

## Electrodes &amp; Refractories

## RHI Magnesita India Ltd

BUY

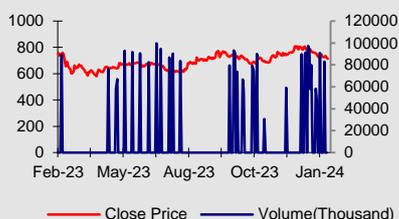
## The perfect proxy for Infrastructure growth

CMP	Rs 715
Target Price	Rs 995

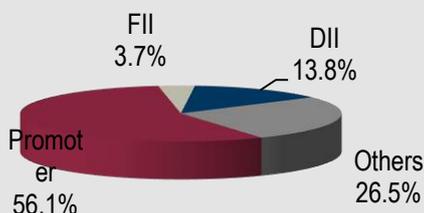
## Key Data

Face value (Rs.)	1
Market cap (Rs Cr)	14,739
Total O/S shares (Cr)	20.65
Free Float (%)	43.9
52 week High/Low (Rs.)	824/576
Avg. Monthly Volume (BSE)	10,904
Avg. Monthly volume (NSE)	78,029
BSE Code	534076
NSE Code	RHIM
Bloomberg Code	RHIM IN
Date of Incorporation	2010
Last Dividend Declared (Rs)	2.5
Indices	S&P BSE 500

## One Year Price/Volume Chart



## Shareholding Pattern as Dec 23



Source: Company, KJMC Research

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## Key Highlights

**Proxy to Steel and a strong in the industrial consumables** – Refractories are non – metallic materials having very high melting points enabling their usage as an internal lining in furnaces, kilns or any other vessels in the metal, cement and glass industries. The Company's Steel division offers a complex range of tailored refractory products for a variety of applications in the Steel industry, including basic products for converters and ladles; non – basic products for blast furnaces, reheating furnaces and direct reduction; and functional products; including for continuous and ingot casting. Refractory products for application in the steel industry have a short service life, ranging from a few minutes to two months. Thus, steel refractories are significantly influenced by the immediate demand for steel and are considered to be consumable products for steel companies. Demand for refractories from Steel industry constitutes ~70% during the FY22-23 (CRISIL). Steel industry is going to remain the key user, with its share increasing 1-2% in the year 2028 over 2022. The crude Steel production is estimated to grow at a CAGR of 6-6.5% (FY22-28). Demand is expected to be led by housing and construction demand, as well as by the infrastructure projects such as Pradhan Mantri Awas Yojana and National Infrastructure Pipeline and auto sectors.

**Domestic Refractory industry growth outlook is optimistic and in line with Steel industry growth** – Historically, demand trends and supply of refractories have not shown correlation in India due to difficulty in imports of finished products and challenges in procurement of raw materials. Earlier the industry grew at 2.5-3% CAGR from FY18 to FY22. Refractory consumption in the Steel and Cement industries has increased from consistent and robust growth production due to the 'Make in India' initiative, also the demand for such products through Atmanirbhar Bharat which has boosted production across various industries. Indian refractory industry demand to grow at 5.5-6% CAGR in the medium term from FY2022-28 (CRISIL). The increased production of end-use industries of refractories will positively impact the demand. Refractories demand is estimated to reach approx. 2.1% million tonne in FY28. The growth in demand will be backed by India's vision of becoming a US\$5 trillion economy by FY2027-28 and US\$7-8 trillion economy by 2030. Good growth is expected in the infrastructure, building and construction and automotive industries, which are the key end users of refractories, in which Crude Steel production is expected to grow at 6-6.5%, Cement production to grow at 6.5-7.5% and Aluminum production to grow by 4-4.5% CAGR FY22-28.

**RHI to benefit from consolidation in the space** – The Company has pursued inorganic expansion initiatives, which are anticipated to yield synergetic benefits. RHIM aims to leverage the acquisition of Indian refractory business of Dalmia Bharat Refractories Limited (DBRL) and the business of Hi-Tech Chemicals Limited to create long term value for growth. It will also help the Company to diversify the product mix in Cement, Steel flow control producer (isostatic, ceramics, slide gate plates). These acquisitions will significantly increase RHIM's presence in the fast – growing Indian refractory market. Prior to 2023 M&A, RHI had three plants located at Bhiwadi, Vizakhapatnam and Cuttack. Dalmia acquisition added facilities in West and South, Hi-Tech acquisition added Jamshedpur in the North. Synergies will optimize manufacturing operations, reduce import-related expenses and expand its product range. RHI India has a market share of 30% in India refractory market following the Dalmia and Hi-Tech acquisitions.

**On the path of debt reduction to increase the efficiency** – The Company has always continued to focus on strengthening its balance sheet with de-leverage position. RHI has increased its leverage position in FY23 mainly to fund the inorganic acquisition, it have taken loans to fund the same. Later on April 2023, the Company has announced QIP at an issue price of Rs 572.7 per share, aggregating to Rs 900 Cr to pare its debt. Currently, the debt level stands at Rs 424 Cr as of September 2023 which has reduced from Rs 1,589 Cr in March 2023. The management expects to reduce debt and bring it down below Rs 400 Cr in FY24, which is primarily towards working capital. Further, the management has guided for capex of Rs 250-300 Cr in FY25 mainly to upscale and modernize the acquired facilities.

**Focus on reducing the working capital cycle a strong impetus to generate cash flow** – Historically btw FY13-FY21, the Company has maintained its working capital cycle in the range of 80-90 days. In FY22 & FY23 its working days stands at 104 & 117 days. This was due to longer inventory cycles, mainly raw material purchases and shorter payables cycles, which had a bearing on the overall cycle. But the management intends to bring down at normal level in the coming quarters. Further, due to bigger base its return ratios like ROE and ROCE has also been impacted (earlier it used to be in the range of 22% & 30%) on back of fund raising and recent acquisition, the management has guided ROE / ROCE to be in the range of 11-12% and 14-16% respectively going way forward. The Company also has strong record of generating operating cash flow (OCF), growth for 3/5/10 years stands at a CAGR of 20/44/27% btw (FY14-FY23). We anticipate the Company will continue to maintain growth momentum on back of increasing utilization level, shorter working capital cycle and synergies resulting from inorganic acquisitions.

**Valuation: We anticipate RHI's Revenue/EBTDA/OCF to grow at a CAGR of 35/44/18% over FY23-FY25E, we initiate coverage on RHI Magnesita with a "BUY" recommendation with a Target price of Rs 995 (upside of 39%) valuing the Company at 28x historical average on FY25E EBITDA (For more details, refer page no 37).**

## Financial Snapshot

(Rs in INR Cr)

Particulars	FY21	FY22	FY23	FY24E	FY25E
Revenue	1,370.4	1,995.1	2,726.3	3,953.1	4,941.4
EBITDA	208.5	383.8	359.9	586.9	748.2
Profit after tax (PAT)	136.6	269.0	(465.7)*	328.4	450.4
EPS (Rs) Adjusted	8.5	16.7	(27.9)	15.9	21.8
ROCE (%)	20.6	32.1	6.4	9.6	12.1

\*Exceptional items adjustment.

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## RHI Magnesita India Ltd (RHIM) – Business Overview

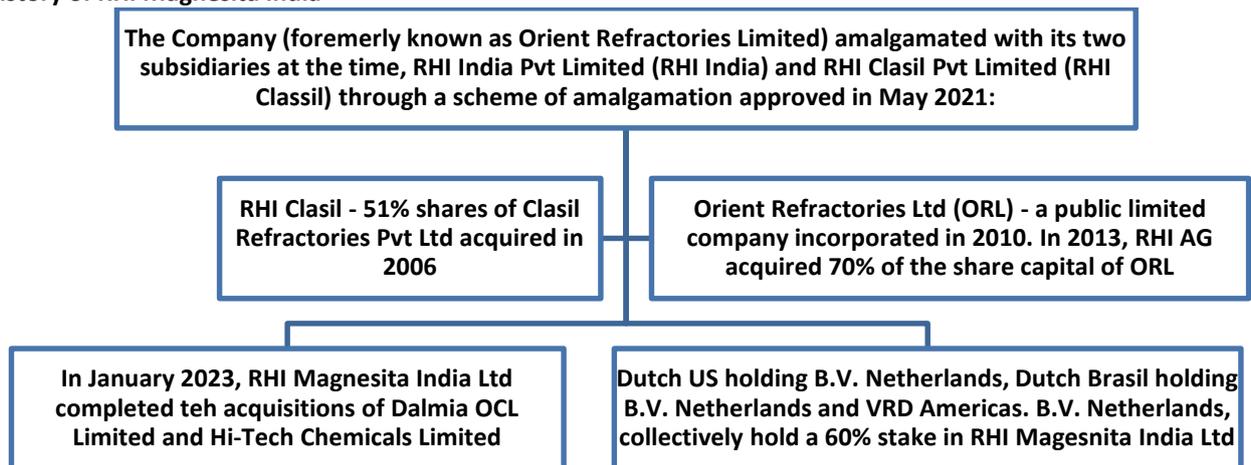
### What is Refractories?

Refractories are used in almost every industrial process involving temperatures of 1,200° C and above, protecting equipment from the effect of heat and corrosion. Refractories are made from inorganic, non-metallic material that can withstand extremely high temperatures while maintaining their form and function during long periods of contact with molten slag, metals or chemicals. Magnesium oxide (MgO) is one of the key compounds used in RHI Magnesita refractory products and has a melting point of 2,800° C which enables its use across many refractory applications.

Refractories are specialist materials used in industrial processes that can withstand high temperatures and corrosive environments but they are consumed during use, at varying rates depending on the application. For example, up to 15 kg of refractories are required per tonne in of Steel production compared with 1 kg per tonne of cement production.

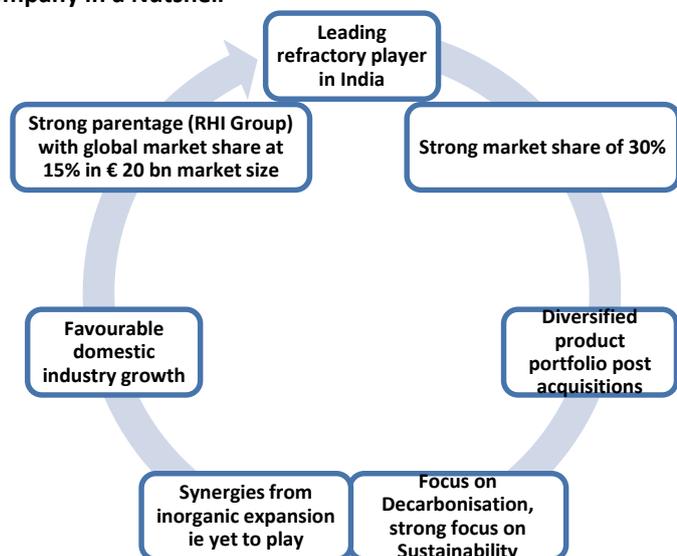
Refractories consumption is an operating expenses for the Steel industry – Replacement cycles for refractories in the Steel industry range between four hours and six months whilst other industries have longer replacement cycles. Refractories in cement kilns are replaced annually, whereas in the glass and non – ferrous metal industries refractory linings are replaced up to every ten years and re-linings are classed as capital expenditures.

Exhibit 1 – History of RHI Magnesita India



Source: Company

Exhibit 2 – Company in a Nutshell



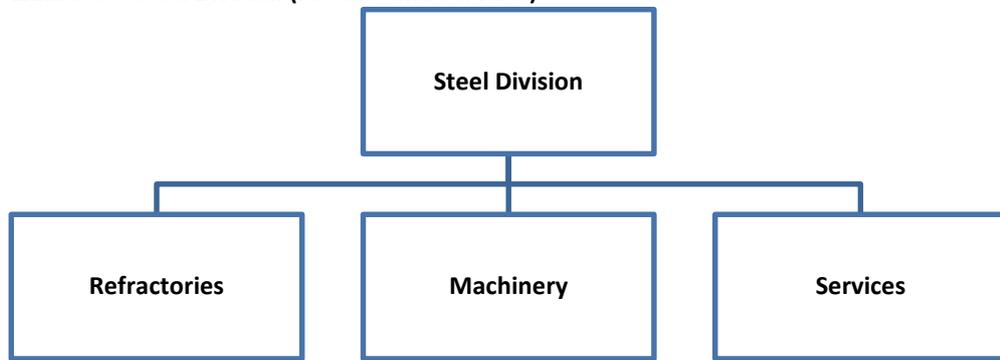
Source: Company & KJMC Research

The Company is the largest manufacturer of a range of refractory products in India. With an aim to provide a “one-stop-solution” for refractory products and solutions for the Indian market, with capabilities ranging from innovation and research and development (R&D) to raw material recycling, production of refractories, product marketing and sales, installation and monitoring.

The Company manufacture a wide range of refractory products and mixes for its customers in the Steel industry and non-Steel industries such as Cement and lime, non – ferrous metals, glass and other industries. From furnace to ladle to mould, the Company offers a range of refractory products for the entire spectrum of high – temperature manufacturing processes involving temperatures exceeding 1,200° C. The products are custom-made to meet the casting conditions and grade requirements of its customers manufacturing and are a result of intensive R&D efforts.

RHI offers a full-line service to its customers by combining installation, supervision, and other services, to drive efficiency for the customers. Due to its customized services, its customers are able to experience reduced downtime, improved product quality and energy efficiency, and raw material optimization. The Company is able to offer its range of services by leveraging the RHI Magnesita Group’s global capabilities and deriving synergies from its historical customization efforts.

**Exhibit 3 – Steel Division (Product and Services)**



Source: Company

**Steel Division**

Within the Steel division, the Company provides a broad range of customized solutions and comprehensive packages for Steel production, including refractories (basic and non- basic mixes based on magnesite content, bricks and functional products), machinery, flow controls systems and full line service solutions.

**Refractories**

The Steel division offers a complex range of tailored refractory products for a variety of applications in the Steel industry, including basic products for converters and ladles: non – basic products for blast furnaces, reheating furnaces and direct reduction; and functional products; including for continuous and ingot casting. For example – refractory applications for Steel ladles include bricks, monolithic and pre-casts (including mixes and pre-castables), and functional products such as slide gates, nozzles, purge plugs and isostatic pressed products.

Usually Refractory products for applications in the Steel industry have a short service life, ranging from few minutes to two months. Thus, Steel refractories are significantly influenced by the immediate demand for Steel and are considered to be consumables.

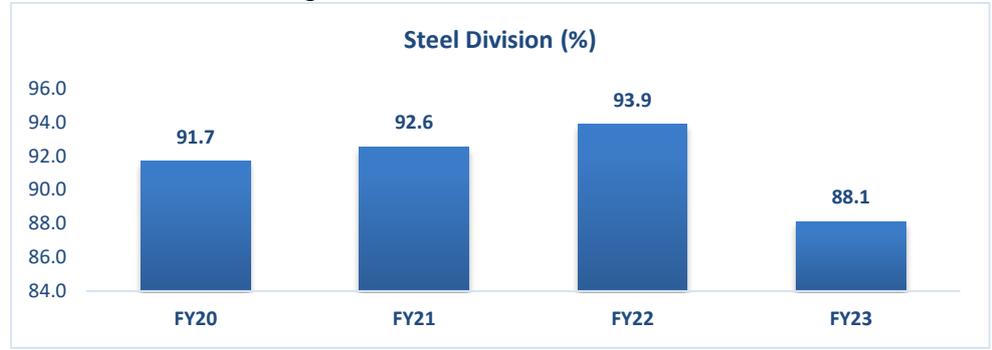
**Machinery**

The Company’s machinery portfolio includes (i) rotary gunning machines for the application of unshaped products; (ii) pressure vessel machines used for unshaped products in a variety of production units, such as furnaces, converters, ladles or degassers; (iii) demolition hammers and tap hole breakout devices (to break out worn bricks from tap hole channels and remove residual material); and (iv) converter shooters and gunning manipulators for repairs in various converter areas.

## Services

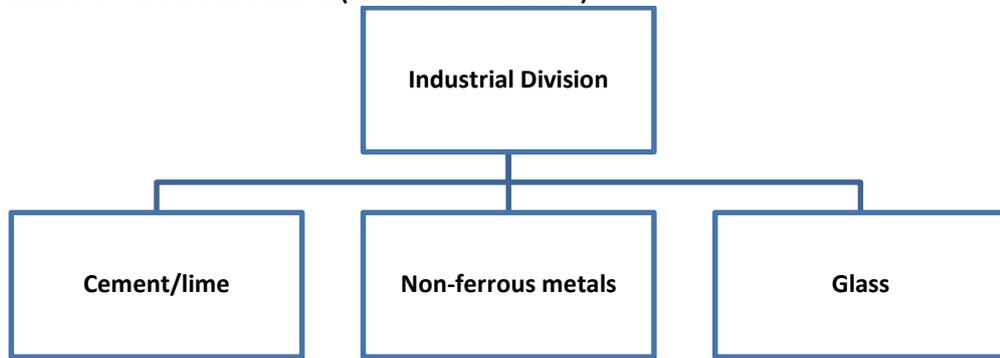
The Company provides services, know-how and individual package solutions to customers in the steel industry, particularly through full line supply (“FLS”) and other service contracts. Under the service contracts, RHI offers (besides material deliveries) complete or partial refractory product installation and management of steelworks, thus allowing customers to benefit from outsourcing of non-core activities. Under all types of service contracts, the Company charges a fixed amount per ton of steel produced depending on the output of the unit or steelworks.

**Exhibit 4 – Revenue sharing**



Source: Company & KJMC Research

**Exhibit 5 – Industrial Division (Product and Services)**



Source: Company

### Industrial Division

Within the industrial division, the Company supplies refractory systems to the cement/lime, non-ferrous metals, glass, energy, environmental and chemical process industries. It provides customized solutions and consulting services, which are increasingly required customers that employ sophisticated process technologies.

### Cement/lime

In the cement/ lime industry, the Company provides refractory applications, including preheaters, kilns, grate coolers and planetary coolers (basic and non-basic bricks and unshaped products as linings and gunning mixes and mortars as well as auxiliary materials such as metallic and ceramic anchoring systems, calcium silicate boards and fibre products). Refractory products for the cement/ lime industry are typically required annually, and providing reliable 127 products to this industry can be challenging because the choice of refractory grade requires detailed knowledge of customer processes.

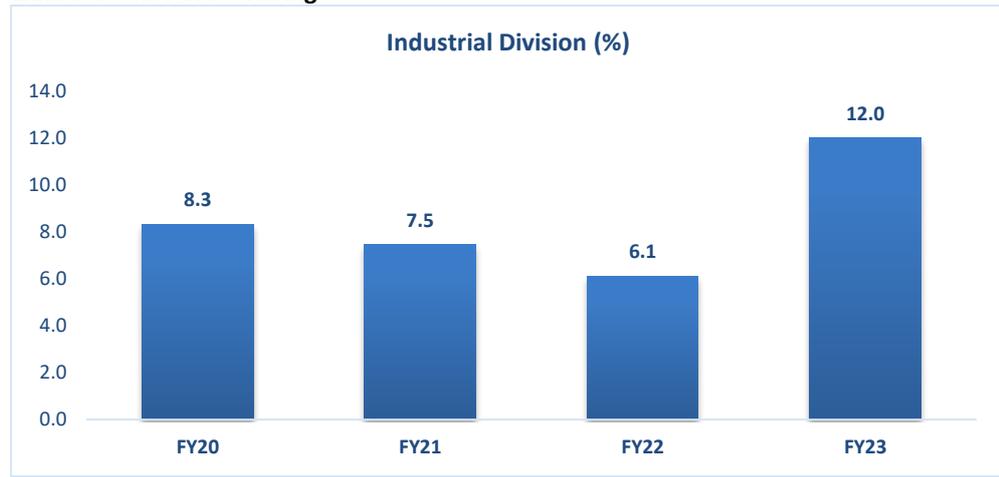
### Non – ferrous metal

Within the non-ferrous metal industry, the Company’s offering is focused on customized materials and solutions for manufacturers of heavy metals, such as copper, nickel, lead, zinc and tin, rather than the more commoditized segment of aluminum production. Manufacturing processes in this industry require numerous, often customer specific, furnaces, plants and process optimization solutions. To address these varied needs, we offer a broad product line of refractories, such as magnesia, magnesia-chrome, alumina-chrome, and silicon-carbide.

### Glass

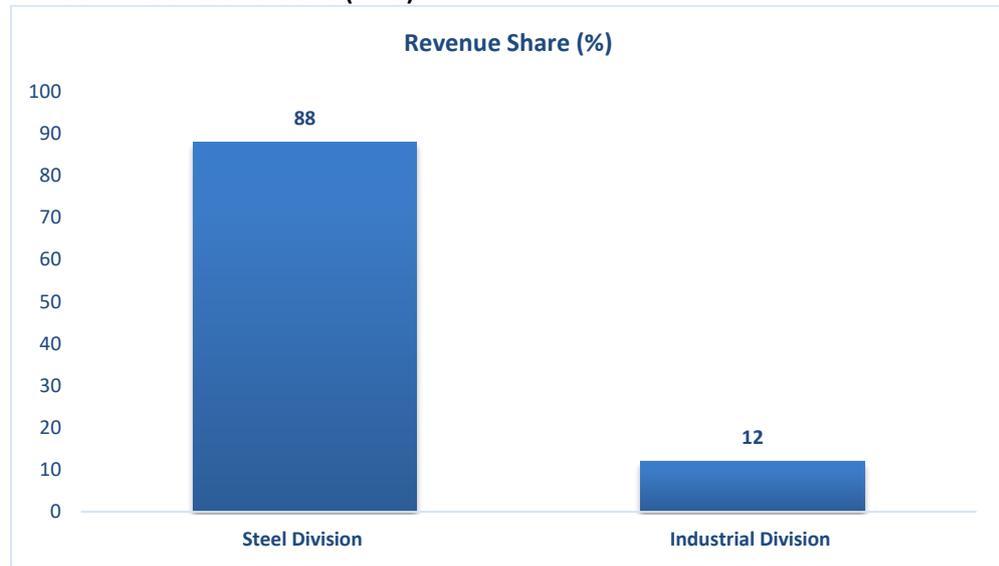
In the glass industry, the Company provides refractory applications, including various types of glass melting furnaces and auxiliary plants (such as glass tank bottoms, basins, superstructures, feeders or regenerators), operated by manufacturers of flat glass, container glass and special glass (for example, organic light-emitting diodes or thin film-transistor liquid crystal displays).

### Exhibit 6 – Revenue sharing



Source: Company & KJMC Research

### Exhibit 7 – Balanced Portfolio (FY23)



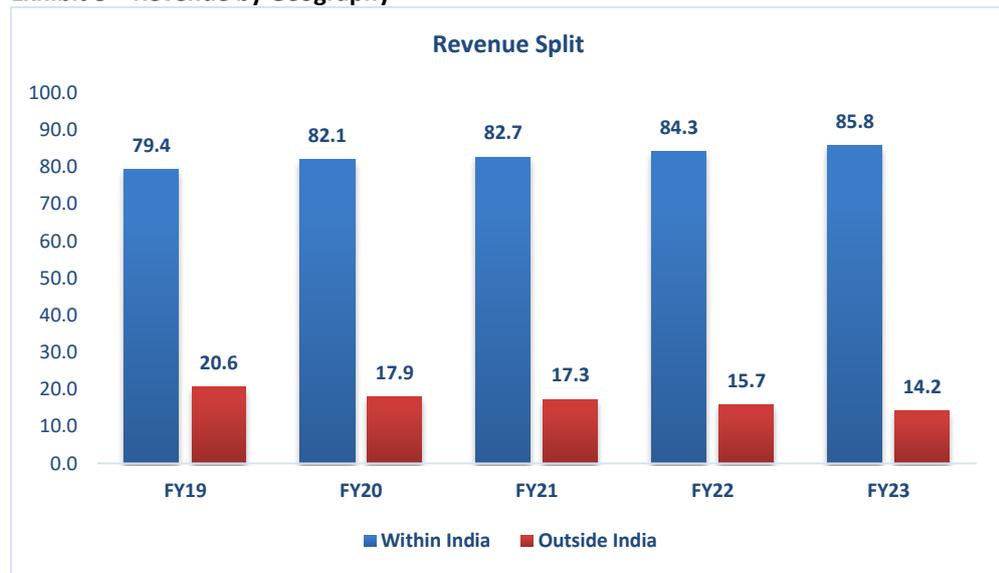
Source: Company

*Diversified product portfolio – After the integration of the Indian refractory business of Dalmia refractory and Hi-Tech refractory business it boasts a diverse range of products enabling it to cater effectively to a wide array of end applications. This versatility enhances the Company’s ability to meet the specific needs of various industries.*

*Recent acquisitions create balanced portfolio and a strong platform for growth in India and the wider region.*

*The Company is aiming to grow its export contribution to 20% due to ample products and capacity in flow control*

### Exhibit 8 – Revenue by Geography



Source: Company & KJMC Research

## Backed by the RHI Magnesita Group

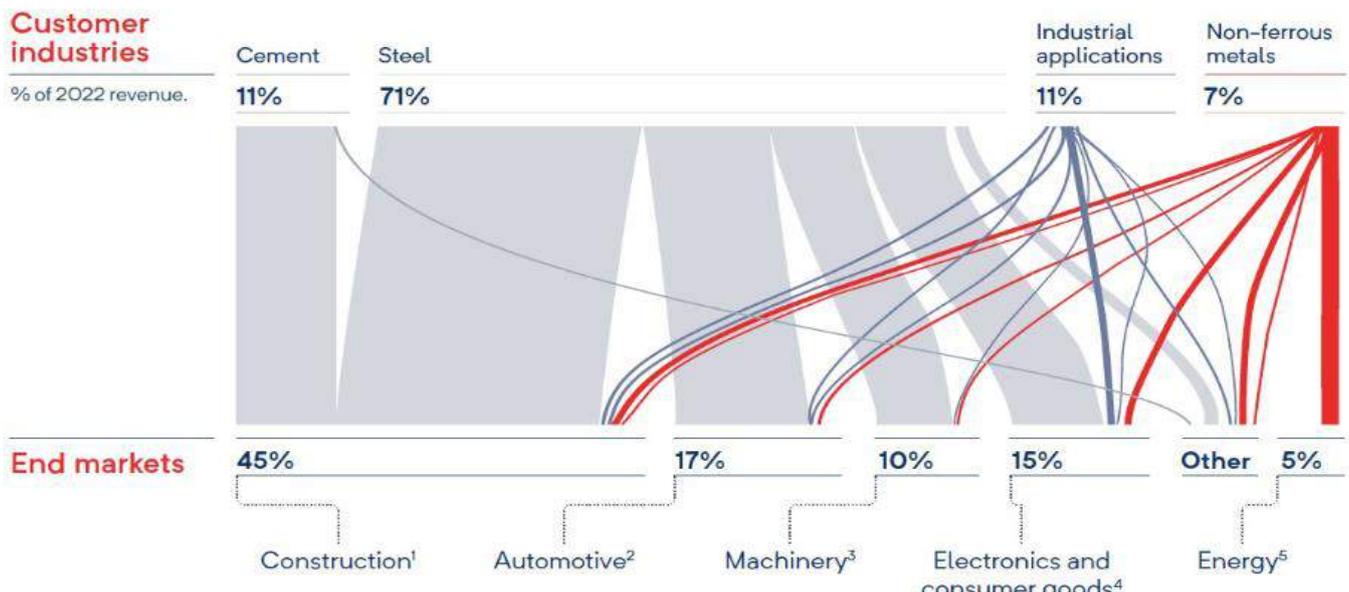
RHI Magnesita has customers all over the world, and serves them through its global footprint, spanning North and South America, Europe, China, India, the rest of Asia and the Middle East. Around 70% of revenue is generated from selling refractory products and solutions to its Steel customers, with the remaining 30% of revenue generated from other industrial customers (including industries such as cement, non-ferrous metals, glass and industrial applications).

