

# Investor presentation

RHI Magnesita India Limited

December 2022



## Update on acquisitions

- RHIM acquired the Indian refractory **business of Dalmia Bharat Refractories Limited** via a Share Swap Agreement executed on January 5, 2023. DOCL, being one of India's leading refractory players and a long-term trusted partner to customers in the region. It marks decisive step in RHIM's strategic growth plans and will enable the integrated company to increasingly serve customers with a 'local for local' approach while offering a broader range of products. DOCL gives us a strong inroad into the industrial segment of the market where traditionally we have been less prominent. Also gives us production footprint in the western and southern markets where we had no manufacturing capacity earlier.
- Further, we executed the Business Transfer Agreement with **Hi-tech Chemicals (Hi-tech)** on 19<sup>th</sup> October 2022 by way of slump sale and the process of acquisition has been completed on 31<sup>st</sup> January 2023. It manufactures high-quality flow control products largely for steel industry. Hi-tech will strengthen and enlarge company's product offering and position in domestic and international flow control refractory business.
- Both these acquisitions put together takes our local production capacity to beyond 5 lac tons per annum. We have something about 1,50,000 of unused capacity, which should be sufficient to meet the future demands of the consumer industries for next couple of years. We have plans for modernization of the newly acquired manufacturing assets where we would be focusing on this for next one – two years.

# Business Update and Industry Outlook



- The Company registered 32% growth in income compared to the 9 months of the previous financial year. The 9M FY 2022-23 income stood at Rs. 1,860 crores, as compared to Rs 1,413 crores during the 9M FY 2021-22. The PBT stood at Rs 287 crores during the period as against Rs 227 crores during 9M FY 2021-22, impacting PBT margin by -0.6% due to higher cost of trading goods and foreign exchange fluctuations.
- Looking forward, all our key strategic initiatives to support future growth and further profitability improvement are now fully on track. On the M&A front, for the integration of Hi-tech and DOCL we have initiated a project exclusively Project “Milan” focusing on integrating the companies into the RHI to leverage the full strength of both companies along with RHI Magnesita’s best talent. The projects aim to work towards full integration of the business and derive the maximum common value and synergies.

## Industry outlook on demand

- The demand from our user industries continues to remain positive. In fiscal 2023, the cement demand is expected to grow 10-12%. This will increase the consumption share across the cement industry significantly. Crude steel demand is expected to grow at 10-11% and aluminium demand by 6-7% in fiscal 2023. Thus, the increased demand of end-use industries of refractories will positively impact demand in fiscal 2023. Refractory industry demand is expected to reach 1.6 million tonne in fiscal 2023, growing 6% year on-year.

# Financial Update



**RHI Magnesita India reports 19% rise in income for Q3 FY 2022-23**

**Nine months total income stands at Rs. 1860 crores, up by 32%**

RHI Magnesita India Limited, the leading manufacturer and supplier of high- grade refractory products, systems and solutions, has reported consolidated financial results for the Quarter ended Dec 31, 2022 (Q3 FY 2022-23). The Q3 FY 2022-23 income stood at Rs. 649 crores, as compared to 547 crores during the Q3 FY 2021-22, registering a 19% growth in income. The EBITDA stood at Rs 97 crores during the period as against Rs.109 crore against the same period last year, impacting EBITDA margins by -5.1% respectively due to higher cost of trading goods and foreign exchange fluctuations.

Commenting on the results, **Parmod Sagar – MD & CEO of RHI Magnesita India** said, “The demand situation continued to remain positive through the nine months of the financial year. We have been able to respond well to this with our efficient production and supply capabilities, ensuring that we maintain our growth trajectory. However, there has been pressure on the margins due to foreign exchange fluctuations and further increase in the cost of the traded goods arising out of the energy cost hikes in Europe as a fall out of the war.”

# Financial Update



## Nine months results

The Company registered 32% growth in income during the first nine months of FY 2022-23 as compared to the 9 months of the previous financial year. The 9M FY 2022-23 income stood at Rs. 1,860 crores, as compared to Rs 1,413 crores during the 9M FY 2021-22. The EBITDA stood at Rs 321 crores during the period as against Rs 254 crores during 9M FY 2021-22, impacting EBITDA margins by -0.7% due to higher cost of trading goods and foreign exchange fluctuations.

