



RHI MAGNESITA

RHI MAGNESITA INDIA LTD

(Formerly Orient Refractories Ltd.)

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Transcript of 12th Annual General Meeting of RHI Magnesita India Limited
held on Monday, September 26, 2022

- Mr. Sanjay Kumar – Company Secretary, RHI Magnesita India Limited:

- Good afternoon, dear shareholders. I, Sanjay Kumar, Company Secretary of your company hereby welcome you all to 12th Annual General Meeting which is being held through video conference. I hope you and your family members are healthy, safe, and well. I would like to take you through certain key points regarding your participation in this meeting. The facility to join the AGM through video conference and other audio video means is being made available for the members. All members who join this meeting are by default placed on mute mode to avoid disturbance arising from any background noise and ensure smooth and seamless conduct of the meeting. When question-answer session starts, the names of the shareholders who are registered as a speaker-shareholder will be announced one by one. Name of speaker-shareholder will be announced in the audio video mute mode and operator will unmute their connection after announcing their name during the question-answer session. If speaker-shareholder is not available to join through video mode for any reason the shareholder can speak through audio mode only.

- While speaking, we would request the speaker shareholder to use an earphone so that he/she would be clearly audible, minimize background noise, and ensure that Wi-Fi is not connected to any other devices, n. No other background applications are running on the device and there is proper lightning to have great audio-visual experience. If it observed that there is connectivity problem at the speaker-shareholder end, we would ask next speaker to join. If the connectivity improves, we will again request shareholder who had connectivity issue earlier to try once again. Once the other shareholder who are registered complete their turn. We would like to request the shareholders to limit their speech by two minutes each. During the AGM, if any shareholder faces any technical problems, connect on the helpline number mentioned in the notice of the AGM or refer to the frequently asked questions, FAQ session available on the NSDL website. If at any time during the AGM, you got disconnected from your end, check your Internet connection and log on again using same process. Thank you. Now Dr. Vijay Sharma, Chairman will proceed the meeting.

- Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:

- Good afternoon, shareholders. I would like to welcome you all at the 12th Annual General Meeting of your company. I also welcome the Board of Directors and auditors of the company for this meeting. Before proceeding further, let me introduce to you the Board of Directors and auditors attending this meeting through videoconference from respective locations.

- Mr. Pramod Sagar and Mr. RVS Raju are attending this meeting in person, please.

- Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:

- Namaskar. I'm attending this meeting from boardroom in Gurgaon.

- Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:

- Mr. RVS.



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- **Mr. RVS Rudraraju – Whole-Time Director, RHI Magnesita India Limited:**
- Good afternoon, everybody. I'm attending this meeting from boardroom in Delhi, Gurgaon.
- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**
- Mr. Nazim Sheikh, Independent Director.
- **Mr. Nazim Sheikh, Independent Director, RHI Magnesita India Limited:**
- Good afternoon, everybody. I'm my attending this meeting my home.
- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**
- Ms. Sonu Chadha please.
- **Ms. Sonu Chadha – Independent Director, RHI Magnesita India Limited:**
- Good afternoon, everyone. I'm attending this meeting from Gurgaon office.
- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**
- Mr. Gustavo Franco. Mr. Erwin Jankovits.
- **Mr. Erwin Jankovits – Independent Director, RHI Magnesita India Limited:**
- Yes, Erwin Jankovits. I'm attending this AGM from Vienna from the office of RHI Magnesita.
- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**
- Thank you very much. Mr. Abhishek Rara represents the Statutory Auditors Price Waterhouse Chartered Accountant LLP and he is attending the meeting physically. Mr. Naresh Verma, Secretarial Auditor have also joined the meeting through videoconference from their respective location. Ms. Ria Gupta, Chief Financial Officer and Mr. Sanjay Kumar, Company Secretary of the company are also present in the meeting. As the requisite quorum is present, I now call the meeting to order.
- Due to global pandemic COVID-19, this meeting is being held through video conference VC, other audiovisual means in compliance with the circular issued by the Ministry of Corporate Affairs and the Security and Exchange Board of India. The company has taken all feasible steps to ensure that the shareholders are provided an opportunity to participate in the Annual General Meeting and vote. The live streaming of this meeting is being webcast on NSDL website. The company has received 3 letters along with the Board Resolution from the corporate shareholders appointing an authorized representative under section 113 of Companies Act 2013 in respect of 11,30,2,465 equity shares representing 70.19% of the paid-up equity capital of the company. Since there is no physical attendance of the members, the requirement of appointing proxies is not applicable. Those members who have not voted earlier through remote E-voting can cast their vote in the course of this meeting through E-voting facility. The Annual General Report of the year ended 31st March 2022 along with the Directors report and auditors standalone and consolidated annual account of the company has been circulated to you. With your permission, I take them as read. Now moving towards the company's performance during the year.



