate and enable customers to produce faster, better, we actually benefit from that relationship and we enjoy that relationship. And the second question, whether the share of the service as part of the total business will grow, I tend to say yes. I tend to say yes, that it will. I think that will be a fair assumption.

Biswadip Gupta: To add a couple of things and this is for generalized cost per ton or service contract things. Two things happen. One is the customer is not bothered what you are supplying in terms of quality of refractories. So, you have a huge chance to innovate and improve, reduce costs and get better productivity from the same product, etc. So, there is a big pressure on us to do better constantly, number one. Number two, we are all missing out one major important point is safety. Today, all customers and especially steel where we operate is one of the most dangerous places in terms of a steel plant. Liquid steel at that temperature is very, very dangerous. So, it has a huge impact. We bring in the best safety practices in these management contracts. Be it robotic, whatever it is. We do a lot of work on safety practices because our people, our team teaches the customer the best way to handle these refractories. And I think this is something the customer appreciates. And they are ready to pay a little bit of premium on this sort of thing. So, safety is one aspect which I think we do not highlight much when we do technical discussions. But I think this is important. And if you see the records of Vesuvius safety, all the customers, all the big customers, we are talking of where service contracts are there. We have been awarded the most safe company that they have worked with.

Kartikaye Krishna: Sorry, we have just run out of time. So just one last question, and then we have to close. Just one question, please.

Viraj: My name is Viraj. I am from Jupiter. I am holding your share since more than five years. Now my question to you is, since you are telling me to look at the steel industry in terms of five years growth, if I were to visualize, Vesuvius from here from five years, say in 2019 we were at around Rs.900 Crores of top line, today we are at Rs.1800 Crores of top line, broadly doubled in five years. How would be the rate of growth in next five years? What is your vision on that?

Patrick André: As you can imagine, I will not launch into the difficult exercise, I do not think any of my colleagues will do to tell you where the share price of Vesuvius will be five years from now.

Viraj: I am talking about the sales revenue was Rs.900 Crores, today it is Rs.1,800 Crores. So, what will be the sales revenue from five years from now? What is your vision? You have doubled the sales in five years, if I look at the steel industry, if we see it in terms of five years growth. Sales not stock price.

Patrick André: I think that the potential for Vesuvius, I would be very disappointed in the coming few years, I do not know if it is five years or six years or four years, but if in the coming 5 to 10 years, Vesuvius will not at least double its turnover, I would be very disappointed. I really believe that Vesuvius India has the potential to double its turnover over the coming two years. I cannot tell you if it is five years or a little bit less or a little bit more, but definitely we have a very, very strong potential for growth going forward.

Viraj: So, my second question is, is it fair for me to dream that Vesuvius in the next five years would be a billion-dollar sales company?

Venkatesh Subramanian: Sir I just have one question. My name is Venkatesh Subramanian from Logic Tree Capital, Chennai. Slightly off-the-cuff question. Sir one is the whole industry of refractories, you are focused on the steel sector. And I think 60-70% of the refractories are focused on iron and steel.

And there is another 30% which is focused on other metals, kilns, furnaces, incinerators; I think even nuclear reactors to some extent. And in India you are aware and everywhere else nuclear energy has also been coming back in a big way. Do we find space in that 30% refractories for other metals and other applications? Is there a point that you would consider in your blueprint? Second question is apart from products, when we are introducing all these new products across the spectrum over the next five to 10 years? What percentage of that revenue would be a recurring service revenue of the overall revenue when you maintain refractories for clients? That is all from my side.

Patrick André: In your first question historically, Vesuvius was born in steel. Our strengths were born in steel. This is the initial technological expertise of Vesuvius. So, because of this, historically, we have been, I would say stronger than average in steel and weaker than average in non-steel applications. This has not escaped our attention. And our teams are now making significant effort and in particular here in India to progressively increase our presence in other sectors than steel. But we are doing it in a determined but humble way, or humble but determined. You can do whatever you want. We know that we have a lot to learn.

That is the beginning of wisdom. We know that we have a lot to learn, and we are organizing ourselves to learn fast. So, I would expect that steel will remain for a very long time the dominant specialty of Vesuvius, but that you will see Vesuvius growing progressively in the non-steel sector. And your second question was service revenue. As Nitin said, if you call TRMS contract, the share may increase a bit going forward, but I would not call TRMS contract service revenue because inside the TRMS contract, the pure service part is a minority. So, a TRMS part is also a technological contract as Nitin explained. And they are not more or less recurring in practice than other contract. So, the customer can be sticky or can change in exactly the same way in a service contract or in a more classical old contract. But the share will probably increase a little bit here in India. On a worldwide basis less of use, because at the end of the day, customers have preferences which can vary a lot from one region to the next but here in India, there is a preference of customers for service contract. And as you know, customer is always right.

Biswadip Gupta: Thank you so much. I think we have had a fantastic one-and-a-half hours plus discussion. We would like you to join us for some snacks. I do not know if you are traveling back today. If you are, please have a safe journey back because some of you had a delayed flight and all that. So let us have some coffee or some snacks. Thank you!