16th August, 2023

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 Sirs,

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

In compliance of above, please find enclosed herewith transcript of Earnings Conference Call on Company's financial performance for Q1/FY2023-24 held on Wednesday, 9th August, 2023. A copy of this is also being hosted on Company's Website: https://ifglgroup.com/investor/meetings-reports/

Thanking you,

Yours faithfully,
For IFGL Refractories Ltd.

Mansi Damani
Digitally signed by Mansi Damani
Date: 2023.08.16 14:59:23 +05'30'

(Mansi Damani)
Company Secretary
Email: mansi.damani@ifgl.in

Encl: As above

"IFGL Refractories Limited Q1 FY-24 Earnings Conference Call"

August 09, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 09th August 2023 will prevail.

MANAGEMENT:	**MR. KAMAL SARDA – DIRECTOR AND CEO 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 the Q1FY24 Earnings Conference Call of IFGL Refractories Limited hosted by Monarch Networth Capital Limited.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

Sahil Sanghvi: Thank you, Jacob. Good evening to everyone. And on behalf of Monarch Networth Capital, we welcome you all to the IFGL Refractories 1QFY24 Earnings Call.

We are delighted to host the management. And from their side, we have their CEO – Mr. Kamal Sarda and their CFO. So, without taking much more time, I will hand over the call to Mr. Kamal Sarda for the opening remarks. Thank you, and over to you Kamal, sir.

Kamal Sarda: Thanks, Sahil. Good evening, friends. Thank you for joining IFGL's Quarter 1 FY '24 Earnings Call. I have with me Mr. Amit Agarwal – our CFO, and SGA, our Investor Relations advisors. We have uploaded the results and also the "Presentation" on the Stock Exchanges, and I hope you all have had a chance to go through the same.

Just a brief on the industry:

In general, refractory industry has been performing well, barring some weaknesses in Europe because of macroeconomic factors and the Russia-Ukraine conflict. Considering the steel industry's viewpoint, the subdued global economic recovery has had some dampening effect on worldwide steel production.

But steel industry in India is on an expansion mode catering to increased demand of government's initiatives are bolstering infrastructure development and capital goods manufacturing. India's steel consumption has grown by over 10% YoY in FY 2022-23. To align with the steel industry's growth in India and its transition, IFGL has undertaken a massive expansion program in all its locations in India.

Pursuant to our ongoing capital expenditure strategy, we are pleased to share that we are embarking on the establishment of a new manufacturing facility in Orissa. We have received the green line from the Government of Odisha Investment Promotion Authorities IPICOL for the establishment of this new manufacturing site.

We have also got the approval of the land. The location is yet to be finalized. The projected expenditure for this facility will be approximately 150 crore and will be funded through both loans and internal accruals. This upcoming state-of-the-art manufacturing facility is intended for production of continuous casting refractories with an annual capacity of 2,40,000 pieces. Commencement should start immediately after the land is acquired, and it should take about 18 to 24 months to complete.

We have selected Odisha for this new project because Odisha from the present 30 million tonnes is set to grow impressively and massively to 130 million tonnes by 2030-31. This exponential growth is reinforced by Odisha's rich resources, a good infrastructure, a skilled workforce and a promising trajectory marked by a robust concentration on steel manufacturing.

Moving to our current capacity expansions initiative at our current manufacturing facilities, the aggregate estimated capital expenditure is about 177 crore, which may slightly come down to 160 crores because of some readjustment of CAPEX. In both Odisha and Vizag, we have spent approximately 50% of the planned CAPEX so far, and in Kandla we have completed almost, we have spent about 90% of that. The remaining CAPEX is expected to be completed by March 24.

Our state-of-the-art Research Center at Kalunga is almost ready and likely to be operationalized in Q3FY24. With these enhanced capacities and new production capabilities, we expect to improve the scale of business which will lead to scaled benefits and operating leverage playing out of the long-term offer for the benefits for the company.

I now hand over to Amit Agarwal for giving you a brief on the financial highlights. Thank you.

Amit Agarwal: Thank you, sir. For the brief overview, let me just give you the brief on the Financials:

Starting with the “Standalone Financial Highlight”:

Total income increased by 2% year-on-year to Rs. 230 crores in Q1FY24.