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- I am pleased to report that RHI Magnesita India Limited has successfully navigated another challenging year in 2021 while continuing to build business efficiencies to better serve our stakeholders and to grow our leadership position in the refractory industry. During the year, we successfully completed the merger of the three legal entities in India to emerge as one strong company, which is the refractory market leader in India. The financial results of the company stand testimony to the benefit that the merger has delivered the desired objectives. The company is well positioned now to provide customers with one shop solution for all their refractory products, systems, and services needed. COVID-19 pandemic continues to run havoc during the initial part of the year. The company took adequate steps, adequate safety measures to ensure health and safety of its employees as well as its surrounding communities. Special vaccination camps were organized at the manufacturing locations for employees and communities. The COVID-19 preventive measures were strictly deployed in all the operational locations of the company through the year. We are in the business of manufacturing and supply of refractory products, systems, and solution predominantly for the steel industry in India and globally, hence it is impacted by the dynamics of the steel industry in India and worldwide. As the country emerged out of the shadow of COVID-19 pandemic, there was upswing in the demand for steel market from the second quarter onwards post COVID. This was primarily led by surge in demand in the export market and revival of domestic infrastructure sector. While it continued to face the pressure of higher input cost, India's crude products steel production grew 18% year-to-year to 120.1 million ton during the year. The newly integrated company was able to react quickly and effectively to the fast-recovering market; however, we were highly challenged by a volatile global economic environment post COVID-19. Steep price rise of raw material prices that took off in the previous financial year continued through the most of this year. This was further complicated by multifold rise in steel freight, the container availability is in major ports made delivery schedule unpredictable.
- The company with support from its global market forecasting and supply chain management capabilities of the parent company could navigate through this situation. We could relay well to the customers the raw material sea freight situation and global supply chain disruptions. The company could ensure genuine price realization vis-à-vis the high raw material and freight cost to protect its margins. The newly amalgamated company reported total income of ₹2,005 crores during the financial year 21-22 as compared to ₹1,383 crores in the previous year. The company posted net profit of ₹269 crore as against net profit of ₹137 crores in 2020-21. While the company continues to grow in the market, we have put in place well-defined and adequate internal control system commensurate to the size of the business and the nature of the industry we operate in. The internal control system ensured safeguarding and protecting the assets of the company, RHI Magnesita India Limited code of conduct set out our commitment to uphold high ethical standards wherever we operate.
- We train our employees on ethical business conduct, and we expect them to follow the code. Any reported ethical concerns are investigated thoroughly by our internal audit, risk, and compliance team. The Indian steel manufacturing is estimated to continue its growth well on lines with the goal of achieving 300 million tons of production by 2030. World Steel Association expect India's demand to rise by 7.5% in the calendar year 2022 followed by 6% in the calendar year 2023. RHI Magnesita India Limited is gearing up to fulfill the refracted demand that could be created by expanding the capacities of our existing plants. During the year the capacity of the Vizag plant has been expanded by 30%. Capacity expansion projects are ongoing at the other two plants as well. To support the plant, a world class R&D Center has been operationalized at the RHI Magnesita Bhiwadi plant.
- Question session of shareholders, all speakers will ask their questions one by one. #1, Mr. Vinay Vishnu Bhide.



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- **Mr. Vinay Vishnu Bhide – Shareholder:**

- Hello. Are you able to hear me?

- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**

- Yes, Mr. Bhide.

- **Mr. Vinay Vishnu Bhide – Shareholder:**

- I have switched on my camera. I think the camera also should come on I'll start. Yeah, there it is.

- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**

- Yeah, you can start please. Now we can see you.

