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22nd June, 2021

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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 Sirs,

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

Please find enclosed herewith Transcript of Q4/FY2021 Earnings Conference Call addressed by Company's Director and CFO, Mr Kamal Sarda on Thursday, 10th June, 2021, in association with SKP Securities Ltd.

Thanking you,

Yours faithfully,
For IFGL Refractories Ltd.,

(R Agarwal)
Company Secretary

Encl: As above

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"IFGL Refractories Limited
Q4 FY2021 Earning Conference Call"

June 10, 2021

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MANAGEMENT: MR. KAMAL SARDA – CEO & CFO - IFGL REFRACTORIES LIMITED
MR. NAVIN B. AGRAWAL – HEAD, INSTITUTIONAL EQUITIES - SKP SECURITIES LIMITED

Moderator: Good day, ladies and gentlemen, welcome to the IFGL Refractories Limited Q4 & FY2021 Earnings Conference Call. 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 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. Navin Agrawal, Head Institutional Equities at SKP Securities Limited. Thank you and over to you Sir!

Navin B. Agrawal: Good afternoon ladies and gentlemen on behalf of all of us at SKP Securities it is my pleasure and privilege to welcome you to the financial results conference call of IFGL Refractories Limited. We have with us Mr. Kamal Sarda, CEO and CFO. We will have the opening remarks from Mr. Sarda, followed by a Q&A session. Thank you and over to you Mr. Sarda for your remarks! Thank you.

Kamal Sarda: Thank you Navin Ji. Good evening ladies and gentlemen. Thank you all for joining us on IFGL Refractories Limited Q4 FY2021 earnings conference call. I hope you and all of you, all your friends and relatives are safe and good health. Along with me we have SGA, our investor relation advisors and SKP Securities Limited. We have uploaded the press release and the results presentation on stock exchange and I hope you have had a chance to go through the same.

Let me give you a small brief of the business highlights. I am very pleased to announce that our company has recorded its ever highest yearly revenue and EBITDA in FY2021. On the adjusted basis we have also recorded highest ever yearly PAT in FY2021. We have also achieved a significant milestone on surpassing a 1000 Crores yearly revenue in FY2021 on a consolidated basis.

Demand for steel continue to be strong and brought it along across all the steel consuming sectors. Kick start of capex cycles, spending in infrastructure, resumption of real estate and construction activities, revival of partially auto industries are the key factors behind a sustained demand.

Domestic steel capacity has witnessed higher utilization level on the back of continuous order inflow and exports, steady demand for steel also led to a steady demand of our refractories. Domestic and export markets both remained favorable for us during FY2021.

However during the end of FY2021 due to second wave of COVID-19 lockdown restrictions were brought in, in order to control the spread of virus. The industrial oxygen which is required to produce steel was partially diverted to hospital for a good cause, which is expected to impact steel production, which is getting back to normal now; however, we believe the demand has been quite strong and have just being postponed. Many parts of the country have already started unlocking and hence we expect the demand to revive back with the increased economic activities.

With respect to our capex plan work is on track at our Greenfield expansion in Visakhapatnam which will start commercial production hopefully in this quarter. The phase II of the expansion plan is also expected to complete by Q1 of FY2023.

Going ahead we expect the demand to be steady with the unlocking of economy. With enhanced capacities of new product capabilities we expect to improve the scale of business which will lead to scale benefits and operating leverage playing out in long-term for the company.

With strong results and a positive outlook ahead, the board of directors has recommended a dividend of Rs.4 per share and a special dividend of Rs.6 per share totaling Rs.10 per share for FY2021 subject to shareholders' approval; this is 100% dividend in total.

Let me come to the financial highlights of Q4 and the full year FY2021 starting with standalone total income increased by 50% year-on-year to 176.8 Crores in Q4 FY2021 while it increased by 29% to 655.8 Crores in FY2021.

EBITDA increased by 111% Y-on-Y to 37.1 Crores in Q4 FY2021 while it increased by 83% in FY2021 full year; EBITDA margin expanded by 600 basis points in Q4 and expanded by 640 basis points in FY2021.

Before going ahead let me spend some time on the onetime tax impact which we had on account of goodwill during the Q4 FY2021 you all must have seen the results. Following the merger of erstwhile IFGL Refractories with the company under the amalgamation scheme goodwill of 267 Crores had arisen in the books of the holding company in 2016, which was being depreciated or amortized over a period of 10 years. As per the amendments in the Finance Act 2021 goodwill on amalgamation is no longer a depreciable asset and depreciation on goodwill is not allowable expenditure effective April 1, 2020.

Company has therefore recognized one time deferred tax charge of 21.6 Crores for Q4 FY2021 and 20.2 Crores for year consequent to the reduction of depreciable amount of goodwill for the tax purpose to nil. This deferred tax charge does not involve any cash outflow either the current year or in the future also.