**Exhibit 9 – RHI Magnesita is the leading refractory group worldwide**

Steel	Cement	Glass	Non-ferrous metals	Industrial applications <sup>2</sup>
Refractory demand for 1 tonne	Refractory demand for 1 tonne	Refractory demand for 1 tonne	Refractory demand for 1 tonne Copper	Refractory demand for 1 tonne EEC
-10 to 15 kg 	-1 kg 	-4 kg 	-3 kg 	NA 
Lifetime c.4 hours – 6 months	Lifetime Annually	Lifetime Up to 10 years	Lifetime 1-10 years	Lifetime 1-20 years
% of customers' costs c.3%	% of customers' costs c.0.5%	% of customers' costs c.1%	% of customers' costs c.0.2%	% of customers' costs c.0.2%
% of global market share by customer market  c.15%	% of global market share by customer market  c.30% <sup>1</sup>	% of global market share by customer market  c.20%	% of global market share by customer market  c.30%	% of global market share by customer market  c.5%

Source: RHI Magnesita

**Exhibit 10 – End markets and customer industries**



Source: RHI Magnesita

### Exhibit 11 – Consolidation is happening globally (M&A strategy gaining momentum)



- Our M&A consolidation strategy is focused on markets and products where we are under-represented
- Six acquisitions agreed or completed since December 2021
- Significant value potential from cost and revenue synergies and network optimization benefits
- c. €200m of cash outflow on agreed M&A in 2023
- Acquisitions to contribute €20-25 million EBITDA in 2023
- Strong pipeline presents further opportunities

Source: RHI Magnesita

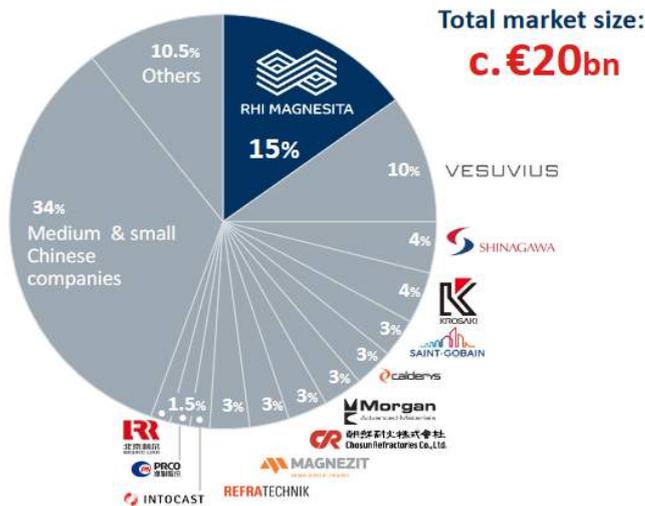
### Exhibit 12 – Industry consolidation opportunity

- M&A consolidation strategy is focused on geographic and product segments where the Group is under-represented
- Eight acquisition completed since Dec 2021 and pipeline of future prospectus
- Significant cost and revenue synergies, network optimization and product range benefits identified
- Major step forward in India, the world's fastest growing refractory market
- Flow control growth in key target geographies of India and China
- Potential to roll – out highly successful Seven Refractories business model globally.

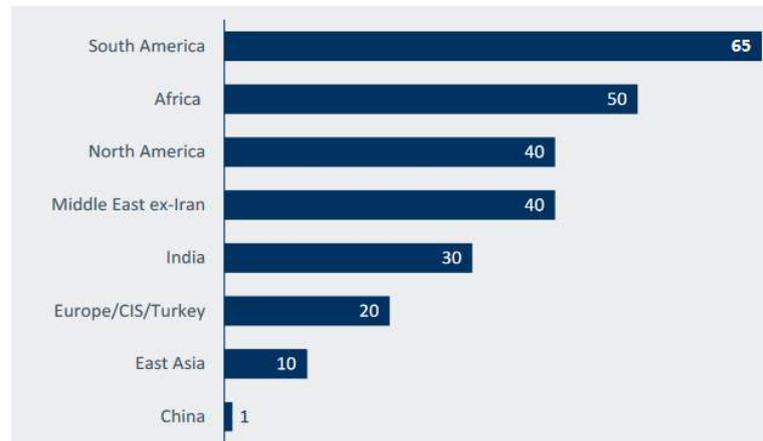


Source: RHI Magnesita

### Exhibit 13 – Global leader in a highly fragmented market Global market share

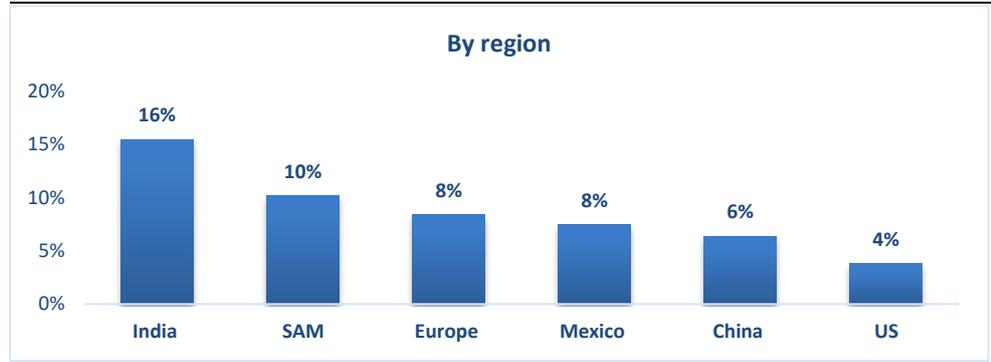
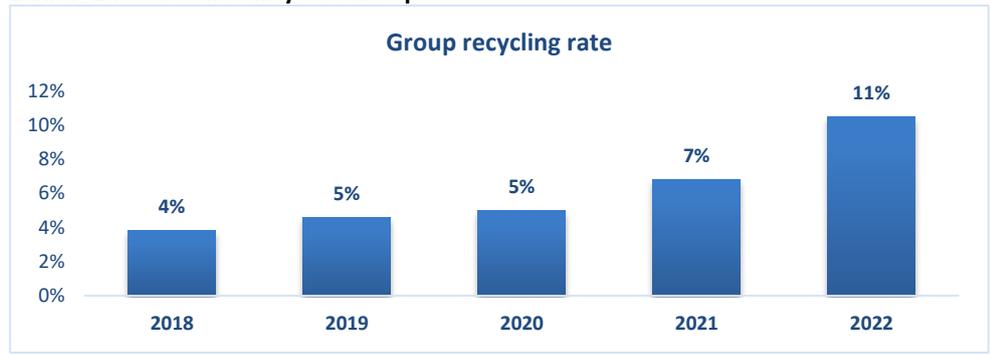


### Regional market share %<sup>1</sup>



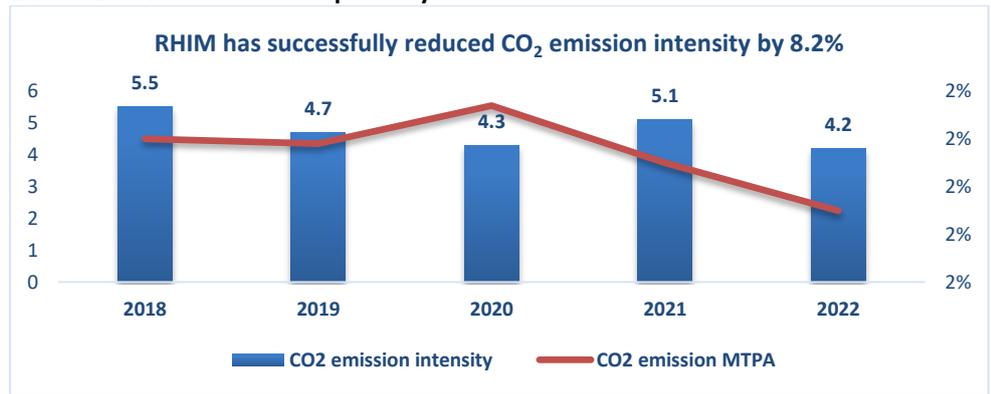
Source: RHI Magnesita

**Exhibit 14 – Sustainability leadership**



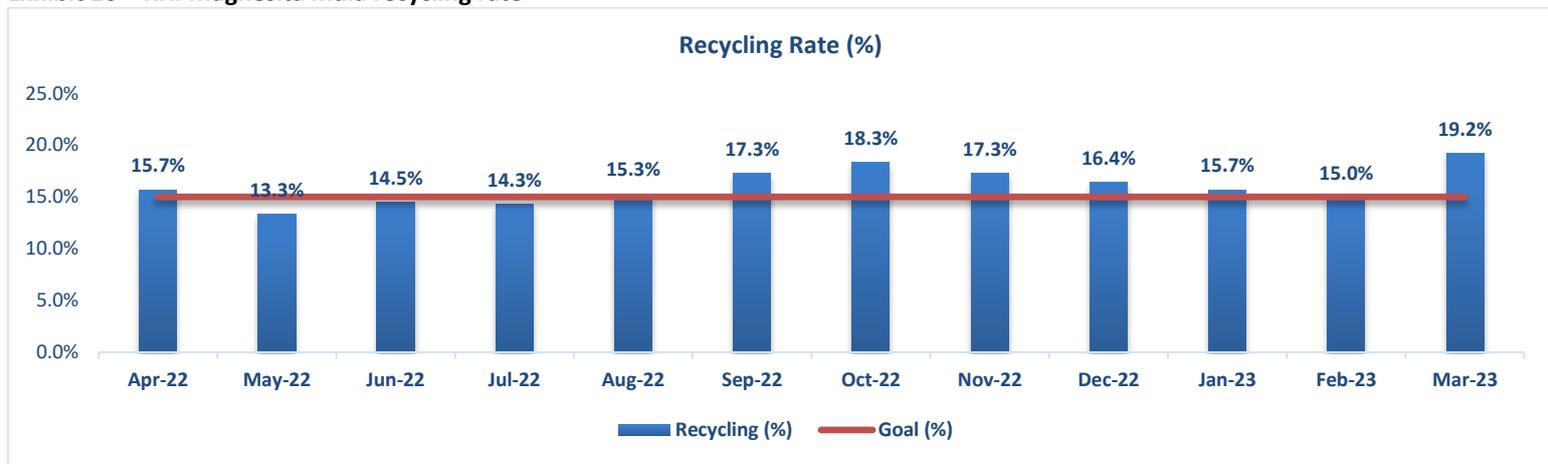
Source: RHI Magnesita

**Exhibit 15 – Decarbonisation pathway**



Source: RHI Magnesita

**Exhibit 16 – RHI Magnesita India recycling rate**



Source: Company

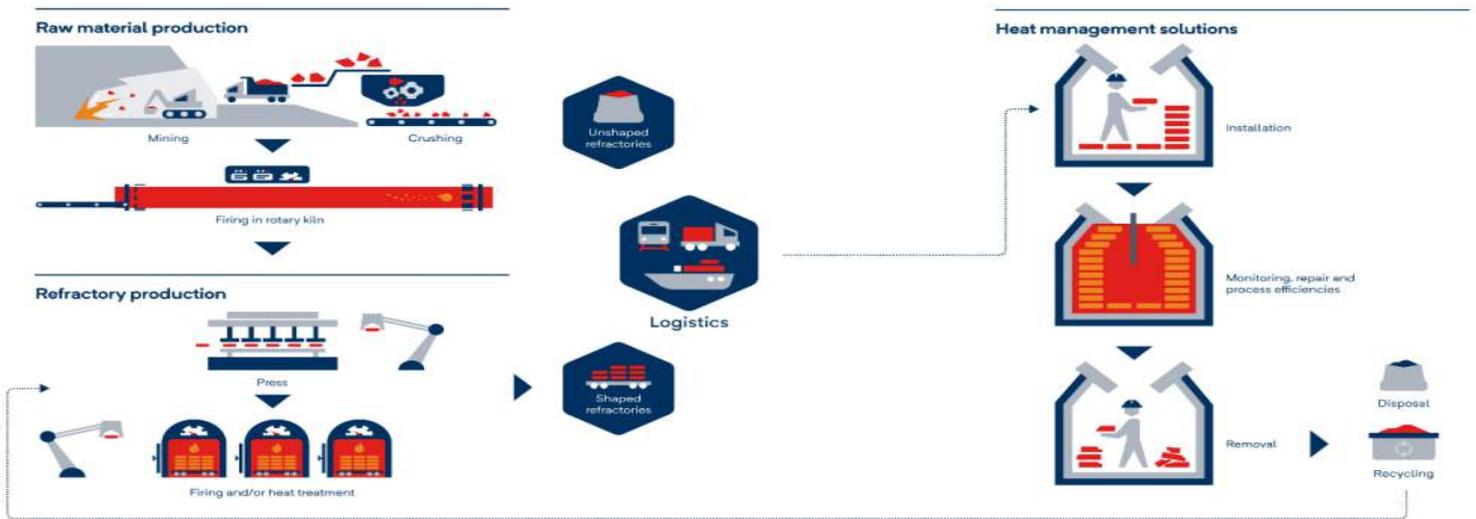
- Utilization of recycled refractory material significantly reduces emission (Every tonne recycled represents 2 tonnes of avoided CO<sub>2</sub>)
- Within the global group, India has the highest recycling rate of 16% (FY23)
- The global RHI Magnesita group has set a target of 10% recycling rate by 2025, which has been achieved three years early
- RHI Magnesita India benefits from group R&D and investments in sustainable technologies. Multiple initiatives of CO<sub>2</sub> emission reduction are underway.

## Raw Materials sourcing

The Company derives procurement benefits from being part of the RHI Magnesita Group, which is a large-scale purchaser of refractory raw materials. In the event of any disruption to supplies of raw materials from existing third-party sources, the RHI Magnesita Group will be able to supply a limited quantity of raw material from its own mining assets in Brazil, North America, Turkey and Europe.

The Company key raw materials comprise magnesite and alumina. Magnesite is the main raw material used in the refractory production due to its extreme resistance to high temperatures (Up to 2,000° Celsius). Alumina due to its extreme resistance to high temperatures (Up to 2,000° Celsius) alumina is also an important raw material for refractory products. The other raw material are – Bauxite, Graphite, Zirconia and quartzite are also used in the manufacturing of the refractory products. Further, the Company source the majority from third-party suppliers in China. A significant volume of the raw material also comprises recycled at its facility in Bhiwadi plant.

Exhibit 17 - The Refractory value chain



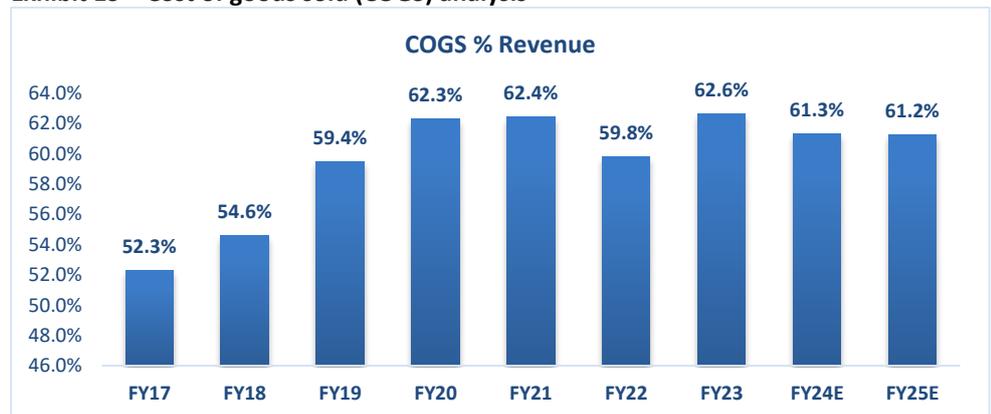
Source: Company

Exhibit 18 – Country wise matrix of India’s import of key refractory raw material

S No	Product	Main Sourcing countries	Others
1	Calcined Bauxite	China	The Netherlands, Turkey
2	Brown fused alumina	China	Brazil
3	White fused alumina	China	Bahrain
4	Tabular alumina	EU	China
5	Calcined/ reactive alumina	EU	China
6	Andalusite, mullite	EU	China
7	Magnesia	China, EU	Russia, Australia

Source: Company

Exhibit 19 – Cost of goods sold (COGS) analysis



Source: Company

Further, the Company acquired four mining sites as part of the Dalmia Refractory Business, which will supplement the requirements on need basis. The mines are located in Pilidhar (Gujarat) for bauxite ore, Bhikampali (Odisha) and Chiraipani (Chattisgarh) for quartzite ore, and Mugdara (Madhya Pradesh) for dolomite ore.

## Proxy to Steel and a strong player in the industrial consumables

Exhibit 20 – Refractories are essential for the modern world



Source: Company

Exhibit 21 – Refractory applications

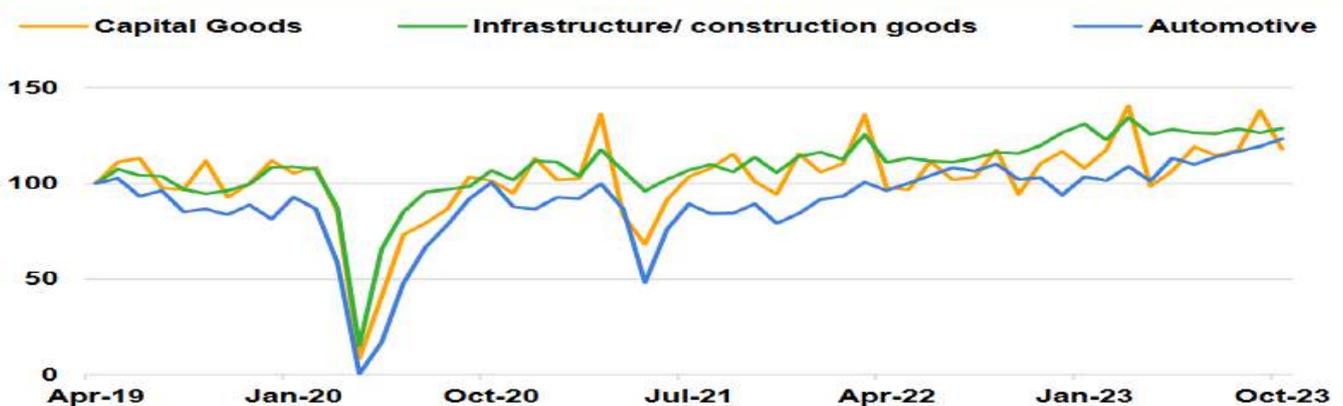
Customer industries	Main application	Lifetime and costs	Refractory characteristics
<b>Steel</b> 70% of global market	Basic oxygen furnace, Electric arc furnace, ladles, flow control	<ul style="list-style-type: none"> <li>20 minutes to 2 months</li> <li>c.3% of customers' costs</li> </ul>	<ul style="list-style-type: none"> <li>Part of customers' operational expenditure</li> <li>Systems and solutions for complete refractory management</li> <li>Demand correlated to output</li> <li>Part of customers' capital expenditure</li> <li>Longer replacement cycles based on project driven demand</li> <li>Complete lining concepts including refractory engineering</li> <li>Wide areas of application</li> </ul>
<b>Cement/Lime</b> 10% of global market	Rotary kiln	<ul style="list-style-type: none"> <li>Annually</li> <li>c. 0.5% of customers' costs</li> </ul>	
<b>Non-ferrous metals</b> 7% of global market	Copper flash smelter	<ul style="list-style-type: none"> <li>1 to 10 years</li> <li>c. 0.2% of customers' costs</li> </ul>	
<b>Glass<sup>1</sup></b> 7% of global market	Glass furnace	<ul style="list-style-type: none"> <li>Up to 10 years</li> <li>c. 1% of customers' costs</li> </ul>	
<b>Energy, Environmental, Chemicals<sup>1</sup></b> 6% of global market	Secondary reformer	<ul style="list-style-type: none"> <li>5 to 10 years</li> <li>c. 1.5% of customers' costs</li> </ul>	

Source: Company

Exhibit 22 – India steel demand continued to improve while EU demand was subdued given the operating landscape marked by slowdown and geopolitics

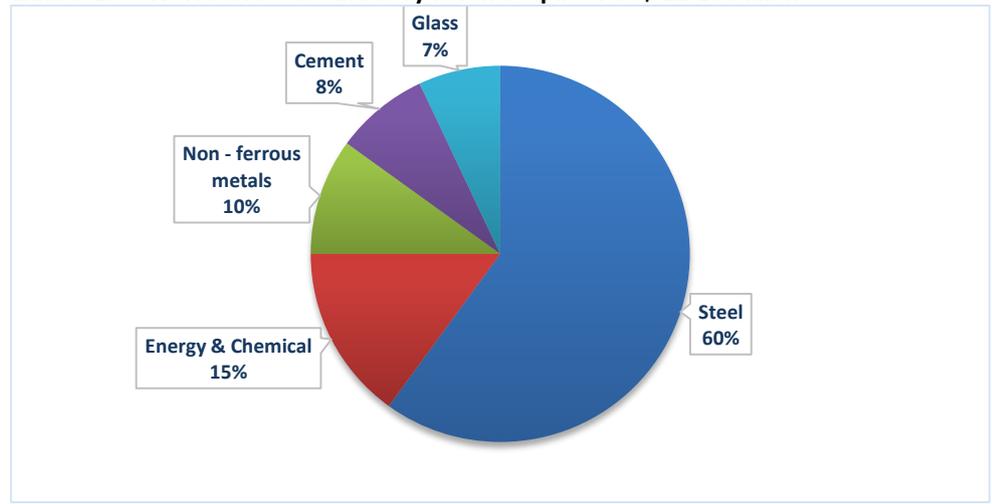
- Indian apparent steel consumption was up around 11% on YoY basis in Q3FY24 aided by government spending.
- Automotive and Infrastructure & Construction segments continued to improve during the quarter

### Key steel consuming sectors\*



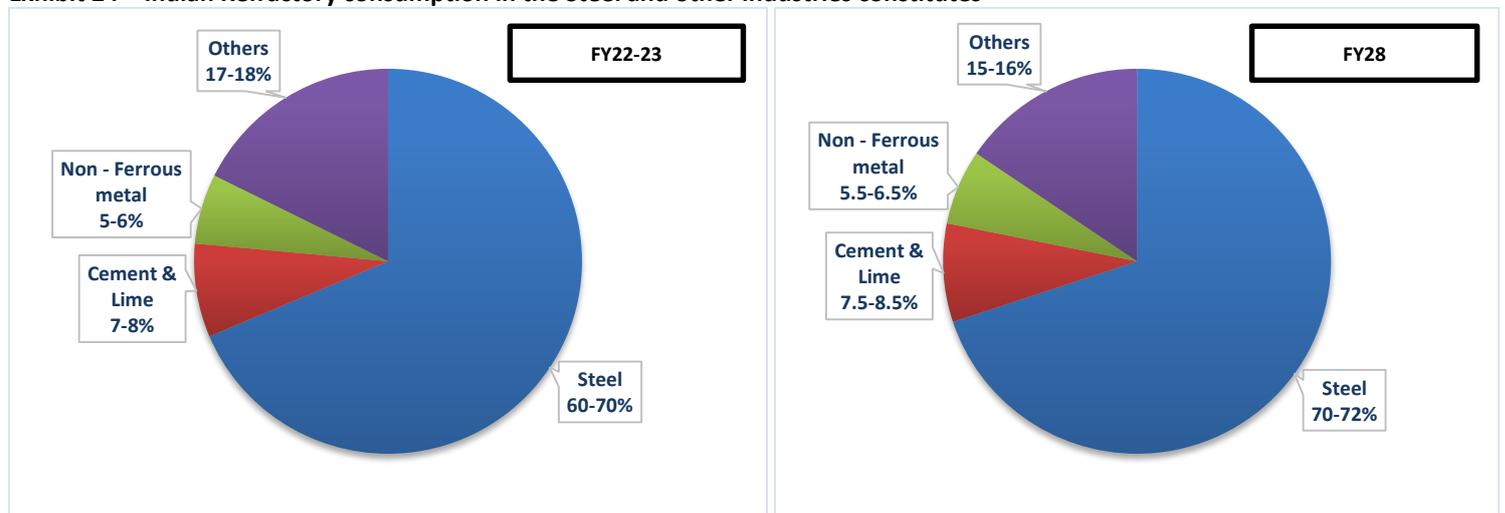
Source: Tata Steel

**Exhibit 23 – World end – use industry revenue split of US\$ 22-23 billion**



Source: Company

**Exhibit 24 – Indian Refractory consumption in the Steel and other industries constitutes**



Source: Company

## Domestic Refractory industry growth is optimistic in line with Steel industry growth

India's total refractory market is estimated at Rs 15,000 Cr in FY22. Demand for the domestic refractory industry is at approximately 1.5 million tonnes, with a growth rate of approx. 15% - due to an increase in the imports of refractories and greater consumption of indigenous production by end – use industries. Refractory industry demand is expected to reach 1.6 million tonne in FY23, growing 6% on year. In FY23, cement production is expected to grow 10-11% from FY22, this will increase the consumption share across the cement industry significantly. Crude steel production is expected to grow at 6-7% and aluminum production by 1.5-2% in FY23. Thus the increased production of end – use industries of refractories will positively impact the demand in FY23.

Refractories demand is estimated to reach approx. 2.1 million tonne in FY28. The growth in demand will be backed by India's vision of becoming a US\$ 5 trillion economy by FY2027-28 and a US\$7 trillion economy by 2030. This is boosting the infrastructure, building and construction and automotive industries which are the key end users of refractories.