- **Mr. Vinay Vishnu Bhide – Shareholder:**

- Yes, Sir. I will start. Chairman, Dr. Vijay Sharma, MD and CEO Mr. Pramod Sagar, Executive Director Mr. Rudraraju, Non-Executive Director's present at today's meeting, company executives, and shareholders, good afternoon to you all. With a 3-way merger complete our company is well on the way to good growth. In financial year 21-22, we reached the landmark figure of 2,000 crore revenue and in the process almost doubled net profit and substantially improved the parameter of EBIT, ROCE. and debt to equity ratios. Congratulations to the entire team Sir. I now understand the present in the future better, I have a few questions listed out for which you could respond Sir and they are as follows. The first question, I request you to refer to page #185 of our annual report. The question is what are the indicative profit margin brands of finished goods and traded goods? this question is from page 185 of report. The second question, what is the value of local and export order book as on 31st March, 2022 and what are the additions till date? Further how do these figures compare with the same dates of the last financial year? and the second part of the question Sir. Third question is on the next page, page 186, which shows the revenues by geography. Question here is that, at this point of time is it right to assume that medium term growth in India will be better in comparison to exports over the medium term? and final question Sir, what was the CapEx of OpEx in financial year 22 for information technology and what is the budget for the current year? So, these are few questions which I had listed. I think you know we are differently on a micro part, but I just like to have your confirmation on some of these points that I've listed out and with best wishes to Directors and their employees and once again thank you for giving me an opportunity to participate and speak. Thank you so much, Sir.

- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**

- Thank you.

- **Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**

- Thank you very much Vinay ji for very detailed 5 questions. So, I will try to answer all those, maybe not in sequence, but whatever I could gather from your questions. So, one is you are asking about export versus domestic sales, so as of now around 18% is exports and 82% is domestic sales. If we talk about CapEx, we have 62 crores CapEx for the current year 22-23 and majorly it is tunnel Kiln where we put up Vizag plant along with the shaft kiln and for SAP S/4 HANA, it is about 300 crores. So, these are the



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major CapEx we did and we are in the process of doing 2.2 million CapEx in Cuttack plant. The order is placed and we are expecting a press and mixer in October probably and we should be able to Commission this by end of this year and which will give our incremental increase in productivity in our Cuttack plant as well in 22-23 financial year. What else -- hope I covered everything or something is still missing. Okay. Thank you.

- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**

- Yashvi Kothari please. Please put your question. Not available. We go to the next speaker, Kunal Patel please.

- **Mr. Kunal Patel – Shareholder:**

- Hi Sir. Thanks for the opportunity. Are you able to hear me?

- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**

- Yes, Kunal Ji.

- **Mr. Kunal Patel – Shareholder:**

- Okay. Sir my first question is regarding the merger. So, we completed the merger of three companies in May 21, so it would be very helpful if you can talk in detail what are the benefits of the merger? how it will help our company to gain market share, increase our target market, all with improve margins and more importantly put our company as the key company within RHI parent folio? So, that's the first question on the merger. Sir second question is regarding our CapEx that we have outlived 400 crores CapEx plan out of which 50 crores is already spent to increase Vizag capacity, can you please further breakdown the CapEx location and product wise if possible? We have also talked about multiple ongoing projects at Bhiwadi and Vizag wherein it is doing technology transfer from parent to make certain high-grade products in India. 2-3 sub questions here Sir; first, can you please talk about the nature of the product or industry it caters to? Secondly, are these products purely for exporting back to the parent or it will be supplied in Indian market as well? Third, what was the rationale behind the technology transfer from our parent and lastly do we see more products coming into India post-production from parent's umbrella? Next question, we are working on import substitute products, so can you please elaborate on the same how big is the market size for these products? in which industry it gets used? How are the realizations as on today? what could be the price differential between imported products and the products that we could potentially make?

- Next question, can you please provide break up of revenue between different products that we have i.e. flow control, fire clay, high alumina, magnesia, or carbon bricks? Also please provide break up of revenue by tech industry we cater to, so that is steel, cement, autos, I assume steel is roughly around 75% of our total revenue? Next question, as per my understanding alumina and magnesia are high margin business, Sir, please provide directionally how are the margins in these products from the average margins that our company made? So, I'm not looking for absolute number unless you are comfortable sharing it, but just directionally which product has higher, or lower margins as compared to our average margins that the company makes. Next question is regarding our raw material, a fused magnesia and white fused alumina are the key raw materials for our business and if I'm not wrong these raw materials are imported from China and there is no domestic supplier, so again few questions here prices of both the material went up sharply in last 18 months, so can you please talk about what were



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the prices for both the raw material 18 or 12 months back? what it is now? and how do you see them moving directionally? and because of this raw material insulation how we are trying to control the raw material prices?