Coming back to the financial results; adjusted PAT increased by 72% to 10.7 Crores while it increased by 119% to 65 Crores in FY2021. Adjusted PAT margin expanded by 80 basis points while it expanded by 400 basis points in full year.

Coming to the consolidated financial results; our consolidated financial highlights also improve our international subsidiaries in US and Europe. I am pleased to share that all our subsidiaries are now profitable even at the PAT level. Total consolidated income increased by 28% Y-on-Y to

288 Crores in Q4 while it increased by 12% to 1042 Crores in FY2021. Consolidated EBITDA increased by 111% to 48.5 Crores in Q4, while it increased by 72% Y-on-Y to 176 Crores in FY2021.

Consolidated EBITDA expanded by 660 basis points in Q4 while it expanded by 590 basis points in FY2021. Adjusted PAT increased by 186% to 19.1 Crores in Q4 while it increased by 114% Y-on-Y to 85.8 Crores in full year 2021. Previous period profit has also had been adjusted by an exceptional item on account of impairment of goodwill pertaining to German operation for better comparison. Adjusted PAT margin expanded by 360 basis points in Q4 while it expanded by 390 basis points in full year 2021.

Coming to the individual international businesses; EI Ceramics US subsidiary, total income was $17 million down 12% in full year. EBITDA was $2.31million down 2%, PAT was $1.74 million up 8%.

Monocon, our UK subsidiary, total income was £25.9 million up by 4% year-on-year. EBITDA was £1.07 million as compared to EBITDA loss of £1 million last year. PAT stood at £0.8 million as compared to PAT loss of £1.36 million last year.

Hofmann ceramics, total income was €6.5million down 18% on year-on-year. EBITDA stood at €0.56 million as compared to EBITDA loss of €0.48 million last year. PAT is €0.12 million as compared to PAT loss of €1 million last year.

With respect to liquidity position we remain net debt free with a strong balance sheet and a strong cash flow. Cash and cash equivalent as of March 31, on a consolidated basis was 322 Crores.

This is brief about the company and financials. I now leave the floor for any questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask thequestions may press "*" and "1" on a touchtone telephone. If you wish to withdraw yourself from the question queue you may press "*" and "2". Participants are requested to use handset while asking the questions. Ladies and Gentlemen we will wait for a moment while the question queue is assembled. The first question is from the line of Chirag from HDFC Asset Management. Please go ahead.

Chirag: Congratulations on a great performance for the full year. Sir I just had two or three questions. One was obviously we have seen a very sharp improvement in profitability in the standalone business and if you could point out what you think is long-term sustainable margins in standalone so that is my first question. The second is the Visakhapatnam phase I, phase II expansion once it is completed and when it is eventually fully operational what kind of revenues can it possibly generate? That is the second question. If you could just touch upon the performance outlook for the subsidiaries? That will be helpful.

Kamal Sarda: On the performance coming, I think I gave you the performance I think the US subsidiary has always been the highest profit making company and that will continue to remain like that US is now recovering very fast and I am sure this year will be significantly better than last year. Last year the first two quarters of EI Ceramics was bad not only EI Ceramics the other US company was also bad so I hope with the recoveries now this year's performance in the US would be better. UK we are also hopeful the current financial year should be better. The last year also it is partially impacted so that is our view there I am not going to give you any figures as such that would be wrong for me but yes they would be doing better than last year that is our assessment and Hofmann we are continuing to work towards it and we hope that we will be in a position to improve it further because it is the first time after maybe couple of years we have had profit last few months we have had profits so I hope this year should be better there. So in nutshell the overseas operation also should do better in the current financial year. So that is the last question. Coming to your first question we did discuss a couple of months back on this, see there are few factors which helped us this financial year one obviously that during the entire lockdown period in the initial first lockdown we were in operations our Odisha plant was in operations barring about 20 days shutdown of our Gujarat plant. We were in full operations and fortunately we had some backup of raw material so we could serve the customer better. There was a very strong demand from our overseas customers during that period. So that is there and in the whole of the year our export sales have been also very good. So in nutshell our exports to total turnover ratio has also been the exports have been higher compared to the domestic, so domestic also increased but the export increased much more. The other factor was fortunately we had a favorable forex on because if you look at the last March dollar and the Euro rates Rupee depreciated thereafter. I am talking very specifically in Rupee to Euro was favorable to us. There were a lot of works which we had been doing in the last couple of years on maybe last two or three years on the raw material or the input cost side and which is I think I am sure this year FY2021 it favored us. We could do lot of improvements and earlier we had only ISO not only ISO was the major product basket. Now in the last few years last couple of years we have tried to increase the other product ranges also like Slide Gate, Purging, Precast and the monolithic side and this year the percentage of these products have grown much faster than ISO. So and this there also we have worked on the raw material cost and our margins have been much better. There earlier the margins used to be lower. On the expense side yes we have done lot of expenses rationalization and one of the major savings in last one year I am sure this is applicable to all of us there were hardly any travel cost. Our travel cost were normally 1% of the sales so there was hardly any travel in the whole of last year. I think if you accumulate all these factors will result in the reasons for our increased margins.