**Exhibit 25 - Types of refractories produced in India and their applications**

Type	Chemical Properties	Application	End use Industry
Fireclay Refractories	Aluminium Silicates: 25% - 45% Al <sub>2</sub> O <sub>3</sub> and 50% - 80% SiO <sub>2</sub> with minor other minerals	Regenerators Furnaces Kilns Stoves	Steel
Silica refractories	>92% SiO <sub>2</sub>	Coking oven carbonisation and combustion chambers Open-hearth heat storage chambers High temperature bearing parts of hot blast stoves Vaults of other high - temperature kilns	Steel
Magnesite refractories	>85% magnesium oxide	Glass tank checks Lime and cement kilns Metallurgical burners Metallurgical furnaces	Glass Cement Steel
Alumina refractories	45%-95% alumina sillimanite (61%), Mullite (70-85%), And corundum (99%)	Hearth and Shaft of blast furnaces Lime and ceramic kilns Cement kilns Glass tanks Crucibles for melting of metals	Steel Glass Ceramic Chemical Paper
Monolithic refractories		Castable refractories Plastic refractories Ramming refractories Patching refractories Coating refractories Refractory mortars , and Insulating castables	Non - ferrous Metallurgical Steel Cement Petrochemical Waste disposal Industries
Other refractories (Chromite, zirconia, insulating material)			Aluminium

Source: Company

India is the second – largest producer of crude steel in the world with an output of 126.2 MnT in FY2022-23. Crude Steel production rose 5.0% YoY while finished Steel consumption rose 13.3% to 119.9 MnT. The Indian government has set a target to increase crude steel production capacity from 160 MTPA in FY2022-23 to 300 MTPA by FY2030-31 under the National Steel Policy. Further, several new steel capacities are expected to come on-stream over the next five year to six years (90-95% of capex by large industry players), the pace of which has been accelerated after significant profitability in the past quarters. The industry is expected to see capacity addition of 57-60MT during the period, owing to healthy profitability and debt reduction in the

past two fiscal. The share of large players is expected to rise to 67% in FY2028 from 62% in FY22, driven by increased capex due to healthy profitability and strong revenue.

Multiple factors like the government’s PLI scheme, the ongoing consolidation of the Steel industry, implementation of the PM Gati Shakti Yojna. PM Awas Yojana, emergence of the EV market in automobile segment, and the larger infrastructure push by the government through National Infrastructure Pipeline, etc. would propel the Steel industry growth.

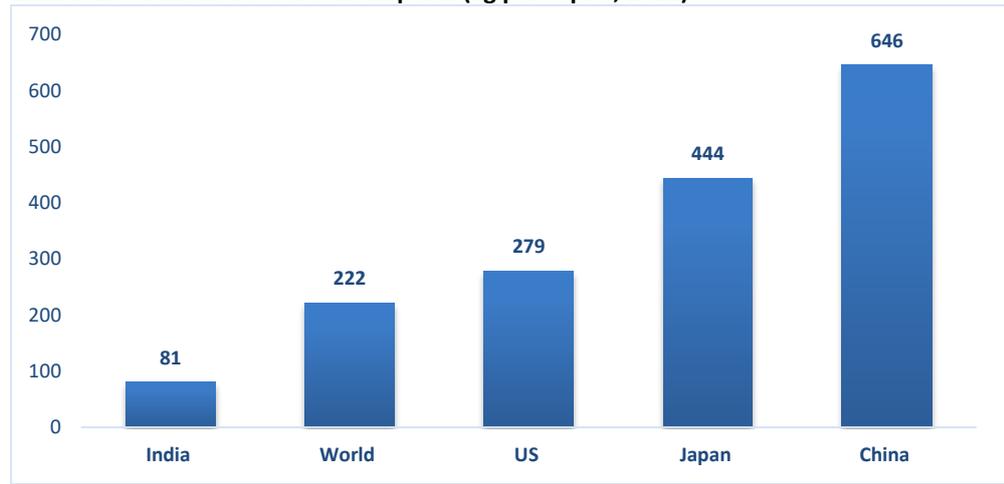
**Exhibit 26 – Top 10 Crude Steel production countries**

Rank	Countries	2022 (MT)	2021 (MT)	% (2022/2021)
1	China	1,018	1,035	-1.6%
2	India	125.3	118.2	6.0%
3	Japan	89.2	96.3	-7.4%
4	United States	80.5	85.8	-6.2%
5	Russia	71.5	77	-7.1%
6	South Korea	65.8	70.4	-6.5%
7	Germany	36.8	40.2	-8.5%
8	Turkey	35.1	40.4	-13.1%
9	Brazil	34.1	36.1	-5.5%
10	Iran	30.6	28.3	8.1%

Source: JSW Steel

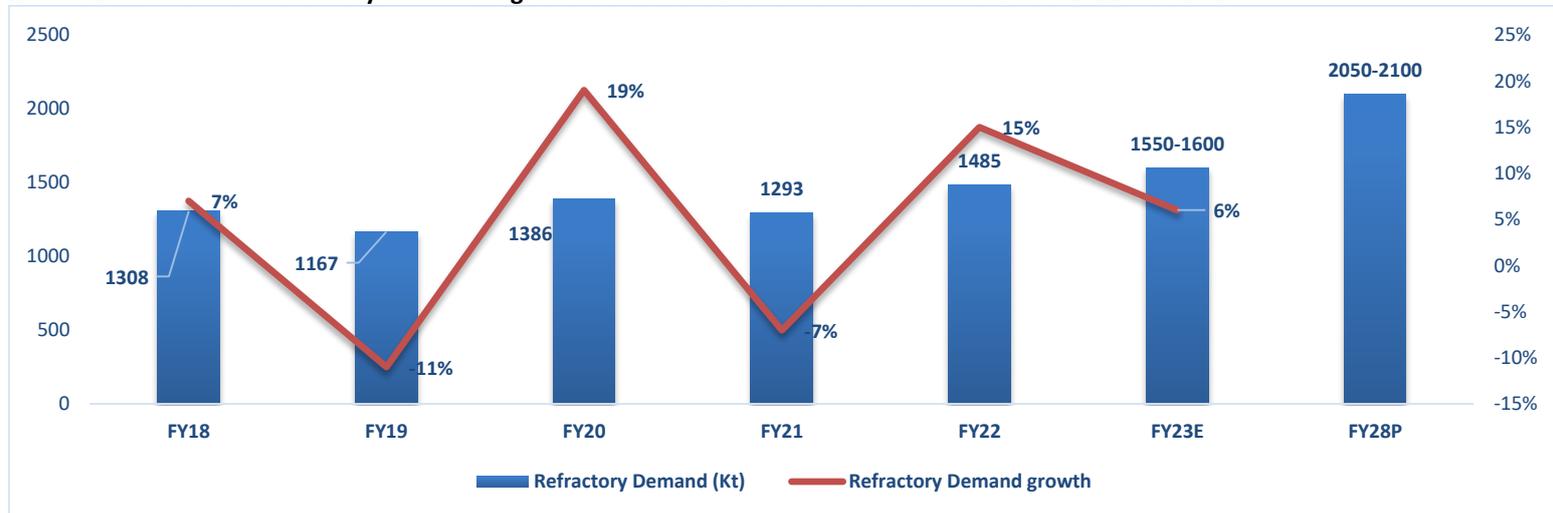
*India been highly underpenetrated market*

**Exhibit 27 – Finished Steel Consumption (kg per capita, 2022)**



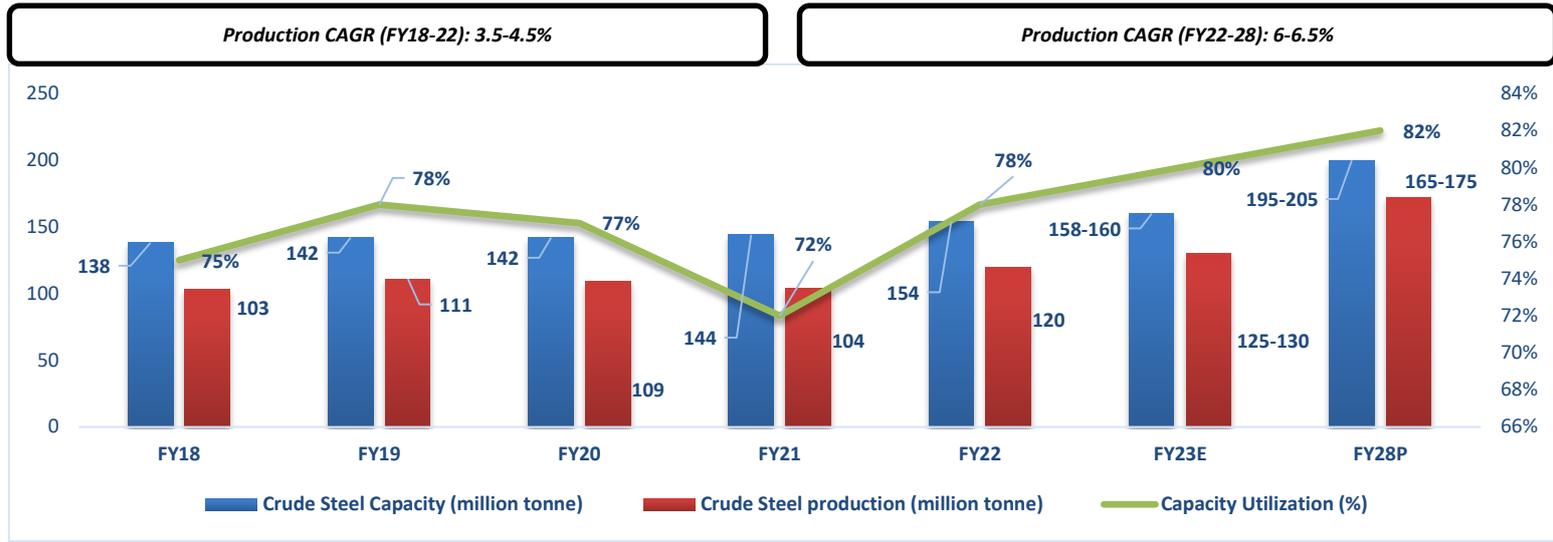
Source: JSW Steel

**Exhibit 28 – Refractories industry demand to grow at 5.5-6% CAGR in the medium term from FY2022 to FY2028**



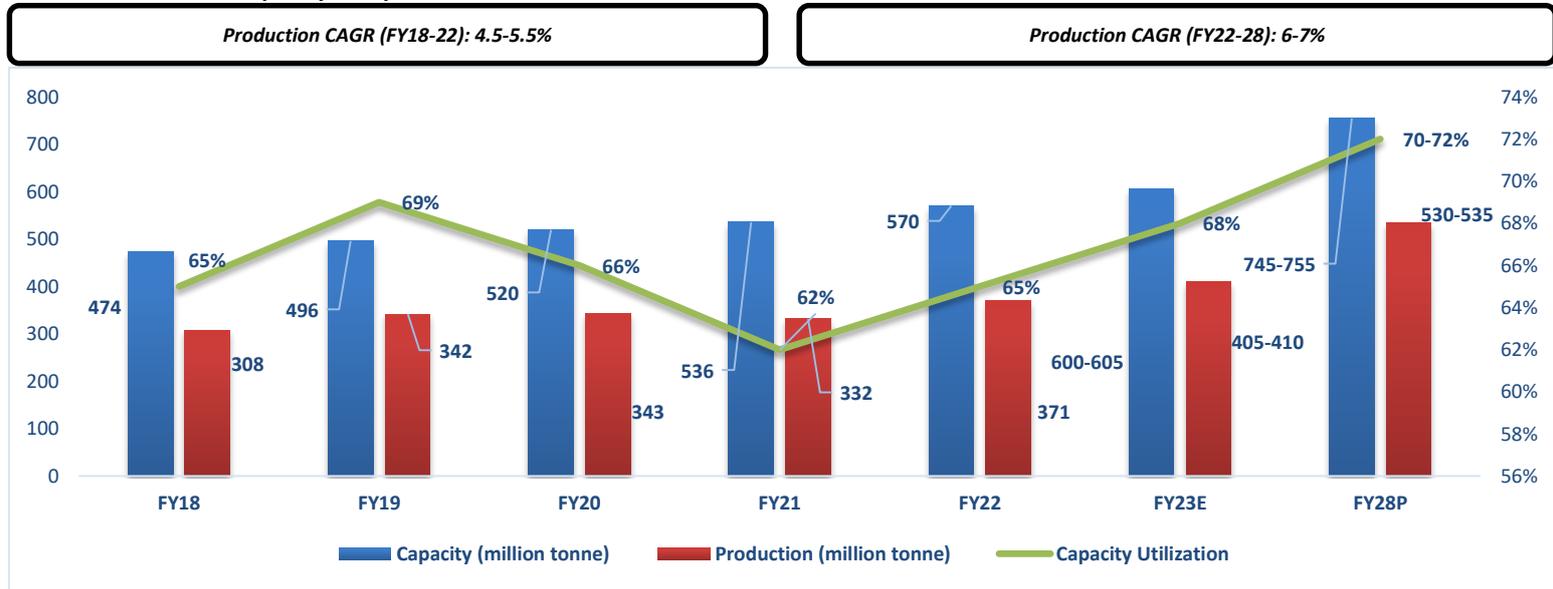
Source: Company

**Exhibit 29 – Crude Steel production to rise at a CAGR of 6-6.5% over next 6 years**



Source: Company

**Exhibit 30 – Cement capacity and production forecast**



Source: Company

**Exhibit 31 – Primary aluminum demand and growth rate forecast**



Source: Company

## RHI to benefit from consolidation in the space

RHI Magnesita India Limited organization structure was established as a result of the integration of three erstwhile Indian subsidiaries of the global RHI Magnesita group (RHI N.V. and its subsidiaries) – RHI India Pvt Limited (RHI India), RHI Clasil Pvt Limited (RHI Clasil) and Orient refractories Limited (ORL) in 2021. The integration has synergized, simplified and consolidated its strength in India to serve customers more efficiently as one combined entity.

The merger has resulted in advantages such as the consolidation of i) RHI Clasil’s high alumina – based refractory product manufacturing. ii) RHI India’s customer relationships and capabilities in selling refractory products and services to the Indian industry, and iii) ORL’s manufacturing and supply capabilities in India and International markets.

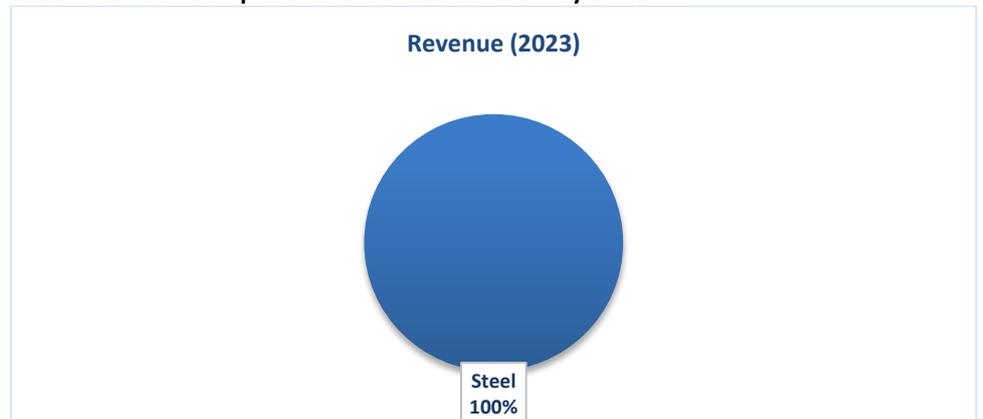
### Recently completed acquisition

#### Dalmia Refractory Business

On January 5, 2023, the Company acquired the Indian refractory business of Dalmia OC Limited, pursuant to which it acquired five refractory manufacturing facilities and four mining sites. The Dalmia Refractory business, operations include manufacturing various types of refractory products such as high alumina bricks and castable and pre-cast shapes to cater to a balanced customer base comprising producers of steel, cement and others industries.

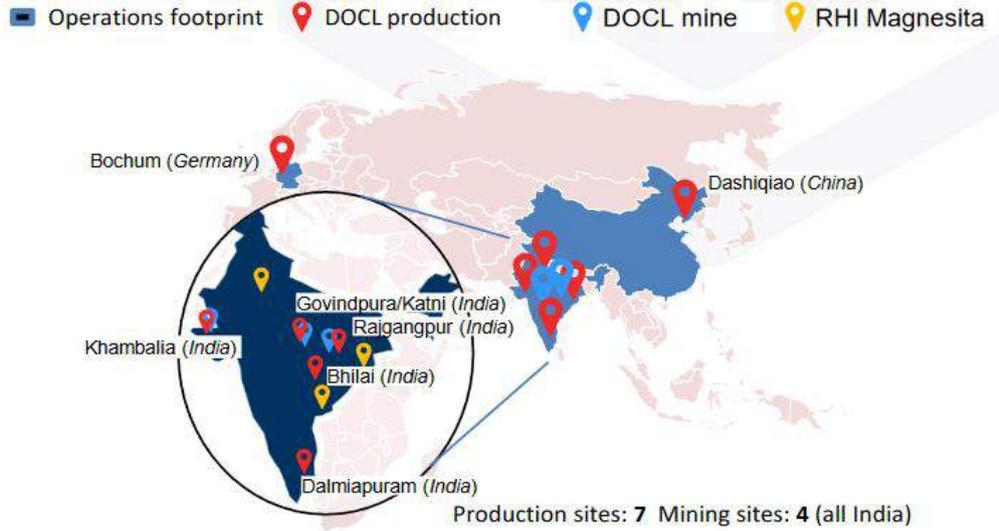
Transaction History	Strategic focus for acquisition
<p>Executed Business transfer agreement and share swap agreement in November 2022</p> <p>Completion of acquisition and SSA in January 2023</p> <p><b>Product Portfolio</b> - NGG, MGU, F (Incl FM, FS, FP, FI, FB), NU, MGG</p> <p><b>Mining sites</b> - two quartzite, one bauxite, one dolomite</p> <p><b>Production capacity</b> - c300kt</p>	<p>Well established operations with production footprint in west and south India and a strong industrial product offering.</p> <p>Complement the go-to-market portfolio with well-established product offering across all segments ad industries.</p> <p>Synergies expected from cross - selling and improved cost baseline from fixed cost optimisation resource bundling and economies of scale.</p>
Purchase Consideration	Overview
<p><b>Enterprise value of Rs 28,524 mn</b> - 27 m shares at Rs 632.5.</p> <p>Completion of acquisition and SSA in January 2023 Rs 17,078 mn.</p> <p>Cash consideration - Rs 3,930 mn</p> <p>Working Capital - Rs 910 mn</p> <p>Good will calculated at Rs 15,016 &amp; impaired Rs 6,607 mn as per IndAs 103 - Business Combination for the difference between fair value on acquisition (Rs 877.7 per share) and issue price (Rs 632.5 per shares).</p>	<p><b>FY23 Update</b></p> <p>Shipment: 37 kt</p> <p>Revenue: Rs 2,357 mn</p> <p>Adjusted EBITDA: Rs 239 mn</p> <p>EBITDAM (%): 10.2</p> <p>O/s Debt: Rs 8,861 mn</p> <p>(Debt for acquisition: Rs 4,050 mn, ECB Rs 2254, WC Rs 2,557)</p>

### Exhibit 32 – Product portfolio for Dalmia Refractory Business



Source: Company & KJMC Research

**Exhibit 33 – Production & mining footprint**



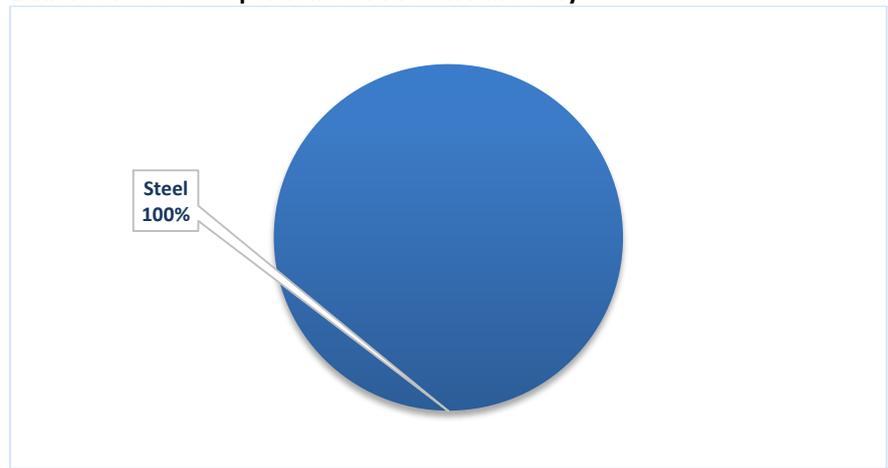
Source: Company & KJMC Research

**Hi-tech Refractory Business**

On January 31, 2023, the Company acquired the Indian refractory business of Hi-tech Chemicals Limited (HTCL) by way of slump sale that comprised primarily of flow – control products manufacturing facility in Jamshedpur. The Hi-tech Refractory Business – operations includes manufacturing various types of refractory products such as ladle refractory, tundish refractory, cast house, converter and furnaces. The business primarily caters to Steel producers, including some of the major Steel – producing conglomerates in India.

<p><b>Transaction History</b>          Executed Business transfer agreement in October 2022          Completion of acquisition in January 2023  <b>Product Portfolio</b> - nozzle opening compound (well-filler), ISO, taphole clay, monolithic tundish mixes (MUT), slide - gates, dart, NU/FM others  <b>Production capacity</b> - c62 kt  <b>Key customer Industry</b> - Steel</p>	<p><b>Strategic focus for acquisition</b>          Increase RHIM's flow-control production capacities in India with market standard low - pressure technologies          Significant cross -selling synergies and cost synergies from production optimization with Bhiwadi plant          Semi - automated, modern production plant in a low cost and high growth market</p>
<b>Overview</b>	
<p><b>Purchase Consideration</b>  <b>Enterprise value of Rs 8,794 mn</b> - Business value Rs 6,983 mn          Working Capital Rs 1,811 mn           Net identifiable net asset acquired at fair value Rs 5,121 mn          Goodwill - Rs 3,672 mn.</p>	<p><b>FY23 Update</b>          Shipment: 4.6 kt          Revenue: Rs 321 mn          Adjusted EBITDA: Rs 55 mn          EBITDAM (%): 17          O/s Debt: Rs 6,150 mn          (Debt for acquisition and repaid Rs 700 mn)</p>

**Exhibit 34 – Product portfolio for Hi-tech refractory**



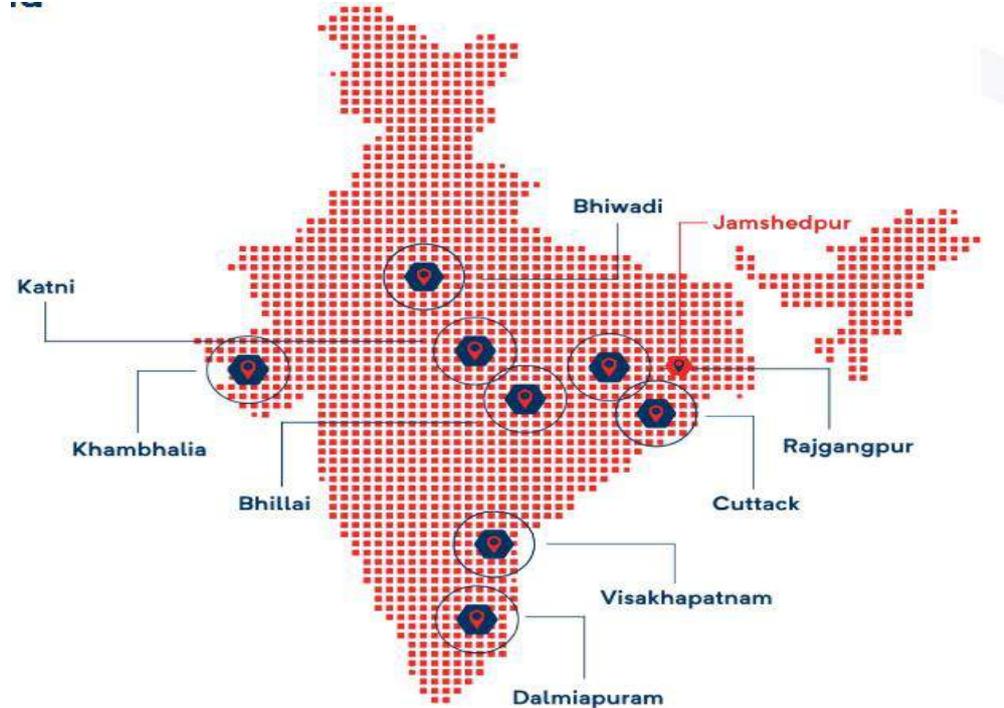
Source: Company & KJMC Research

### Exhibit 35 - Production & mining footprint



Source: Company & KJMC Research

### Exhibit 36 – Acquisition create distribution plant network



Source: Company

### Exhibit 37 – Production facilities

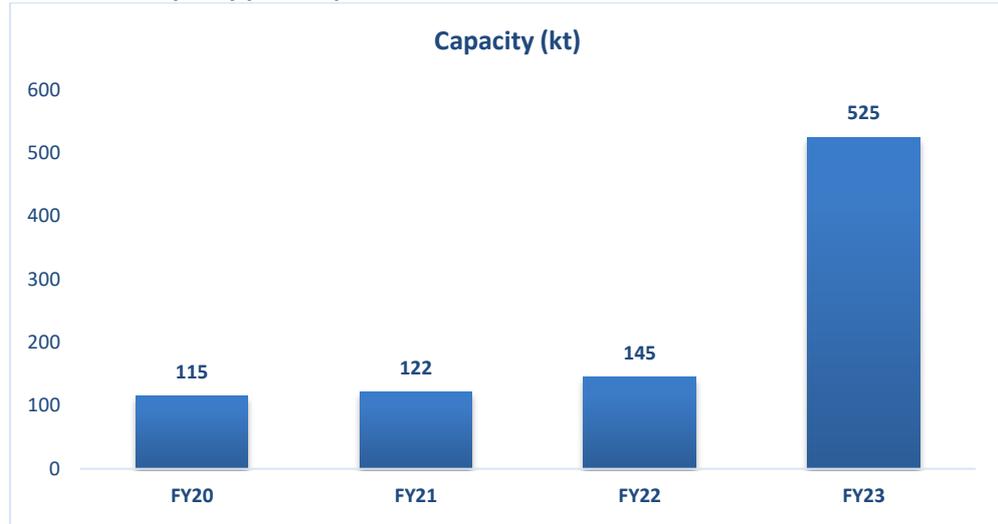
Plant	Key Product Portfolio
Bhiwadi	Flow Control, Purge Plugs, Alumina Mixes
Rajgangpur	Flow Control, Basic Bricks, Alumina Bricks, Alumina Mixes,
	Silica Bricks, Purge Plugs, Lances
Jamshedpur	Flow Control, Tap Hole Clay, Darts, Pretap Plugs
Visakhapatnam	Alumina Mixes, Fired Alumina Bricks, PreCast
Dalmiapuram	Alumina Mixes, Alumina Bricks
Bhilai	Lances
Khambhalia	Alumina Mixes, fired Alumina Bricks
Cuttack	Unfired Basic Bricks
Katni	Alumina Mixes (Advanced Monolithics)

Source: Company

- Prior to 2023 M&A, RHI operated three plants in Bhiwadi, Vizakhapatnam and Cuttack
- Dalmia OCL acquisition adds facilities in west and south, Hi-tech acquisition adds Jamshedpur
- Distributed network will support customer deliveries and increase recycling rates through better sourcing of secondary raw material
- Bringing new refractory technologies to the Indian market.