- Sir despite such steep price rise in raw material, we were able to increase our margins. What worked for us? how much price hike did we take in our products over the last 18 months? out of total revenue growth how much is volume growth and how much is driven by prices? and lastly Sir assuming current realization once the entire CapEx is over, what could be the potential revenue at optimal capacity for our company, say in FY27 or 28, once the CapEx is over and everything is stabilized? and lastly Sir because you are answering point by point, question by question, so just give me an opportunity again once you are through with answers, so that if there is any question left then I'll be able to ask them again. Thank you so much.
- **Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**
- Sure, Kunalji. I think you have asked 10 shareholders questions. So, I will try to give answer. If you talk about merger, yes all three companies were very successful company in their own field and we could leverage by merging these companies bringing the one shop solution to the customer where we can run their shop right from BOF or electric arc furnace to Ladle's and tundish, so that is the biggest thing we could provide to our customer and by doing this also we bring some synergies by optimizing our product portfolio, which product should be made in which plant, how we can leverage you know the geography of these plants, and these are the results why we have increased our margins during last one year and so. About CapEx, this 400 crore CapEx which we are talking about yes about 60-65 crores is already spent in Vizag plant on tunnel kiln and shaft kiln and about half a million or ₹5 crore we spend in Bhiwadi plant and about 20 crore we already placed order for various items like press and mixers for Cuttack plant. So, this is the spent already in the pipeline and in going forward we want to increase the capacity of our Cuttack plant from existing capacity to almost double the capacity in 1½ years trying to around 50,000 ton and there will be a CapEx and we also put up one this is the answer of your also along with the new products, so we bring a new purge plug line in Bhiwadi plant from the similar setup, similar technical knowhow from our own plant in Europe and there also we spend about ₹7-8 crore and now we have world class product in front of us in local production.
- Apart from this, we have brought a tap hole clay technology from Brazil with the CapEx of about 2 to 2½ crores on a very, very pilot stage projects and we did some trials, it is very successful, and now we will expand that also. There will be some CapEx on this as well. Then tap hole sleeve we brought from 31:24 plant from Europe that is also very high-end products. We did the trials in India. Outside India also, the performance is just that far with our European products. Apart from this, thin slab caster where our competition is having almost monopoly if you talk about flow control products you know to whom I was referring to, so we brought that technology from our American plant Saybrook plant and we did a trial in one of the integrated private sector plant with a very good performance and now we are spending quite substantial CapEx on our ISO plant also by bringing C&C machine, X-ray etc. to cater to that segment as well. So, this CapEx and new products I combine both the answers. I hope you are satisfied with the answer.
- Apart from this if everything goes well, we are looking at Greenfield or Brownfield expansion of magnesia carbon brick other than Cuttack also in coming days if market permits us and it fits into our scheme of things. So, these all four products, which I've talked about is import substitution. Breakup of steel you were asking me about our portfolio, so as you rightly said normally globally 70:30 is the ratio 70% is steel 30% is non-steel. In India, we have almost 78% steel, 22% non-steel. When we talk about



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non-steel it is glass, cement, nonferrous, etc. So, we are trying to balance this imbalance and this is the growth area for us also non-steel area where we can further grow, so we are working on that. When you talk about alumina and magnesia base, so everything is alumina and magnesia base for us, but normally it is not magnesia alumina raw material which decide the pricing or the margins, it is the end product. If you use alumina for flow control products, the margins are fantastic. If you use it for high alumina bricks, it is a medium type of margin. If you use alumina for low fire clay type of bricks or you know 50%-60% alumina bricks the marginal are still very competitive because there are too many players in the market.

- So, these products same way when you talk about magnesia bricks, it is a converter or it is an electric arc furnace so it's a commodity of ladle bricks etc. So, it depends upon your product mix what you are selling to the market, it drives up margins. Raw material you are asking about raw material yes, from last September/October, it was shooting like anything almost doubled the prices of raw material and then it started tapering down from last to three months' time. It is still not reached to a level where it is started, but yes, it is softening and I believe you are asking about next 12 months or so, it is very difficult to predict, but looks like we are heading for a very challenging time. The third quarter of this financial year, fourth quarter, and 22-23 further, we are heading for a really challenging time. There will be global recession, Europe is already gone into recession, most of the other economies are in recession. China is in turmoil. You see Russia/Ukraine war has you know taken its toll, and probably we are the only growing market along with some southeastern small economies. So, the pressure will be on us. Steel in last 2-3 months is not doing that great, they have already you know done fantastic and now their moods is subdued and in coming days I think it will be under pressure and that pressure will be shifted to us as well, so we will also be having a really pressure from our user industry and there will be challenge to maintain this type of margins in coming days, though we will try our best to do that. I think I covered almost everything. Kunal, if you want to just acknowledge it or you want to raise any further, we are already
- **Mr. Kunal Patel – Shareholder:**
- Yeah, that can be done sidelines also.
- **Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**
- And if you have any questions, you can also write directly to me and I will be more than happy to reply you.
- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**
- Okay. The next speaker, Gunjan Kabra please.
- **Ms. Gunjan Kabra – Shareholder:**
- Hello, Sir. Thank you for the opportunity. Am I audible to you?
- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**
- Yes.



