



22nd February, 2026

National Stock Exchange of India Ltd
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Bandra – Kurla Complex
Bandra (E), Mumbai 400 051
Code : IFGLEXPOR

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

Dear Sir/Madam,

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

Further to our letter dated 17th February, 2026 please find enclosed herewith transcript of Earnings Conference Call on 3QFY26, held on Tuesday, 17th February, 2026. 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)
Company Secretary

Encl: As above



“IFGL Refractories Limited
Q3 & 9M FY’26 Earnings Conference Call”
February 17, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 17th February 2026 will prevail



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

MODERATOR: MR. SAHIL SANGHVI – MONARCH NETWORK CAPITAL LTD

Moderator: Ladies and gentlemen, good day and welcome to IFGL Refractories Limited Q3 FY'26 Earnings Conference Call hosted by Monarch Network Capital Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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

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

Sahil Sanghvi: Yes, thank you, Bhumi. Good evening everyone. On behalf of Monarch Network Capital, I welcome you all to the Q3 FY'26 earnings conference call of IFGL Refractories Limited. We are pleased to have with us the management being represented by Mr. James Leacock McIntosh, the Managing Director; Mr. Arasu Shanmugam, Director and Chief Executive Officer India; and Mr. Amit Agarwal, Chief Financial Officer.

We'll have the opening remarks from the management followed by the Q&A. Thank you and over to the management for the opening remarks, please.

James Leacock McIntosh: Good evening, ladies and gentlemen. Thank you for joining us on the IFGL Refractories Limited Q3 and nine months FY'26 earnings conference call. I hope you and your family and friends are in good health. Joining me on the call today are Mr. Arasu Shanmugam, Director and CEO India; and Mr. Amit Agarwal, our CFO; and SGA, our Investor Relations advisors. Our results and investor presentation have been uploaded on the stock exchanges and we trust that you have had an opportunity to review them.

I am pleased to share that we delivered healthy revenue growth during the quarter. Consolidated revenue grew by 23% year-on-year, while standalone revenue increased by 16%. Gross margins moderated during the period due to changes in product and sales mix. EBITDA margins were impacted by elevated employee costs and related overheads during the quarter. We have initiated cost optimization measures and expect gradual improvement in margins over the coming quarters. Standalone EBITDA stood at INR18 crores, translating into a margin of 6.5%, while consolidated EBITDA was INR 25 Cr

Now let me briefly touch upon the global steel industry outlook. We continue to operate in a volatile global environment. As per the latest outlook by the World Steel Association, global steel demand is expected to remain broadly flat, followed by a modest recovery in 2026, whilst

trade tensions and geopolitical uncertainties persist. Infrastructure investments and improving financial conditions are expected to support gradual stabilization.

Regionally, China steel demand is projected to decline by around 2% in 2025, with the pace of decline moderating in 2026 as the housing sector stabilizes. In the US, demand is expected to grow by approximately 1.8% in both 2025 and 2026, supported by infrastructural spending. Europe is also expected to witness a gradual recovery, with demand projected to grow in the region of 1% to 3% over 2025-'26, aided by infrastructure and defense spending.

Importantly for us, India continues to remain a key growth engine, with steel demand projected to grow by around 9% over 2025 and also in 2026, driven by broad-based expansion across steel-consuming sectors. Demand growth is also expected to remain robust across several developing economies.

Against this backdrop, our strategic focus on domestic operations has yielded strong results. India remains one of the fastest-growing steel markets globally, and our India-made and India-sold strategy has delivered meaningful traction. On a nine-month basis, our India-made and India-sold business grew by 25% year-on-year, reaching INR648 crores in revenues, reinforcing the strength of our domestic positioning and gaining market share.

Moving ahead, our American operations have shown encouraging improvements during the quarter. The recent tariff-related developments, calibrated price adjustments with key customers, and a rebound in demand supported strong performance. Revenue by our US operations grew by 37% year-on-year. Profitability in the region has also improved on a sequential basis and we are confident of carrying this momentum into Q4, subject to stable market conditions.

In Europe, revenue grew by 39% year-on-year, whilst overall regional demand remains challenging. We have taken structural changes within the team and repositioned our focus from application equipment towards core refractory products. These initiatives have begun to show results at the revenue level; however, profitability in the region remains under pressure due to higher operating costs. We are working towards operational improvements and aim to move towards breakeven over the next financial year, assuming stable macro conditions.

Sheffield Refractories has been operating steadily and continues to progress at a measured pace. The technology transfer to India is underway and is expected to be completed by March 2026. Whilst there has been some delay, the process is moving forward in a structured manner.