Chirag: Again what kind of margin broadly without giving any particular specific guidance how much because you win a 15% you will jump to 20% so what is the level that you see?

Kamal Sarda: Difficult Chirag. I think margins last year's were good. I will not put any kind of figures there but we are trying to keep the margins for this year also.

Chirag: Sir last two questions. One was in the Visakhapatnam expansion and second one is the one which I didn't ask earlier is what kind of steel output increase are you expecting for the country for the full year?

Kamal Sarda: Visakhapatnam plant will get completed. I think the first phase as I mentioned in this month we are going to start the trial production and commercial production, and we have spent about 30 Crores in the first phase, in normal course we look at about 3 to 3.5 or 4 times capex as turnover. So we should be looking at 100 Crores in a full year operation. It may take two, three years to reach to full year. So this year would be more into first six months would be more into test and trials so I am not saying there will be lot of sales from this plant in this financial year but yes we would be stabilizing that plant, get the plant approved at various customer end because all customers for any new plant, they need an approval process to be gone through. So we will try and get all the approvals in the next say three to six months' time and then thereafter we will have some sales this year nothing very significant it could be 20 odd Crores in this financial year and then next financial year I think it would go up so that is a normal way of looking at things that three to four times the capex and the next year somewhere around Q1 we should be completing the next phase which should cost at around somewhere around 20 odd Crores. That again will go through a similar process that may take a slightly longer time because that is a more shaped product so that will take a slightly longer time for test and trial. It may take about six months to eight months so that benefit of that would be coming in the subsequent years. Coming to the steel outlook Chirag if you go to the World Steel figures and the World Steel figures say that this calendar year India will go back to the normal steel operation of last year almost. They are projecting almost 20% growth compared to the last year. Last year we had about 14% minus negative. So that is our assessment also we are seeing a good demand, good uptick from the steel plant we are all running full capacity and it should be good in the next few years also.

Chirag: Thank you very much and all the best.

Moderator: Thank you. Next question is from the line of Viraj from Securities Investment Management. Please go ahead.

Viraj: Thank you for the opportunity. Congratulations for good set of numbers. I just have two questions, first you said on the demand that it expects at around the steel industry to grow close to 20% in CY2021 now do you despite the kind of impact in production of any we would have seen in the current quarter, am I right in saying that?

Kamal Sarda: No, I have just mentioned the World Steel Association Steel outlook figures. I have not projected the way on my own so that is the last projections which I have in front of me. There could be ups and downs but there could be severe ups in the next few months also when things go back to normal, but I have just gone and said what has been said by the World Steel Association.

Viraj: For us even in the current quarter which is Q1 FY2021 we see any considerable moderation in terms of refractory consumables or any difficulty ?

Kamal Sarda: Yes, you are right. Some steel plants have shown some moderation. Some steel plants have asked us to defer some dispatches but nothing very, very significant. Like steel authority or the large steel mills could produce almost full capacity. It was the smaller players they had some issues. They have all gone back to or in the process of going back to normal now.

Viraj: Second question was again on the demand a certain part of the demand was led by imports from China, Korea, in the unshaved and other refractory products so has that now largely moved to the domestic players is that already so of the large part of that already moved to the domestic vendors?

Kamal Sarda: In the last six to eight months' time the ocean freight between China to India has gone up significantly. I think I have mentioned in my last conference call the freights from China to India was somewhere around $400 to $500 per container. Now it is hovering around $2000 to $2500 per container. It has gone up at least 5 to 6 times. It has gone up beyond $3000 at one point of time. Obviously freight cost per ton has gone up significantly so some product which they found it is better to make in India but I am not saying that this is significantly shifted but yes there is some shift which has happened due to this fact that the costs have gone up, the logistics cost the freight plays a very, very significant role and mind it all the products which were imported from China was a moderate valued product, not very high valued product so the freight cost on them was significant. So there are some product like magnesia carbon bricks, there are lot of players who have started manufacturing in India so that shift will happen in next one or two years more and more when the capacities come up but not in our range of product. Our range of product we were always making there was hardly any competition from imports.

Viraj: Just one last question was on the raw material side spend if any perspective you can share and even in those quarter we have seen a gross margin expansion for us so I think a quarter or two back you were talking about industry not sharing and end customers not giving us price increase despite them having a very healthy spread so I mean are we now getting a price increase from customers and is that enough to account for the raw material inflation which we are seeing?