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- **Ms. Gunjan Kabra – Shareholder:**

- Sir, my first question is that the CapEx of 400 crores that could be done in next three years, so what is the asset turn in total and what would be the capacity increase like you mentioned the products in the previous question, but overall what would be the capacity increase when we are expanding by 400 crores is my first question. Second is, Sir at currently what capacity utilization we are operating at, if you can bifurcate in terms of location wise also? The next question is, Sir after the pandemics what kind of business environment change have you seen like because you know there was a raw material sourcing issue even before pre COVID levels for a lot of refractory companies, so is that consolidation happening in the industry which is otherwise a very fragmented market? Also, what is the price trend in terms of final product and raw material fronts that you see? I think part of it you already answered also.

- The next is Sir how does the industry work, like if there is a steel production increase by say 10% in quarter, so does that mean a refractory growth would also be in tandem with that like 10% or it would be a little more or less and likewise, so what is the ratio if you can highlight that? and the thing is that how frequent is refractory maintenance practice while you know I read it in one of the books that you know materials for maintenance are very important so the volume of the maintenance material consumed maybe up to two times of the original break, so is it true like how does that work is that happen practically also? Also firstly very congratulations that you have been able to you know report quiet a superior margin than competitors, which is significantly high so while it is very, very good and commendable, but I wanted to understand you know why is there a stark difference in the margin because even if I assume that we have certain advantages and sourcing raw materials from the parent company or this way but, still the margin difference is pretty high, so wanted to understand why is there a stark difference? is it because of our operating efficiency or what is it that is leading us to report such high margins than our peers? And also we are currently providing total refractory management service also, so how much is that segment contributing right now to the total revenue? and how will this segment contribute in a meaningful way going forward like the advantages, what is the advantages of entering this segment and is the overall industry model shifting towards this? also there are three types of refractories shaped refractories, unshaped, and special refractories, so we have a quite a good presence in special refractories, so in the shape and the unshaped one what is our market share?

- And what is the replacement cycle for all the three categories? and like introducing 1 ton of steel, which one is used more during the whole process? Also, can you highlight the pricing difference of all the three categories? And also, in one of the articles and in the annual report also it was mentioned that we are catering to recycling of refractory materials, so Sir is RHI the only one doing it? And what is the margin expansion that can happen if we are recycling the refractory material? and somewhere it's odd it was also mentioned that the availability of the same is scare and not that all players will be able to scale up the usage? so why is it so -- is it because we are providing TRM or we are the leaders or what is the advantage? or what kind of opportunity do we see in magnesia brick, so is it replaceable to alumina bricks because it has high heat resistance like the industry would be moving towards that and wanted to understand that and what is the plan in terms of exports, so right now you mentioned 18%, so are we planning to increase it and so is in RHI India that is the trading company, so we source from RHI entities right, so what all products to be sourced? and does this help us to have a presence in all types of refractory baskets? and do we plan to do any inorganic expansion? That's it from my side. Thank you.

- **Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**

- Thank you so much, Gunjan for very important questions you raised. I will try to answer few. CapEx, we already talked about 400 crores, we want to spend in next 3-4 years' time and it is not linked with only



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one plant, it is all three plants, and as I said it can be new location also Greenfield or maybe some you know already existing small unit just to speed up the production, avoiding clearances and all. So, these all are in the pipeline. Capacity as of now, we are producing about 1,45,000 ton of refractory put together all in three plants and the target is to take it to 2,80,000 to 3 lakh tons refractory production if we talk about only organic growth and if we talk about plants roughly 50,000 ton as of now we are producing in Bhiwadi plant, 18,000 ton in Cuttack plant, and rest is 70 to 75 whatever is in Vizag plant. So, this is the break-up.