Following completion, the localized products will undergo trials at leading cement plants in India for shotcreting and related applications. Beyond these geographies, we are also strengthening our presence in the Middle East and Australia, where we see emerging opportunities and potential for incremental growth over the medium term.

In conclusion, while the operating environment remains dynamic, we believe the company is positioned on a stable footing. Our focus remains on disciplined execution, improving cost structure, strengthening regional operations, and enhancing product mix. With steady demand in India, improving traction in the USA, and structural initiatives underway in Europe, we are

working towards gradual margin recovery and sustainable growth. We remain committed to long-term value creation for all our stakeholders.

Before I conclude, I'd like to share an important update. As part of our previously announced succession planning, I will be stepping down as Managing Director of the company upon the close of business hours on the 28th of February 2026 and will also cease to be a Director effective 1st of March 2026.

Based on the recommendation of the Nomination and Remuneration Committee, the Board has appointed Mr. Mihir Prakash Bajoria as Managing Director of the company for a period of three years commencing the 1st of March 2026. I am very confident that under his leadership, the company will continue to build on its strong foundation and pursue its long-term strategic objectives.

I will continue to remain associated with the company and its wholly-owned subsidiary IFGL Worldwide Holdings Limited in a consulting capacity for a period of three years from March the 1st, 2026, ensuring continuity and smooth transition.

I can say it's been an immense privilege and honor to serve as Managing Director of this company, and I'm deeply grateful to the Board, our employees, customers, partners, and shareholders for their trust and support throughout my tenure. I take immense pride in what we have collectively achieved and remain confident in the company's future journey. Thank you for the opportunity to lead this organization.

With this, now I'd like to hand over to Arasu for his comments and our developments in the Indian region.

Arasu Shanmugam :

Thank you, Jim. Good evening, everybody. We delivered a stable performance in Q3 FY '26, reflecting our continued efforts to strengthen market positioning and expand share across key regions. On a consolidated basis, total income increased by 23% year-on-year, while stand-alone revenue grew by 16%, largely driven by strong momentum in the domestic market.

Profitability during the quarter was impacted by, as it was mentioned, higher employee expenses and related overheads. In addition, lower export off-take and continued investments in business development and marketing initiatives weighed on margins. We have already initiated targeted cost rationalization measures and expect gradual improvement going forward.

Turning to operations, our India business continues to perform strongly and remains the core growth driver. Domestic revenues grew by 17% year-on-year in Q3 FY '26 and by 25% for the 9M period, reaching INR648 crores. Consequently, the domestic segment's contribution to stand-alone revenue increased to 78% in 9M from 71% in the previous year. Export revenues for the quarter grew by 13% year-on-year to INR62 crores.

Our focused approach towards the domestic market has strengthened our engagement with leading steel producers. Supported by advanced technology capabilities and continuous innovation at our R&D center, we have expanded our customer base and deepened penetration

across steel and cement plants. We are also seeing encouraging traction in the non-ferrous segment, which we believe will emerge as an important growth avenue.

On the expansion front, our greenfield project at Khordha, Odisha has commenced and is progressing as planned with completion target by the end of the FY'27-28. Our second facility in Gujarat, being developed through a joint venture with Marvel, is also seeing a good development, even by government of India measures like the commencement of direct flight from China to India as well as the opening up of online business visa. So this will help us take the project from here on with better speed.

During the quarter, we made meaningful progress on the product and technology front, which we believe will support long-term growth and customer retention. Our in-house tube changer refractories which is a segment previously dominated by global suppliers are now delivering measurable productivity gains for customers. These solutions are enabling longer casting sequences and increasing Tundish capacities from 30 to 70 metric ton, directly improving plant efficiency and throughput.

Similarly, our snorkels continue to outperform industry benchmarks. Against a typical industry life of 65 to 80 heats, our products have delivered 85 to 119 heats at leading Indian steel plants. This superior performance enhances customer economics by reducing downtime and refractory consumption, strengthening our value proposition.

On the automation side, we introduced the tube changer mechanism SIB-HSD1 system, designed for high-quality steelmaking environments. This system combines advanced control, precision engineering, and built-in safety mechanisms to ensure consistent and repeatable operations. In simple terms, it improves operational stability for customers, which is increasingly critical in modern steel plants.

Our Total Refractories Management, TRM, model is witnessing encouraging acceptance in the market and we are currently engaged in advanced discussions with multiple steel producers. Through Total Refractories Management, we go beyond supplying individual products and instead provide end-to-end refractory solutions, including application support and performance optimization. This approach enhances customer integration, improves operational visibility, and helps create more predictable and recurring revenue streams over the long term.

