RHI MAGNESITA

RHI MAGNESITA INDIA LTD
(Formerly Orient Refractories Ltd.)
301, 316-17, Tower B, EMAAR Digital Greens
Golf Course Extension Road, Sector 61,
Gurugram, Haryana-122011, INDIA
T +91 124 4062930
E corporate.india@rhimagnesita.com
www.rhimagnesitaindia.com

August 18, 2023

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G
Bandra Kurla, Complex, Bandra (East)
Mumbai-400098, Maharashtra, India

NSE Symbol: RHIM

BSE Limited
Phiroze Jeeyeebhoy Towers,
Dalal Street, Mumbai-400 001
Maharashtra, India

Scrip Code: 534076

Sub: Intimation of transcript of conference call – 1st Quarter ended 30 June 2023

Dear Sir/ Madam,

Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, please find enclosed herewith the transcript of the conference call held on 11 August 2023, for discussing the earning performance of the quarter ended 30 June 2023.

Kindly take the above information on your records and oblige.

Thanking you.

Yours faithfully,

For **RHI Magnesita India Limited**

SANJAY KUMAR
Digitally signed by SANJAY KUMAR
Date: 2023.08.18 11:01:32 +05'30'

Sanjay Kumar
Company Secretary
(Membership No. ACS-17021)

"RHI Magnesita India Limited
Q1 FY'24 Earnings Conference Call"
August 11, 2023

MANAGEMENT: **MR. PARMOD SAGAR – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – RHI MAGNESITA INDIA LIMITED**
MS. VIJAYA GUPTA – CHIEF FINANCIAL OFFICER – RHI MAGNESITA INDIA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY 2024 Earnings Conference Call of RHI Magnesita India Limited, hosted by HSBC. 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, please signal an operator by pressing star, then zero on your touchtone telephone. Please note that this conference is being recorded.

From the management team, we have with us today Mr. Parmod Sagar, MD and CEO, and Ms. Vijaya Gupta, CFO. We will start the call with brief opening remarks and then open the call for Q&A. I will now hand the call over to Mr. Parmod Sagar for opening remarks. Thank you and over to you, sir.

Pramod Sagar: Thank you very much. Good afternoon, dear investors. Happy to connect with you about your company's performance. If we talk about first quarter, it has been in line with expectations of our business plan. Continuing our growth trajectory, overall our top line and adjusted EBITDA has been benefited from organic growth as well as the recent acquisitions.

Let me also share with you M&A related development. So M&A revenue starts, it shows an impressive contribution, accounting for 33% of consolidated revenue during Q1 '24, marking an 18% growth on quarter-on-quarter basis. This reflected a successful integration and synergies realization. DOCL Limited, which now we have got the name change approval. So, a transport, this company's name is RHI Magnesita Disruptive India Limited DOCL and JSP, Jamshedpur grew by 9% and 20%, reflecting solid performance during this period.

M&A EBITDA margin also improved by 2.3% to reach 13.3% in Q1 24, a testament to the realization of synergies and capabilities of RHI Magnesita India Limited. If we talk about margin improvement in these subsequences, DOCL exhibited an EBITDA margin of 11.7% up from 10.2% in Q4 '23. Similarly, Hi-Tech showcased a significant growth in EBITDA beta margin reaching 20% from 15.8% in Q4 '23.

These improvements can be attributed to various factors including synergies, network optimization, and product range benefits. The successful realization of significant cost and revenue synergies was evident in various aspects revenue synergies was evident in various aspects, such as recipe and raw material harmonization, product transfers, and use of scanty raw material.

Forward-looking, industry is set to experience robust growth driven by sectors like steel, cement, glass, non-ferrous, bounced by governments initiatives, infrastructure push, during their budget policies, etcetera. RHI Magnesita India Limited technically combining organic and inorganic growth strategies to meet rising demand. Recent acquisitions of DOCL and Hi-Tech chemicals expand production capacity and diversify the product portfolio.