Kamal Sarda: Giving any price increase by any customer is a tough job. There if the customers also understand the costs have gone up. As I mentioned freight and other freights even there has been R&D acquisition over a period of time over a period of last say eight to ten months about 7% R&D attrition has also happened. So the customer is now customers are aware of this fact but it is a competitive market even if I am asking for a price increase if somebody bids for it at the same price or slightly lower than our price then so it is a competitive market but in nutshell yes customers we have got some price increases but that will only happen when the orderings that order completes or a new order comes in, but yes there are price increases which are happening, not only in India across the world whether it will meet the full costs or not only time will say, it is a timing mismatch may happen. So only the timing will say but every customer is aware of this fact and they are willing to listen to us so that is a good part of it maybe we will get some price increases but it is a competitive market.

Viraj: Thank you very much.

Moderator: Thank you. Participants who wishes to ask a question may press "*" and "1" now. Next question is from the line of Manan Shah from Money Bee. Please go ahead.

Manan Shah: Congratulations on good set of numbers. Just couple of questions on my side; I just wanted to understand the revenue potential of the capex that we are doing specifically in the Kandla project 10 Crores which is expected to commission in H1 FY2022 and another 30 Crores expected to commission in Q1 FY2022 what sort of revenue can these capexes generate?

Kamal Sarda: See generally on a thumb role on a Greenfield you are talking of anywhere between 3x to 4x and on a Brownfield it can be about 6x to 7x.

Manan Shah: Then just a couple of bookkeeping question so now as we are writing off the goodwill the depreciation amount going forward will be in the range of 20 Crores to 25 Crores is that understanding correct?

Kamal Sarda: No. How do you say depreciation amount will be 20 Crores to 25 Crores?

Manan Shah: I was referring to your slide number 15 which shows the bifurcation of depreciation and amortization and the goodwill amortized and as we will be writing off the goodwill against our reserves so the going ahead that would not be forming a part of the P&L?

Kamal Sarda: Yes, so the balance depreciation is about 22 Crores. So that will continue this 27 Crores will not be there. This is subject to the approval of NCLT. We are doing it unilaterally because this scheme was approved by NCLT so we have to go back to NCLT for approval. Once NCLT approves then we can adjust with the Share Premium. It is just the process we have approved in our board but this is subject to NCLT approval.

Manan Shah: Then coming to the performance of our subsidiaries specifically EI Ceramics and Hofmann Ceramics in both the subsidiaries there was a drop in revenue but a substantial improvement on the EBITDA and PAT front so just wanted to understand that what led to this sort of improvement? Was it a change in the product mix or where we able to get better prices or is it due to cost control so if you can just throw some color on that?

Kamal Sarda: On the EI Ceramics the sales was down because the first quarter and second quarter was very bad. We had a loss in the first quarter. Second quarter was also a low sale and then thereafter the US market picked up from the second quarter itself. So that is the reason why the sales, is low. On the profit how did we maintain the same profit last year if you recollect the Q3 results of our wherein we have mentioned that in US we got a $1 million grant from the Government of US which was an Employment Protection Plan. I think something they call it as People Protection

Plan or something like that or Pay Protection Plan and then that grant was initially given as a loan but then subject to certain conditions that loan was waived. So that $1 million in the US company so there are two companies in the US EI Ceramics I think got about $0.7 odd million so that is the reason the PAT is higher. Otherwise the PAT there also would have been lower to that extent because of the sales is lower and on the Hofmann Ceramics there are various reasons one some product group more profitable product we could sell although with margins there will be lower margin products there was hardly any sales there but then we could reduce lot of costs there because of this various lockdowns and restrictions put in. There are three or four people who resigned we did not replace. There were some furlough schemes also the German subsidiary got so there are some money grant received from the government there also but then more of the expense control and the high margin products.

Manan Shah: Sir going forward should we see some revenue growth in our subsidiaries and if yes then what is giving you the confidence for that?

Kamal Sarda: Revenue growth yes because the last year the initial quarters were bad. This year should be better. I think I mentioned this thing to give us this subsidiary performance. Yes, so as I said that because two quarters had impacted due to COVID restrictions in the various countries and I hope this year will be better than last year.

Manan Shah: On the US subsidiary so US has also announced that they will be spending heavy on capex infact immediately so do you think we can get some price increase because of the increase in demand over there and which will help improve the profitability of our US subsidiary?

Kamal Sarda: There also we are getting some price increases primarily on the front of the input cost increase not because what the US government is spending. As I mentioned it is a very, very competitive market so it has to be based on competition, the pricing is not based on what we want pricing is based on competition. We are getting price increases and hopefully we are trying to see that if that can offset our cost increases so that we are able to maintain the margins. At this point the market is aware of the price increases here.