To conclude, the quarter reflects steady progress not only in revenue growth but also in strengthening our technological capabilities, customer engagement, and long-term strategic positioning. While short-term profitability has been impacted by cost pressures, the underlying business momentum remains intact.

We continue to focus on improving operational efficiencies, driving higher value-added product mix, expanding our domestic and international presence, and executing our capex plans in a disciplined manner.

With improving traction in key markets, growing acceptance of our advanced solution, stronger customer relationship, we believe we are building a more resilient and scalable business platform. We remain committed to delivering sustainable growth and long-term value for all our

stakeholders. Thank you. And with this now I hand over to Mr. Amit Agarwal, CFO for financial performance. Amit.

Amit Agarwal:

Thank you, sir. Let me just give you a brief on the financials. Starting with the standalone financial highlights: Total income for Q3 FY'26 stood at INR272 crores, reflecting a healthy 16% year-on-year growth. For 9MFY'26, total income was INR839 crores, up by 13% year-on-year. Gross margin were 44.4% in Q3 FY'26 and 45.4% for nine-month FY'26.

Margin moderated during the quarter due to change in product and sales mix. EBITDA for the Q3 FY'26 stood at INR17.8 crores. EBITDA margin were 7% for the quarter and 11% for nine-month period ended. Margin during the quarter were affected by higher employee cost, increased investment in business development and marketing activities. We have initiated targeted cost rationalization measures and expected gradual improvement in the coming quarters.

The quarter also included an exceptional expense of approximately INR4.8 crores related to implementation of new labour code. Adjusted PAT after accounting of the exceptional items stood at INR1.3 crores for the Q3 FY'26 and INR31 crores for nine-month FY'26. Breaking it down further by domestic and export sales. Our domestic business recorded a robust 17% year-on-year growth in FY'26 Q3 and a 25% growth for nine-month FY'26 reaching at INR648 crores.

The domestic market contributed 78% of our standalone revenue in nine-month ended FY'26, up from 71% in nine-month ended FY'25. Our export business saw a growth of 13% year-on-year to INR 62 crores, contributing 22% of the standalone revenue in 9 months ended FY'26, compared to 29% in 9 months ended FY'25. For nine-month FY'26, export were lower by 12%, primarily due to strategic shift in the focus towards domestic market.

Now let me move forward to consolidated financial highlights. Our consolidated financial highlights also include our international subsidiary. Total income for Q3 FY'26 grew by 23% year-on-year to INR470 crores. For 9MFY'26, total income stood at INR1418.2 crores, reflecting 16% growth year-on-year. EBITDA for the quarter was INR25 crores, registering a 27% year-on-year increase.

For nine-month period, EBITDA stood at INR104 crores. EBITDA margin were 5.3% in Q3 FY'26 and 7.3% for 9MFY'26. At consolidated level, margins were impacted by change in product mix, higher employee cost and, as we said, expense towards business development and marketing initiatives. We witnessed a double-digit growth across key international geographies.

US delivered growth of approximately 37% during the quarter and continues to demonstrate healthy operation momentum. Europe recorded a growth of around 39%; however, recovery in certain market remains gradual, and a few operations reported loss during the period. That said, our Sheffield Refractory, UK business is progressing steadily in line with our operational roadmap and strategic priorities.

The quarter included an exceptional charge of INR 4.8 crores arising from the implementation of new labour code, which has an impact at a group level during the period. Adjusted profit after tax after accounting for exceptional items stood at INR 1.7 crores for Q3 FY'26 and INR 25.2 crores for 9MFY'26.

With respect to liquidity position, we have a debt of INR 200.5 crores with a strong balance sheet. Cash and equivalents stood at INR 123 crores on a consolidated basis as on December 2025. With this, I shall now leave the floor open for question-answer. Thank you.

Moderator: Our first question comes from the line of Rohan Mehta from Nexus Capital.

Rohan Mehta: Yes. So, sir, I have three questions. So firstly, sir, under this Total Refractory Management model, can you give us some idea in what would be the revenue visibility and margin profile compared to the traditional product sales?

Arasu Shanmugam: Okay. Other two questions?

Rohan Mehta: So, I've seen this for US revenues have grown 37% on a Y-o-Y basis benefiting from the tariff-related development and the price adjustments. So, I just wanted to understand how much of this growth would be volume-led and how much is price-driven? And going forward on a sustainable basis, is this kind of growth momentum sustainable into FY27, or how should we look at growth over a year?