These moves position the company to cater to a wider range of end applications. The acquisition of Dalmia OCL brings a well-established product footprint and cross-selling opportunity. The acquisition of Hi-Tech chemicals enhanced our flow control production capabilities in India, but not limited to India, driving synergies and expanding its offerings.

This is overview from my side and I would now request Vijaya if she can share a little bit about financial numbers with our respected shareholders that will be giving them more clarity, Vijaya, over to you.

Vijaya Gupta: Thank you, sir, and good afternoon, everyone. So now talking on financial performance, if we compare Y-o-Y with previous quarter last year, there was a strong revenue surge and revenue witnessed a 54% growth. This was primarily driven by substantial volume increase of 66% with contributions from standalone at 3% and from M&A at 62%. That is 44,000 tons shipment from and the DOCL primarily.

Shift in EBITDA margins, we are seeing EBITDA remain healthy at 15.4%, but it was lower when we compare with Q1 of last year, which was primarily due to increase in employee-related expenses, and it was partly offset by prices by 0.7%.

Now talking about debt, the debt which we had raised, the acquisition loans of the 9,850 million, we paid them off through QIP proceeds, 7,522 million, and the balance was paid at 2,328 million through internal accruals and ECB proceeds.

So with this, we now have a healthy cash flow at closing cash flow, balance of 3,605 million. This shows that we are having a healthy financial position and a disciplined approach to managing our financial obligations. Our cash conversion cycle remains flattish at 87 days versus 85 days in March and this is after strong improvement from 105 days in September 22. There was improvement in inventory and disable cycle which was offset by reduction in tables during this quarter.

We had successfully reached a QIP proceeds of 8,798 million net of expenses. We thank all the investors who had shown confidence in us and the proceeds from QIP has been fully utilized towards repayment of borrowings and funding working capital requirements for which we had borrowed.

In addition, the preferential allotment of INR2,000 million was a strategy to enhance the financial position and support the company's objectives. Now, if we compare versus the previous quarter, that is the March quarter, there was a 6% growth in revenue, which was primarily driven by volume growth of 11% and offset by 4% due to change in sales mix.

Product mix because of DOCL products having lower realizations and with this, our EBITDA margins improved by 1.9% and stood at 15.4% during this quarter and this is also attributed to 2.8% improvement in material cost. With this, now I hand over to the operator for questions. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We have the first question from the line of Srivathsan from Avendus Spark. Please go ahead.

Srivathsan: Yes, hi. Thanks. Two questions from my side. One on the revenue line the price softening or weakness or 4% price adverse mix. Just wanted to get a sense, is it more because of raw material softening that's kind of being passed on? And the impact of that is what it is, that is one.

Second, the adjusted EBITDA margin is well above the initial range we are targeting for FY'24. So, just want to get a sense if you look to revisit the FY'24 broader adjusted EBITDA margin you are looking at. That's it for me, thank you?

Parmod Sagar: So, this 4% price, it is a mix of what you said, the raw materials softening yes we have to pass on to our customers, but it is not 100% pass on. We still have a healthy margin. Secondly, it is a product mix also, because with the DOCL, particularly high-alumina mixes and bricks, the selling price is, say, from 20,000 to 40,000 and the margins are also – they are very competition, and it is also an effect of that. So, it's a combination effect of raw material softening and product mix.

Secondly, we are really happy that whatever we projected, we are going a little ahead of that. I would not see anything immediately to revisit our forecast or projection, which we have shared with you guys. Probably at other quarter and then we will look into it, half yearly result. Still the market is volatile, and during rainy season, steel and cement production goes down, which eventually compensated during our festival season before Diwali. But I would like to keep it as it is when we will revisit after half year results. Thank you.

Moderator: Thank you. We have the next question from the line of Rajesh Majumdar from B&K Securities. Please go ahead.