Manan Shah: Just last question on my side what will be the tax rate going forward?

Kamal Sarda: Where.

Manan Shah: The blended tax rate for the consolidated business?

Kamal Sarda: I have not calculated it but it should not be very significantly lower than what it is now.

Manan Shah: Thank you.

Moderator: Thank you. The next question is from the line of Hitesh Kumar from Bharti AxA Capital. Please go ahead.

Hitesh Kumar: Sir just wanted to understand the nature of contracts that we have with our clients. Is it a simple supply arrangement that we have or do we also have throw service contracts where we take care of the entire refractory requirements of the particular mill?

Kamal Sarda: We have both types of contracts.

Hitesh Kumar: If I have to understand the mix in the domestic market probably could you share what would be the mix between?

Kamal Sarda: In the domestic market, we call it along with application so application and supply contracts would constitute about 60% to 70% of the total domestic business.

Hitesh Kumar: What would be this mix in your overseas market?

Kamal Sarda: Overseas, there is no application contract with us. It is the purely supply.

Hitesh Kumar: So when you say 70% mix on the application or the contract base what would be the tenure of these contracts where you will have been slightly reset?

Kamal Sarda: Usually it is one year to three year term.

Hitesh Kumar: In the interim if there is an RM increase that is not a pass through it has to be absorbed as part of the contractor?

Kamal Sarda: So if it is one year contract it is almost a fixed price contract and if it is three year contract at the end of the first year you can ask for the trial increase with proper justification.

Hitesh Kumar: This would be a calendar year contract is it? How would the pricing be?

Kamal Sarda: No there are no fixed rules for that it can be from any date to any date.

Hitesh Kumar: Sir if I look at your gross margin historically our margins gross margins where I am looking at the standalone operations alone so about 48% is where our margins had been about 45% to 48% so only this year where we have seen a 53% gross margin just wanted to understand if this of course you did mention about those products where there was a product mix in your export business but besides that has there anything that has led to this significant improvement in gross margins?

Kamal Sarda: As we have worked on various input costs in the last couple of years so this year we have been able to use it better and that were one of the reasons there and one of and few products groups wherever our margins were lower in the last few years and this year we have had good margins in that also plus in the export market as I mentioned export is more than 60% this year the forex rate also played an important role. There the topline went up and in the input cost because we all import in dollar , that rupee dollar was pretty stable.

Hitesh Kumar: At least we should not go back to that 48% kind of margins right except for that 100, 200 basis because of the spread movement?

Kamal Sarda: As I said we are trying to maintain the margins.

Hitesh Kumar: This is despite the fact that in the recent last two, three months where we have seen a significant increase in Zirconia and also your graphite powder so that we should still be able to maintain our margins somewhere around this 53%?

Kamal Sarda: We will try and see how best we can maintain the margin.

Hitesh Kumar: Thank you very much.

Moderator: Thank you. Ladies and Gentlemen in order to assure that management is able to address questions from all participants please limit your questions to two per participant. The next question is from the line of Abhisar Jain from Monarch AIF. Please go ahead.

Abhisar Jain: Congratulations for superb set of numbers in FY2021 in a very tough year. Sir I just wanted to understand that on the domestic operation side, I believe that we have been making a lot of efforts on the client acquisition side also and we have been able to add decent chunk of clients in the mid size and the mini mill. So could you suggest what kind of client addition would have happened in last year or last two years?

Kamal Sarda: See on the mini mill segment there are very various small, small customers in mini mill there are small customers. But on the large side we have added few customers like Tata BSL which was the Bhushan Steel earlier, we have added JSPL Angul which is a very new large customer for us in that way these are the two large customers. Our business can increase the various customers like Bhushan Power and Steel which is now JSW Group, we have had new businesses with JSW Dolvi and then JSW Salem. So these are some of the customers I would say on the large mill side, but in the mini mill segment various customers which has got added by this year.

Abhisar Jain: Sir with SAIL also we are maintaining our share or we have been able to take it up a little bit, because if that will be our one of our oldest customer in the large mill?

Kamal Sarda: SAIL yes we are maintaining some share but in some segment, I said it is a competitive game again but I would say nutshell we are maintaining our share, yes.

Abhisar Jain: Sir actually I wanted to understand that since SAIL's volume was stuck in a range for a very long time and now because the other mills capacity expansion is yet to come onboard because Tata's expansion is still two years away and even JSW's Dolvi plant has got delayed a bit so what I understand is that the SAIL volume in the interim has started picking up quite strongly because there was lot of expansion happening in SAIL for last seven eight years so we are maintaining that share in that larger volume right?

Kamal Sarda: Yes standard capacities also. The expanded capacities also we have got a decent share of business.