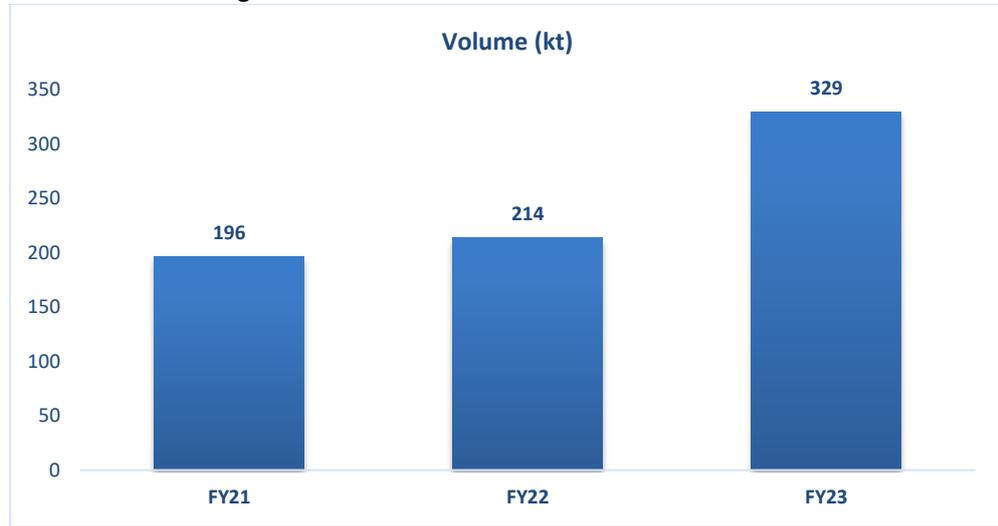
## Consolidated Overview

Exhibit 38 – Capacity post acquisition trend



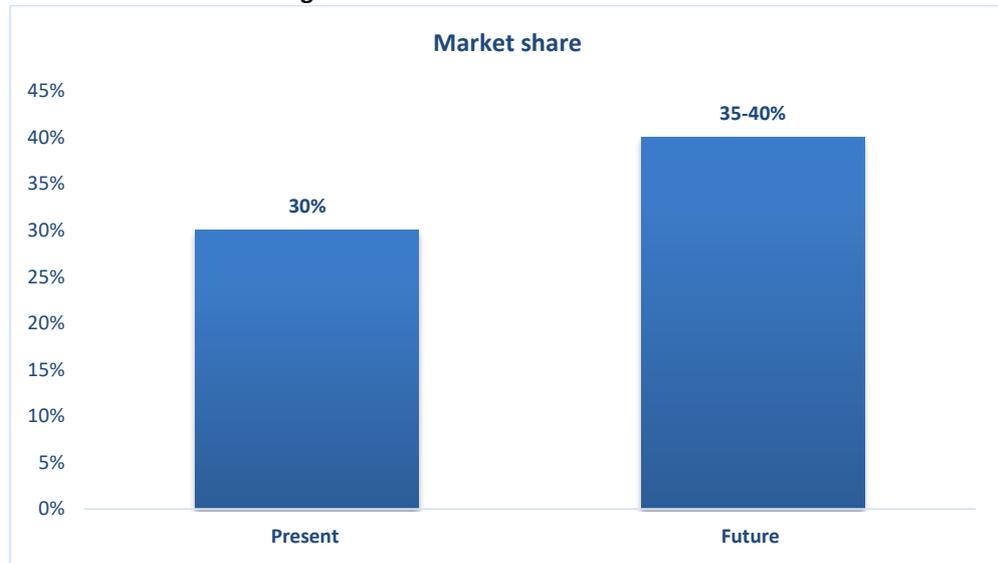
Source: Company & KJMC Research

Exhibit 39 – Volume growth



Source: Company & KJMC Research

Exhibit 40 – Market share guidance



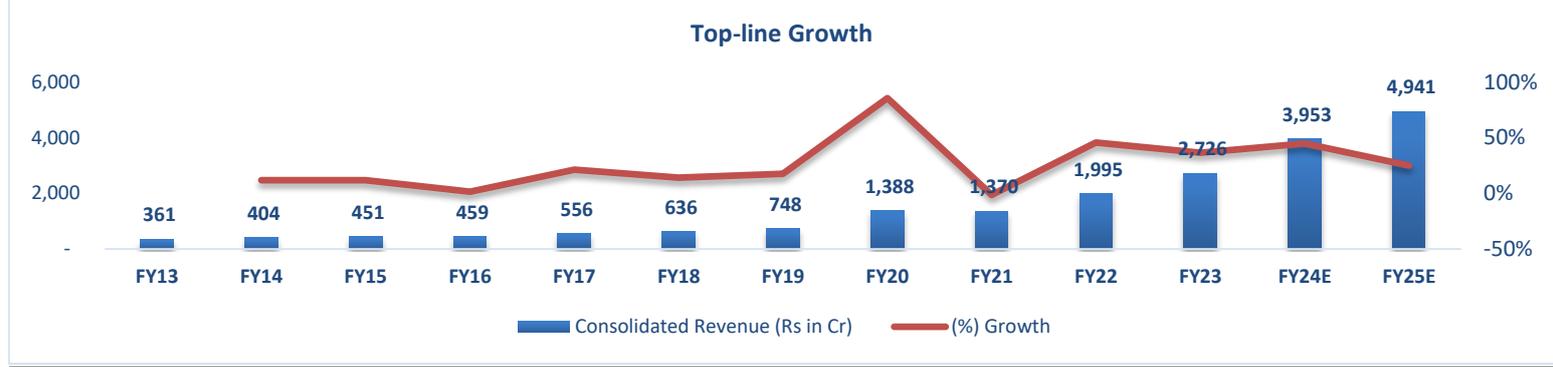
Source: Company & KJMC Research

*Post-acquisition operations comprise nine facilities in India with an aggregate flow – control production capacity of 65.24 KTPA and refractory production capacity of 525.48 KTPA*

*Aiming to grow volume by 8-10% in the coming future*

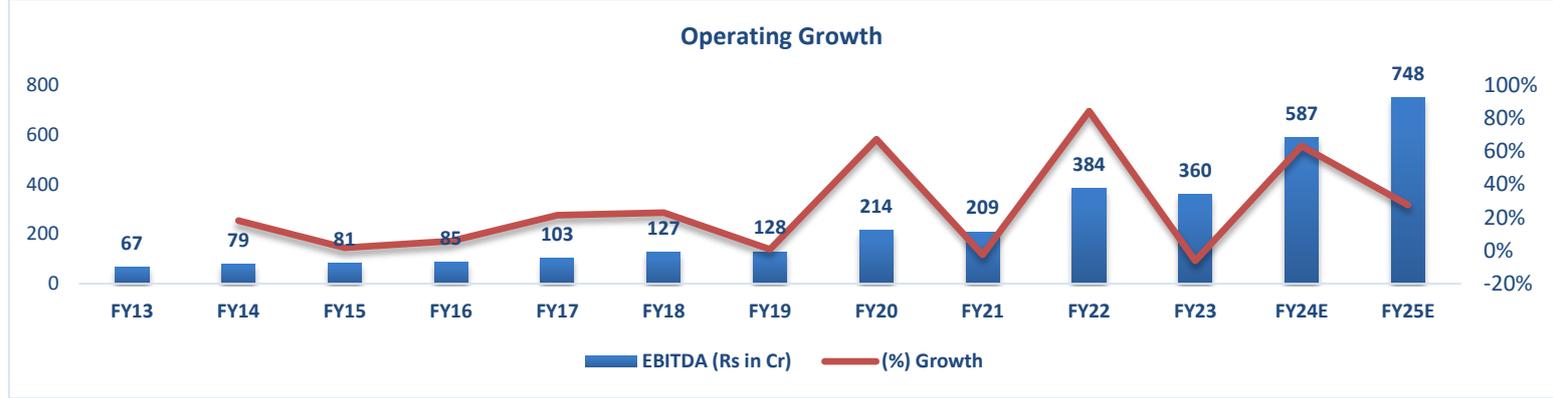
*The management has guided to increase the market share at least in the range of 35-45% in the next 4-5 years' time*

**Exhibit 41 – Company’s Top-line is projected to grow at a ~38% CAGR between FY21-FY25E**



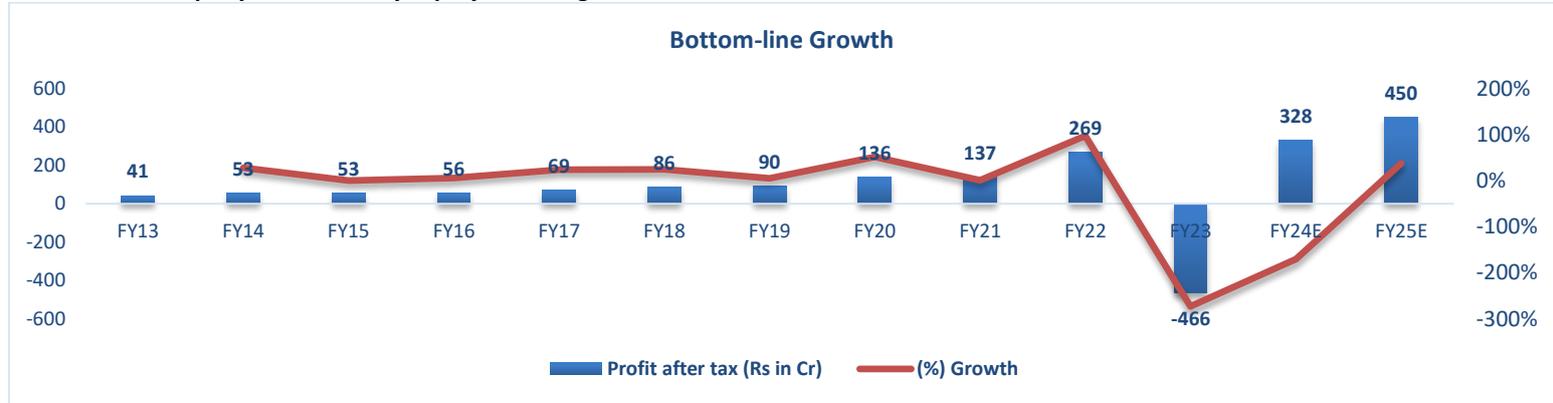
Source: Company & KJMC Research

**Exhibit 42 – Company EBITDA is projected to grow at a ~37% CAGR between FY21-FY25E**



Source: Company & KJMC Research

**Exhibit 43 – Company’s Profitability is projected to grow at a ~ 35% CAGR between FY21-FY25E**



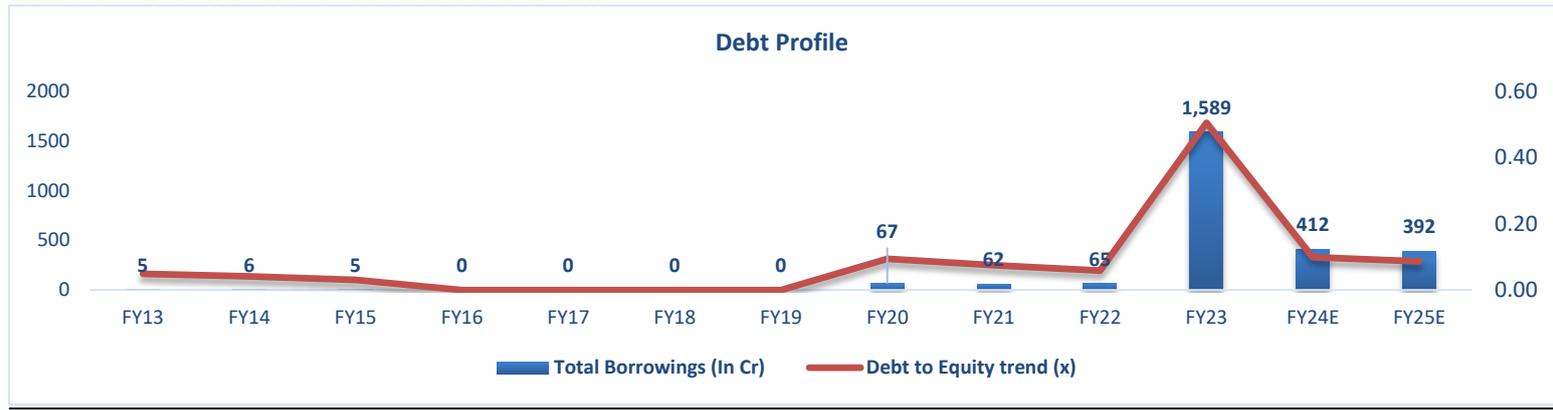
Source: Company & KJMC Research

**Exhibit 44 – Company’s operating and profitability margins to grow further**



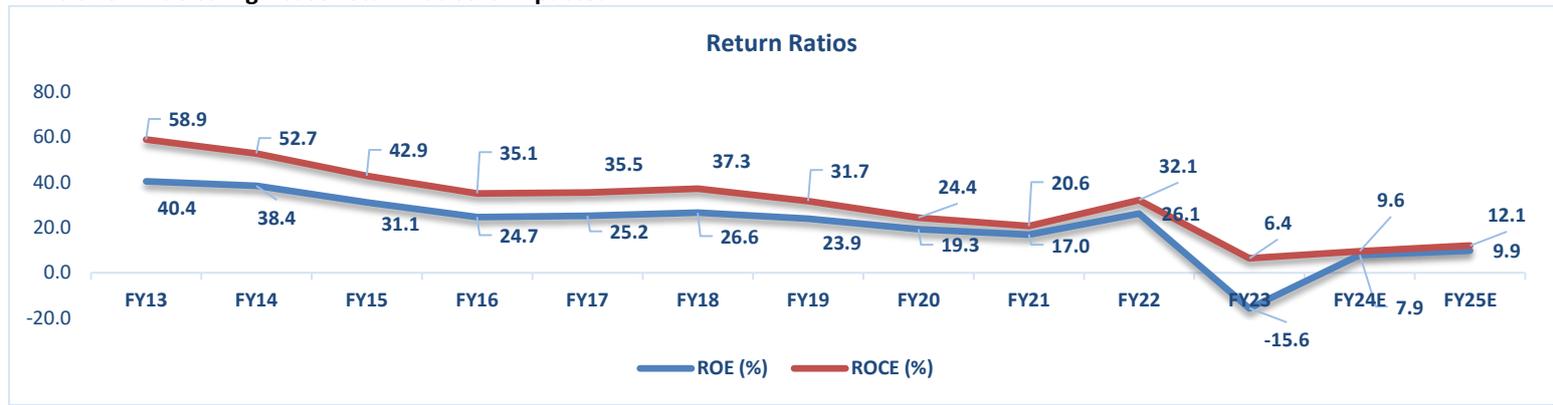
Source: Company & KJMC Research

**Exhibit 45 – Debt will come down further in near term**



Source: Company & KJMC Research

**Exhibit 46 – Due to high base return ratios is impacted**



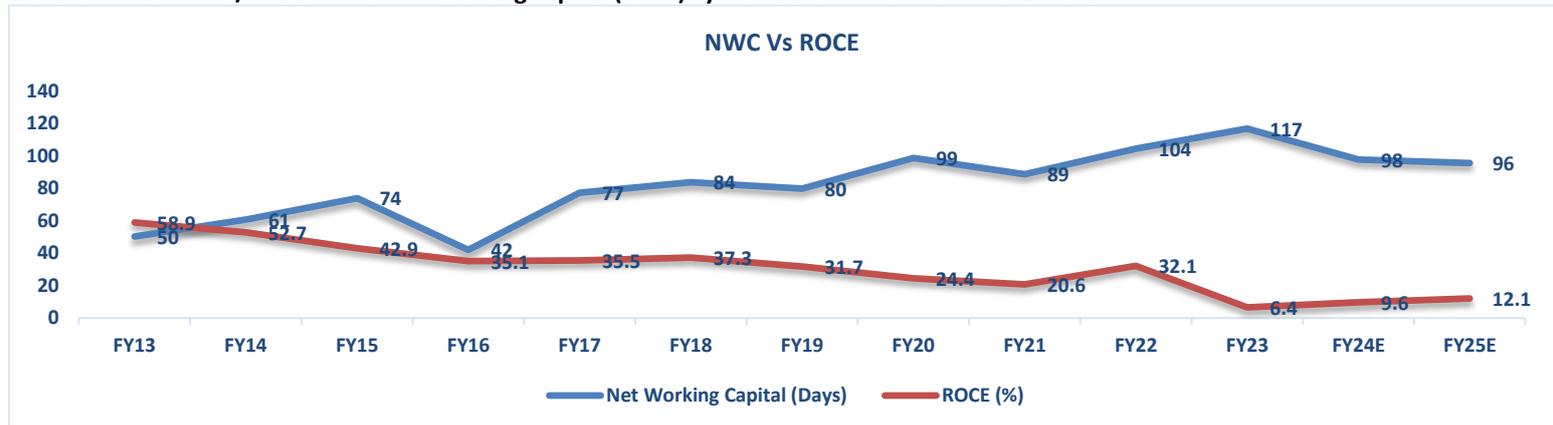
Source: Company & KJMC Research

**Exhibit 47 – Net working capital days is expected to range below 100 days**



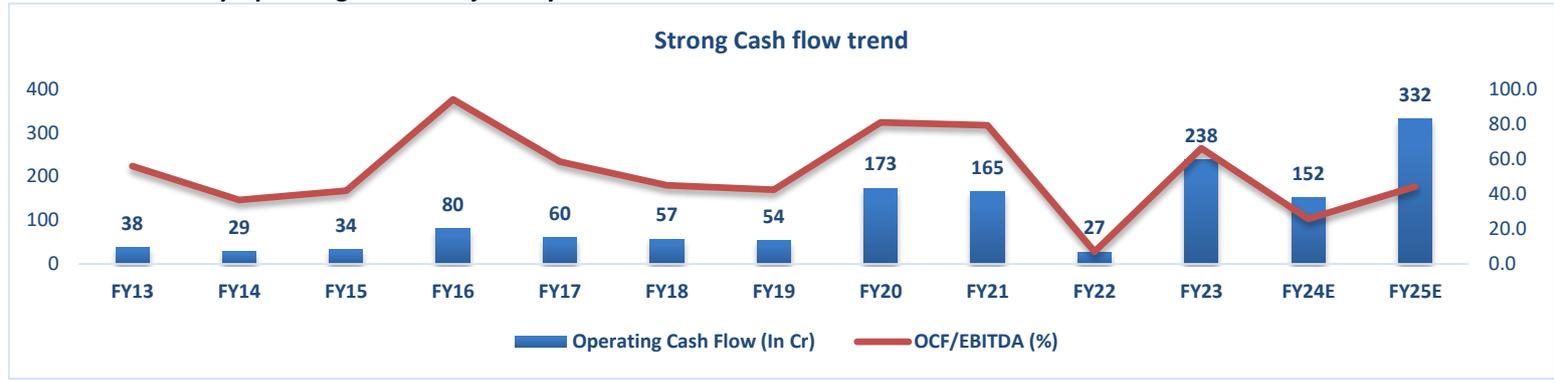
Source: Company & KJMC Research

**Exhibit 48 – Efficient/Reduction in net working capital (NWC) cycle leads to increase in ROCE levels**



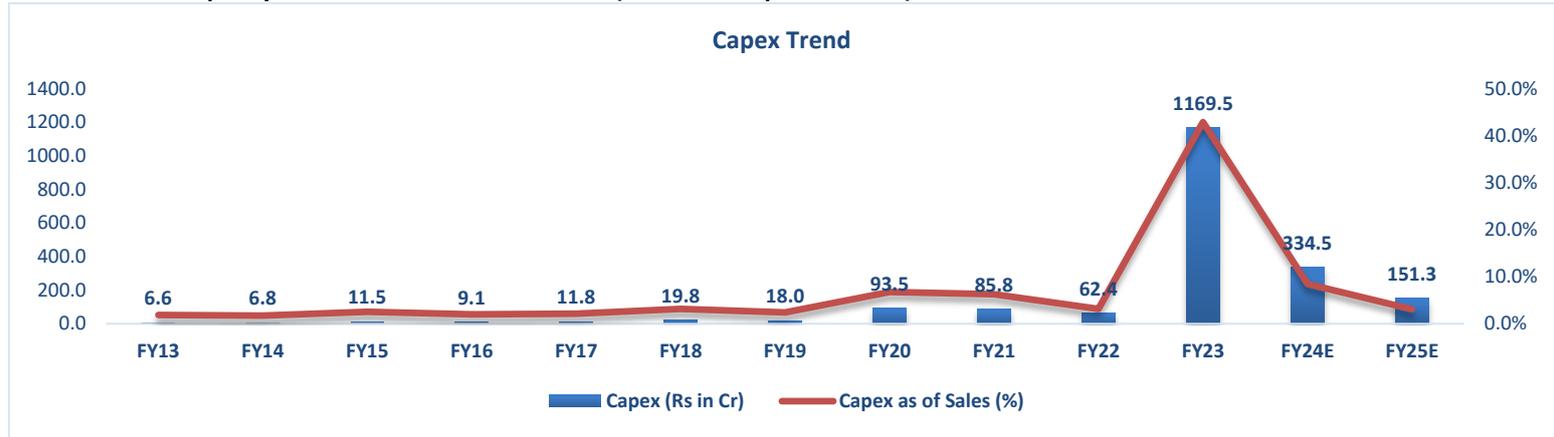
Source: Company & KJMC Research

### Exhibit 49 – Healthy Operating Cash Flow journey to continue



Source: Company & KJMC Research

### Exhibit 50 – No capacity enhancement needed further (Moderate capex on cards)



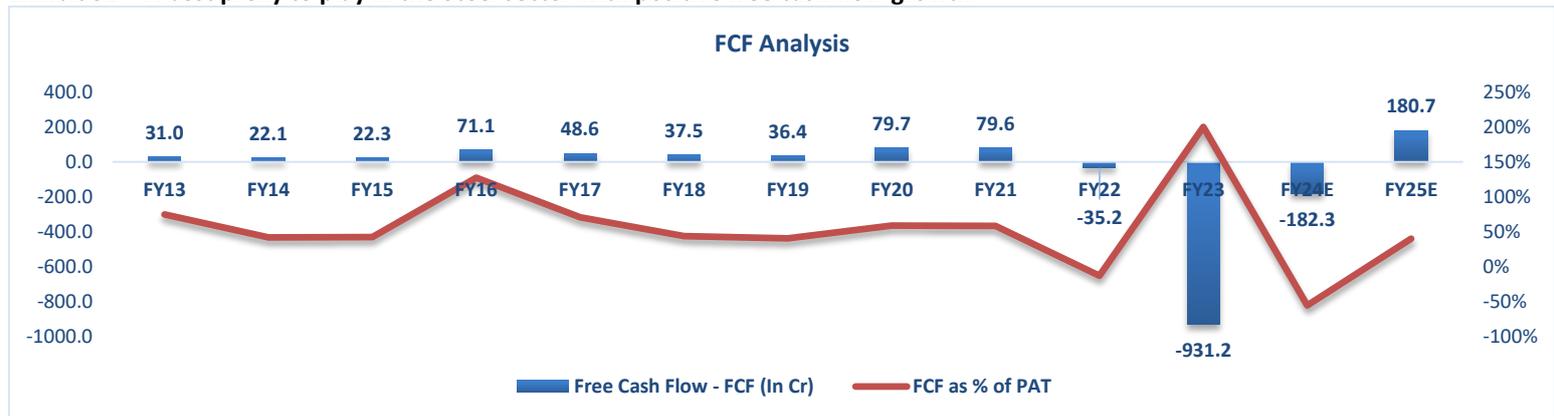
Source: Company & KJMC Research

### Exhibit 51 – RHI has ample capacity to grow (focus will be on modernization of plants acquired during M&A)



Source: Company & KJMC Research

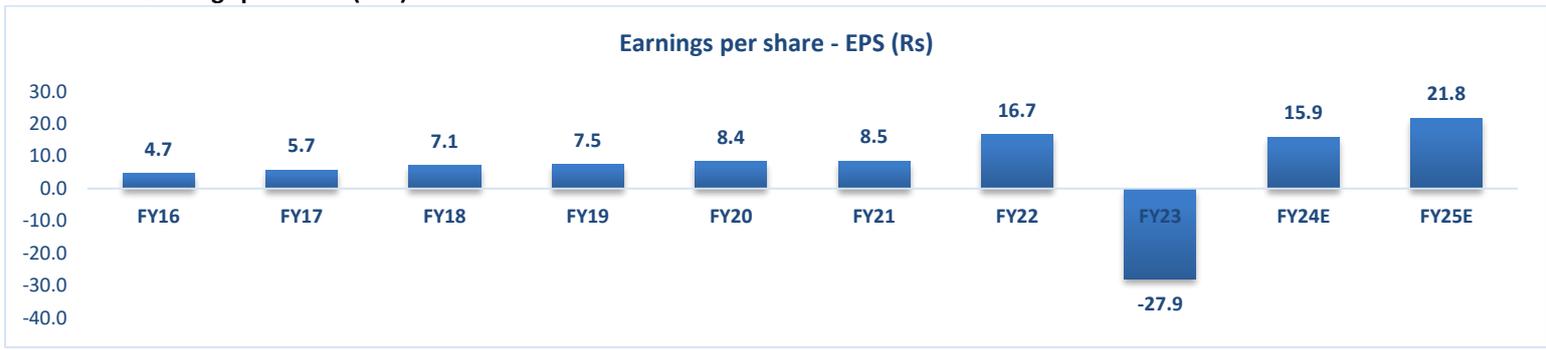
### Exhibit 52 – A best proxy to play in the Steel sector with positive free cash flow growth