Rajesh Majumdar: Yes, good afternoon, sir. Good afternoon, ma'am. I had a question that this INR69 million one time, does it pertain to just the consolidated numbers or to the standalone numbers as well?

Parmod Sagar: Vijaya you would take it?

Vijaya Gupta: Yes, yes. It is standalone number only. It is the integration costs which has spilled over. So, essentially, travel and consultants cost which is there coming this quarter.

Rajesh Majumdar: Okay, ma'am. So in that case, if you add that, yes.

Parmod Sagar: Rajesh, but it is not already over. It will be in this quarter also, not that much, maybe a little bit, but there will be still and probably from next quarter, it will be fully eliminated.

Rajesh Majumdar: Yes, was my question that are we at the end of the one-time nature of expenses post the mergers, or will we still see some more, so how meaningful will be those one-time?

Parmod Sagar: Yes, so we officially closed the project, Milan, which was an integration project on 31st of July. So, on 31st of July, that means a few days back, there was continuous expense and there will be some in August also. But next quarter, I don't see, as of now.

Rajesh Majumdar: And sir my next question is, even if you add back that one-time expense, our EBITDA margin for the standalone businesses is just 16% odd , which is still much lower compared to what we were pre-COVID before we started having pricing gains, etcetera. You see that we used to make 17%, 18%. So, is that an area of concern that a standalone EBITDA margin is slightly lower than what it used to be earlier?

Parmod Sagar: Rajeshji I think from last three years, I'm very consistent with my statement that a sustainable margin is around 14%, 15%. The base has gone up so big. When we are talking about pre-COVID, it means it was standalone and Orient refractories is limited, RHI India private Limited, RHI Clasil Limited. So, when we merged, it was in 21, right? So, from that point, I said it will not be possible because Orient refractories was low control product. So, 17%, 18% was sustainable. But when it comes to trading goods through RHI India and high elementary of goods and listing from RHI Clasil, if we could manage a healthy contribution of 14%, 15%, it will be really sustainable. I don't have any concern about that.

Rajesh Majumdar: Okay, but sir you've always delivered more than your guidance in the past. So I guess we should look at slightly better margins from the combined entity as well, right over a period of time?

Parmod Sagar: We will keep on, we will keep on striving for better margins that is our job. So, we are working on this. But I would say it is good and not an area of concern.

Rajesh Majumdar: Okay, sir. Earlier, we were looking at INR4,500 crores of turnover for the year, if I'm not mistaken. Now, this quarter is only 930. Should we look at slightly lower number because of the price reduction, than INR4,500 crores or it will be around the same figure for the year?

Parmod Sagar: No, it was we said it will be between 4,000 to 4,500. So, you rightly said the softening of prices will have an impact of our selling price. So, probably it will come down, but I think it should – it still remain to the range of 4,000 plus.

Rajesh Majumdar: Thank you sir. I will join back the queue.

Parmod Sagar: Thank you Rajesh ji.

Moderator: Thank you. We have next question from the line of Amit Anwani from Prabhudas Lilladher. Please go ahead.

Amit Anwani: Hi, so thanks for the opportunity. Just wanted to understand as you rightly highlighted that the contribution of flow control was higher when we merged in FY'21 with the other two companies and you highlighted 14%, 15% guidance for this year. So, just wanted to understand with respect to flow control, what was the contribution this quarter or any target, keeping in mind that ultimately we would like to achieve 16%, 17% margins in two years, three years, if that is an objective?

Parmod Sagar: Very good questions, with high-tech, definitely which means intention is to – so our intention is to increase margin and as Vijaya said flow control we have done reasonably well. Last quarter it was 15.8% from Jamshedpur plant, high-tech, erstwhile hi-tech, and this quarter it is 20%. So, if we will be able to gain market share in flow control, definitely the margin will go up, but if you see the overall picture out of INR4,000 crores, it is hardly INR1,000 crores. So, the impact may not be so significant that overall it will go back to 17%, 18%.