EBITDA increased by 63% year-on-year to Rs. 46.5 crores in Q1FY24, highest ever till date for the quarter. EBITDA margins stood at 20.2% in Q1FY24, with an increase of 760 basis points year-on-year. PAT was up by 88% year-on-year to Rs. 22.5 crores in Q1FY24.

Now let me move forward to “Consolidated Financial Highlights”:

Total consolidated income increased by 19% year-on-year to Rs. 427 crores in Q1FY24. Consolidated EBITDA grew by 72% year-on-year to Rs. 59 crores in Q1FY24. Consolidated EBITDA margin stood at 13.9% in Q1FY24, with an increase of 430 basis points year-on-year basis.

Consolidated PAT was up by 104% year-on-year to 29.6 crores in Q1FY24. We are pleased to announce that we have achieved the highest ever revenue, PBT and PAT, EBITDA, in our history of the 1st Quarter.

I think with this, we shall now leave the floor open for questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aditi Sawant from ADM Advisors. Please go ahead.

Aditi Sawant: My first question is, could you please throw information on how the funding for the new 150 crore project in Odisha will be arranged?

Kamal Sarda: So, we have not yet finalized. This project will commence after the land acquisition takes place. So, like it should take about a couple of months, but definitely it will be funded by both internal accruals as well as loans.

Aditi Sawant: And second is based on the information presented, what are the projected revenue goals for the specific project in Odisha?

Kamal Sarda: I think I have mentioned somewhere if I am not wrong. With the current capacities, the peak turnover will be somewhere around 150 crores to 200 crores, and then we have the scope of putting up more facilities in that land. We are acquiring more land for that purpose.

Moderator: Thank you. The next question is from the line of Dhviti from Molecule Ventures. Please go ahead.

Dhviti: Sir, can you list down the key difference in business profile of us versus our competitors like RHI and Vesuvius?

Kamal Sarda: I don't know what is your, can you ask a specific question. That's a very generic this you can always get it from the market as well.

Dhviti: I wanted to understand basically, in terms of product differentiation, what kind of offering are we providing in the market given that they are able to have a much higher margin profiles over the years? So, wanted to understand the key difference, why have we been lagging behind the industry standards?

Kamal Sarda: No, if you look at our last two, three years margins, I don't think we are lagging behind. Of course, they have a wider product basket. We must agree that they are a very large company. They are a foreign companies based in India. We are an Indian company; we have facilities outside India as well. But the product, barring the product profile difference, I don't think we have a very significant different margin profile.

Dhviti: And the last two quarters, we have been able to do good 13% margins. So, going forward, sir, what are the sustainable levels that we are hoping to get in future?

Kamal Sarda: In my last call, I mentioned we should be above 12%. So, that's the sustainable margin which we have mentioned 12% plus. And I think in the last couple of, not couple of, last three, four quarters, we are around that.

Moderator: Thank you. The next question is from the line of Parth Vasani from KK Advisors. Please go ahead.

Parth Vasani: I just wanted to know; I had two questions. So, considering Odisha's prominent status in the steel industry, what is the perspective on the current and future outlook of the sector in the region?

Kamal Sarda: I mentioned in my speech. I think you missed. The current capacity, steel manufacturing capacity in Odisha is somewhere around 30, 35 million tons, which is stated to expand to 130 million tons plus by 2030-31. So, 130 means Odisha is going to produce almost like 40% to 45% of the Indian steel. So, that's the I would say, the opportunity in Odisha.

Parth Vasani: That helps. My second question was on, I mean, what specific type of products are we aiming to manufacture at the Odisha plant? And I mean, given these overall improvement in our company's margin, so can we anticipate then this product could contribute to the higher margin side? Can you give some guidance on that side?

Kamal Sarda: So, we will be producing continuous casting refractory, which is used in the Tundish in steel making side of the steel industry, and definitely, these are considered to be a higher margin products because of the higher technology, and this will be a state-of-the-art manufacturing facility with one of the best technologies which we have within the group. And we hope with this, the margin will be better.

Moderator: Thank you. The next question is from the line of Dhiral Shah from Phillip Capital. Please go ahead.

Dhiral Shah: So, when I look at your India revenue on a Y-o-Y basis, it has almost remained flat. But when we look at the IIT data and particularly in that the steel sector growth, so steel sector has almost grown 7% to 9% in terms of production. So, our revenue has remained flat. So, any particular reason for that?