And thirdly, with the technology transfer from Sheffield Refractory expected by March 2026, what is the kind of incremental revenue or margin benefit that we are expecting after the localization happens? Because we see other players also doing quite well in the iron-making. So, what are our plans in this space? So, Yes, that was my three questions, sir.

Arasu Shanmugam: Okay. See, I would leave that USA part to our Managing Director. The other two let me respond. One is that TRM model. You know, in coming days, this TRM model is continuously growing, and roughly I would say it is around 35% to 40% of our total monthly revenue comes through this TRM model, which is continuously expected to grow. Okay. And so this is definitely, you know, an area where we will be concentrating more.

And that's also going to be a differentiating factor for IFGL from the crowd of many refractory manufacturer and suppliers in the industry. So we will be one among top three. And in this place, because the profitability range, I mean, is also a better than the direct material because the efficiency of our own application at the plant has a direct impact on our margin.

And iron making question, I would say that, yes, iron making is definitely a new area for us. As I said, there are leading there are only two players who are very actively involved into this space. And with a growing upcoming steel, iron, and steel making expansion, they want an alternate additional vendor. And there are very welcoming discussions with two-three important leading steel producers with us already.

Competition is going to be a common element in every space wherever you go. So we can't expect any space where free from competition. But it all depends on how are we executing. And here, the major strength comes from a well-proven technology provided by our Sheffield Refractories, who are doing exceptionally well in this space.

So this equips us to make and naturally, once when we get into this field and establish yourself for sustainable continuous volume, then we will be able to give you a kind of a margin levels

and all. But we are bullish and we are very, very optimistic in this. On USA part, 37% and other thing, I would request our MD to respond.

James Leacock McIntosh: Yes, I mean, obviously, 37% is quite a nice jump for the USA businesses. And I can say that, I mean, this was over quite a lackluster year last year. The American market this year is very robust and it's going to be growing and especially in the customers that we're involved in. We feel that, looking at the next year, we feel that, we're going to have a really good growth year again. It won't be at 37% level, but it will be, a very good level of growth for the United States and also at the same time we expect to continue the growth in profitability.

Rohan Mehta: Sure, sure. Thank you so much, sir, for the detailed answers and wishing you all the best. That's it from my side. Thank you.

Moderator: Thank you. Our next question comes from the line of Mansi Shah from EVNA Advisors. Please go ahead.

Mansi Shah: Yes. So sir, my question is that as new capacities in Odisha and Gujarat ramp up, what asset turns and margin profiles should we expect from these investments?

Arasu Shanmugam: Yes, I think we have indicated in the earlier, definitely at any point of time it will never come down from two-digit margin. That is absolutely, assured because of these product nature and also at present available competition in the market it's very less. So definitely this is going to be a very high rewarding project. And that is how we have put in all our effort in making it -- putting it on a fast track.

Mansi Shah: Okay. Sir, I had one more question regarding the margins. So despite healthy revenue growth, EBITDA margins were below expectations. What would you consider a normalized sustainable EBITDA margin range for the standalone India business and for the consolidated entity?

Arasu Shanmugam: Double-digit is definitely ensured. That's what we always do and maintain and that's our thing. Yes, I mean plus-minus 0.5 point here and there, but it will never come down from double-digit.

Mansi Shah: So sir, double-digit in like what range would it be?

Arasu Shanmugam: Yes, standalone we have already said 12% minimum on that range.

Mansi Shah: Okay, sir. And can it go as high as 16% also or is it that in the same range of 12%-14%?

Arasu Shanmugam: No, because -- I mean, that we cannot actually, now, suggest at this stage. But the minimum level of what I mentioned will be there, ma'am.

Mansi Shah: Sure, sure. Okay. Thank you for answering my questions, sir.

Moderator: Thank you. Our next question comes from the line of Sahil Sanghvi from Monarch Network Capital Limited. Please go ahead. Sahil, kindly unmute your line and go ahead with your question.