Source: Company & KJMC Research

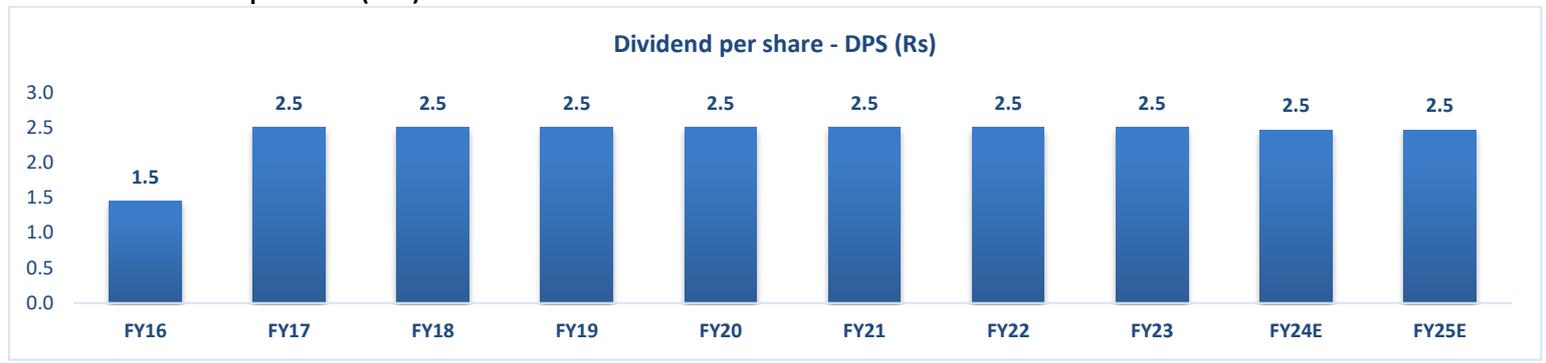
Per share scenario for RHI remains healthier throughout the periods and expected to improve further once synergies kicks inn

Exhibit 53 – Earnings per share (EPS) trend



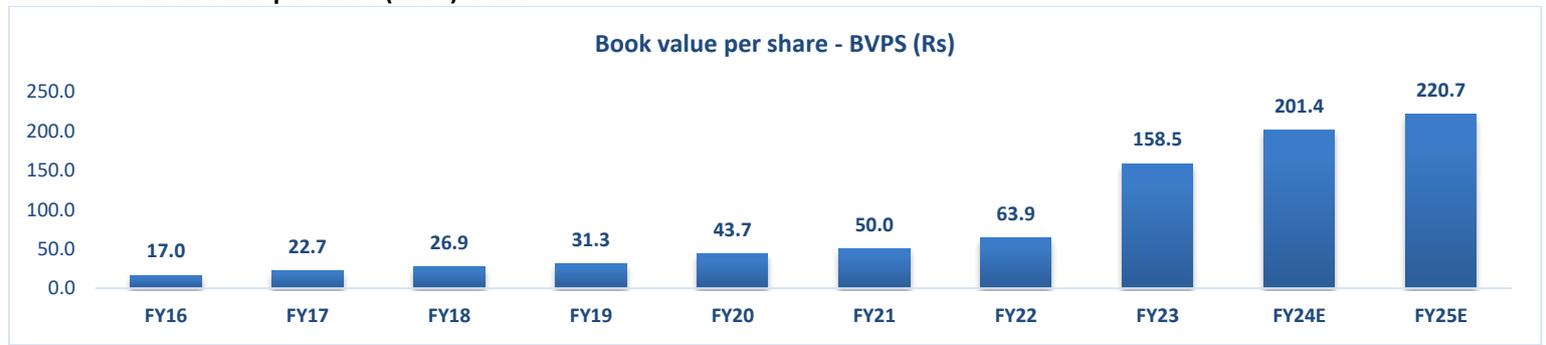
Source: Company & KJMC Research

Exhibit 54 – Dividend per share (DPS) trend



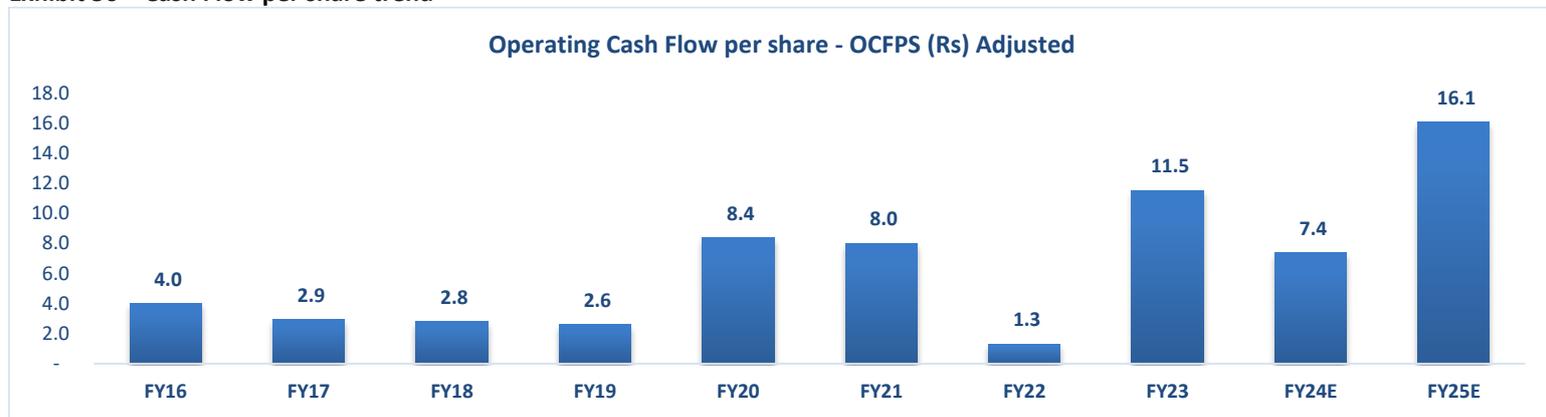
Source: Company & KJMC Research

Exhibit 55 – Book value per share (BVPS) trend



Source: Company & KJMC Research

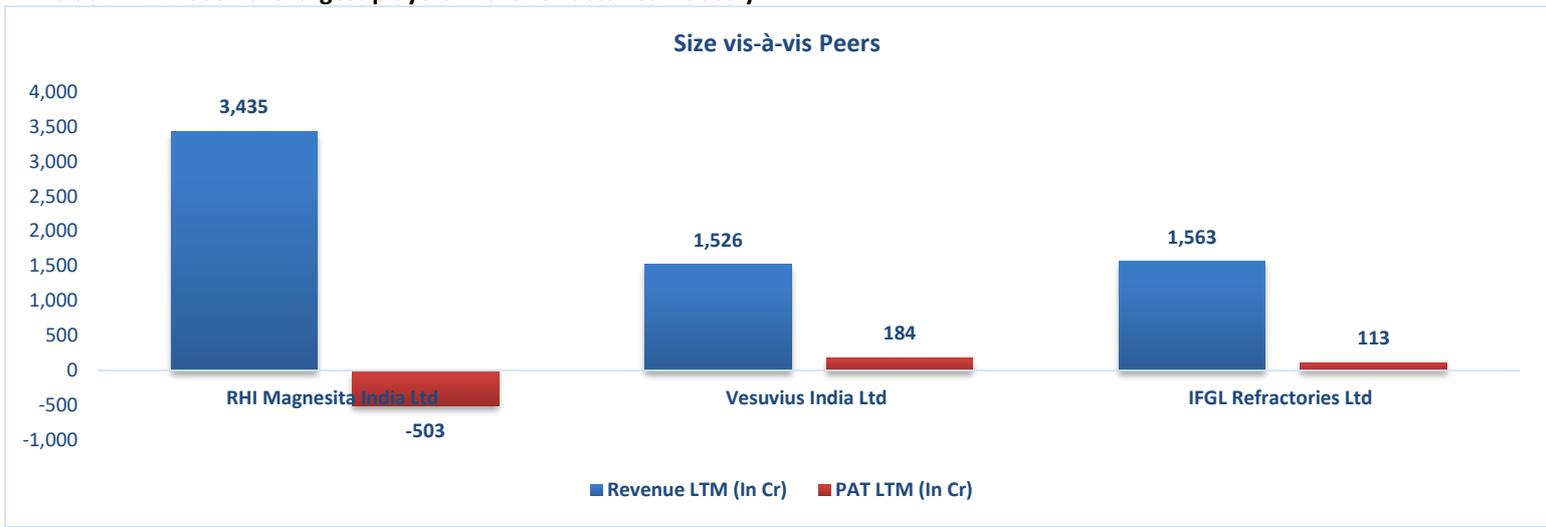
Exhibit 56 – Cash Flow per share trend



Source: Company & KJMC Research

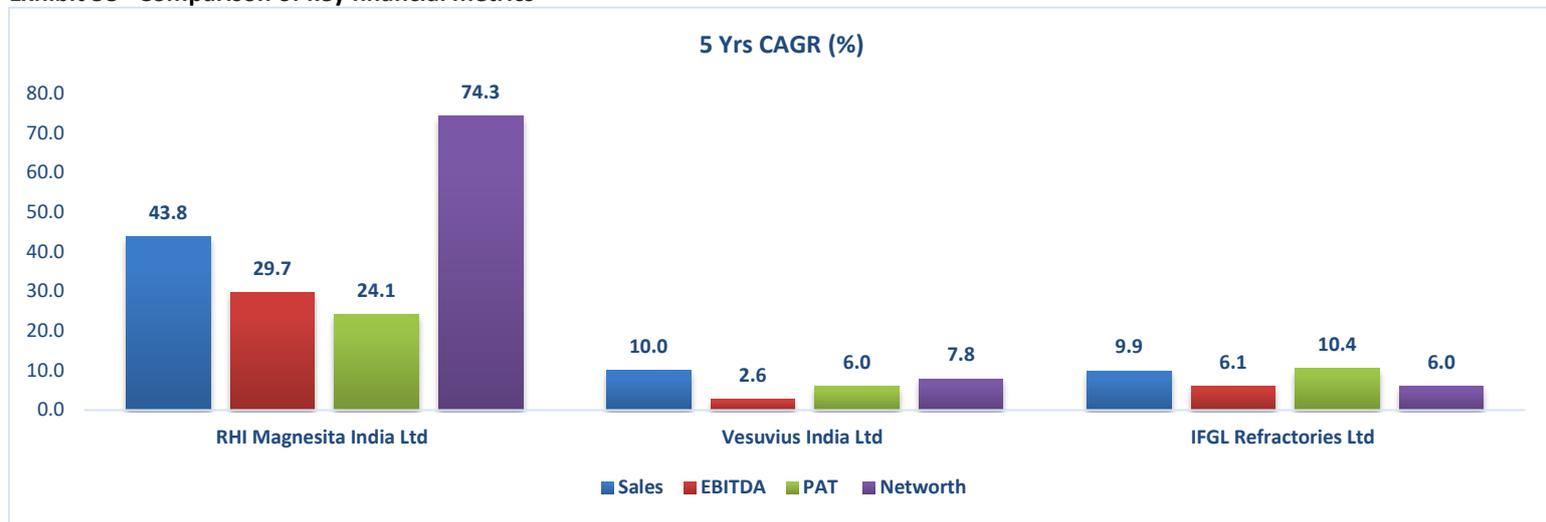
## RHI Vs Refractory players (Core Competitors)