Kamal Sarda: No, no, this could be quarterly aberrations here and there, but I think we have grown. If you look at our growth between '21-'22, '22-'23 and '23-'24, we have grown. I think our growth is almost like 8% to 9% compared to the previous quarter. So, there could be a quarterly here and there, but I think we have grown between the March '22 figures March '23 figures and June '24 figures. Sorry, June '23 figures.

Dhiral Shah: And sir, what is the outlook for the India business side for the full-year FY '24?

Kamal Sarda: We should be growing at around 10% to 15%.

Dhiral Shah: And sir, what is the current capacity utilization across the plant that we have?

Kamal Sarda: It should be above 70% across.

Dhiral Shah: Sir, this is across the product that we manufacture?

Kamal Sarda: Yes.

Dhiral Shah: And sir, any reason for the sharp improvement in the margins in the overseas business particularly?

Kamal Sarda: Sorry.

Dhiral Shah: Any particular reason for the improvement that we have seen in the overseas business? What are the steps that you have taken which has led to the very good improvement in the overseas market?

Kamal Sarda: If you are comparing Quarter 1 of '22-'23 compared to Quarter 1 of '23-'24, if you recollect, we have acquired the Sheffield Refractories in February '23. So, in the first quarter, Sheffield Refractories' full quarterly figures are coming. So, that is one of the thing, but other than that, I think, all the other our U.S. subsidiaries have done comparatively well. They had not done well in the first quarter of last year.

Moderator: Thank you. The next question is from the line of Rushabh Shah from Anubhuti Advisors LLP. Please go ahead.

Rushabh Shah: Sir, first question is I just wanted to understand how much revenue did Sheffield contribute this quarter? And what it was for us in the 4th Quarter last year?

Kamal Sarda: I think in the last year, it was around, if I am not wrong, around 20 crores, and in this quarter is about 54 crores.

Rushabh Shah: 54 crores, okay. And just wanted to understand more specific to Sheffield. So, Europe margins was sequentially compressed sharply this time around. So, was this related to Sheffield or there was some one-off in the European business?

Kamal Sarda: No, no, there is nothing which is one-off here. It's just the general margin trend which is there.

Rushabh Shah: So, Sheffield margins are also more in line with our European existing margins.

Kamal Sarda: Yes.

Rushabh Shah: And sir, with respect to I think 150 odd crores excluding that Odisha's expansion what we are doing, the other CAPEX plans, will that be contributing anything in this year?

Kamal Sarda: No, this year only the Vizag plant has been commissioned in 2021 and '22. So, that has contributed a bit of it, but rest of that is getting commissioned by middle of this year and end of this year.

Rushabh Shah: And what can we basically bake in with respect to how much revenue can this incremental CAPEX help us? Maybe any effect on our, how much can we expect for the combined CAPEX to help us in top line?

Kamal Sarda: On the Brownfield expansion, I have mentioned on the peak full capacity level will be around 3x. On Greenfield, I have already mentioned in the Odisha new plant, which will take about one-and-a-half, two years' time to conclude.

Rushabh Shah: And Odisha will contribute how much on the Greenfield part?

Kamal Sarda: About 150 to 200 crores at the peak level.

Rushabh Shah: 150 to 200 crores.

Kamal Sarda: Yes.

Rushabh Shah: And sir, just one last question. If you can give a color on how the overseas, guidance on how the overseas business outlook is looking as of today, U.S. and Europe?

Kamal Sarda: See, Europe is still having some issues. We hope that H2 will be better. So, if there is a recovery in H2, European companies or the European market should do well. U.S. is doing well. U.S. is doing I think comparatively well. So, U.S. will continue to remain at a good levels in this financial year also.

Moderator: Thank you. The next question is from the line of Dhviti from Molecule Ventures. Please go ahead.

Dhviti: I have some follow-up questions. Sir, on the CAPEX side, have we developed the technical know-how in-house currently?

Kamal Sarda: Sorry, which side you are talking about? What is that?

Kamal Sarda: On the capacity expansion that we are doing, all the technical know-how that is available with us is in-house right now or are we sourcing it from somebody else?

Kamal Sarda: No, everything is our own developed and then to add to that we are putting up this Research Center, which is going to get operationalized by in quarter three. So, that will add to our technical strength.