Amit Anwani: We're seeing good demand in domestic or export for flow control and second thing, how much was the exports contribution this quarter?

Parmod Sagar: Yes, we are looking at both domestic as well as export. This quarter, Vijaya, can you share the number?

Vijaya Gupta: Yes, export this quarter was 11% on consolidated basis and so export as you know if we take the reduction in SG&A and other costs, so the contribution is more or less is lying with the domestic.

Parmod Sagar: But it will go up there is some inherent problems all over the globe. We have a Ukraine-Russia war, and Europe is under recession, so that's why exports are subdued, but in due course of time, it will pick up again.

Amit Anwani: Right, my final question, sir, on capacity expansion at Cuttack which you have highlighted in your PPT from 18kt to 30kt. So, this is which kind of product and is this despite acquisitions which we have done where does it fit in our strategy?

Parmod Sagar: Yes actually, Cuttack is one product line plant, it is Magnesia carbon bricks. So in Dalmia plants, Magnesia carbon bricks was hardly produced, only in Rajgangpur about 200 ton, 300 ton per month. Just to consolidate and bring its energy, we thought we will produce only there, but the capex which we planned for Cuttack, it was well before we go on for acquisitions. But still, it makes sense because we are still bringing a lot of Magnesia carbon bricks from our global plants. So, it is local for local.

As you know, government of India got for SAIL plant is anything less than INR200 crores, you have to have a local manufacturing. So, that gave us a leverage over many players. So, that was strategic decision to increase the production to cater to that market.

Amit Anwani: Thank you, sir, and all the best. Yes.

Parmod Sagar: Thank you very much.

Moderator: Thank you. We have the next question from the line of Chetan Doshi from Tulsi Capital. Please go ahead.

Chetan Doshi: Congratulations Parmod for giving a fantastic number in the first quarter compared to the year ending. Now my main question is after taking over Dalmia and Hi-tech, apart from the...

Moderator: But there is lot of disturbance from your line sir. Could you switch to handset?

Chetan Doshi: Apart from capacity, additional capacity by taking over Dalmia and Hi-tech, is there any product line where their presence was there and RHI was not and which has helped us in getting into those markets where RHI was not present at all because the price what we gave for these two acquisitions is market sources say that it is very, very high. So, can you throw some light on this?

Parmod Sagar: Sure, sure Chetanji. Thank you very much firstly for your appreciation. This is your company we are running it. So thanks to you guys for your support and the confidence of the management. Secondly just this Dalmia particularly, it was having very strong presence in non-steel area, industrial like cement, non-ferrous, glass etcetera. Yes, we were very weak, so historically the ratio is 70% steel, 30% non-steel.

But we were 80% steel, 20% industrial. So, we were very strong, but not so strong in industrial. Then the Dalmia, now we are almost at that threshold. So, now Dalmia's ratio was 50-50, 50 steel, 50 industrial. So, they were very strong. So, that brings us a lot of products which were missing in our portfolio.

So, now we can cater to that industry. And we are well positioned in terms of locations as well because Dalmia plant are all over the place and with the low selling price, low margin, RHI Magnesita India was not able to compete only from from Vizag plant. If you want to sell something to Gujarat, the freight is INR5,000 a ton and selling price is 25,000. So it's a 20% freight. So we were outplayed by many local players.

But now I have plant in Gujarat itself, which will give me that flexibility to compete in the market and with a reasonably good margin as well. So, this brought us from Dalmia side and Hi-tech. Hi-tech we were very strong in long products, flow control long products and Hi-tech is having best technology. They were having a real thin slab caster technology which was missing from my Bhilawadi plant.

So with that, we are now able to compete with our competition, with the monopoly, the name of that company. So, now we are well placed to compete in that market. So, technically both acquisitions were very well placed and thought of for decisions.

Moderator: Sir it seems like this participant has disconnected their line. We will move to the next question. We have the next question from the line of Sahil Sanghvi from Monarch Network Capital. Please go ahead.