Abhisar Jain: Sir as I understand is that we are making very strong efforts to also acquire one of the other the large mill from the western side of the country right which we still do not have onboard?

Kamal Sarda: We are undertaking trials and all possibly in the next few months we will be able to enter into that plant with a regular business. That is a biggest plant we are not having in our customer book so far.

Abhisar Jain: Correct Sir and that will be one of our key things for our volume. Also Sir I think what I understand is that IFGL standalone was also making a lot of effort in increasing the recycled refractory content in the raw material source, raw material input so could you indicate that what progress we would have made in the last two years in the recycle content in the RF?

Kamal Sarda: I would rephrase the word, I will not use the recycle materialand I would say alternate material, recycled material is a bad word for the steel plant. They will say that plants the reject material. I would say alternate materials where usually of such alternate materials have increased. I will not mention any percentages because it is of course more to be worked upon but we have definitely worked very hard and improve on the usage alternative raw material.

Abhisar Jain: Sir it will be fair to assume that as we are increasing this alternative material proportion continuously keeps our gross margins better or allows us to reprise the RM volatility better?

Kamal Sarda: Yes.

Abhisar Jain: Sir just one clarification on this goodwill adjustment that we are taking the approval for so till the time we do not get the approval you will keep accounting for the 6.7 Crore write-off in the quarterly numbers?

Kamal Sarda: Yes, we have to so maybe as and when the approval comes in it will be written back in that particular quarter or if it come till the last quarter that will be happen in the last quarter that till such time the write off continues.

Abhisar Jain: Sir any timeline for the completion of this process? Is it going to be six months or it can be even higher than that?

Kamal Sarda: See it is a court's process Abhisar but we are expecting anywhere between six to nine months. It sould happen but nowadays courts are also working online so I do not know how this will happen, but it should take more than six months' time.

Abhisar Jain: Sir just last one on Hofmann do you expect that the now performance can be little bit stable because it has been all over the place if we have done very well in FY2021 but can you maintain this?

Kamal Sarda: That is the target yes. Yes, that is the target to maintain this momentum.

Abhisar Jain: Thank you so much Sir, and best wishes.

Moderator: Thank you. The next question is from the line of Pratiksha Daftari from Aequitas Investment Consultancy. Please go ahead.

Pratiksha Daftari: Thank you for the opportunity. I just wanted to understand currently you have mentioned that our export contribution has increased do we expect to maintain this kind of export contribution and what would be the factors that we have been able to increase our export so much?

Kamal Sarda: I think we will be able to maintain this because the overseas market is very, very strong as well as the domestic market so we will be able to maintain this export going forward. All our customers are producing in almost full capacity if not more and so I do not see there is any reason why we should have a different kind of performance in export and domestic.

Pratiksha Daftari: Sir what has led to this increase in export demand?

Kamal Sarda: The production levels at the various steel mills where we have our costumers I would say. They are running more and so we are able to sell more so barring one or two places where we have been able to supply more because I think the customers they found us more competitive and they have given us more orders.

Pratiksha Daftari: Sir any difference in our competitiveness like our RM prices lower than the diesel prices or if there is a material difference there if you could elaborate on that?

Kamal Sarda: Difficult to answer this question but definitely we are competitive in the international market that is why we are there in the market and we have a significant mills, not only the price but also the quality they have been in places where our quality is superior than our nearest or the largest competitor. It is not only the price. The price only in terms of factor because the refractory cost per ton of steel will be so significant. The people are looking at more quality part of it than the price part of it so our quality is superior in various places.

Pratiksha Daftari: Does our export businesses command differential margin than domestic business?

Kamal Sarda: We do not calculate our margins based on domestic or export. I will not be able to tell you.

Pratiksha Daftari: Thank you for the opportunity.

Moderator: Thank you. The next question is from the line of Nilesh Doshi from GL Capital. Please go ahead.

Nilesh Doshi: Sir couple of questions from my side; first is you did mentioned that at a country level, I think we are reaching at full capacity utilization of steel industry and we have also heard in the media that lot of new capex is coming I think overall they are talking about 20 million ton new BOAs coming in over next three to five years so this new capex does it held for more business especially on the capex side?

Kamal Sarda: Our refractories are more consumable. It is only after they commission the plant we come in, not at the capex side, once if that running our refractories continues.

Nilesh Doshi: The second is Sir on the technological upgradation are there any products or high value chain products which we do not have and are we working towards that can those be a bit more for us over next three years I mean because since I do not understand this industry better?

Kamal Sarda: Yes. There are lots of products. We do not make all the range of refractory. Refractories are very wide range of products that could be tens of thousands type of products we do not make all the types. We are only into the steel making side we are not into brick we are not into the tonnage refractory but even in the special refractories there are some refractories where we are working on it and possibly in the next one or two years we will try to include them in our portfolio whichwill add e more value addition to the customer as well as to our topline.