Dhviti: So, we have not been using Krosaki's technical know-how over the last five, six years, if I am not wrong, correct?

Kamal Sarda: Maybe more. Maybe more than 10, 15 years.

Dhviti: And sir, my next question is, can you throw some light on after sales services to our clients as to how efficient we are and just with some details on that would be good?

Kamal Sarda: Our products are all consumables. So, in that, there is nothing called after sales service. They are serviced when the product is sold. So, we sell those products and also make do the application contracts also. But most of the contracts in India are apply and supply. Sorry, supply and apply, other way around.

Dhviti: Sir, one number specific question that I had. So, in FY21, after the change in the Income Tax Act, we were not supposed to amortize our goodwill, which we passed as a special resolution to write it off as one-time payment and just adjusted against reserves, but even after that we have been amortizing goodwill every single year. So, going forward, how are we going to adjust? Are we doing it onetime, or we are just going to let this entire amortization happen?

Kamal Sarda: We will continue with the amortization till goodwill is there. I think we have four years left. So, I think we were advised not to go in for such kind of adjustments. That in any case, it's a non-cash item which will get amortized over a period of time. It's a non-cash charge.

Dhviti: Right, but sir, I was under the impression that under income tax, we are not allowed to amortize goodwill anymore and we have to either adjust it against your deductions.

Kamal Sarda: No, no, there are two things. Under income tax, they will not be allowed as a deduction. Okay. So, that's one part of the story. And the second is that amortized because since the goodwill is already created as per the Indian Accounting Standards new account IndAS, we have to amortize this over a period of time. So, we will continue with the amortization. That's I think we have done it; we have mentioned that it will be done in 10 years. Six years already passed. Four years is left. So, '24, '25, '26, '27, it will be done till FY '27.

Moderator: Thank you. The next question is from the line of Sanjay Nandi from VT Capital. Please go ahead.

Sanjay Nandi: So, recently we have taken a 15% stake from our Japanese parent like Krosaki. So, what is our purposes going forward, sir?

Kamal Sarda: That's a promoter's call. So, I don't have what will be the thought process. The promoters' stake will go to 72.6% after acquiring the Krosaki shares. I am not too sure what they have a plan to. So, they have reposed confidence in the company and hence, they have acquired these shares, or they are in the process of acquiring these shares.

Sanjay Nandi: So, can you please guide some price lines, at what price we are going to acquire the shares or?

Kamal Sarda: Maybe it's already mentioned in the stock exchange, it will be acquired at 200. That's the rate as with the agreement was signed.

Sanjay Nandi: And can you just guide us on the, like, overall top line growth what we can achieve going forward considering all those CAPEXs in Orissa and some other CAPEXs, like, what kind of top line we can expect in next two years?

Kamal Sarda: What we have mentioned in the past, I will continue, I will maintain the same, that we are talking of doubling our turnover in five years' time from 2021 to 2026.

Sanjay Nandi: '26. And the margin will be expected at 12% fixed.

Kamal Sarda: So, that's our plan of action. That's how the CAPEX and all other things are in industry in the same line.

Moderator: Thank you. The next question is from the line of Lakshmi Narayan from Tunga Investments. Please go ahead.

Lakshmi Narayan: Couple of questions. One is that if I look at our revenue mix over the last three couple of years, our trading goods in standalone has actually gone up substantially, right? Now the capacity which you have, first is what led to that? And second is the capacity which we are actually building, whether it will actually reduce the bought-out items and then, thereby, increase the margins? How does one think about that?

Kamal Sarda: Yes, you are right. Some of the products which we planned to manufacture, I think we are trying to source it so that we are into that business already like Magnesia carbon bricks we are presently importing and selling, and we are putting up that plant in Vizag. So, that will I think significantly switch from traded to manufactured goods. And obviously, when we manufacture, the margins will improve from there.

Lakshmi Narayan: So, the capacity which you are building, sourcing up, right, and how much is actually you have thought through the demand? See, one is definitely the traded goods mix will change, and second, where are you trying to get?

Kamal Sarda: Other than Magnesia carbon bricks, which we are importing and selling, other than that, all our new capacities and new product lines.

Lakshmi Narayan: And there will be a mix of domestic and international? Or how do you think about it?

Kamal Sarda: Yes, the Kandla plant is because it's in a Special Economic Zone, so that capacity is meant for exports, but Vizag and Rourkela whatever capacity addition are mainly for domestic market, but then we are free to export from there also.