Sahil Sanghvi: Thank you for the opportunity and congratulations sir and ma'am and to your team for excellent cost control and margins. My first question is, what kind of price declines are the customers asking for you is it to the magnitude of 2% to 3% or could it be more than 5%?

Parmod Sagar: Sahilji. Thank you very much for your well wishes, congratulatory message. Customer is asking in double digits, 10% to 20%. So, we got the price increases also in those numbers and now they are asking to roll back those prices or increases. But somehow we could manage to hold on to our prices and we have not passed on substantial discounts to our customers.

But, fourth quarter, I can see the pressure will be mounted more because steel prices are also under pressure. So, definitely they will come back to us for further reduction and let's see how far we can hold on to those prices.

Sahil Sanghvi: Right, sir. But for this year, what kind of declines should we expect, sir? I mean, what kind of pass on should we have to give?

Parmod Sagar: Very difficult Sahilji to predict. But I think on an average we should keep it in mind 4%, 5% should be an impact. With that I still believe this reduction. The top line will be impacted, but margin percentage wise will remains low.

Sahil Sanghvi: Got it sir, got it. My second question is sir, we have -- I believe we have not spent any kind of refurbishment capex yet and you had mentioned about a INR300 crores to INR350 crores kind of a target to refurbish the Dalmia capacities. So, if you can give me two numbers, one, what kind of refurbishment capex are we planning and the second is what kind of growth capex are we planning in the existing capacity?

Parmod Sagar: Sahilji, we are going a little slow when it comes to capex. We have planned capex. We have roughly INR300 crores capex, including high-tech plants. But we are first trying to see how we can optimize the production facility, increase capacity without much capex, and reduce the craft rates and all those things, no hand in fruit, without investing. So we have to first reach to a certain level which we are trying to do. You can see from numbers, we have not put any capex but still there's an improvement.

So this is our first target, how much leverage we can do without putting capex and then what are the bottlenecks, where we need to really use the capex and we will be using it judiciously. We are not in a hurry to spend this INR300 crores in next one year. It will take three years, four years, five years to spend wisely and need-based.

Sahil Sanghvi: Right, sir. That's a really good strategy, sir. Just one add-on question on that. On the RHIM capacities, I mean, Bhiwadi, Vizag, and Cuttack, over there, do we have any growth capex lined up?

Parmod Sagar: Not really. They are already, we spend in Vizag plant last year and the beginning of last year, about INR55 crores, INR60 crores. And we are good that with that, we don't want to spend any money. Cuttack, we already did expansion. Now we need to fill up that plant to 30,000 tons, which I'm sure we will be able to. And the Bhiwadi, also we don't see anything. Rather, what we are trying to do is optimizing our production footprint to various plants.

Like if I'm selling anything in Jamshedpur area or in eastern part of India, why should I produce in Bhiwadi plant and send it to east? Why should not I shift it to Jamshedpur plant and gain some margin from there synergies? So these are the work in progress we are trying to do that. We don't need any serious big capex in RHI Magnesita India-Lmited plants.

Sahil Sanghvi: Got it, sir. And one last question from my side is, when I see your PPT, first of all, very nice PPT, sir, very informative. My question is regarding the page 10, sir. We have two bar charts in that waterfall chart, INR351 crores and INR127 crores. Are these both related to the spending for working capital? Just want to confirm.

Parmod Sagar: Vijaya?

Vijaya Gupta: Yes, I'm just going to the chart. Page 10. This is on utilization of cash flow. You are asking?

Sahil Sanghvi: Yes. So we have two figures, INR351 crores and INR127 crores. Are these both for the working capital requirements of the acquired entity?

Vijaya Gupta: This INR121 crores was payment towards purchase consideration, which we paid through internal accruals. So this and INR57 crores is working capital increase versus last March quarter.

Sahil Sanghvi: No, madam, I'm talking about the utilization of QIP proceeds?