Nilesh Doshi: These are what long drawn process to develop the products and then take approvals?

Kamal Sarda: No, the approval process with the customer will be there definitely there. It is not that we have made a product and customer will agree to buy. It has to be trial procedure with the customer. As we have mentioned that may take anywhere between six months to one year time to get up the approval processes from customer. So that will be there. The entry barrier as far as technology is concerned it has to go through vigorous trial at the customer side.

Nilesh Doshi: Other than steel industry we are not into any other kind of industries like glass or we do not make refractories?

Kamal Sarda: No, we are into nonferrous in a very, very small manner.

Nilesh Doshi: What is the opportunity over there?

Kamal Sarda: the opportunity is there the technology is different there.

Nilesh Doshi: It would take so we need to develop those R&D for those trial technologies?

Kamal Sarda: Yes, we have always remained focus to the steel industry gone very small to aluminum, very, very small to copper, but not very great extent a very small portion of that.

Nilesh Doshi: That is all from my side. Thank you Sir.

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

Sanjay Nandi: Good morning. Thank you for the opportunity. Sir just what is the current utilization level for this quarter on a consolidated basis?

Kamal Sarda: At the India level we should be somewhere around 80%, 85% in some product group. In some products group it could be about 75% and in the overseas levels towards the end the utilization was good I would say.

Sanjay Nandi: Sorry Sir.

Kamal Sarda: Towards the end the last quarter the utilizations were good maybe it could be somewhere around 70% level.

Sanjay Nandi: So what maybe the blended utilization for the Indian operation Sir? What would be the blended utilization for the overall Indian operations is it 80% kind of?

Kamal Sarda: Yes, 80%.

Sanjay Nandi: So what is the outlook for the next fiscal FY2022 for this utilization front side like you have given breakeven at 25% kind of steel growth?

Kamal Sarda: Apart from utilization we are also adding and debottlenecking our capacity. So we are also gearing up our capacities based on demand so that capacities will never be a bottleneck for us. The outlook of the steel industry you all know it is very good.

Sanjay Nandi: So sir if we presume a 20% kind of growth so what kind of the refractory demand that might like boost up for 20% kind of steel consumption goods?

Kamal Sarda: See you can assume for the new capacities the steel industry you can assume a similar growth.

Sanjay Nandi: Sir my next question is like you just mentioned like for our Greenfield capex somehow received in 3 to 4 times while for Brownfield it is 6 to 7 times so what might be different between these two things Sir?

Kamal Sarda: Brownfield it could be because you are in a position to utilize lot of common resources. So the capex is slightly lower and on a Greenfield you have to take a land, you have to create building in a Brownfield or expansion project you don't have to buy land and then there are certain basics it will be like utilities and all other would remain common and there is no additional expenditure for that.

Sanjay Nandi: Sir lastly, where do you procure the in raw material from? Is it from China because the ocean freight is expensive from China to India? From where do you procure the raw material?

Kamal Sarda: China continues to be our major source of raw material.

Sanjay Nandi: Going forward you might face some problems in procuring raw material do you feel like that?

Kamal Sarda: We have not found any problem so far and we do not foresee any problems as such at a price we are getting materials. . We do not foresee any problem.

Moderator: Thank you. The next question is from the line of Viraj from Securities Investment Management. Please go ahead.

Viraj: I just had two follow-up questions. Thanks for the opportunity. One is you talked about us gaining share on large steel customers so what product or segments in the steel making value chain where we are manage to gain share can you share some perspectives?

Kamal Sarda: Can you please a bit more clarify your question what you want?

Viraj: We talked about us in gaining market share by adding new customers in the large steel category so can you give some perspectives what products or segments have we gained and who are we gained the share from?

Kamal Sarda: This is from various customers. The gain could be from various other suppliers. It is not one supplier. There are very few suppliers in India you can count in your fingers and only the product ranges, where we supply what we make like Isostatic, Slide Gate, Purging, Precast these are the only product range where we are. So in the customer which in named the product could be different and somewhere it is Slide Gate somewhere it is Tundish refractory somewhere from the other refractories also these are the product range. Our product basket is based on this.

Viraj: Second question was you talked about us getting some price increase now if you look at the overall refractory industry space, the industry has seen some overcapacity in last couple of years and earlier there was a case of margin and pricing discipline and then given the kind of variation in our end industry was seeing some pricing pressure as well so given now we are seeing the demand coming back. Is there now rationality in terms of pricing or does it changes in competitive behavior still which is more permanent in nature?

Kamal Sarda: Very broad based question that I do not see any change in this aspect in the last possibly eight or ten years. The competition will remain as it is.

Viraj: Thank you.