Lakshmi Narayan: And what kind of demand off-take certainty you have in a sense that is there a clear market which you want to, organic growth which you are going to handle from there or you intend to get market share from some other players? What is the thought process?

Kamal Sarda: It will be a mix, but primarily, if you look at, I mentioned that in the Odisha market, Odisha State on the current level of 30 million, 35 million tons to 130 million tons in about eight, nine years' time, that itself is a huge capacity expansion in India that will increase the demand significantly. So, major part of the demand, the additional demand will come from the new capacities.

Lakshmi Narayan: And if I look at last year, our export benefits has actually declined from 10 odd crores to almost 3 crores after the annual report, right? Is it directionally would go down? Or is it because of the RODTEP plan that it will actually get augmented elsewhere? How does one think about the export benefits?

Kamal Sarda: So, in the past if you, I don't know how much you are aware of. So, we had this MEIS scheme. So, there was a huge backlog which the government decided to hold back, and they released, they had given a sort of a window where they allowed all the old MEIS to be released. So, that was there in the past, and now it is only RODTEP which is there as the export incentive. So, I think the current levels will continue as it is. nothing onetime or a big chunk from 3 crore to 10 crore will not happen.

Lakshmi Narayan: So, coming to Made in India, sold in India revenues, right, what percentage is actually into flow control devices? And what is non-flow control devices, broadly the mix? And how that has actually changed over the last five years?

Kamal Sarda: Most of the products which we make in India is in the Ladle and Tundish. And if you look at Quarter 1 FY24, our domestic sale was around 60% of the total sale. So, most of it is in the Ladle and Tundish area.

Lakshmi Narayan: Sir, one suggestion regarding your Investor Presentation. If you can also add the performance you give in the Annual Report, it will be helpful for us to understand your different international subsidiaries, how they have been performing?

Kamal Sarda: I think what is, see, what is more important is how the company is doing as a whole. There is no point of going so much of detail into what our individual subsidiaries are doing. We do changes here and there, but what is important is we are going to project that what is the Indian operations doing and what is our overall company performance on a consol level. So, that is where we thought that we must focus on and that's where we will try and push our performance to the investors as well as the research team instead of going into too much of a detail into and bogging everyone what is each individual company doing and there will be lot of questions, which are possibly what you are more interested in what is the overall company doing. So, that's how we would like to keep our focus in the Investors Presentations as well. I will take your suggestions. I will discuss with my Managing Director.

Lakshmi Narayan: Whatever is suitable to you.

Kamal Sarda: Yes. So, I will discuss it. I have taken your suggestions. Thank you.

Lakshmi Narayan: Sir, one last question. Regarding the refractory industry in India particularly, right, so while on one side we are having increased steel production and also high-quality steel that is going to come up, I see that there are industry is consolidating now. How do you see it over the next five years, how the top five players in the industry would shape up? Are you already seeing a significant consolidation, like what we hear?

Kamal Sarda: See, large, in my personal view, the large part of consolidation has already happened. If you look at in today's refractory industry segment, the top five companies would contribute almost 60 or maybe around two-thirds of the Indian refractory. I think the consolidation scope is there. I am not saying, I am not ruling it out, but already the large companies are already acquired by large groups or here and there, the consolidation already taken place. But then, yes, but more than that, then it goes into that sort of a one company becoming too big. I think the major part of consolidation to me personally looks like is over.

Moderator: Thank you. We have the next question from the line of Vignesh Iyer from Sequent Investment. Please go ahead.

Vignesh Iyer: Sir, if I heard it right, you said the capacity utilization is around 70%. So, just to get the idea about the industry, what is the usual maximum capacity utilization that the industry can be? I mean, is it 80, 85 or is it like a product where it can reach 95, 100 as well?

Kamal Sarda: Yes, some products, it can. In our company also, some products are already running at 100% capacities. So, it can go to 100%. Why not?

Vignesh Iyer: Sir, since I am new to the industry, I am just getting the hang of things, right.

Moderator: Thank you. The next question is from the line of Gunit Singh from CCIPL.

Gunit Singh: I want to understand the price realizations in Q1 and Q2 and as compared to previous years? And I want to know if have we taken any drop in the price realizations?