Vijaya Gupta: Okay. So, yes, which one?

Sahil Sanghvi: INR351 crores and then there is INR127.5 crores. Both of these numbers?

Vijaya Gupta: INR351 crores, the fund of QIP proceeds, which we transferred to DOCL for payment of bridge loan there and INR127 crores, the INR150 crores was for general corporate purpose out of which INR127 crores is what we have utilized for payment of working capital, all vendor payments.

Sahil Sanghvi: Got it. Thank you so much, that's all from my side and all the best.

Vijaya Gupta: Thank you.

Parmod Sagar: Thank you, Sahil.

Moderator: Thank you. We have the next question from the line of Naushad Chaudhary from Aditya Birla Sunlife Asset Management. Please go ahead.

Naushad Chaudhary: Yes, hi. Thanks and congrats on a good set of numbers, sir.

Parmod Sagar: Thank you, sir.

Naushad Chaudhary: Firstly, on our total refactoring management services piece of business, so now, 1Q number, what percentage of business would be from this?

Vijaya Gupta: Sir, can I answer this?

Parmod Sagar: Yes, please.

Vijaya Gupta: At a consolidated level, it is 31% of the revenue.

Naushad Chaudhary: So initially we had quite ambitious target and I just want you to know?

Vijaya Gupta: See for a standalone RHIM it is high, around 46%, but the new entities that we have acquired, they're just low, so overall it is 31%. And we will be moving more and more towards production-linked solution-based services, as you know, that gives stickiness of the customer and helps us maintain our realizations.

Naushad Chaudhary: So on standalone also 45%, it has not moved up much versus what we were expecting earlier. So if we can add some point here, what exactly would help us to make it more sizable in terms of overall portfolio and how it will change overall business dynamics in terms of your control on the margin as well as on the working capital plus visibility. So let's say if you take it from 45 to 65, how it would shape up the entire business?

Vijaya Gupta: So if we move more and more towards, you know, TRM that contracts, it is, we are managing the refractory business for our customers. So this brings in more dependency of the customers as then what happens is also the margins are higher than what we get because we have and this does lead to additional working capital, but we get better realization because it is linked to the performance of the customer.

As the customers performance improves, we get paid more and over a period of time, our efficiencies also improve. So we our costs come down. So this helps us in bettering the margins there. And as it is a very small portion of the customers cost, they won't mind, maintaining or paying the extra charge.

Naushad Chaudhary: And internally, what do you think, what we need to do? So we have filled the product gap quite substantially, but what else do we need to do to make it to move the needle from here to take it to the next level?

Vijaya Gupta: Yes, we are in discussion to increase such contracts and these are essentially for more larger customers and we are focusing on increasing in this area.

Naushad Chaudhary: Apart from product gap, is there anything else we need to work out to, make it to take it to next level?

Parmod Sagar: Not really.

Naushad Chaudhary: Okay. And lastly, in terms of the outsourcing or trading portion of the business, what percentage of 1Q blended would be of outsourcing and is there any scope of making it in-house or if you can share the rationale of outsourcing?

Vijaya Gupta: Our endeavor would be to make more and more in-house and local for local is the strategy and the local for local strategy. Keeping with that, our share of look in house manufactured goods for sales has improved from 70% previous quarter to 76% now. And with the main purpose of acquiring Dalmia and Hi-tech was to, to increase the local manufacturing.

Naushad Chaudhary: How do we see the outsourcing portion in the [TNL] in coming years?

Parmod Sagar: It will not be eliminated totally, but the endeavor is to reduce year by year. So maybe in the next three years, four years, we can bring it down to 15% to 16% or so.

Naushad Chaudhary: Okay, and last clarification on the margin guidance, 14%, 15% we said on a standalone or it's a consolidated?

Parmod Sagar: Consolidated.

Naushad Chaudhary: Okay.

Parmod Sagar: And that is quite challenging.

Naushad Chaudhary: 14%, 15% looks challenging to you, sir, at this point?