Exhibit 57 – RHI been the largest players in the refractories industry



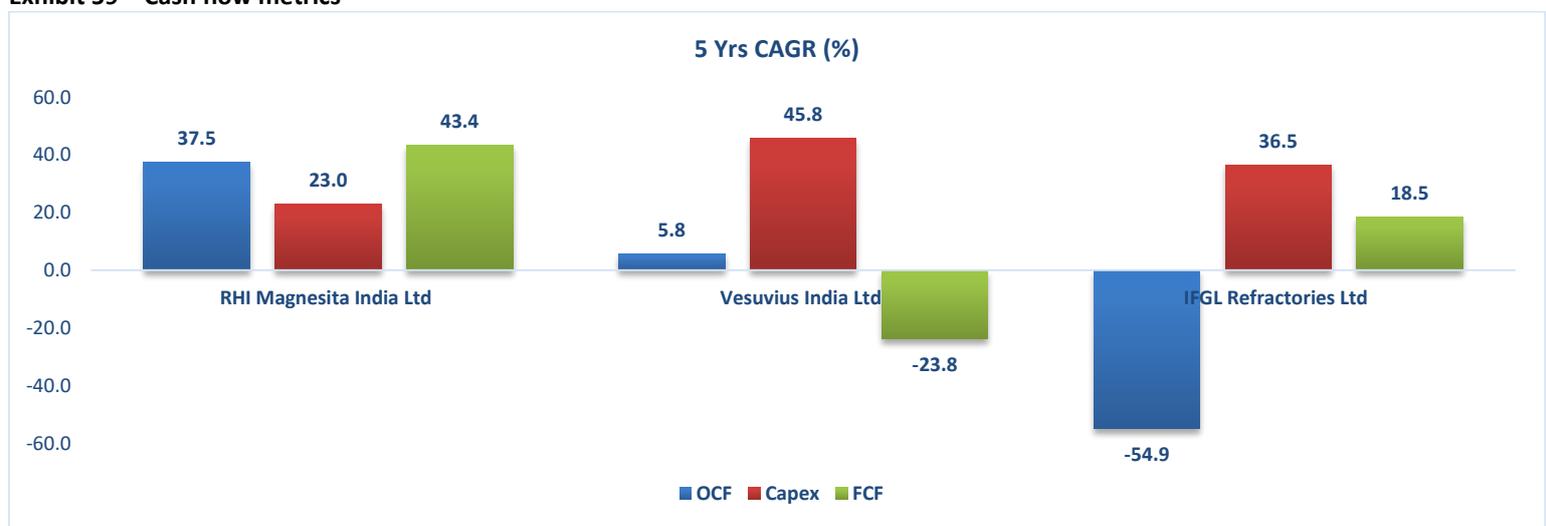
Source: Company & KJMC Research

Exhibit 58– Comparison of key financial metrics



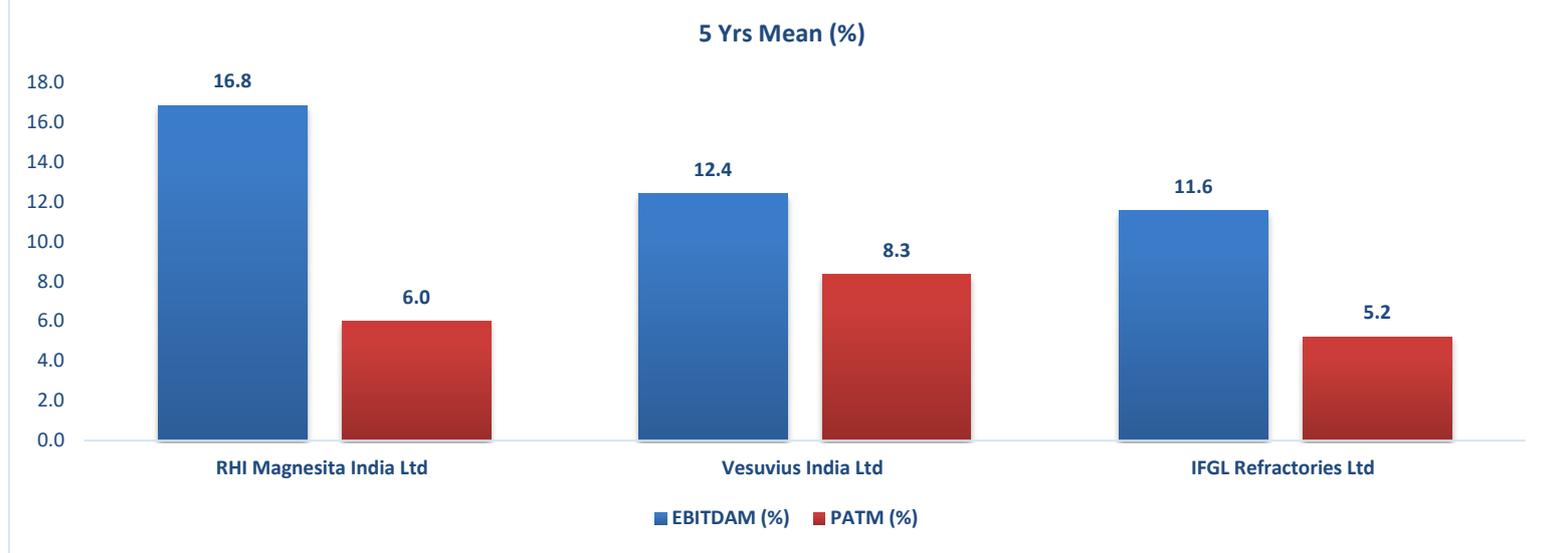
Source: Company & KJMC Research

Exhibit 59 – Cash flow metrics



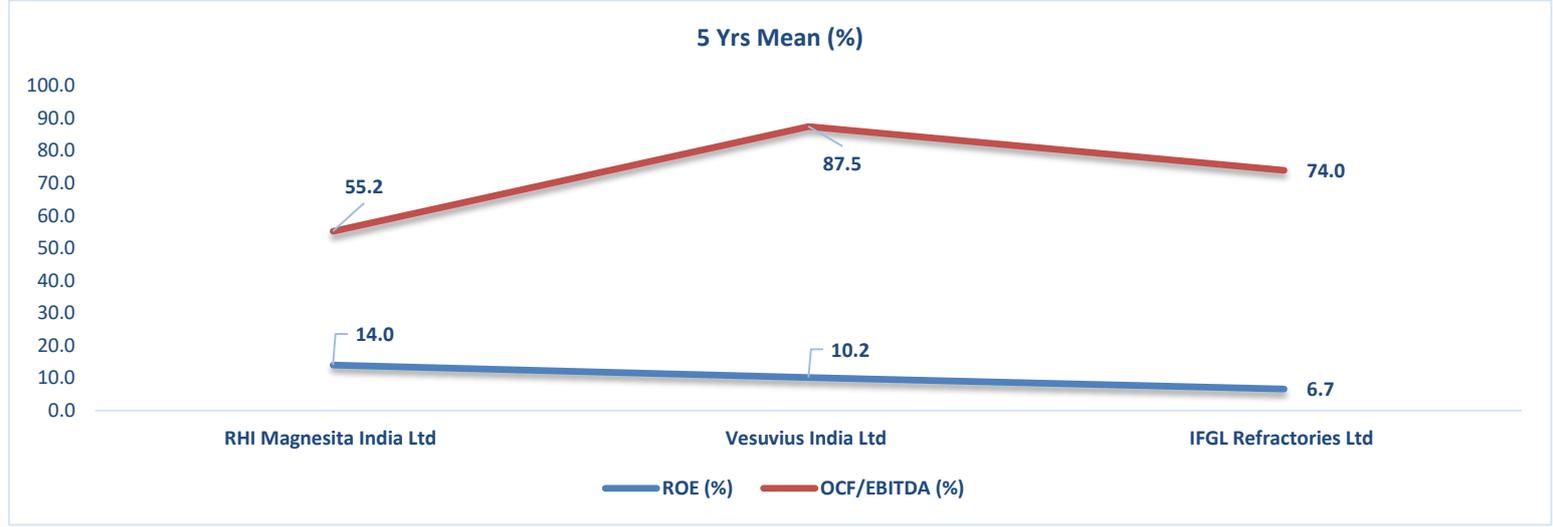
Source: Company & KJMC Research

### Exhibit 60 – Margin Analysis



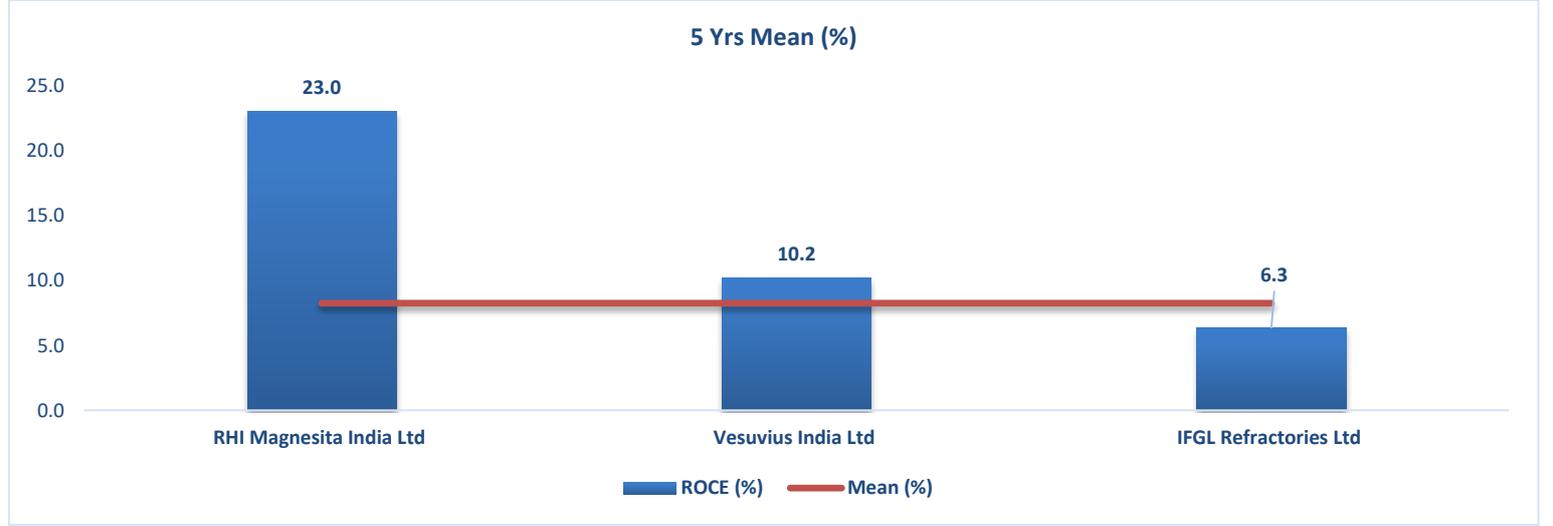
Source: Company & KJMC Research

### Exhibit 61 – Analyzing key parameters



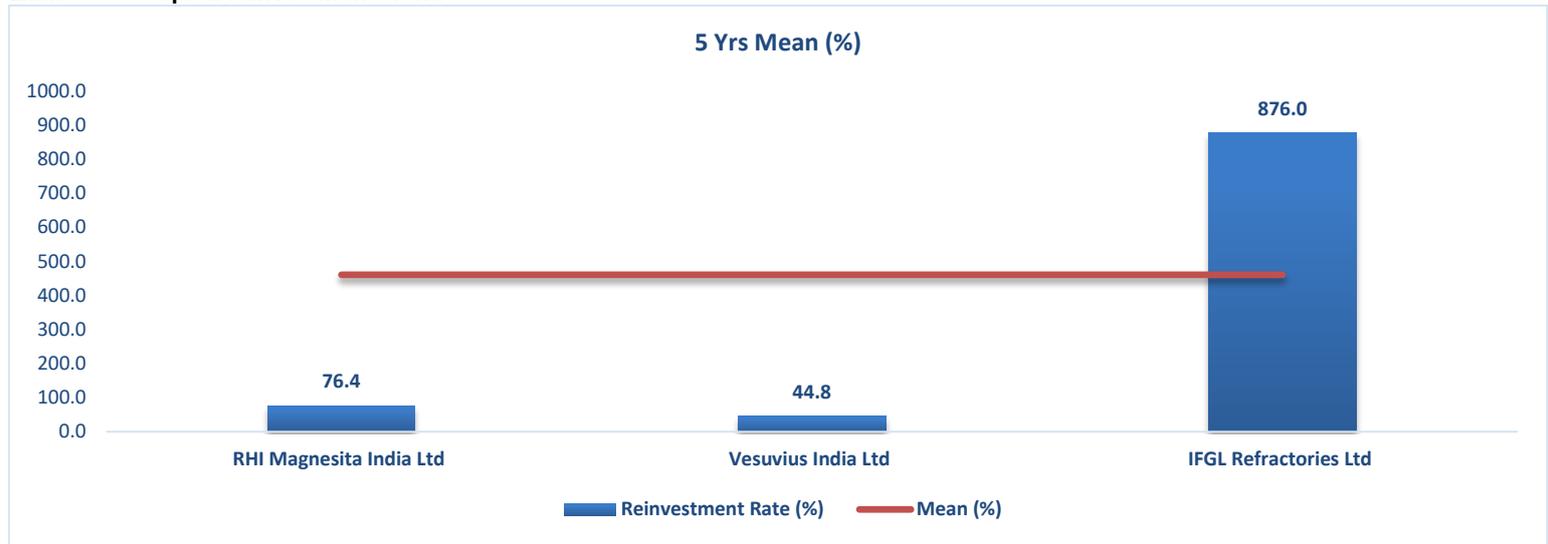
Source: Company & KJMC Research

### Exhibit 62 – RHI has superior capital allocation trend



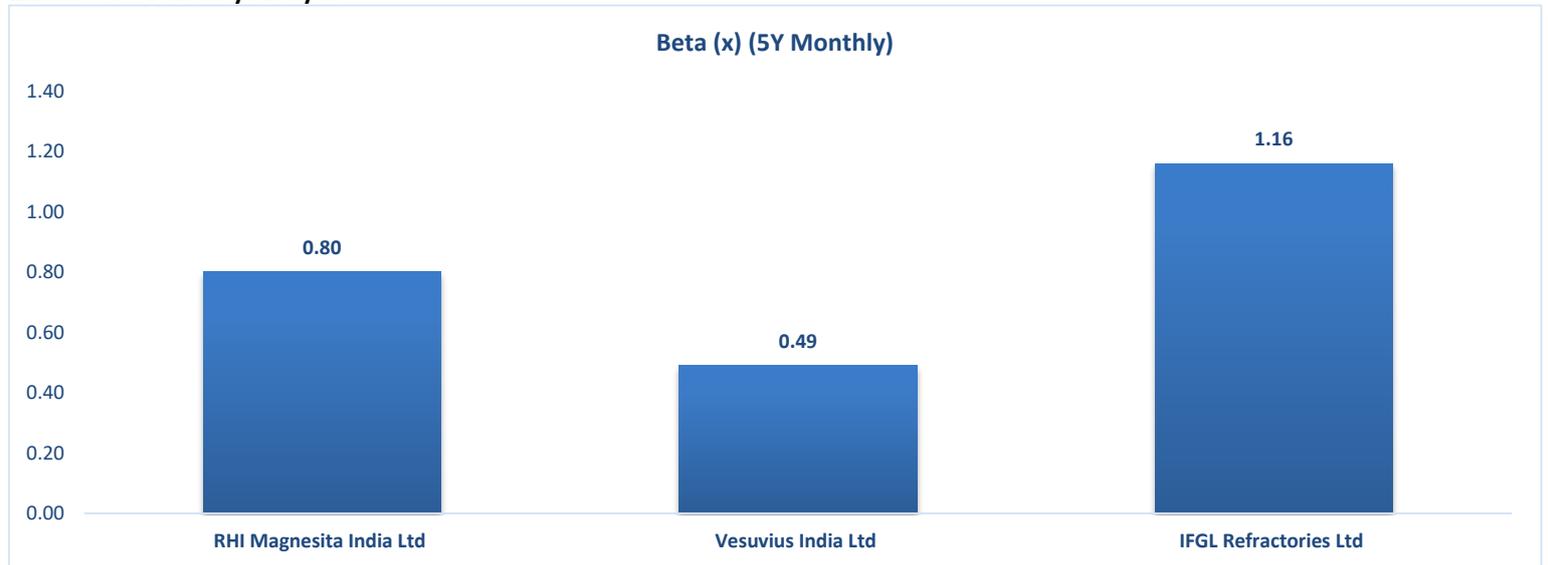
Source: Company & KJMC Research

### Exhibit 63 – Capital reinvestment trend



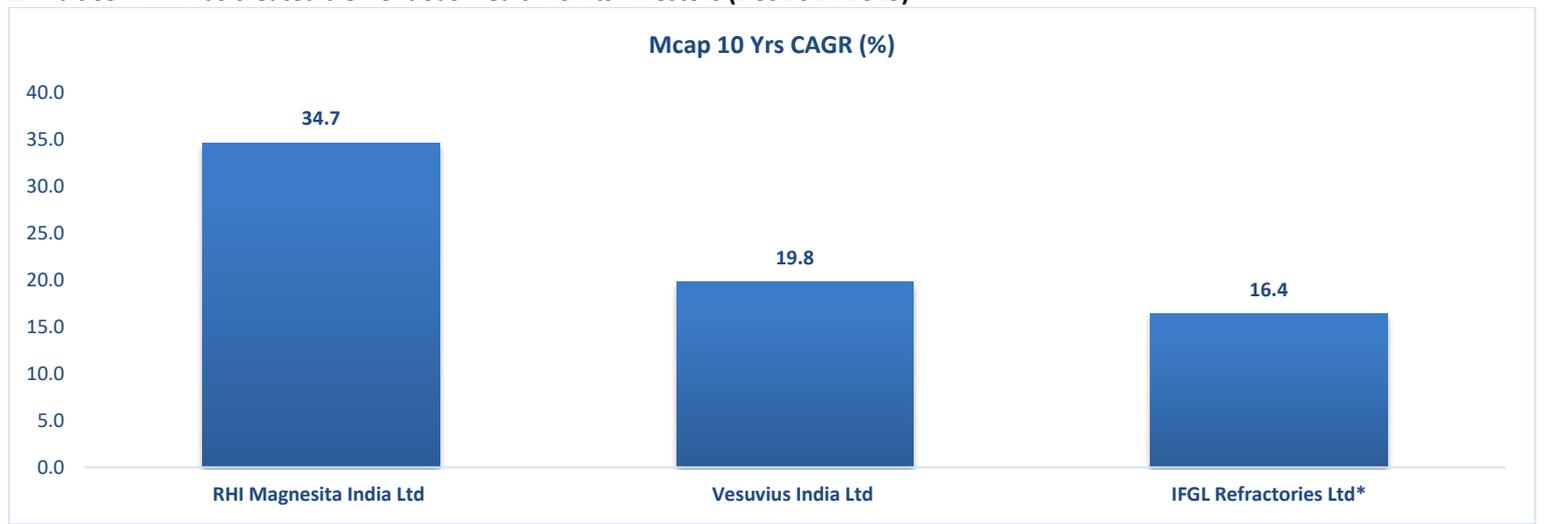
Source: Company & KJMC Research

### Exhibit 64 – Volatility Analysis



Source: Company & KJMC Research

### Exhibit 65 – RHI has created tremendous wealth for its investors (Dec 2014-2023)

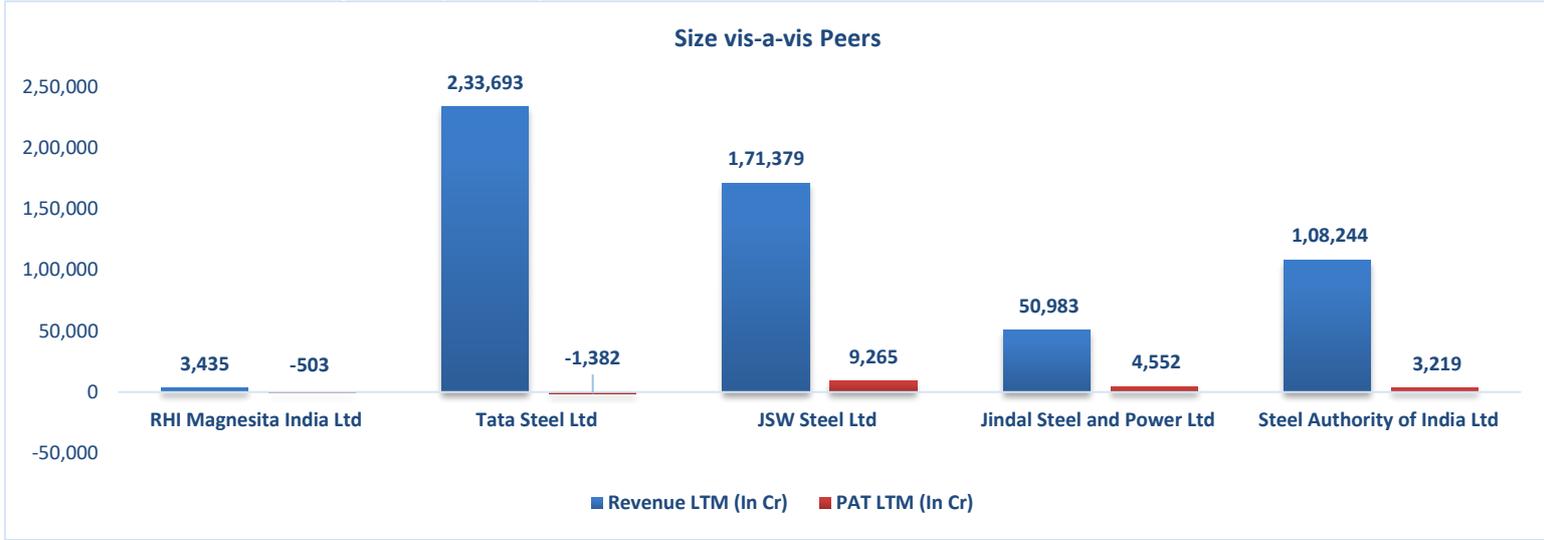


Source: Company & KJMC Research

## RHI Vs Steel player (Proxy theme)

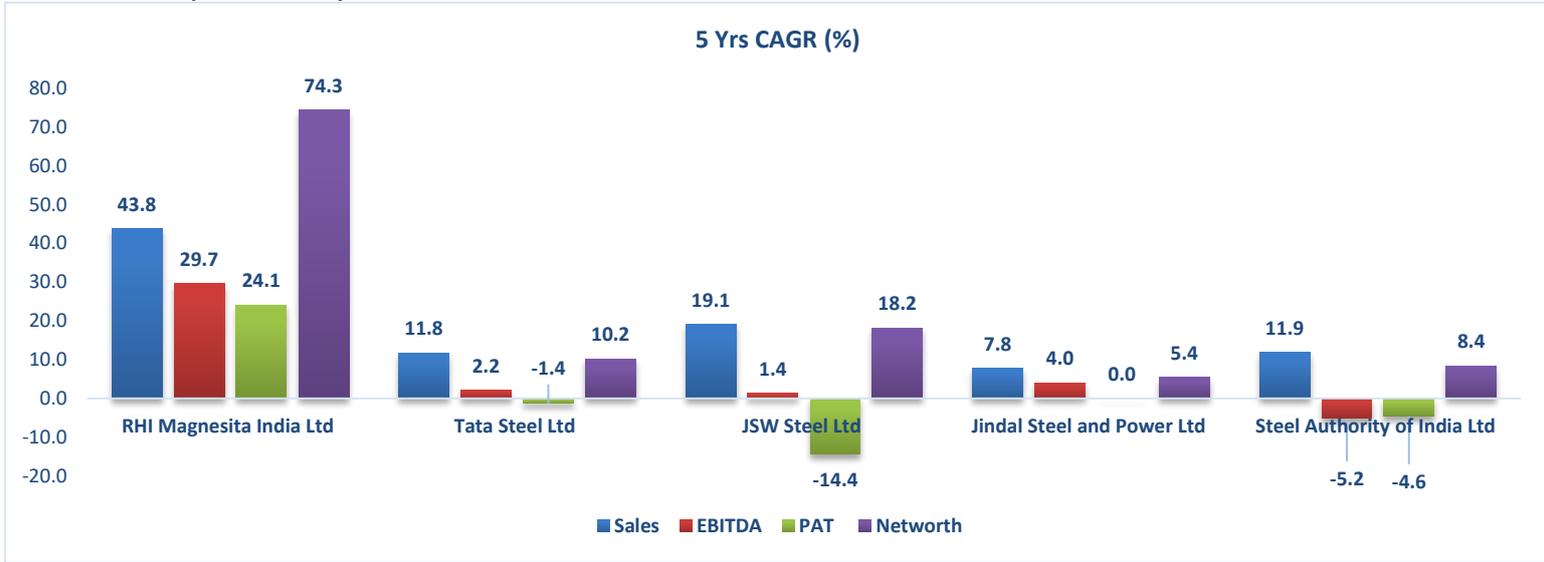
Refractory amounts to only 2-3% of steel production, it is an essential component without which not a single tonne of steel can be produced

Exhibit 66 – Downstream Vs Upstream (The Size)



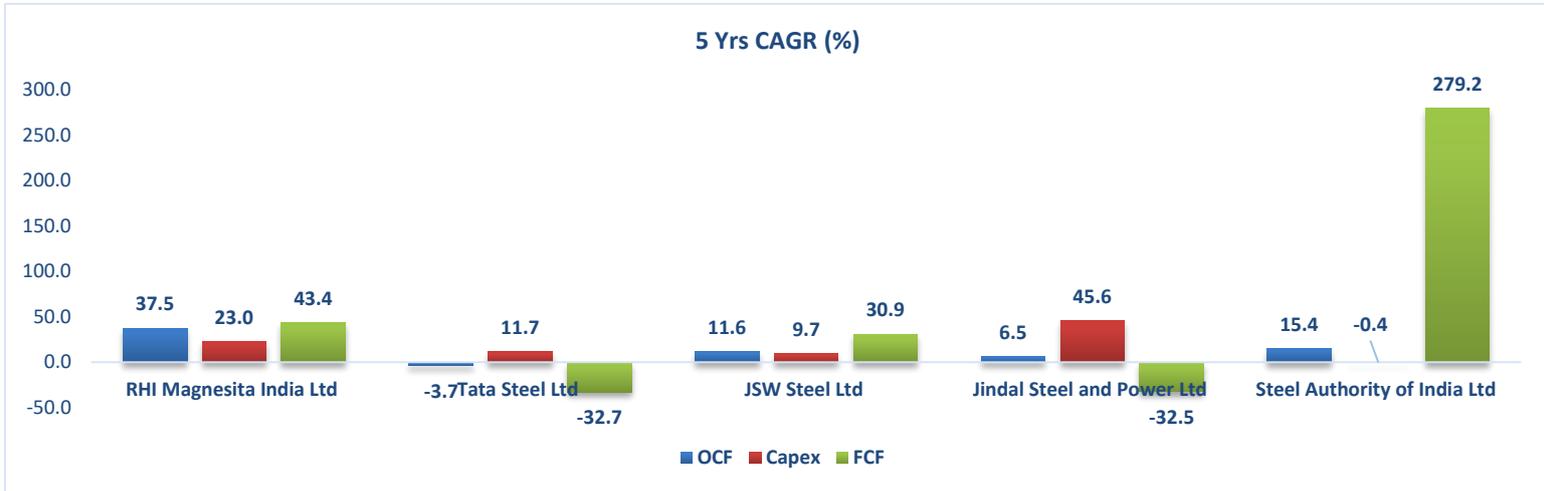
Source: Company & KJMC Research

Exhibit 67 – Comparison of key financial metrics



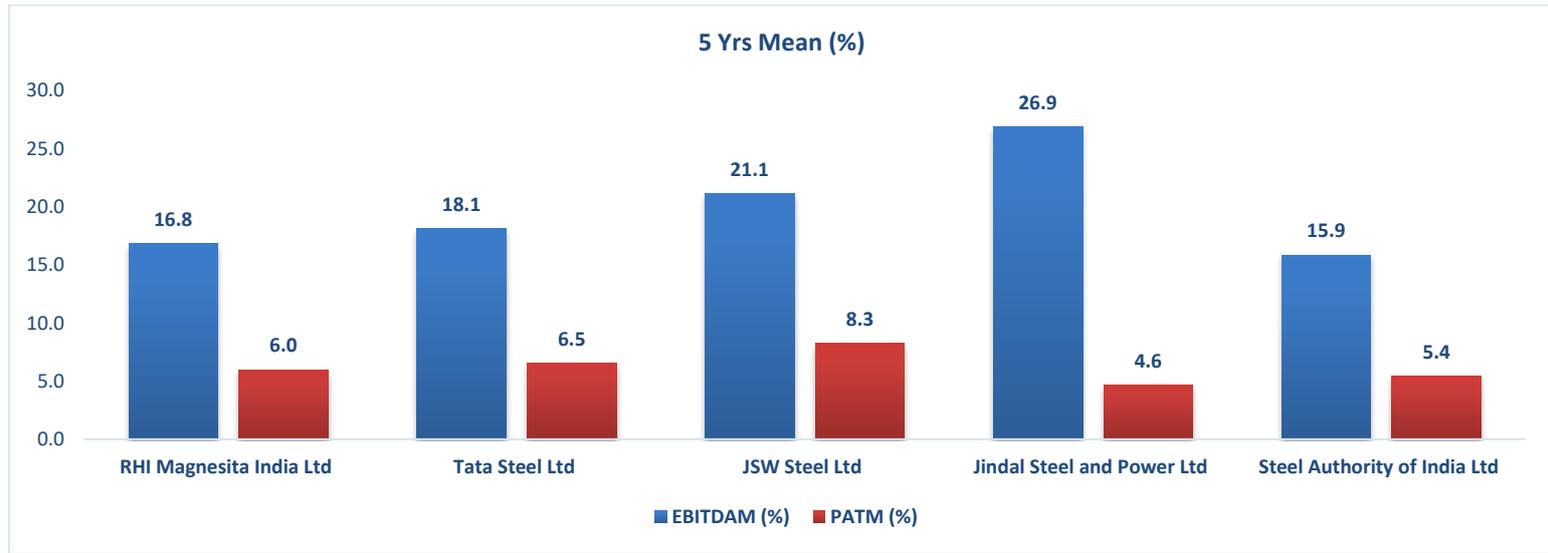
Source: Company & KJMC Research

Exhibit 68 – Cash Flow metrics



Source: Company & KJMC Research

### Exhibit 69 – Margin Analysis



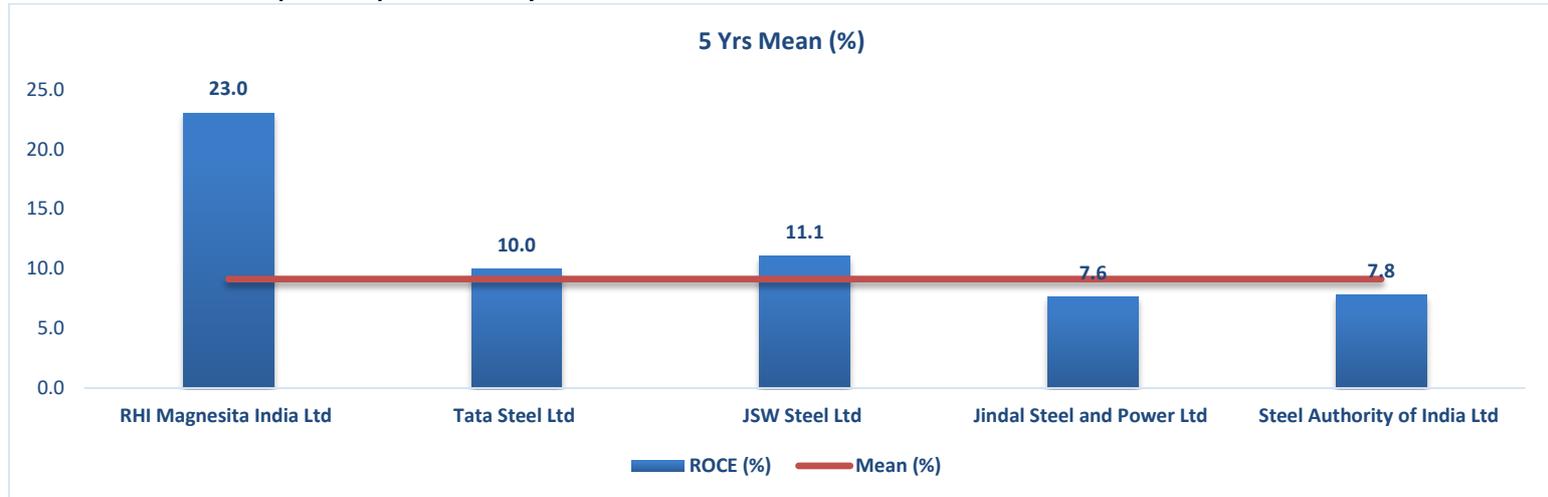
Source: Company & KJMC Research

### Exhibit 70 – Analyzing key parameters



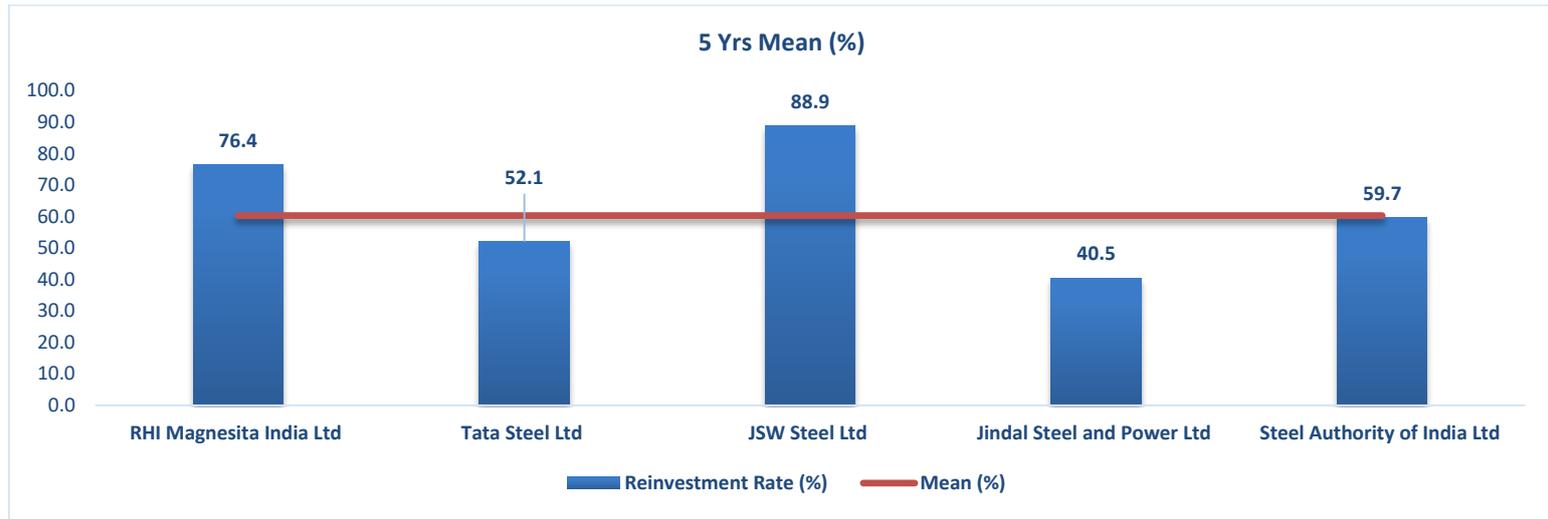
Source: Company & KJMC Research

### Exhibit 71 – RHI has a superior capital efficiency



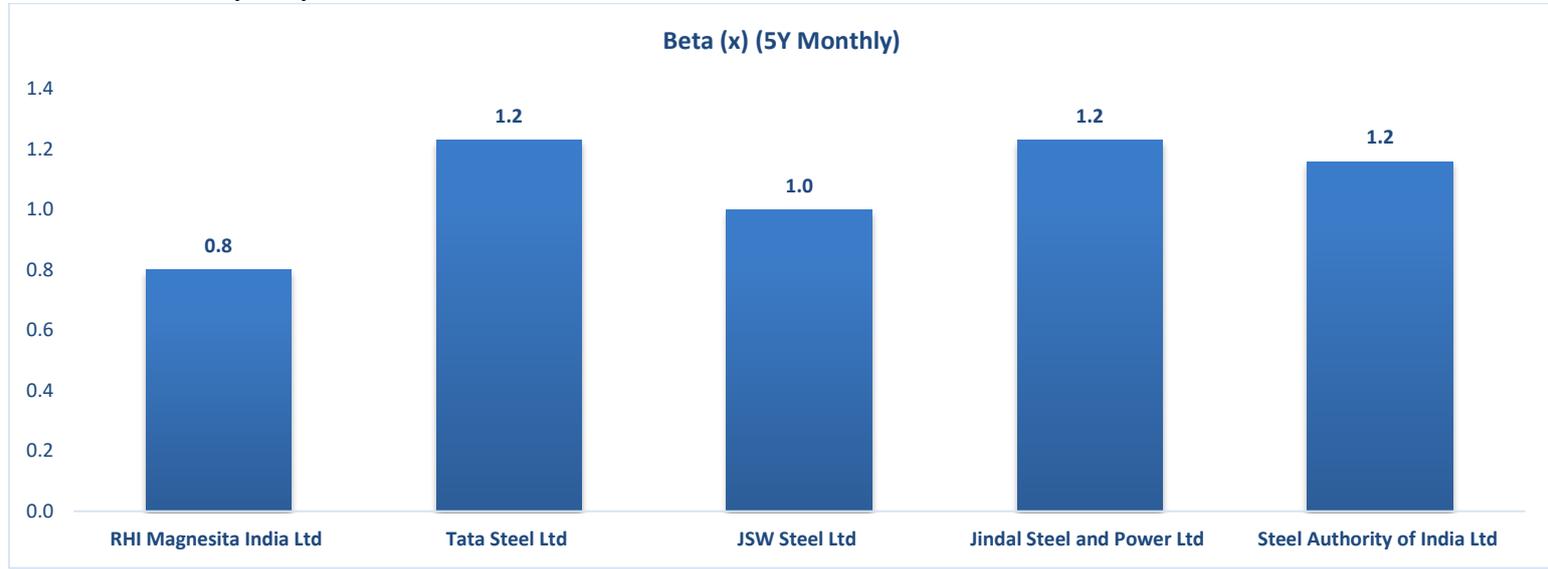
Source: Company & KJMC Research

**Exhibit 72 – High level of Capital Investment will lead to sustainable high level of ROCE**



Source: Company & KJMC Research

**Exhibit 73 – Volatility analysis**



Source: Company & KJMC Research

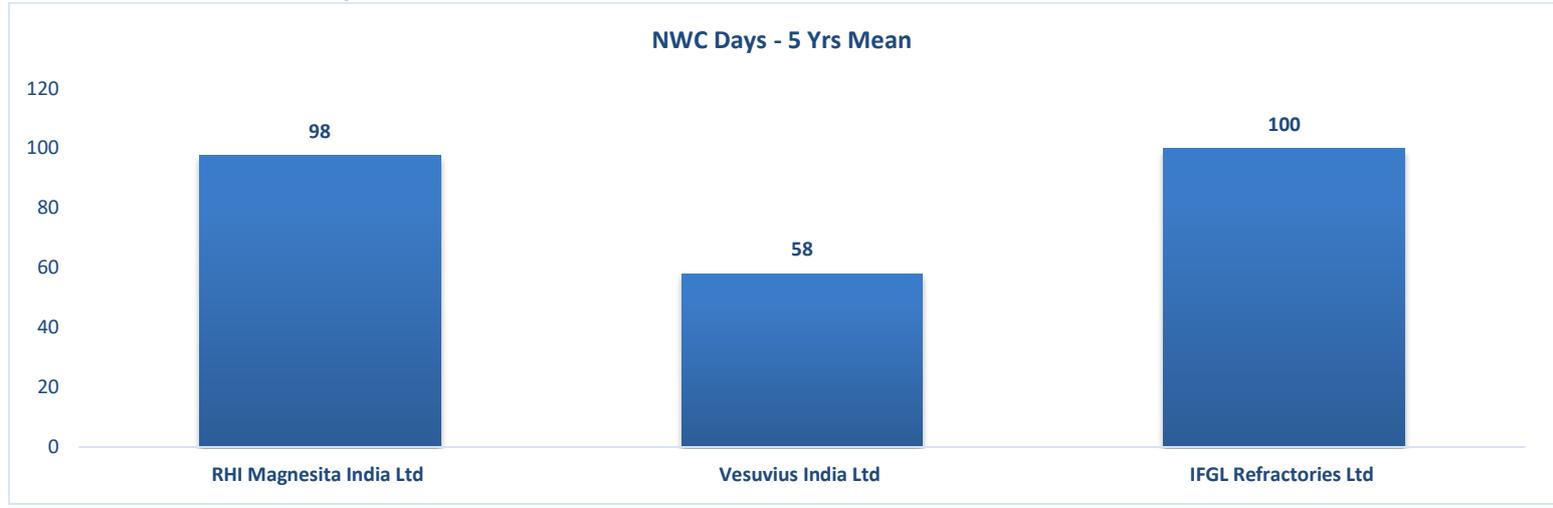
**Exhibit 74 – RHI has created tremendous value for its investors (Dec 2014 – 2023)**



Source: Company & KJMC Research

RHI Magnesita's cash conversion cycle has been longer than other refractories players and Steel Companies, mainly due to longer inventory cycles (Raw material purchase & shorter payable)