Firstly, I would like to understand what is the outlook for FY '24 in terms of top line and bottom line?

Kamal Sarda: So, top line, I mentioned we are talking of growth somewhere between 10% to 15%, and I think somewhere or the other, I had mentioned we are talking of a consolidated turnover of 1,750 plus.

Gunit Singh: And what kind of margins can we expect in FY '24?

Kamal Sarda: So, consolidated is 12. Consolidated, my guidance is about 12% plus EBITDA margins.

Gunit Singh: And what have the price realizations been in Q1 and Q2? And how do they compare it with the say the same period last year?

Kamal Sarda: So, in the Q1, we have got some indications of price realizations to be going down. Q2 will also see something, but I think it's compensated by the overall softening of raw materials, softening of freight rate, softening of fuel costs. So, to a large extent, I think that it will compensate that, but we will have to watch in Q2 full or maybe FY '23, '24 full year because orders keep on coming, and they are all like continuously keep on coming. But yes, there is a pressure on price reduction.

Gunit Singh: So, the 1,750 Cr that we have said, would it still stand? Is the prices stay at the low level?

Kamal Sarda: Yes.

Moderator: Thank you. The next question is from the line of Rajvi Shah from MoneyCurves Investments. Please go ahead.

Rajvi Shah: My question is, our domestic sale currently showing as increased and what percentage of Indian business turnover do they constitute? And could you provide some perspective on whether this proportion is expected to change in the future?

Kamal Sarda: So, we have put a very specific focus on the domestic steel industry. Domestic marketing team and entire focus has been given a good big boost. So, we expect the domestic business to grow faster.

Having said that, the European business is down because the, sorry, the export business is down because of the slow Europe, slowness in the Europe and the Middle East segment. Once that improves, we expect the export also to come back.

Moderator: Thank you. The next question is from the line of Kartik Shah from Point Investment. Please go ahead.

Kartik Shah: So, one question for you, sir. Sir, the government aims to cover refractories in PLI 2.0 next scheme. So, how will this change thing for us? And by when is this likely to be announced. Any ideas here?

Kamal Sarda: No, we don't know when it will be announced. So, we have to wait what kind of PLI they announce for the refractory industry. So, once they announce only, then we will be able to say exactly what do they mean by. I think there were some news article in the newspaper today also, but we will have to wait what they announce. Wait for the scheme details and then only we will be able to say whether it benefits the entire refractory industry or specific refractories.

Moderator: Thank you. The next question is from the line of Sanjay Nandi from VT Capital. Please go ahead.

Sanjay Nandi: Sir, just to wind up question slight, our peers named Vesuvius, they are trying to come up with some new product called mould powder. So, are we planning to put some premium product apart from our existing products what we make first into our margins?

Sir, I was trying to say like our peers Vesuvius, they have come up with a new product kind of like mould powder, which will be a margin accretive business. So, are we planning to put some products in our line for which we can improve our overall margins?

Kamal Sarda: So, all the product line which we are trying to put are for both top line and the bottom-line growth. So, we are also putting that mould casting flux, mould powder plant in our Visakhapatnam plant.

Sanjay Nandi: We are doing that thing.

Kamal Sarda: Yes.

Sanjay Nandi: And sir, are we manufacturing any ramming mass or products like that in our portfolio?

Kamal Sarda: Yes, we manufacture.

Sanjay Nandi: And sir, are we planning to use some recycled refractories like what RHI has guided to be using that thing in their product like to which they can reduce the cost?

Kamal Sarda: We already do. It's a continuous process. No, we are already doing it. We already do recycling of our internal rejects. Also, try and use some rejects from the steel plants which you bring back our own products which are used.

Sanjay Nandi: Can you please guide us?

Kamal Sarda: That recycling has to be done because I don't know, I think we should be doing about 10%, 12% of our total.

Sanjay Nandi: 10%, 12%. Okay.

Moderator: Thank you. The next question is from the line of Lakshmi Narayan from Tunga Investments. Please go ahead.

Lakshmi Narayan: Sir, if I just look at your standalone raw material purchase, we purchased close to 30 crores of refractory from our China Monocon, right, Tianjin Monocon. Can you just help me understand what exactly we purchased? Is it the raw material we purchased for making something? Or is it the finished product itself we buy from them?