- Raw material price trend, I already explained. It is really very dynamic situation. Even if raw material prices goes down and it's going down for sure, but it will not have an immediate impact like last year when we were carrying inventory it helps us. The inventory was of low value and prices gone up, so we took the advantage. Now, we have a high price inventory in our warehouses, hence the raw material prices are coming down. Whatever order I am placing today, probably it will reach to my warehouse after three months, so it is you know having an overlapping implication I would say. So, it is going down, but probably we will have a balancing by first quarter of next year.
- **Ms. Gunjan Kabra – Shareholder:**
- Okay.
- **Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**
- You talk about industry, if steel industries growing by 10% of what will be our growth? So, historically we are growing faster than the steel industry, so what Steel Association is predicting that this year we will be growing by 7.5% in steel and we are looking at double digit growth, so we will be growing more than the steel industry. If you talk about maintenance, you know maintenance is a smaller part I would say. There are different types of segments like converters, one converter can run up to say 6000 heat to 10,000 heat. In terms of four months to six months right. Ladle's; in one Ladle you can take 100 heat to 150 heats, so maybe in one month you are using 10 ladle's, flow control products are just consumable type of things you know 2-3 heats to 20 heats to 30 heats, so every day you are using. So, these are the segments and when you talk about maintenance; maintenance just converter is maintained. It is not maintenance, it is you know to keep it in healthy condition you need to do some fettling, some gunning, and all those things. So yes, the consumption is quite high because it runs too many months together, but it is part of a package type of thing. I would not say it is just maintenance, it is just to run the converter, or the Ladle, or the electric arc furnace to the desire level you need to do maintenance or periodic repairs okay.
- You talk about we have advantage of raw material coming from our parent company, so let me correct you. We are bringing maybe around 10% raw material from our parent company, rest everything we are buying from the market, but having said so yes, we have that advantage, we have backward integration if need be, if something goes wrong with the China, I can bring raw material from my European plants, from my American plant, from my South American plant to keep the steel plants running. So, that advantages with us though it will have its own implication about pricing, about lead time, and all those things right. About this total management contract, you are asking how much is the share, roughly 47%-48% of our total revenue is coming from FLs contract or TRM contract whatever we say on this type and we are not alone. We are just market leader. Our competition is also trying to do if we're running say 20-25 contracts in India, they are running maybe single digit contracts 3-4 something like that, but yes everybody trying to do that but they don't have that portfolio with us which we have, so we have that advantage. You talk about special shapes and unshaped and all those as you know flow control products



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are special products, the highest margin products. Then shaped products all bricks are shaped whether it's a magnesia carbon brick or whether it is a alumina carbon bricks or alumina bricks or spinal bricks, so depending upon the application uses the price he decided and that has to be decided and margin is also tweaking up and down depending upon the severity of the application. Unshaped product is a commodity type of product, most of the time yes, we have we've few products which nobody in the globe can compete with us that is coming from Europe, but most of the product are commodity products, so everybody is having in that. Recycling yes, we are believing in recycling. Recycling is not just for the sake of reducing your cost. It is a circular economy, if you really want to pay back to the society you really want to be on the right side of the law, you need to work on CO2 emission reduction, you need to work on you know how we can minimize our reliability on import of raw material by using this recycled material, but when we are using this recycle material, we are using web technology, so it costs also.

- We want recycled material after processing just like a raw material for us, so that it should not hamper our quality in any way, so same quality by using this circular economy also. So, we are working on that, others are also working, it's not we are only working, others are also working and try to you know gain some advantages out of it. We cannot replace magnesia carbon brick with alumina bricks or alumina bricks with the magnesia carbon brick in most of the cases. It is a real need of the customer. If customer need magnesia carbon bricks, we have to give magnesia. If they want alumina carbon and it depends upon their steel process also how their processing the steel, rather it's a transfer or it's a VD, AOD, what they're doing, so they decide the quality of refractory. Export, I already told it is around 18% and yes, we want to increase it, and going forward we would love to take it to the level of 25% or so in next 2-3 years' time. Hope, I covered everything?
- **Ms. Gunjan Kabra – Shareholder:**
- Sir, just one question please. Sir in the beginning, Sir when you're doing 400 crores of CapEx, Sir what is the 50:47 that can we expect them that when you're doing of 400 crores of CapEx?
- **Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**
- I did not get you actually, your voice word cracking. Can you again repeat the question?
- **Ms. Gunjan Kabra – Shareholder:**
- Sir, when we are doing a 400-crore of CapEx, what is the expected revenue that comes out from this 400-crore of India is what I wanted?
- **India. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**
- You see, I cannot give you the ration right now, but I can say when we talk about our magnesia carbon expansion, we are trying to gain market share where we are not able to compete with our imported products, we are trying to enter into that segment like Government of India's directive to sale plant is less than €20 million, you need to be an Indian manufacturer only then you can participate in the tender. So, making ourself eligible, we have to do this type of you know localization and it will give us additional top line as well apart from bottom line betterment. Thank you so much.