- Sahil Sanghvi:** Yes. My first question is the employee cost as a percent of revenue, where should it stabilize now? Because there is a lot of volatility in that number. So for our modeling purposes and for our assumptions, where should we look at that number? Would it be fair to say that it will be around 10% or it would be 12%-13% of the top line? Can you help us?
- Arasu Shanmugam:** Yes, it will be around 10% only for, coming year because as we know that we have, , these projects which are already on and the team is working and this will be around that percentage.
- Amit Agarwal:** Sahil, as we have mentioned also that, you know, there are some non-recurring cost employee cost included in this quarter, so we do foresee a reduction in employee cost in the next quarter.
- Sahil Sanghvi:** Right, sir. But the expenses that we had this quarter, do you expect this kind of thing to be happening once a year, every year,
- Amit Agarwal:** No, no, no. It's non-recurring.
- Sahil Sanghvi:** Okay, okay. And with respect to quarter -- on the consol side, it's fair to assume that your employee cost will be what, in the range of 17% to 18%
- Amit Agarwal:** Similar range. Similar range what we have, but we do not foresee further increase from this level for sure.
- Sahil Sanghvi:** Right, right. Now secondly, on the margin, sir, I think we had a guidance of working around 12% on the consol side of the EBITDA margins. I think this year we are very much far away from that number in the 9M that we have delivered. So, I mean, can we get back to that number in next year or FY '28? What would be your guidance, what would be your understanding on that?
- Amit Agarwal:** See, as you know that because of UK operation, our margin are getting eroded. Okay, our USA operation has, come back and is performing well. So our USA operation with respect to the revenue is doing good. And as we informed that, we are working on the cost optimization, so we are hopeful that in maybe in couple of quarter we'll be able to reduce our losses or make it zero for Monocon and then we can expect then growth in EBITDA margin for consolidated level.
- Sahil Sanghvi:** And what would be these measures that you are taking up on the Monocon side which will help us turn positive on the margins?
- Amit Agarwal:** There are different operational efficiency, cost cutting, everything is there. We as we have worked upon sales, we have regained sales, part of the sales, we work on the cost efficiency module also to get back on track. And obviously, a market has to support us.
- Sahil Sanghvi:** Right, right. Got it. And lastly, I wanted to know your capex number. I mean, how much will you spend on the capex side this year and next year?
- Amit Agarwal:** So see Sahil, I think we have already announced that we have two major capex in the pipeline. One is for the Khurda project, which will be around INR325 crores approximately, and it will

be 100% IFGL project. And second is your JV project, which will be 51% IFGL and 49% Marvel, which will cost around INR300 crores. So this we need to bifurcate in 2 years' time.

Sahil Sanghvi: So this year and next year you'll complete both these spendings? This is exactly what I want to understand?

Amit Agarwal: For FY '28 Khurda, we are targeting to close and FY'29 is the target for Marvel.

Sahil Sanghvi: Again, sir, doesn't answer my question. I'm asking you this year how much will be the spending?

Amit Agarwal: So that will be bifurcated. Let's say INR350 crores will be bifurcated into 2 years. Maybe 60% to 70% this year and balance next year. And Marvel will start after this regulatory approval. We have already acquired land, that is already spent. So we need to spend just 50% of 30% of investment. Because it is bifurcated into 50%-50% debt-equity. Hope you got it.

Sahil Sanghvi: Yes, so that's for next year will be -- that spending will start from next year, right, FY '27?

Amit Agarwal: Yes, Yes.

Moderator: Thank you. Our next question comes from the line of Rajesh Majumdar from 360 ONE Capital. Please go ahead.

Rajesh Majumdar: Yes, sir. I had a question on the standalone business. Why are our margins so sharply down despite peers reporting a better performance this quarter on account of slightly better pricing and slight moderation in RM costs? What has happened this quarter in our product mix that the margin are so sharply down when it should have been a better quarter compared to the earlier quarters for the domestic business?

Amit Agarwal: I think we have spoke about that. There are three things what has impacted our margin: one is the product mix, second is the increased employee cost, and third one is the operational overhead what we have increased in this quarter. Otherwise, if we see a YTD level numbers, 9M numbers, our standalone EBITDA margin is 11%, maybe in line with our peers.

Rajesh Majumdar: Excluding the employee cost, the gross margins are also down very sharply. So the product mix has deteriorated in favour of -- I mean, like really what has happened because you have TRM as well. So what has happened to warrant such a sharp drop in the gross margins?

Amit Agarwal: You see every quarter we may not have the same product mix, it may vary from quarter-to-quarter. We are hopeful that next quarter we'll have a better product mix and margin levels.

Rajesh Majumdar: If I talk to you about pricing, what is the pricing change you've seen this quarter, say, on a quarter-on-quarter basis in terms of the pricing?

Amit Agarwal: There is no major price change from last quarter to this quarter.

Rajesh Majumdar: Okay. And sir, last question is on the TRMs. We also see some performance incentives etc. So that, is there any chance of us getting some performance incentives down the line from any of the TRM contract going forward or largely it's going to be like this only?