Exhibit 75 – Cash conversion cycle for RHI Vs Peers



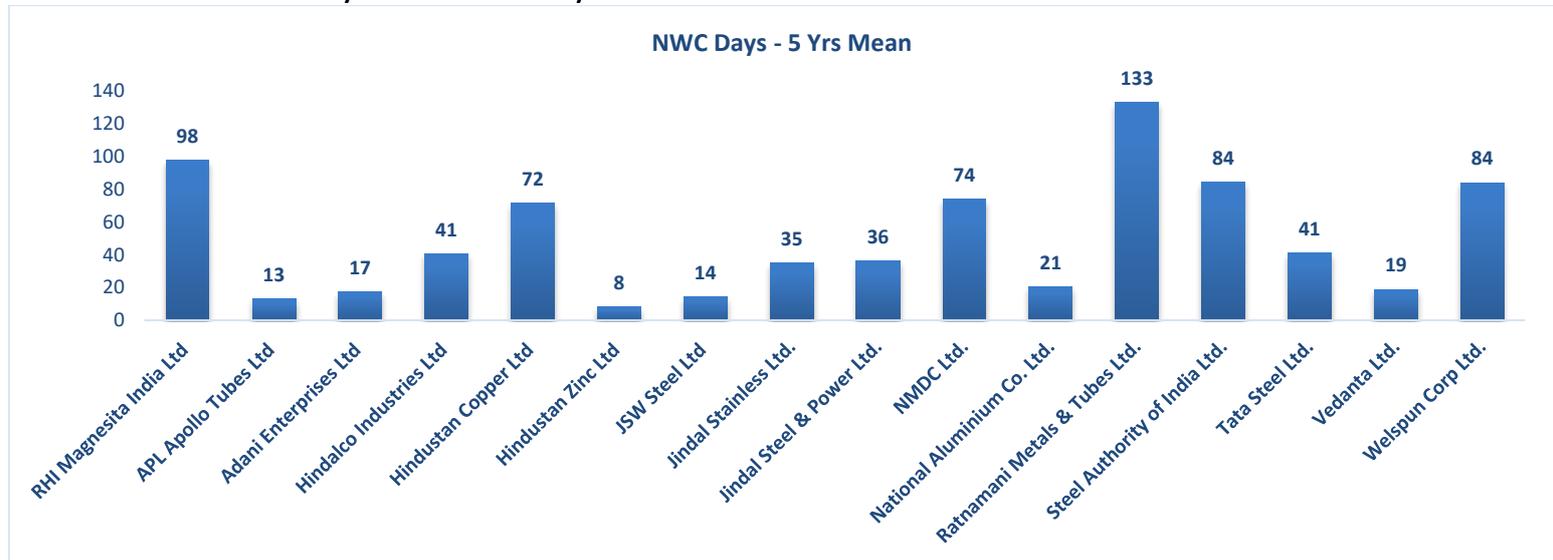
Source: Company & KJMC Research

Exhibit 76 – Receivable cycle for RHI Vs Peers



Source: Company & KJMC Research

Exhibit 77 – Cash conversion cycle for RHI with Nifty Metal universe



Source: Company & KJMC Research

## Earnings projections for the Peers & Valuation Variance

### Exhibit 78 – Forward earnings (An overview)

Particulars (Rs in INR Bn)	Mcap	Revenue			EBITDA			PAT		
		FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
RHI Magnesita India Ltd	148	27.2	39.5	49.4	3.6	5.9	7.5	-4.7	3.3	4.5
Vesuvius India Ltd	73	13.4	16.0	18.2	1.7	2.8	3.0	1.2	2.1	2.2
IFGL Refractories Ltd	25	13.7	17.6	19.7	1.4	2.4	2.5	0.7	1.3	1.4
APL Apollo Tubes Ltd	389	156.7	193.7	252.0	10.2	13.7	18.9	6.4	8.7	12.6
Adani Enterprises Ltd	3652	NA								
Hindalco Industries Ltd	1314	2232.0	2097.2	2174.7	236.0	242.2	261.7	106.0	102.5	114.1
Hindustan Copper Ltd	288	NA								
Hindustan Zinc Ltd	1335	332.7	303.2	331.4	175.1	141.3	163.0	105.0	79.6	98.4
JSW Steel Ltd	2002	1659.6	1769.2	1958.1	206.3	301.7	370.7	40.9	113.7	157.6
Jindal Stainless Ltd.	507	353.8	405.3	478.1	35.9	50.9	63.1	21.1	29.9	39.4
Jindal Steel & Power Ltd.	797	527.1	518.4	570.3	97.9	101.5	125.8	35.0	47.8	62.5
NMDC Ltd.	714	176.7	201.1	214.4	60.5	71.6	72.9	56.0	56.6	61.5
National Aluminium Co. Ltd.	299	141.7	130.8	145.2	24.4	24.2	32.5	14.3	11.6	24.3
Ratnamani Metals & Tubes Ltd.	241	44.7	51.9	57.9	8.1	9.5	10.5	5.1	6.4	7.2
Steel Authority of India Ltd.	601	1037.9	1063.4	1091.6	80.5	99.4	114.0	19.7	32.9	40.8
Tata Steel Ltd.	1791	2416.4	2283.8	2440.1	323.0	241.8	355.0	87.1	60.5	143.5
Vedanta Ltd.	1052	1454.0	1337.0	1422.7	342.6	340.6	372.3	101.4	69.9	113.3
Welspun Corp Ltd.	156	97.6	146.4	167.7	4.9	13.9	16.2	1.7	8.3	9.9

Source: Company, Bloomberg & KJMC Research

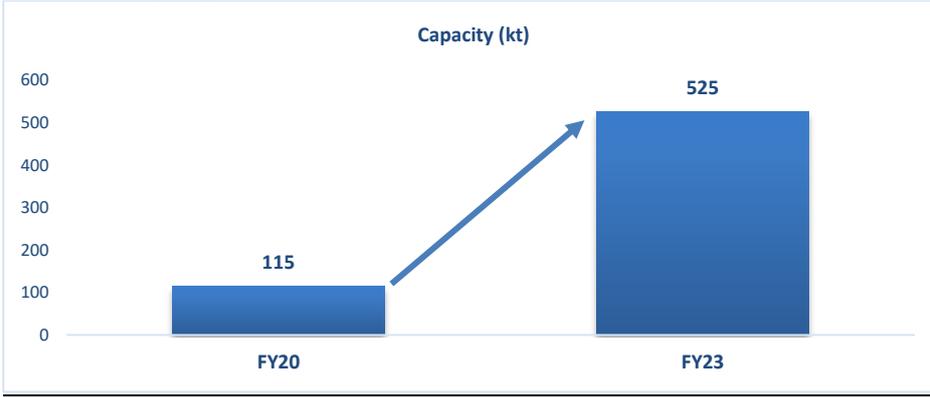
### Exhibit 79– Valuation landscape

Particulars	EV/EBITDA (x)			PE (x)		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E
RHI Magnesita India Ltd	36.2	24.9	18.6	-25.4	44.9	32.7
Vesuvius India Ltd	39.9	23.7	22.4	62.1	34.2	33.0
IFGL Refractories Ltd	18.3	10.6	10.2	34.3	19.4	18.4
<b>Mean (x)</b>	<b>29.1</b>	<b>17.1</b>	<b>16.3</b>	<b>48.2</b>	<b>26.8</b>	<b>25.7</b>
APL Apollo Tubes Ltd	38.5	28.7	20.8	60.6	45.0	30.8
Adani Enterprises Ltd	NA	NA	NA	NA	NA	NA
Hindalco Industries Ltd	7.6	7.4	6.9	12.4	12.8	11.7
Hindustan Copper Ltd	NA	NA	NA	NA	NA	NA
Hindustan Zinc Ltd	7.6	9.5	8.2	12.7	16.8	14.1
JSW Steel Ltd	13.0	8.8	7.3	49.0	17.8	12.7
Jindal Stainless Ltd.	15.3	10.8	8.7	24.0	17.0	12.9
Jindal Steel & Power Ltd.	8.9	8.7	7.0	22.8	16.6	12.8
NMDC Ltd.	9.8	8.3	7.7	12.7	12.8	11.7
National Aluminium Co. Ltd.	11.3	11.4	8.5	20.9	25.7	12.3
Ratnamani Metals & Tubes Ltd.	29.7	25.3	22.9	47.2	37.7	33.4
Steel Authority of India Ltd.	10.5	8.5	7.4	30.5	18.2	14.7
Tata Steel Ltd.	7.9	10.4	7.2	20.6	29.2	12.5
Vedanta Ltd.	4.8	4.8	4.4	10.4	15.0	9.3
Welspun Corp Ltd.	32.2	11.5	9.8	90.2	18.7	15.8
<b>Mean (x)</b>	<b>15.2</b>	<b>11.9</b>	<b>9.8</b>	<b>31.8</b>	<b>21.8</b>	<b>15.7</b>
<b>Median (x)</b>	<b>10.5</b>	<b>9.5</b>	<b>7.7</b>	<b>22.8</b>	<b>17.8</b>	<b>12.8</b>

Source: Company, Bloomberg & KJMC Research

## Growth Story in Charts

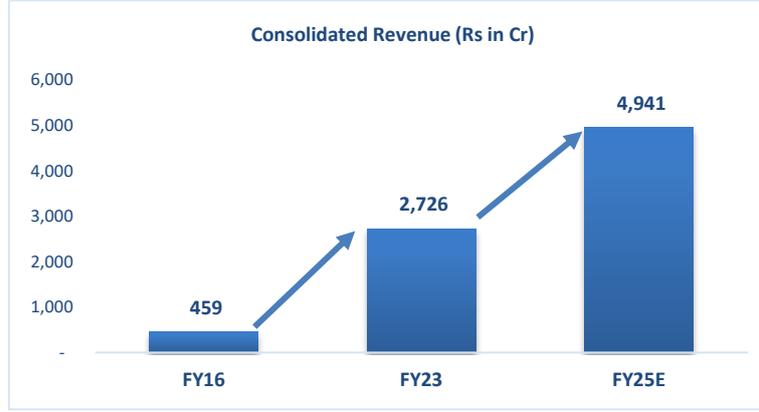
**Exhibit 80 – Synergies from consolidation**



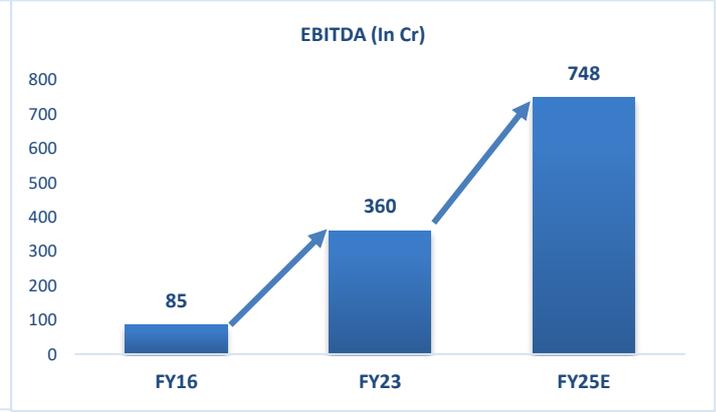
*Post-Acquisition operations comprise nine facilities in India, with an aggregate flow – control production capacity of 65.24KTPA and refractory production capacity of 525.48 KTPA.*

Source: Company & KJMC Research

**Exhibit 81 – Growing revenue on card**

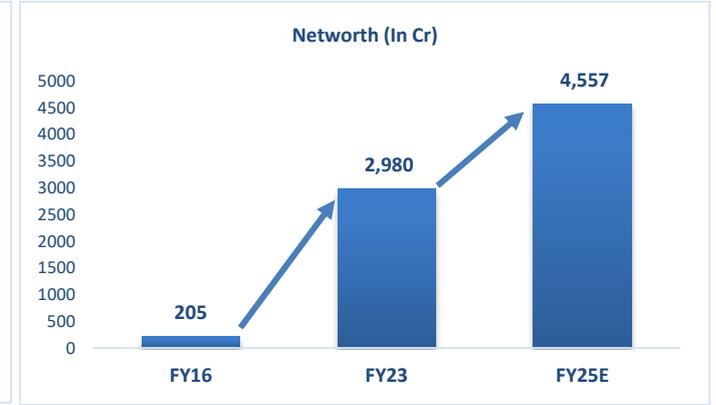
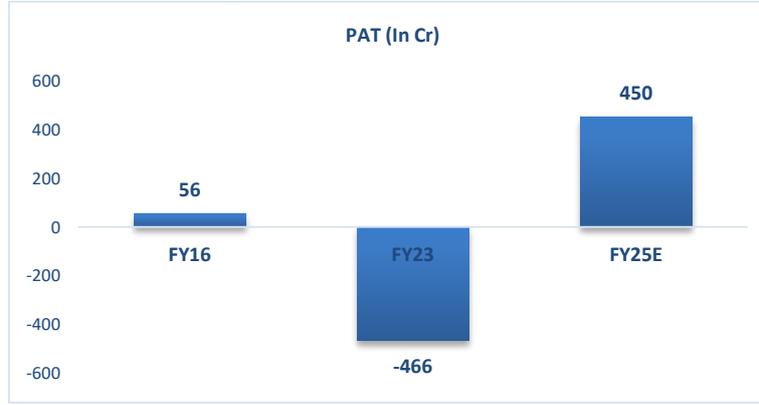


**Exhibit – Steady EBIDTA level**



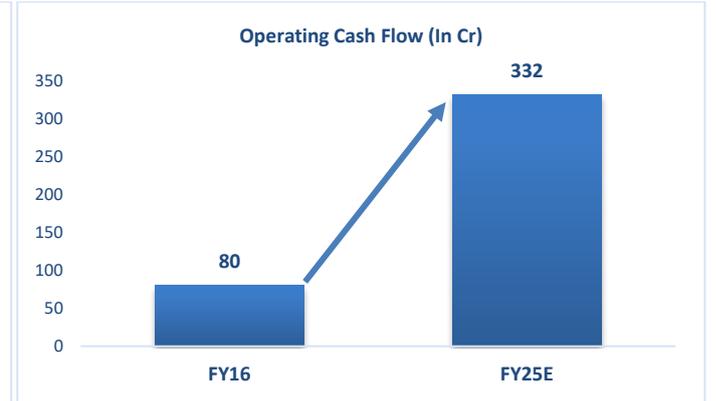
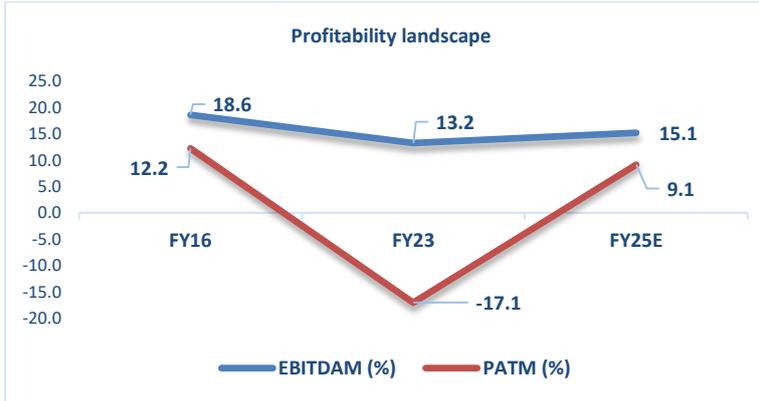
Source: Company & KJMC Research

**Exhibit 82 – Growing Profits**



Source: Company & KJMC Research

**Exhibit 83 – Margins to grow further**



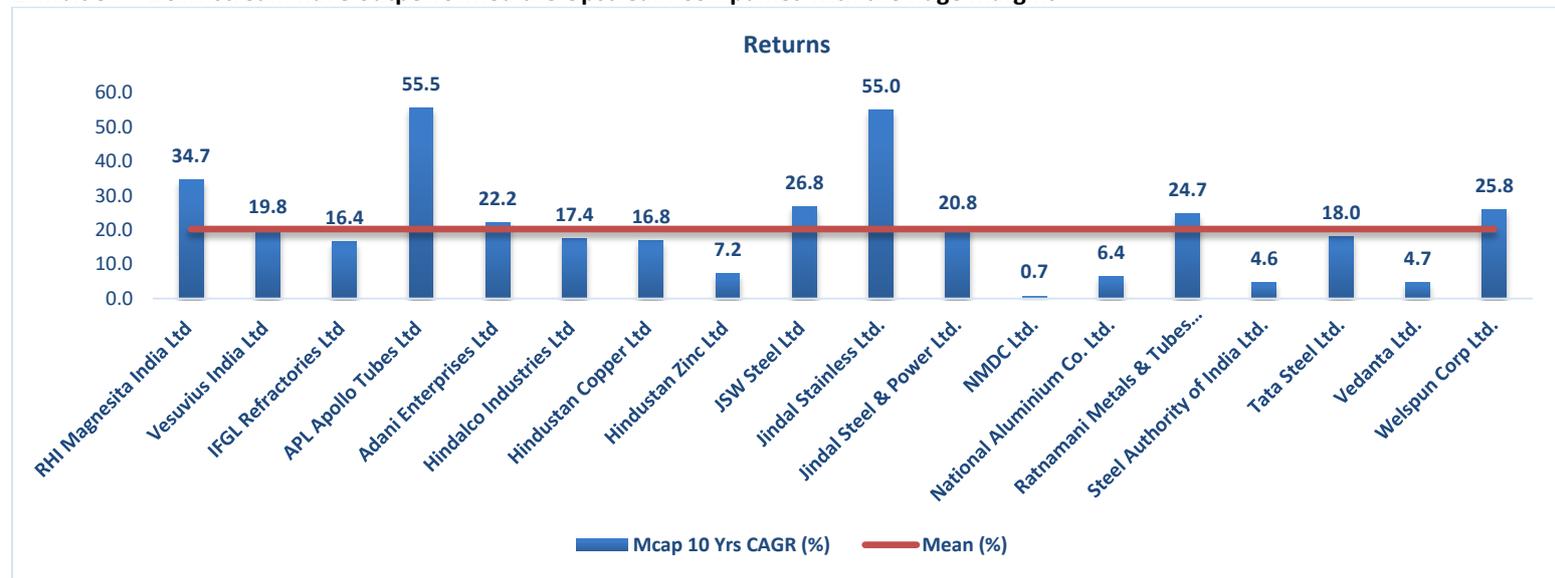
Source: Company & KJMC Research

## Benchmark Comparison with Nifty Metal Index + Key players in Refractory space in India

Companies (In Bn)	Bloom berg Code	CMP (Rs)	Mcap	5 yrs CAGR (%)*			PATM (%)			OCF			Capex			FCF		
				Sales	EBITD A	PAT	FY23	FY24 E	FY25 E	FY23	FY24 E	FY25 E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
RHI Magnesita India Ltd	RHIM IN	715	148	37.8	37.6	34.7	(17)	8.3	9.1	2.3	1.5	3.3	11.7	3.5	1.5	-9.3	-1.8	1.8
Vesuvius India Ltd	VI IN	3,679	73	23.3	39.8	42.7	8.7	13.3	12.1	1.4	NA	NA	1.1	NA	NA	0.3	0.9	0.7
IFGL Refractories Ltd	IFGLRF IN	700	25	18.2	13.3	20.8	5.4	7.4	7.0	0.0	1.8	1.4	1.4	1.2	1.1	1.3	0.6	0.3
<b>Comparison with Nifty Metal Index</b>																		
APL Apollo Tubes Ltd	APAT IN	1,408	389	32.3	29.2	36.8	4.1	4.5	5.0	6.4	12.7	14.2	8.6	5.4	2.9	2.3	7.3	11.3
Adani Enterprises Ltd	ADE IN	3,200	3652	NA														
Hindalco Industries Ltd	HNDL IN	585	1314	13.3	9.4	20.6	4.7	4.9	5.2	158.4	205.9	218.5	98.4	172.1	168.0	60.0	33.7	50.6
Hindustan Copper Ltd	HCP IN	298	288	NA														
Hindustan Zinc Ltd	HZ IN	315	1335	10.9	8.7	7.2	31.6	26.2	29.7	162.8	115.8	138.3	35.6	29.0	22.5	127.2	86.9	115.8
JSW Steel Ltd	JSTL IN	819	2002	25.1	16.6	18.7	2.5	6.4	8.0	170.4	215.6	262.9	147.8	195.4	184.3	22.6	20.3	78.6
Jindal Stainless Ltd.	JDSL IN	615	507	41.0	45.1	82.8	6.0	7.3	8.2	28.2	39.1	48.6	16.6	37.3	13.5	11.6	1.8	35.1
Jindal Steel & Power Ltd.	JSP IN	784	797	13.4	-2.7	1.9	6.6	9.2	11.0	58.1	98.0	92.7	64.5	84.9	80.6	6.4	13.1	12.1
NMDC Ltd.	NMDC IN	242	714	8.7	-3.1	-0.5	31.7	28.2	28.7	29.5	55.7	51.4	14.0	20.2	24.0	15.5	35.5	27.4
National Aluminium Co. Ltd.	NACL IN	163	299	12.8	15.8	16.6	10.1	8.9	16.7	9.8	31.9	30.6	13.9	20.4	12.4	4.1	11.5	18.2
Ratnamani Metals & Tubes Ltd.	RMT IN	3,445	241	26.0	23.9	27.2	11.4	12.3	12.5	3.0	5.5	5.5	1.4	1.6	1.9	1.6	3.9	3.6
Steel Authority of India Ltd.	SAIL IN	146	601	12.4	-3.0	-0.6	1.9	3.1	3.7	71.6	140.9	97.1	39.2	65.4	58.3	110.8	75.5	38.8
Tata Steel Ltd.	TATAT IN	144	1791	12.1	3.9	15.3	3.6	2.7	5.9	161.3	229.5	288.7	141.4	158.0	132.6	19.9	71.5	156.1
Vedanta Ltd.	VEDL IN	281	1052	13.1	8.0	0.2	7.0	5.2	8.0	292.3	224.1	274.2	137.9	130.8	112.6	154.4	93.3	161.7
Welspun Corp Ltd.	WLCO IN	597	156	23.7	19.3	7.2	1.8	5.7	5.9	2.5	13.1	11.4	11.9	3.5	3.8	14.5	9.6	7.5

Source: Company, Bloomberg & KJMC Research

### Exhibit 84 – Downstream have outperformed the Upstream Companies with the huge margins



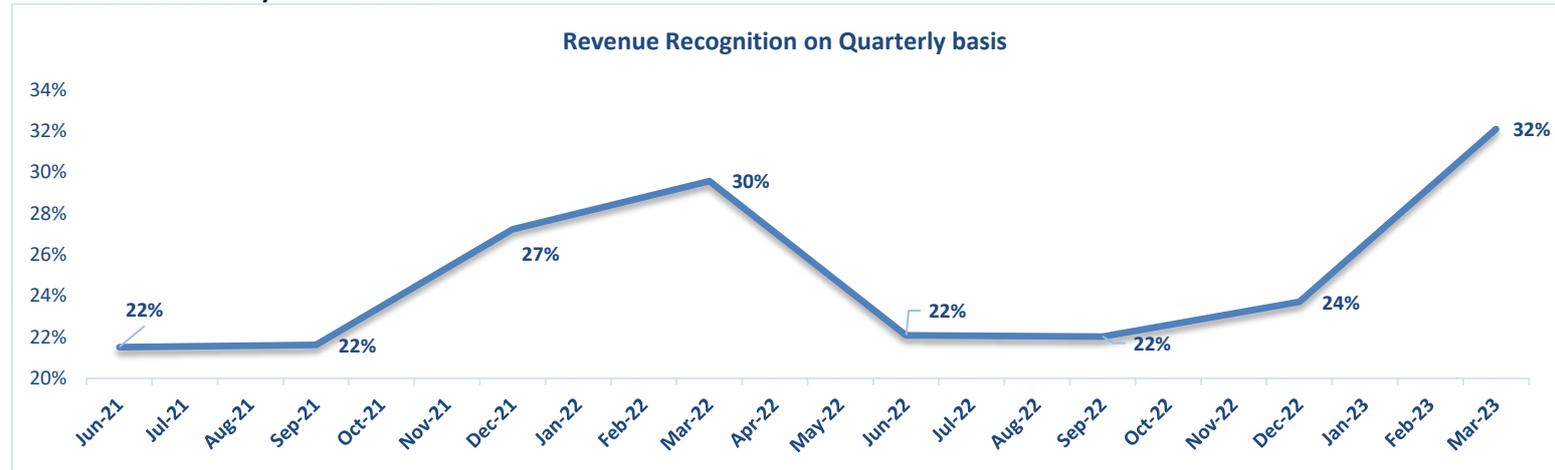
Source: Company & KJMC Research

## Quarterly Analysis

Parameters (Rs in INR Cr)	Quarter ended 30-Sep-23	Quarter ended 30-June-23	Q-o-Q Growth (%)	Quarter ended 30-Sep-22	Y-o-Y Growth (%)	Nine months ended 30-Sep-23	Nine months ended 30-Sep-22	Y-o-Y Growth (%)
Total revenue from operations	986.9	928.0	6.4	600.4	64.4	1914.9	1202.4	59.3
Total Exp.	839.1	795.0	5.5	499.6	67.9	1634.0	986.0	65.7
EBITDA	147.9	133.0	11.2	100.8	46.8	280.8	216.4	29.8
EBITDAM (%)	15.0	14.3	65 bps	16.8	-180 bps	14.7	18.0	-333 bps
Other income	2.8	2.6	8.6	4.0	-29.8	5.4	8.2	-34.0
Depreciation & Amortisation	44.2	45.9	-3.7	9.3	374.4	90.1	18.5	387.8
Profit before Interest and Tax	103.7	87.1	19.0	91.4	13.4	190.8	198.0	-3.6
Interest	8.5	26.0	-67.2	-1.5	-658.2	34.6	-1.7	-2194.5
Profit before tax (PBT)	98.0	63.7	53.8	97.0	1.0	161.6	207.8	-22.2
Tax expense	26.3	16.9	56.1	24.7	6.6	43.2	53.2	-18.8
Tax rate (%)	26.9	26.5	39 bps	25.5	140 bps	26.7	25.6	114 bps
Profit after tax (PAT)	71.6	46.8	53.0	72.2	-0.9	118.4	154.6	-23.4
PATM (%)	7.3	5.0	221 bps	12.0	-478 bps	6.2	12.9	-667 bps
EPS	3.4	2.3	50.4	4.4	-22.9	5.8	9.6	-40.0