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- **Ms. Gunjan Kabra – Shareholder:**

- Sir, what is the revenue guidance that you would like to give for this year? Just the last one.

- **Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**

- I think you will have a reference of first quarter, so I think we will try to maintain that momentum, but going forward third and fourth quarter will be as I said subdued, so you can discount a little bit on that and that will be the number.

- **Ms. Gunjan Kabra – Shareholder:**

- That's it. Sir, thank you so much and all the best.

- **Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**

- Thank you so much. Thank you, Gunjan.

- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**

- Next speaker, Mr. Ashok Kumar Jain please.

- **Mr. Ashok Kumar Jain – Shareholder:**

- Hello. Am I audible?

- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**

- Yes please. You are.

- **Mr. Ashok Kumar Jain – Shareholder:**

- Hello. Very good afternoon, Chairman Sir, boards of directors, and my co-fellow shareholders attending this E-meeting. Congratulations to the management and all the staff employees for providing the excellent results during this year. Sir, there is no doubt in the financial statement of annual report as I have full faith in the management. Sir first of all, I want to know that what is the future strategy? and Sir please consider for bonus and Sir I would wish you give us factory tour once and I thanks to the Company Secretary and all the staff of Secretarial Department for allowing me to put my queries in this meeting. Sir, there is my one friend shareholder who wants to speak.

- **Mr. Yashpal Chopra – Shareholder:**

- Hello. I am Yashpal Chopra calling from Delhi. I am the shareholder of your company since the 53:44 time. I'm very much proud of the management as they have given an excellent result in spite of a very, very poor time. The formatting of the company is quite good though because the first quarter was impacted by COVID and the last quarter was impacted by the Ukrainian/Russian war and the first quarter was affecting the production and the last quarter was affecting the distribution, in spite of all that our company did fantastic work and they have shown a grand performance, so I feel now the current year is definitely better than the last year and our company will definitely show better result. So, I wish you



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best of luck and pray God positivity for you all so that our company does better and that is the growth of the company, the growth of my investment. Best of luck. Thank you.

- **Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**
- Thank you, Chopra saab for your kind words and your blessings. It means a lot to us. We need this type of partners as our shareholders.
- **Mr. Yashpal Chopra – Shareholder:**
- Okay Sir. Okay Sir. My best of luck to keep it up.
- **Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**
- Thank you so much.
- **Mr. Yashpal Chopra – Shareholder:**
- *Lage raho munnabhai, bahot badhiya kar rahe hoo.*
- **Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**
- Thank you. *Jain saab, aapne jo bola hai* this factory tour, we will be more than happy to take you to the factory whenever you plan to come over to this side of the country, just reach out to Mr. Sanjay or Vijayaji, and we will plan a visit to factory, not a problem. So, about future strategy yes, we talk about CapEx and we want growing in India. India is very important market for us, so we will be growing in this market organically, inorganically, whatever means it fits into our scheme of things. Thank you so much.
- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**
- Next speaker, Mr. Viraj Kacharia. Mr. Viraj Kacharia please.
- **Mr. Viraj Kacharia – Shareholder:**
- Yeah. thank you. Am I audible?
- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**
- Yes, yes.
- **Mr. Viraj Kacharia – Shareholder:**
- Yeah. First of all, congratulations for the past year's performance and also hearty congratulations for the way you are conducting the AGM. I think previous speakers have covered a lot of ground. I have four specific questions. One is you know just in terms of the import of refractories in India, what could be the quantum and are we looking at substituting some of these imported refractories? The second, is we are hearing of a lot of expansion in the refractory business and this expansion will flow into the domestic market, so do you do you believe it's a reason to worry on the pricing side in terms of increased competition?