Moderator: Thank you. Anyone who wishes to ask question may press "*" and "1" The next question is from the line of Sahil Sanghvi from Monarch Networth Capital. Please go ahead.

Sahil Sanghvi: Congratulations for good set of numbers Sir. I had two questions one in the raw material cost whatever we are importing from China have you seen any surge in the costing lately or maybe in the last two quarters not because of the state Sir?

Kamal Sarda: Because so whatever raw material cost you are saying, because you are saying the total cost so the ocean freight is the part of that cost.

Sahil Sanghvi: But ex of freight there is not much?

Kamal Sarda: No that also has changed.

Sahil Sanghvi: That also has gone up okay.

Kamal Sarda: I think as I have mentioned earlier there is an R&D appropriation also of about 7% that also has changed.

Sahil Sanghvi: Regarding RM cost as in if we keep aside I mean currently forex is something not you can guide on but otherwise the actual cost and the freight how do you see that going ahead, moving ahead?

Kamal Sarda: My understanding is that I think we are almost at the peak of this freight levels so it should stabilize and only come down in the next quarter but we need to understand how the shipping industry strategizes itself. They are unpredictable completely for this.

Sahil Sanghvi: My second question is what will be our current market share in the Indian market as such I mean now that we have shown a lot of earnings growth this year and probably some new customers and some new product addition so what would be our current market share in India?

Kamal Sarda: It is very similar, 12%, 13% of the market in which we operate. It will be anywhere between 12% to 15%. There is no authentic data available in the refractory but on thumb rule basis I think we should be anywhere between 12% to 15% level.

Sahil Sanghvi: This is the market of the flow controlled refractories or how do you I mean?

Kamal Sarda: I am talking of the flow control. There is specific flow control capacity not on a total. On a total basis it should be very small.

Sahil Sanghvi: Thank you. That is all from my side and all the best Sir.

Moderator: Thank you. The next question is from the line of Rahul Soni from Smifs Capital Markets Limited. Please go ahead.

Rahul Soni: Just one question from my side. I want to understand what quantity of refractories is required to produce 1 million ton of steel.

Kamal Sarda: For 1 ton of steel you require anywhere between 10 kgs and 12 kgs of refractories.

Rahul Soni: That is it Sir.

Moderator: Thank you. The next question is from the line of Kamlesh Bhagmar from Prabhudas Lilladher. Please go ahead.

Kamlesh Bhagmar: Just a question on the path of our like guidance that we would be able to maintain the margin so as we are seeing China now whatever the product which they used to export there has been significant price increases and it seems that that will continue to be there. So would we be able to maintain margins beyond the fact such a sharp increase in the Chinese prices and we are seeing currency appreciation there so on these factors that and we had highlighted that this is a very competitive world for the refractory business to take the price hike. So what is the rationale or the strategy behind maintaining margins is it because of the product mix just wanted to have some idea on that?

Kamal Sarda: On the competition front let me tell all of you that the competition which was strict severe competition has been there for last 20 years, in the industry. I have not seen a lesser competition in the past also. So that always there will be a fight for the orders and the fight on the prices that will always remain there. Now on how do we what is our advantage we have good product, we have good service set up and we have our own goodwill in the market so that will keep us likely above the others and that is how we have been.

Kamlesh Bhagmar: Sir any color on the part of the product mix is it going to change significantly what are the capex coming up?

Kamal Sarda: Nothing. We will remain in the flow control refractories segment mostly I would say. I am not able to comment immediately but I think in a medium to long-term we should get into brick business also. That is one segment where we are not present though we are doing some brick business on a trading basis but that is one part of the business we should be getting it in the next two to three years' time.

Kamlesh Bhagmar: Sir how different could be the margin on that particular product segment as compared to today which we are doing?

Kamal Sarda: We need to understand that see it all depends on customer quality of bricks we are supplying, what kind of guarantees we are giving, so I do not see significantly lower than what we have get what we are having but there could be slightly lower because that is a tonnage business that is not a specialized flow control type of asset left. It is a tailor made they are more off the shelf type of bricks the knowledge will be slightly lower than our current specialized products and then that will be the incremental business.

Kamlesh Bhagmar: Thanks a lot Sir. Thank you very much.

Moderator: Thank you. That was the last question in the queue. As there are no further questions, I will now hand the conference over to Mr. Sarda for closing comments.

Kamal Sarda: Thanks everyone for participating. I think it was a very wonderful question and answer session and I hope I have been able to answer most of your queries and look forward to interacting with you in the next call. For any further queries you may contact, SGA, our Investor Relation Advisors and I also Thank SKP Securities for organizing and participating in this call. Thanks a lot and wish you all the best and stay safe.

Moderator: Thank you very much. On behalf of SKP Securities Limited that concludes the conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines. Thank you.