- Amit Agarwal:** I think performance bonus and penalty is part of a contract and that is a recurring nature, sometimes plus, sometimes minus, so it will not have a very big impact until and unless there is a specific big-ticket item in the quarter.
- Rajesh Majumdar:** Okay, sir. Thank you.
- Moderator:** Thank you. Our next question comes from the line of Hemkesh Khattar from Green Portfolio. Please go ahead.
- Hemkesh Khattar:** Hello. Hi, sir. Thank you for taking my question. My first question is regarding the technology transfer. So earlier the management had given a guidance of technology transfer to be completed by December, but now we have moved this to March. So what is the reason behind this delay and whether, like, can we expect a further delay or the technology transfer is to be finalized now?
- Arasu Shanmugam:** No, I mean we are expecting , because the delay was due to some of a key -- it's the technology combination of both material as well as application installation combined. And there was some delay on a key component supply which has affected fabrication of that particular unit. So we are now expecting this to be shipped in end March, April, so we will get it Q1, end of Q1 next year. So from there onwards our journey starts.
- Hemkesh Khattar:** Okay, that's very helpful, sir. And the second question is regarding the capacity utilization. So if we specifically talk about the two Vishakhapatnam plants that we commercialized in FY '25, what is their current capacity utilization?
- Arasu Shanmugam:** No, because there is different lines and different lines are varying and there are two lines which we just recently only started. So right now, putting up a number like capacity utilization for that 2-year-old plant will be misleading. So we are making a good progress, that much I can say.
- Hemkesh Khattar:** Okay. And is there any guidance of incremental revenue to come from those plants going forward?
- Arasu Shanmugam:** No, no. I mean, that is included in our entire growth and thing. Specifically, we don't have a number to tell in plant-wise.
- Hemkesh Khattar:** Okay, sir. Okay. And just one thing, what is your guidance regarding FY '27 growth numbers?
- Amit Agarwal:** FY '27, I think will come next quarter with our guidance. This year, will let us close this year first.
- Hemkesh Khattar:** . And just one last thing, that in the investor presentation you have mentioned some regulatory delays coming in the JV. So can you please elaborate there a little?
- Arasu Shanmugam:** No, no, that's like actually a specific to this particular case is PN3, that Press Note number 3, which suggest the one layer additional approval required when we bring technology from the countries, sharing the border with our nation. So that is the thing which is now coming.

But now as I was mentioning in my opening remark that very positive things which are in public domain now that direct flights which was not there for almost 3-4 years now it started and also now a special manufacturing and technology transfer related business visa which is also already approved for this -- what do you call, the neighbouring country what we are discussing. So all positive signals are coming and so those are all the things.

Hemkesh Khattar:

Okay. Thank you. Thank you, sir.

Moderator:

Thank you. Our next question comes from the line of Praveen Jayaraman from Avendus Spark Institutional Equities. Please go ahead.

Praveen Jayaraman:

Sir, my question is in the line of dolomite refractory. So in the earlier con calls, we mentioned that the size of the market will not be only pertaining to the stainless steel as end market and we could take global average or global usage of dolomite refractory and apply that in India as a market size. Sir, here my doubt is if even in normal steel case if you are using dolomite refractory, what would be the case of switching here? Whether it will be on a quality basis or it could be on a cost basis?

Arasu Shanmugam:

It is primarily on quality basis because of the material it contains, that it helps making cleaner steel compared to the, Yes.

Praveen Jayaraman:

. And how far the adoption rate that we are expecting internally, sir?

Arasu Shanmugam:

You see, when with the kind of growth expected in stainless steel alone is going to give full market potential for our product. What I mentioned was that, I mean, it will take some 2 to 3 years for normal steels to adapt for a quality-based, quality-needed adoption of this grade, that will come which is for further our expansion of the project.

But the project at this stage has much more market only in stainless steel growth alone. That's what we mentioned. It will take long time and that has got no impact on our projected supply from this project. That is for further expansion of this project.

Praveen Jayaraman:

Okay, sir. So the steel players' adoption is for further expansion of dolomite refractory?

Arasu Shanmugam:

Yes.

Praveen Jayaraman:

Sir, if that's the case on existing stainless projects that we are going to serve, whether it is going to come from growth of stainless products from the base of -- from current base or it will be more of an import substitution?

Arasu Shanmugam:

Both, both, because we are envisaging 6 million ton to come up in another 1.5, 2 years from 4 million ton right now. And also import substitution. Both will happen. It's not only single element. Both elements are there.

Praveen Jayaraman:

And what would be the thumb rule here, sir, refractory usage per ton of stainless steel?