Parmod Sagar: It is challenging because with the Dalmia, the numbers are low. And it is a challenge. It is not a cakewalk for sure. We have to hold that out, right? We have to get the orders, reasonably good margins. So it is always a challenge, keeping a good margin is not a easy. But we keep on delivering year after year. so we are confident, we will be able to do that.

Naushad Chaudhary: All right. And on the Project Milan, out of, let's say, 100, what percentage of benefits would have reflected in this quarter and what percentage is remaining, which should keep flowing throughout the year?

Parmod Sagar: Vijaya, we can quantify. I don't think at present, we can quantify. I can only say, the manpower synergies, we overachieved and the raw materials energies, we are in time and many more like product optimization and they are in the pipeline, a work in progress. But I can't say percentage how much is there and how much is going to be.

Naushad Chaudhary: All right. All the best. Thank you so much.

Parmod Sagar: Thank you.

Vijaya Gupta: Thank you.

Moderator: Thank you. We have the next question from the line of Pratim Roy from B&K Securities. Please go ahead.

Pratim Roy: Hi, sir. Congratulations on the good set of numbers again. So I have two questions. One is on the amortization of goodwill of INR1,090 crores and INR1,200 crores intangible assets to the acquisition. What is the status of that? And the second question is what will be the intangible assets as on that it was used? For the current financial.

Parmod Sagar: Vijaya, please.

Vijaya Gupta: Yes. See, as far as goodwill is concerned, there'll be no amortization of goodwill because it is tested for impairment. So if the business continues to grow, there will not be any additional hit on account of goodwill. And as far as intangible assets is concerned, intangible assets are amortized and you are seeing the impact in terms of higher depreciation. So depreciation this quarter is INR46 crores. That is 5.12…

Pratim Roy: How much is that?

Parmod Sagar: INR36 crores.

Vijaya Gupta: INR46 crores.

Parmod Sagar: INR46 crores, 5% of the late fee.

Vijaya Gupta: Yes. 5% of the fee.

Pratim Roy: So only for that particular asset, what is the amortization for that in general whatever came in from the Dalmia OCL?

Vijaya Gupta: Yes, okay.

Pratim Roy: So this is on 46 crores is all over for the business, right?

Vijaya Gupta: Yes. And you see, we now talk on consolidated loan deals. So for Dalmia, the depreciation amount is INR29 crores.

Pratim Roy: INR29 crores, okay. Thank you. And all the best for the coming quarter.

Parmod Sagar: Thank you.

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

Sanjay Nandi: Yes, good evening, sir. Thank you for the opportunity. Congrats on a good set of numbers and a superb presentation.

Parmod Sagar: Thank you.

Sanjay Nandi: Sir, like in the presentation slide in the last slide you mentioned, we have clocked a capacity of 85,000 tons in this quarter, right? That is 64% of utilization.

Vijaya Gupta: Yes.

Sanjay Nandi: So which shows to a number of roughly 1,33,000 tons of overall capacity, right?

Parmod Sagar: I would say in other words, in RHI, Magnesita India plants, our capacity utilization is about 85% and Dalmia and Hi-tech, it is about 54% and overall utilization on consolidated basis is about 64%.

Sanjay Nandi: What is overall capacity as on date, in a consolidated capacity?

Vijaya Gupta: Yes, total capacity is 530. you're right.

Sanjay Nandi: 5,30,000, right?

Vijaya Gupta: Yes.

Sanjay Nandi: Okay, and what is equivalent to the industry capacity now?

Vijaya Gupta: Please come again. Can you repeat your question?

Sanjay Nandi: Yes, I would like to know, what is the equivalent industry capacity compared to what we are at present?

Vijaya Gupta: Okay. Total industry size you are asking?

Sanjay Nandi: Yes, sure.

Vijaya Gupta: Okay. So we have. Sir would you like to take this question?