Kamal Sarda: It is a mix of both. It's a mix of both because they are stationed there. In China, what happens is, sometimes you need to inspect the goods, and they would like to sell in RMB. You know, that's how they try to do business. So, that's why it's a mix of both raw material as well as some of the finished products also which we import through our Chinese operations.

Lakshmi Narayan: Sir, if I look at our India sales, right, what percentage actually goes to these large integrated steel companies? And how much is to the tier two steel companies like Usha Martin and the likes, right, Kalyani etc? And how that mix has actually changed? The reason why I am asking this question is that in a couple of years back when we met, you talked about we getting into some of the JSW large things in a very, very large manner, right? So, I just want to understand how our mix of…

Kamal Sarda: No, Lakshmi Narayan, we are present in all the large steel mills including the public sector plants. Yes. We are there in all the steels. You talk of JSW. You talk of JSP and if you talk of Tata Steel, definitely Tata Steel Kalinganagar, our presence is comparatively smaller, but we are trying to increase our share there. But then we are present in almost all the large steel mills in India.

Lakshmi Narayan: Sir, given the Tata Refractories itself has actually become quite large, right, is it one of the reasons where our share in Tata Kalinganagar has actually come down?

Kamal Sarda: No, no, there is no linkage to that at all. Tata Refractories is no more a Tata Group company. It's a Krosaki Group company. So, any kind of the earlier preferential treatment, I don't know what is the status of that as of today. But they are no more a Tata Refractories. They are a TRL Krosaki Limited.

Lakshmi Narayan: They don't have preferential. That's interesting. So, in our India sales, how much is to large? I mean, now that you said you are across all, but what percentage broadly? Is it like 80%, 90% to these large sale, Sail, JSW and Tata and what is the mix between large and…?

Kamal Sarda: See, for us, we don't differentiate that. I don't have that figure right now. For us, a customer is a customer. As I mentioned, we are present in all the large steel mills including the public sector undertaking and the business is growing. That's what is more important for us. I don't have those figures, how much is large and how much large is growing, how much small is growing, but every segment is growing. That much I know. And every steel mill which was small in maybe five years back, today is a very large steel mill. So, we cannot afford to differentiate someone with a small steel mill or a large steel mill. Yes, there is a mini mill segment. Yes, and there is the other segments. So, that is what. Both these segments are growing fast.

Lakshmi Narayan: There is definitely a movement towards giving refractories as a solution and also there is a significant amount of technology is also going in in terms of automating refractories etc., right? And how are we thinking about it? And how much of our revenues come from these kind of solutions, right? Saying that X number of heats this can actually withstand, right? So, has it changed over the last couple of years?

Kamal Sarda: Yes, somewhere around 80% of our revenues, not 80%, about say 70% of our revenues come into the performance contracts which we call it like. Performance contract means either a per heat or a per ton of steel produced and we are paid by that. So, around 70% of the domestic sale business comes from that, and that should be the breakup for any other refractory company. It could have been about 50%. So, that is now increasing. I don't have the figures. I am just working.

Lakshmi Narayan: Sir, when peers tell us talk about automation in refractory industry in terms of how the products are being applied, right, how we are taking up that challenge? And how are we poised to...?

Kamal Sarda: See, automation in the Indian steel application is very, very limited. It's very, very limited. There is hardly any. Yes, there is hardly any automation. So, I think it's some sort of a marketing tool which somebody is trying to apply, but in Indian steel industry, the automation is hardly any.

Lakshmi Narayan: And there are multiple ways of…

Kamal Sarda: It's more about safe application practices, which, of course, definitely, we are very clear on that, that these application procedures have to be very safe.

Lakshmi Narayan: And sir, in terms of our repeat business, right, is it fair to assume that almost all of our business is repeat business?

Kamal Sarda: Yes.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Sahil Sanghvi from Monarch Networth Capital for closing comments.

Sahil Sanghvi: So, just wanted to thank Kamal sir and Amit sir for patiently answering all the questions and also want to thank all the participants on behalf of Monarch Networth for joining the call. Kamal sir, would you like to give any closing comment?

Kamal Sarda: No, no. Thank you very much. It has been a good question-answer session. I hope I have been able to answer mostly, most of the queries, and in case you have any further queries, you can contact SGA, our Investor Relation Advisors. And thank you all very much for the participations and thanks Monarch for hosting this call. Thank you.

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