- Arasu Shanmugam:** No, no, it depends on because of now, 40 to 60 ton AODs to 120 AODs it will vary. And so we can't put a one number because it will also be used in the ladle carrying the same thing. So a single number, right now I cannot give you a single number.
- Praveen Jayaraman:** Okay, sir. Sir, a question other than this. In electric arc furnace, whether there would be any increase in refractory usage compared to blast furnace? And if yes, could you quantify the same?
- Arasu Shanmugam:** Definitely, electric arc furnace will consume -- the specific consumption of refractories in electric arc furnace root is going to be slightly higher than the conventional root overall value chain from blast furnace to converter.
- Praveen Jayaraman:** Can you give any broad numbers or a percentage to conventional method?
- Arasu Shanmugam:** Again, because when you say electric arc furnace, it's a family: energy optimization furnace and then electric arc furnace and then twin hearth electric, many things are there. So but all put together will be two, I could say that if absolute I will not be able to, but at least 2.5% to 3% will be higher than the normal conventional root.
- Praveen Jayaraman:** Right, sir. Thanks, thanks for taking my question. That's it from my side.
- Moderator:** Thank you. Our next question comes from the line of Ragini, an Individual Investor. Please go ahead.
- Ragini:** Good evening. My first question is on employee cost. How much increase is one-time, and what is the real reason for incremental fixed costs?
- Amit Agarwal:** I think, Ragini, thanks for the question. We have quantified this that this has some portion of non-recurring cost in the quarter, which is non-recurring and non-repetitive and it will not come in Q4 or in the next year. And we expect to maintain 10% employee cost as a percentage of sale as of now.
- Ragini:** Can you tell me the quantum?
- Amit Agarwal:** That is not to be disclosed at the point.
- Ragini:** Okay. So my next question is, as we are consolidating in INR, we must have got FX positive. So how much is EBITDA one-time due to this FX positive?
- Amit Agarwal:** Sorry, come again?
- Ragini:** As we are consolidating in INR, we must have got FX positive. So how much EBITDA is one-time due to this FX positive?
- Amit Agarwal:** I don't think I have that number readily available in front of me. We'll get back to you on this to our Investor Relations.
- Ragini:** Can you give me an approximate number?

- Amit Agarwal:** No, I would not like to give an approximate. We'll get back to you on this for sure.
- You can connect SGA for this, we'll get back.
- Ragini:** Sure, sure. Thank you.
- Moderator:** Our next question comes from the line of Saket Kapoor from Kapoor and Company. Please go ahead.
- Saket Kapoor:** Yes. Sir, firstly, earlier last year, and in fact, for some part of the first-second quarter, we were constrained in margins because of the RM prices, especially the alumina prices, which the management worked out that post two quarters the revision in cost that will be passed on. So now taking into consideration those prices being flattened, why have the margins not improved by any material means?
- And secondly, in terms of the product differentiation from the new facility at Khurda, what would be the incremental margins that we are expecting? You did mention earlier but I missed your -- in the opening commentary?
- Arasu Shanmugam:** Yes. On the first part, the price increasing trend is not there, it has flattened, but it has never came down to the original level. So because of increasing cost pressure it has come to a place where increase price holding is there.
- And it's there is no much, we cannot compare alumina as a whole because there are some special alumina with specific, characteristics where the prices have not come down. Which are commercially used high, alumina for other category which are used in big quantum of things for brick and other making. There was a reduction and but in our case there is no much impact, but yes, increasing has stopped, flattened. So whereas other costs are increasing.
- So we'll have to calculate even the new labor code and all what it kind of impact is going to give. So that set alone, otherwise there was no big relief on that, only the relief came from flat price, not any reduction. And then the incremental as I said, incremental, you know, Yes. So like Khurda unit, Yes. Khurda unit, the incremental from whatever now, it will be around if not more minimum 8% to 10%.
- Saket Kapoor:** 8% to 10% more than what our current products that is 12%?
- Arasu Shanmugam:** Yes, standalone on Khurda basis.
- Saket Kapoor:** No, sir, what I'm saying, standalone Khurda will be 8% higher than what we are doing currently in the standalone or will be at 8%?
- Arasu Shanmugam:** For the revenue generated in Khurda. We are talking about that, whatever revenue, that particularly if you calculate a specific Khurda-based EBITDA margins level, that will be 8% to 9% higher than the average standalone Indian right now the, whatever we have, 11%.
- Saket Kapoor:** Okay. And what should be the asset turnover from the unit, sir, when will we be working at that

Arasu Shanmugam: No, that again a mix effect, we need to come to that actual mix and that percentage effect on that. We will come back once when we progress further.

Saket Kapoor: Okay. Earlier Amit ji mentioned that employee cost for the standalone unit will be 10% of the revenue. So if we take this quarter number at INR272 crores, the normal rate would have been INR27 crores, wherein we had employee cost of INR35 crores. So this will get evened out for the next quarter. So there is one-off in the employee benefit expenses for this quarter?