The Board of Directors of the company, which met on Feb 13, 2023, to approve the unaudited consolidated & standalone financial results of the Company, also approved the raising further capital and to issue and allot additional equity shares for an aggregate amount not exceeding Rs 1500 crore.

“In last two months, we completed the acquisition of two leading refractory makers in India – Dalmia OCL and refractory business of Hi-Tech Chemicals. This has enlarged our local production capacity to more than 5,00,000 tons per annum. All our key strategic initiatives to support the integration of the two businesses and realization of synergies to drive future growth and further profitability improvement are now fully on track” – **Mr. Sagar** added.



# Consolidated Financial Result



Particulars	(Amount in Rs. Lacs)					
	Quarter ended December 31, 2022	Quarter ended September 30, 2022	Quarter ended December 31, 2021	Nine months ended December 31, 2022	Nine months ended December 31, 2021	Year ended March 31, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Income</b>						
Revenue from operations	64,484.91	60,036.17	54,334.78	184,725.16	140,518.45	199,514.27
Other income	444.06	399.11	316.71	1,259.88	761.58	966.20
<b>Total income</b>	<b>64,928.97</b>	<b>60,435.28</b>	<b>54,651.49</b>	<b>185,985.04</b>	<b>141,280.03</b>	<b>200,480.47</b>
<b>Expenses</b>						
Cost of raw materials and components consumed	20,159.19	25,284.68	21,257.83	66,112.75	50,806.39	71,675.54
Purchases of stock-in-trade (traded goods)	12,103.94	22,018.68	7,191.26	52,393.89	44,334.46	59,983.74
Changes in inventories of finished goods, work-in-progress and stock-in-trade (traded goods)	10,303.12	(10,066.49)	3,415.22	(2,403.69)	(9,223.64)	(12,338.35)
Employee benefits expense	3,992.84	4,015.13	3,077.71	11,827.05	8,899.14	12,351.86
Finance cost	744.89	(153.02)	76.34	579.58	242.99	217.89
Depreciation and amortisation expense	1,004.15	931.54	857.47	2,850.86	2,457.85	3,382.52
Other expenses	8,704.57	8,709.13	8,763.17	25,930.01	21,090.48	29,459.05
<b>Total expenses</b>	<b>57,012.70</b>	<b>50,739.65</b>	<b>44,639.00</b>	<b>157,290.45</b>	<b>118,607.67</b>	<b>164,732.25</b>
<b>Profit before tax</b>	<b>7,916.27</b>	<b>9,695.63</b>	<b>10,012.49</b>	<b>28,694.59</b>	<b>22,672.36</b>	<b>35,748.22</b>
<b>Income tax expense:</b>						
Current tax	2,245.18	2,425.62	2,789.59	7,600.72	6,214.04	9,383.13
Deferred tax	(281.76)	46.93	(385.67)	(316.86)	(458.34)	(240.81)
Short/(Excess) provision for tax relating to prior years	85.07	-	-	85.07	-	(294.54)
<b>Total tax expense</b>	<b>2,048.49</b>	<b>2,472.55</b>	<b>2,403.92</b>	<b>7,368.93</b>	<b>5,755.70</b>	<b>8,847.78</b>
<b>Profit after tax</b>	<b>5,867.78</b>	<b>7,223.08</b>	<b>7,608.57</b>	<b>21,325.66</b>	<b>16,916.66</b>	<b>26,900.44</b>
<b>Other Comprehensive Income</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement of the defined benefit plans	53.07	101.81	24.69	121.02	18.69	(135.45)
Income tax relating to the above	(13.36)	(25.62)	(6.21)	(30.46)	(4.70)	34.09
<b>Other comprehensive income/(loss)</b>	<b>39.71</b>	<b>76.19</b>	<b>18.48</b>	<b>90.56</b>	<b>13.99</b>	<b>(101.36)</b>
<b>Total comprehensive income</b>	<b>5,907.49</b>	<b>7,299.27</b>	<b>7,627.05</b>	<b>21,416.22</b>	<b>16,930.65</b>	<b>26,799.08</b>
<b>Paid up equity share capital (Face Value of Re. 1 per share)</b>	<b>1,609.96</b>	<b>1,609.96</b>	<b>1,609.96</b>	<b>1,609.96</b>	<b>1,609.96</b>	<b>1,609.96</b>
Basic earnings per equity share (Face value of Re 1 each share)	3.64	4.49	4.73	13.25	10.51	16.71
Diluted earnings per equity share (Face value of Re 1 each share)	3.64	4.49	4.73	13.25	10.51	16.71