Management: Actually, I don't have answers for this. You know, I can tell you the industry size is about 14,000 crores.

Sanjay Nandi: revenue?

Parmod Sagar: Yes. So in terms of capacity, it is very difficult to explain. There are a hundred of suppliers, who are making very low alumina INR15,000- INR20,000 ton products, where the tonnage will be huge but revenue will be maybe INR10 million only. So it is not the right representation, I would say. We should talk about revenue. Right.

Sanjay Nandi: Got it, sir. Sir, thank you so much. That's all from my side, sir. Wish you all the very best.

Parmod Sagar: Thank you so much, sir. Thank you.

Moderator: Thank you. We have the next question from the line of Binoy Jariwala from Sunidhi Securities and Finance. Please go ahead.

Binoy Jariwala: Yes, thank you for the opportunity. Ma'am, you called out in the call that our in-house component is about 76%. So this 76% is on a consolidated level and on volume, total sales volume, right?

Vijaya Gupta: It is include as, sir I just mentioned. We talked in terms of revenue.

Binoy Jariwala: So, it's a consolidated revenue, right?

Vijaya Gupta: Yes, that's right.

Binoy Jariwala: Okay, and just the last question, is it possible to call out what is the kind of margins, EBITDA margin we earn on the RMS business? Or if possible, if you could call out, what is the differential between the base business versus the RMS business EBITDA margins?

Vijaya Gupta: What do you mean by RMS?

Binoy Jariwala: Refractory Management Services.

Parmod Sagar: So roughly standalone RHI Magnesita India it was about 44% of total revenue. But with the Dalmia and HI-tech in place, I believe it should be in 20s now. But we don't have a exact number. We can share with you. You can share just on chat, if you can put your email ID, we will share the number. But at present, I don't have number, but I know by heart, RHI Magnesita was about 34%.

Binoy Jariwala: Sir, I'm asking about the EBITDA margin on this piece of business?

Parmod Sagar: EBITDA margin, as Vijaya said, normally for SLS contracts or management contracts, it is a little better than a normal supply base, but it has its inherent also expense like working capital. So I would say, it is a surest business, long-term assurance business, where you can plan your resources, everything but it will not give you substantial increase in margins.

Binoy Jariwala: Understood. So essentially you're saying that this brings better visibility and long term visibility versus not essentially bringing in more margin as such?

Parmod Sagar: Yes, you are eliminating competition. Like Sunflag, we are going from 2001, so 22 years we are the sole supplier for that company. So that gave you assured business, volumes everything and you are not negotiating every year competing with the competition and all.

Binoy Jariwala: Understood and these contracts are typically for what tenor?

Parmod Sagar: Normally, it is three years with every year price negotiation up and down depending upon certain parameters, there are formulas and based on that, it goes up and down and during this last two last year, when there was a very surge of raw material and sea freight, even we did not wait for a year, conclusion and going for negotiation, we reached out to our customers, we cannot wait for another five months or six months and they supported us. So it is like a stronger relationship, where both parties support each other.

Binoy Jariwala: Understood. Okay. Thank you. Thank you so much, sir.

Parmod Sagar: You are welcome. Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question. I would now like to hand the conference over to Mr. Parmod Sagar, MD and CEO, and Ms. Vijaya Gupta, CFO, for closing comments. Please go ahead.

Parmod Sagar: So, dear investors, as we promised, every quarter after this Board meeting, the result announcement, we will continue this practice of having a call with you. And I can assure you, we will try our best to run your company to the best of our abilities and we are accessible. You can reach out to us any time in between the quarter if you have serious concern or you want to have any clarification, we will be more than happy to answer your questions. Vijaya, you want to add anything? Hello, Vijaya?

Moderator: It seems Ms. Gupta's line is disconnected. Do you want me to reconnect her?

Parmod Sagar: No, it's okay. I think, we're done with it. Thank you very much everyone for your time, for your efforts, for your investments in the company. Have a good day.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of RHI Magnesita India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.