Amit Agarwal: Yes, yes, yes.

Saket Kapoor: Okay. And for this consolidated it will remain 12%?

Amit Agarwal: Yes, it will remain at the same level. Obviously, the impact of standalone will be passed on there.

Saket Kapoor: Right, sir. And lastly, sir, just to understand the cost structure for the sector as a whole and our company, the bottom line is not commensurate to the type of effort that that we are doing in terms of the capex. The EBITDA number and then in the final PBT, there is a very strong declining trend there. I mean, the numbers do not suffice to commensurate for shareholders' value?

So, where do we stand today in terms of that value creation exercise, which I think so earlier our CEO has mentioned. We did come out with a bonus issue that is also counter-productive in terms of the tax de-incentivization that we have currently for bonus. So what's the thought process for creating the value for your shareholders? That that has not happened, sir.

Arasu Shanmugam: No, no, you see, all what I have mentioned is the new technology and the better solution and all, these are all seeds, we have put seedlings. Now, let's say when the next contracts which are going to be renewed down the line of May, June, July, so that time our business share will come. Because these are all wherever we have put our new, everything has been, encouraging result has come and customers have assured us. So I said it is seeding so the coming quarters is going to yield us.

James Leacock McIntosh: I could also add, obviously, the -- as Amit mentioned earlier, the UK business, has been under considerable pressure for over a year. You know, we implemented many plans there for new product developments and many of these new products have already entered the market. Unfortunately because of the market conditions in Europe and many of their -- normal market that they're involved in, have been very slow on the uptake of these new products, much slower than we expected.

But we feel that we're on the right track. That along with some changes that we will make in terms of the structure and approach, will definitely enable us to increase our profitability. That is a drag on the company, the profitability of the UK company is a drag on the company, so at the moment. And over the coming quarters we will see improvement in that.

Saket Kapoor: Right, sir. So just to conclude, sir, we can see that worst is behind us in terms of the inflationary trend, then the worst of the product mix, and the employee cost factors. All factors that have

mented the profit. Are we --are these things a past or we can face similar headwinds in the quarters ahead also?

James Leacock McIntosh: Sorry, I don't know what happened there. Yes, as Amit and Arasu mentioned earlier, I mean, on the Indian side for sure, we feel very strongly that everything's moving forward. On the overseas side, as Amit mentioned earlier, the USA is very strong and we see that continuing in the future. Hofmann Ceramics is -- we feel has hit the bottom and is moving forward than moving up. Sheffield Refractories is very strong.

The main area only in the company that we need to work on and we are working on very hard, is the Monocon business in the UK. And we feel sure that over the coming quarters, we will start to see improvements in those figures. I think when we see improvements in those figures it will have a massive effect on the company because that is the drag at the moment.

Saket Kapoor: So, you were not completely audible. If Arasu sir could supplement what John sir was trying to say

Amit Agarwal: I'll just update what he was saying that, the Monocon UK business is the only drawback what we have is dragging us down. And we need to work on that, and we are already working on that to overcome the losses. I think if we overcome that, the things will be aligned. That's all he wanted to convey this.

Saket Kapoor: Okay. That is where the European operations are?

Arasu Shanmugam So we are struggling with growth.

Amit Agarwal :: Correct.

Saket Kapoor: Okay. Sir, hope for better times, sir. Thank you and all the best to the team.

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

Sanjay Nandi: Yes, thank you for the opportunity, sir. Sir, what percentage of our total portfolio is being contributed by flow control refractories on a consol basis?

Amit Agarwal: I think we do not, I think like peers, we do not share or give the breakup of the revenue product-wise.

Sanjay Nandi: No, no, sir, just wanted to know, what is our share in flow control. That's it, sir. I don't want the remaining kind of product share. If you can kindly throw some light on that, sir?

Arasu Shanmugam: Yes, I mean, it's close to let's say 50%-55% for flow control per se..

Sanjay Nandi: Got it, sir. Thank you from my side. Wish you all the best

Arasu Shanmugam: Thank you.



Moderator: Thank you. Ladies and gentlemen, we take that as the last question for today. I would now like to hand the conference over to Mr. Sahil Sanghvi for closing comments. Over to you, Mr. Sanghvi.

Sahil Sanghvi: Yes, I just want to thank the management for elaborately answering all the questions, and also thank you to all the participants for participating in the call. The management, would you like to give any closing comments, please?

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

James Leacock McIntosh: Thank you very much.

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