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- The third is, you know the portfolio gaps between the parent portfolio and domestic, I believe we have introduced a lot of products, but depending upon the opportunity do you believe there's a sizable gap between the parent portfolio and the domestic portfolio, which we can improve? and the fourth one and the last one is, in the past we've talked about moving around 500-600 crores of traded business of parent into the current entity, so where are we on the same? and what would be the timelines? I again appreciate your responses.
- **Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**
- Thank you, Viraj ji for your questions. Import yes, India as you know doesn't have right raw materials for refractory industry, so most of the things are coming in either finish good as import or raw material as import. So, we have only very low-quality bauxite or magnesite mines in India, so everybody is relying on import and we have to live with this. Unfortunately, we are in this geography where these types of minerals are not available, which are available you know in South America or North America, Europe, and China. So, going forward in either form we will be relying on imports, we have our own backward integration so probably we are better placed than our competition. Expansion of refractory, I'm totally thinking the other way around. You are talking about worry or challenges, I think there is ample opportunity for everybody to grow because we are at 120 million ton of steel and we want to reach to 300 million ton by 2030, 500 million ton by 2047, so it is a very, very big exponential growth we are talking about and refractory industry doing nothing virtually. So, everybody can grow.
- I don't worry about any challenges and I don't like to worry, I like challenges, so nothing to worry, we will keep on growing by all means and we will grow much better than market growth. If we talk about portfolio, you are saying yes, we most of the products now we are trying to bring to our Indian manufacturing facilities so that we are self-reliant, but everything you know take time and transferring technology, getting the right CapEx, timelines everything depends. So, as I said earlier, four big projects we did in last one year and in coming year, probably we will be able to develop those products at various customers and other year or so, we will be harping the advantage of transferring these products to Indian manufacture. About these 500 odd crores trading it still being done in the same way. We are looking at various options how we can handle this situation. It is not like, we forget this, we are working on this, and probably in coming months, we will be able to talk more about this trading business. Thank you so much.
- **Mr. Viraj Kacharia – Shareholder:**
- Alright Sir, appreciate. Thank you so much.
- **Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**
- Thank you, Viraj.
- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**
- Mr. Akshat Mehta please.
- **Mr. Akshat Mehta – Shareholder:**
- Hello. Am I audible?



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- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**
- Yes. Please speak.
- **Mr. Akshat Mehta – Shareholder:**
- Thank you for this opportunity and congratulations on a very good set of numbers. I just have a couple of questions. One is that you know we have been saying that the Indian business will become the global manufacturing hub for the parent entity and the global business as well, so my question is that you know again we'll double our capacity, so where will -- what are the countries to which we'll export from India going forward you know compared to where we exporting currently around 15% to 20% is other exports? and secondly what will be the trend of working capital going forward considering that it has been comparatively high in 21 and 22?
- **Mr. Pramod Sagar – MD & CEO, RHI Magnesita India Limited:**
- Okay Akshatji. Thank you for your questions. Export, we are at present doing export in East Asia and West Asia. We are doing export in South Africa. We are doing export in European market. We have not reached to South or North America, North America very small sometimes we give some products, but mostly our business is in Southeast Asia and West Asia, Africa, and Europe, and going forward probably these are the markets where we will grow. For sure, India is a manufacturing hub, but not only India we have many hubs; India is one of the hub where definitely parent company want to grow, increase their footprint. Working capital, you rightly said, we are under stress rather I would say, I would admit, but it was when we talk about working capital, one part is raw material. Raw material inventory we build up intentionally last year because of COVID and Chinese Winter Olympics, so that was intentional and now we are tapering down this if you will see this quarter results, next quarter it will be tapering down quarter by quarter, so we are taking care of that as well and about our accounts receivables they are also under our focus and we are you know trying to optimize the level of accounts receivable as well. So, we are working on working capital as well.
- **Mr. Akshat Mehta – Shareholder:**
- Very well. Thank you very much.
- **Dr. Vijay Sharma – Chairman, RHI Magnesita India Limited:**
- Is Yashvi Kothari there please? No, I think he's not there. So, we can proceed further.
- I on behalf of Board of Directors, would like to thank all our valued stakeholders including our customers, vendors, lenders, and shareholders for continuing their support and upholding their confidence and trust in us. We remain deeply grateful to all our employees for their contribution and commitment to the growth of the organization. I also thank the Directors, Statutory Auditors -- Statutory and Secretarial Auditors for joining the meeting through video conference today. I would like to authorize Mr. Sanjay Kumar, Company Secretary to conduct the voting procedure and conclude the meeting. The E-voting results would be announced within 48 hours of the conclusion of the meeting and the same would be submitted to the Stock Exchange and uploaded on the website of the company and NSDL. With your consent, I and all our Board members would like to close this meeting and I thank you all and look forward to seeing you next year. Thank you very much.
- **END OF MEETING / E-VOTING BEGINS FOR NEXT 30 MINUTES.**