# Standalone Financial Result



RHI MAGNESITA

Particulars	(Amount in Rs. Laacs)					
	Quarter ended December 31, 2022	Quarter ended September 30, 2022	Quarter ended December 31, 2021	Nine months ended December 31, 2022	Nine months ended December 31, 2021	Year ended March 31, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Income</b>						
Revenue from operations	64,388.05	59,913.59	54,246.30	184,356.50	140,217.39	199,070.53
Other income	434.20	390.85	310.93	1,235.58	744.94	938.74
<b>Total income</b>	<b>64,822.25</b>	<b>60,304.44</b>	<b>54,557.23</b>	<b>185,592.08</b>	<b>140,962.33</b>	<b>200,009.27</b>
<b>Expenses</b>						
Cost of raw materials and components consumed	20,097.37	25,206.63	21,199.33	65,908.10	50,653.00	71,462.80
Purchases of stock-in-trade (traded goods)	12,103.94	22,018.68	7,191.26	52,393.89	44,334.46	59,983.74
Changes in inventories of finished goods, work-in-progress and stock-in-trade (traded goods)	10,314.53	(10,058.91)	3,427.25	(2,385.72)	(9,229.80)	(12,357.15)
Employee benefits expense	3,980.29	4,001.94	3,063.72	11,789.91	8,859.53	12,300.79
Finance cost	744.89	(153.02)	76.34	579.58	242.99	217.89
Depreciation and amortisation expense	999.72	926.91	852.72	2,836.98	2,443.75	3,363.48
Other expenses	8,697.08	8,771.81	8,754.28	25,971.96	21,062.07	29,427.85
<b>Total expenses</b>	<b>56,937.82</b>	<b>50,714.04</b>	<b>44,564.90</b>	<b>157,094.70</b>	<b>118,366.00</b>	<b>164,399.40</b>
<b>Profit before tax</b>	<b>7,884.43</b>	<b>9,590.40</b>	<b>9,992.33</b>	<b>28,497.38</b>	<b>22,596.33</b>	<b>35,609.87</b>
<b>Income tax expense:</b>						
Current tax	2,235.92	2,366.76	2,782.99	7,517.82	6,190.68	9,344.84
Deferred tax	(281.68)	79.14	(385.20)	(283.72)	(454.40)	(236.94)
Short/(Excess) provision for tax relating to prior years	86.66	-	-	86.66	-	(290.35)
<b>Total tax expense</b>	<b>2,040.90</b>	<b>2,445.90</b>	<b>2,397.79</b>	<b>7,320.76</b>	<b>5,736.28</b>	<b>8,817.55</b>
<b>Profit after tax</b>	<b>5,843.53</b>	<b>7,144.50</b>	<b>7,594.54</b>	<b>21,176.62</b>	<b>16,860.05</b>	<b>26,792.32</b>
<b>Other Comprehensive Income</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement of the defined benefit plans	53.32	102.06	24.69	121.77	18.69	(134.44)
Income tax relating to the above	(13.43)	(25.68)	(6.21)	(30.65)	(4.70)	33.84
<b>Other comprehensive income/(loss)</b>	<b>39.89</b>	<b>76.38</b>	<b>18.48</b>	<b>91.12</b>	<b>13.99</b>	<b>(100.60)</b>
<b>Total comprehensive income</b>	<b>5,883.42</b>	<b>7,220.88</b>	<b>7,613.02</b>	<b>21,267.74</b>	<b>16,874.04</b>	<b>26,691.72</b>
<b>Paid up equity share capital (Face Value of Re. 1 per share)</b>	<b>1,609.96</b>	<b>1,609.96</b>	<b>1,609.96</b>	<b>1,609.96</b>	<b>1,609.96</b>	<b>1,609.96</b>
Basic earnings per equity share (Face value of Re 1 each share)	3.63	4.44	4.72	13.15	10.47	16.64
Diluted earnings per equity share (Face value of Re 1 each share)	3.63	4.44	4.72	13.15	10.47	16.64

# Disclaimer

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