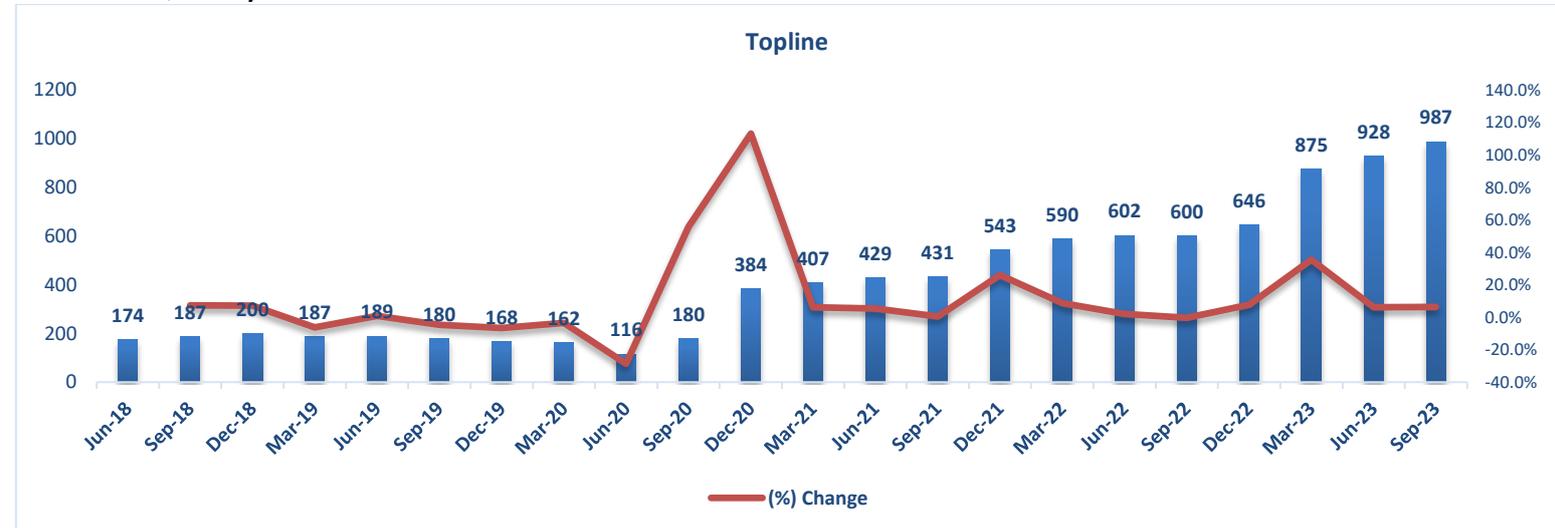
Source: Company & KJMC Research

### Exhibit 85– Seasonality in the business



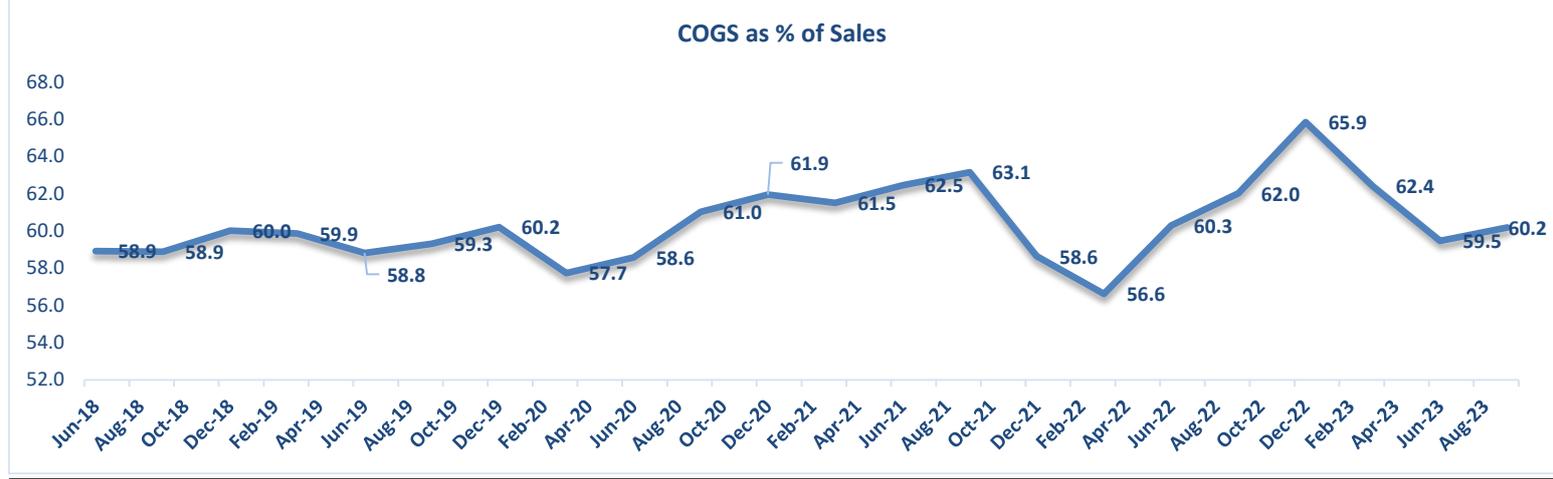
Source: Company & KJMC Research

### Exhibit 86 – Quarterly Sales trend



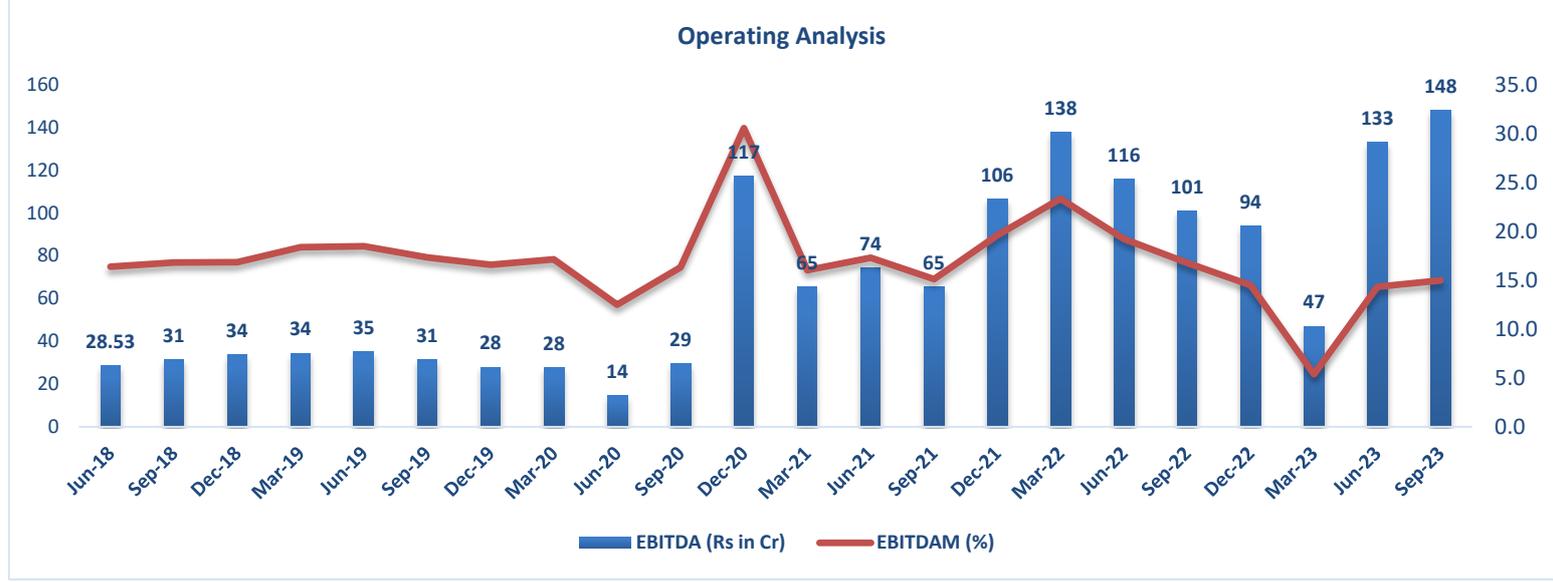
Source: Company & KJMC Research

**Exhibit 87 – Quarterly Direct cost analysis**



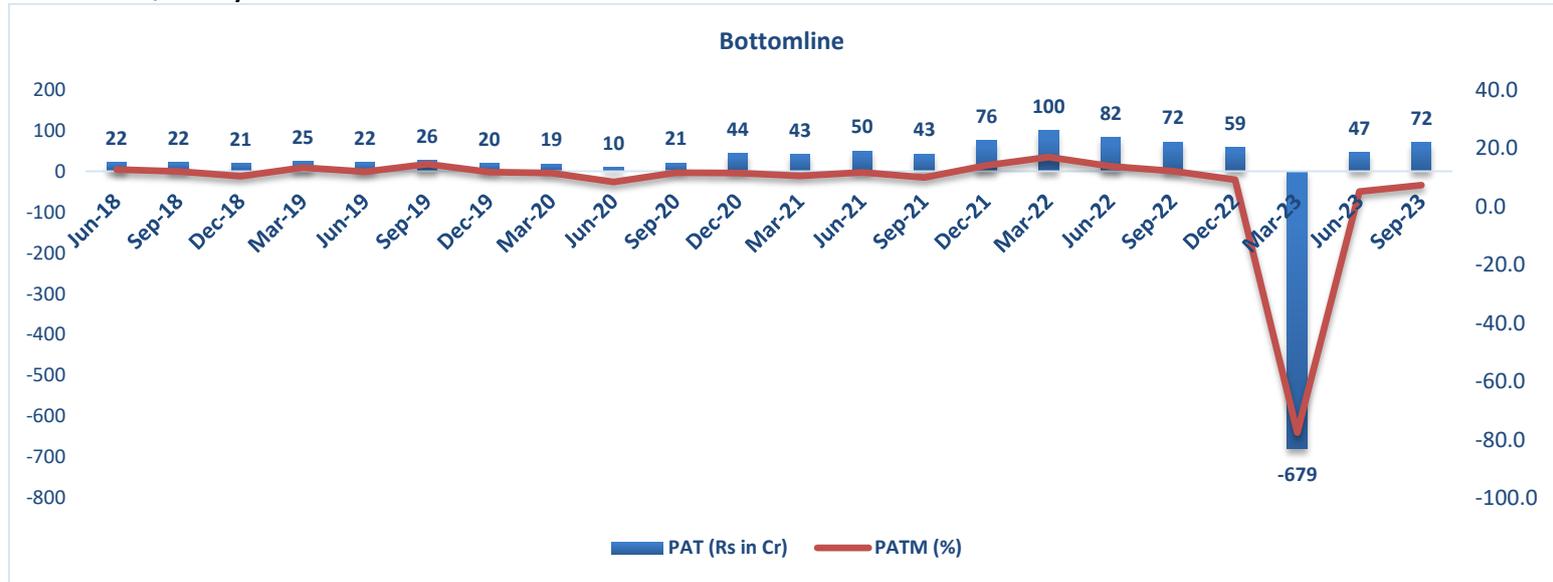
Source: Company & KJMC Research

**Exhibit 88 – Quarterly EBITDAM trend**



Source: Company & KJMC Research

**Exhibit 89– Quarterly PATM trend**



Source: Company & KJMC Research

## Valuation & View

### Exhibit 90 – Key Assumption (Consolidated)

Parameters	FY21	FY22	FY23	FY24E	FY25E	Comments
Revenue	1,370	1,995	2,726	3,953	4,941	We expect the Company's revenue to grow at a CAGR of 38% between FY21-FY25E, with the refractory industry poised to grow well in the foreseeable future and complemented by the Company's organic growth with inorganic growth initiatives.
(%) of Growth		46%	37%	45%	25%	
EBITDA	209	384	360	587	748	We expect the Company's EBITDA to grow at a CAGR of 38% between FY21-FY25E, the margin improvement attributed to factors including synergies, network optimization and product range benefits
(%) of Growth		84%	-6%	63%	27%	
Profit after tax (PAT)	137	269	-466	328	450	We expect the Company's PAT to grow at a CAGR of 35%, on back of debt reduction, improving capacity utilization level and by leveraging operational strengths, expanded product portfolio and capitalising on cross – selling opportunities to achieve economies of scale and drive profitability.
(%) of Growth		97%	-273%	-171%	37%	
EPS (Rs)	8.5	16.7	-27.9	15.9	21.8	

Source: Company & KJMC Research

### Exhibit 91 – Valuation Snapshot

Valuation Method	Multiple	Value
EV/EBITDA Multiple	28.0	
EBITDA		748
Enterprise Value (Cr)		20,939
Less: Debt		(518)
Add: Cash & Cash Equivalents		133
<b>Equity value of the firm (Cr)</b>		<b>20,555</b>
Shares Outstanding (O/s)		20.65
Target Price (Rs)		995
Price (Rs)		715
Upside (%)		39%

Source: Company & KJMC Research

### Exhibit 92 – Proven track record for building successful track

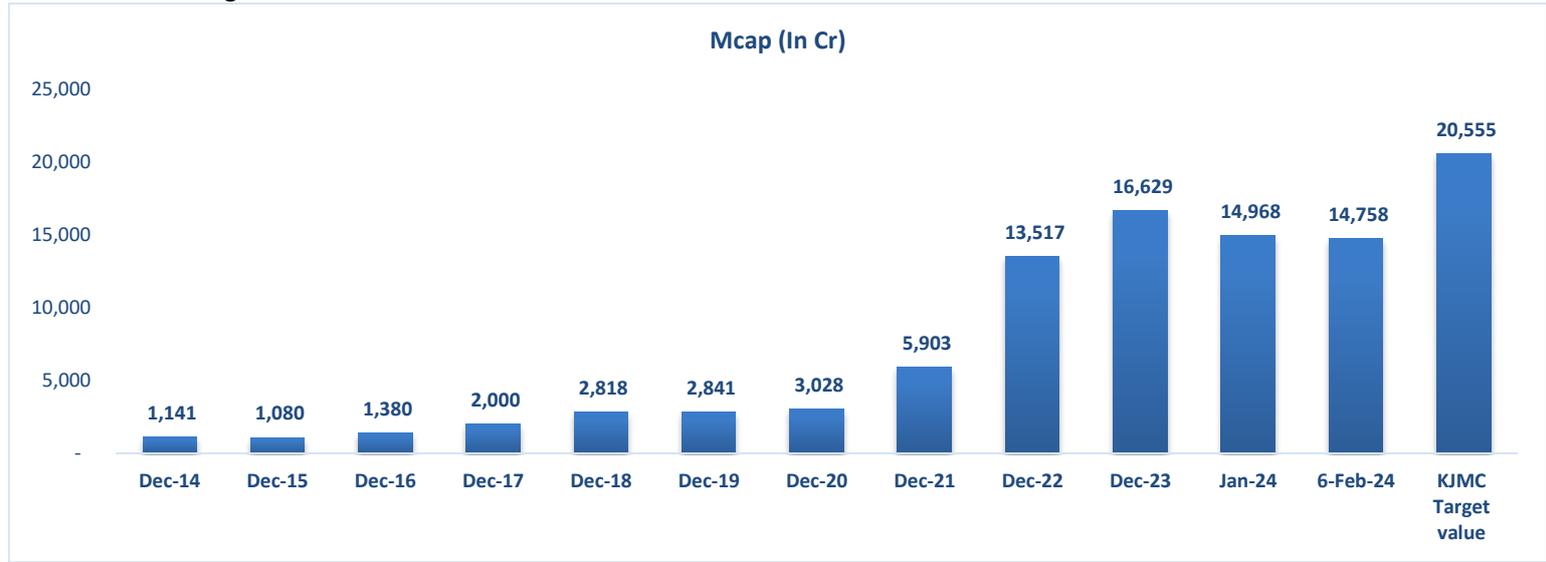
Growth Parameters	Historical Analysis (FY12-FY23)				Future Analysis (FY21-FY25E)			
	Revenue	EBITDA	PAT*	OCF	Revenue	EBITDA	PAT	OCF
3 yrs CAGR	41.0	31.4	-	20.0	34.6	44.2	-	18.0
5 yrs CAGR	38.2	29.5		44.7	37.8	37.6	34.7	19.0
7 yrs CAGR	30.3	23.1		25.7	37.0	34.2	30.8	35.2
10 yrs CAGR	23.6	18.3		26.4	30.2	27.3	26.1	17.1
12 yrs CAGR	22.2	20.0		20.0	25.6	22.7	21.5	24.8

Source: Company & KJMC Research

\*declined primarily due to impairment loss of investment and goodwill amounting to Rs 660.6 Cr

**View** –Increasing production of end-use industries of refractories will positively impact the demand. Refractories demand is estimated to reach approximately 2.1 million tones in FY28. The growth in demand will be backed by India's vision of becoming a US\$5 trillion economy by FY27-28 and a US\$7 trillion by 2030. This will boost the infrastructure, building and construction and automotive industries which are the key consumers / end users of refractories. The Company plans to capitalize on its strong global presence, diversified product portfolio, localization of imported products, favorable domestic industry growth and anticipating synergies from inorganic expansion. Further, with focus on reducing debt, improving margin with diversified product mix, improving profitability with low capex plan, improving return ratio's from high base, focus on normalizing the working cycle, improving the cash flow and improving its market share from 30% to 40-45% in next 3-4 years period, we believe the Company remains in a sweet spot. **We anticipate RHI's Revenue/EBTDA/OCF to grow at a CAGR of 35/44/18% over FY23-FY25E, we initiate coverage on RHI Magnesita with a "BUY" recommendation with a Target price of Rs 995 (upside of 39%) valuing the Company at 28x historical average on FY25E EBITDA.**

### Exhibit 93 – Creating Sustained value for Investors



Source: Company & KJMC Research

### Exhibit 94 – Last one year closing share price performance (Monthly basis)



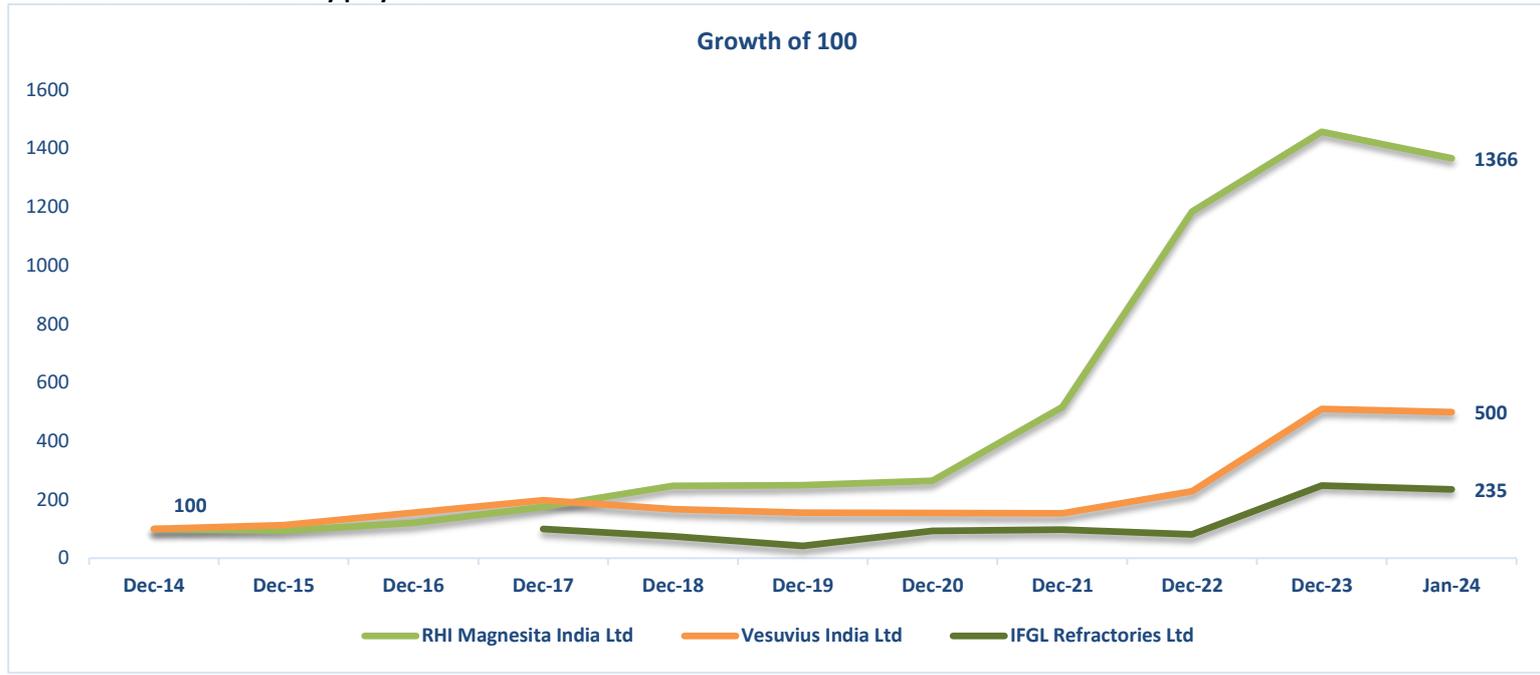
Source: NSE

### Risk factors

- ✓ Integration Challenges with Recent Acquisition
- ✓ Unavailability/Volatility of raw material prices
- ✓ The Company's growth depends on the sustained growth of the Indian economy and may be impacted by an economic slowdown in India
- ✓ Competition from global players

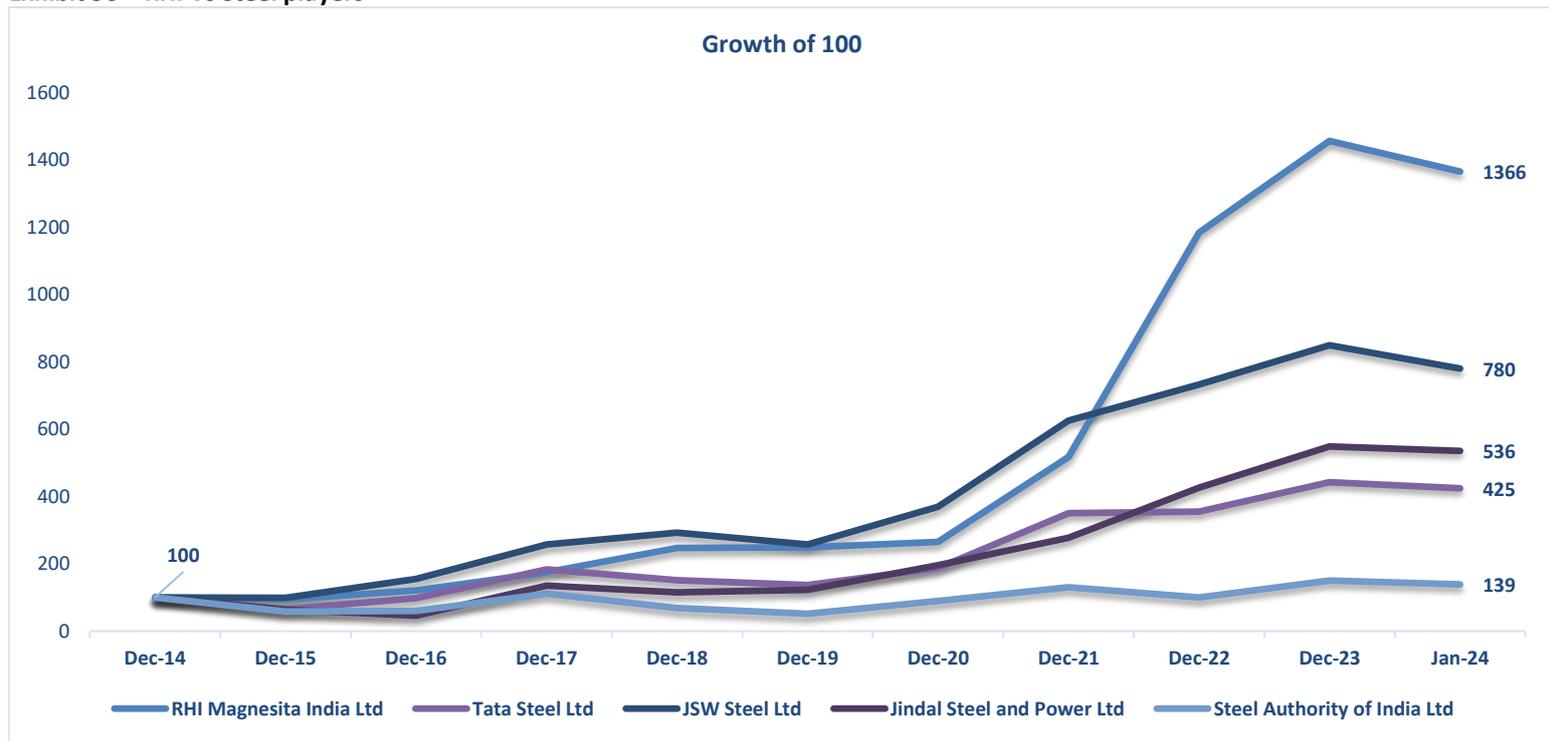
## Ability to Outperform in the Long Run

Exhibit 95 – RHI Vs Refractory players



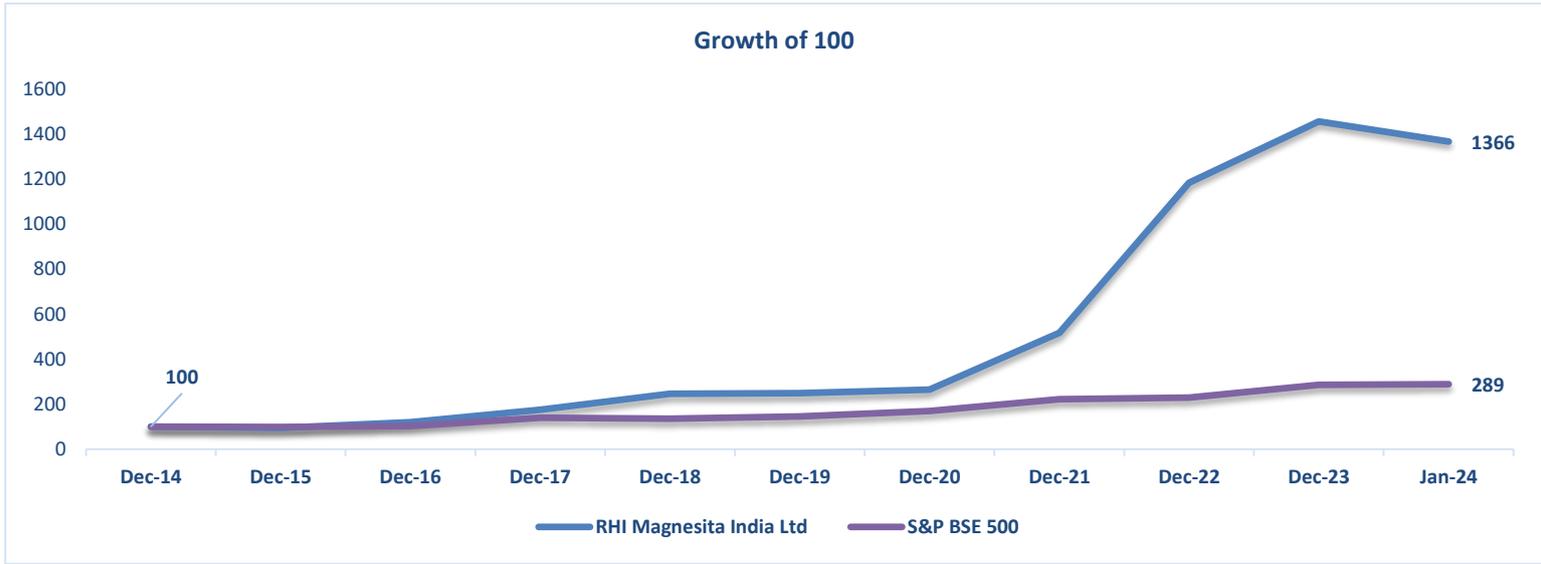
Source: Company & KJMC Research

Exhibit 96 – RHI Vs Steel players



Source: Company & KJMC Research

**Exhibit 97 – RHI Vs S&P BSE 500**



Source: Company & KJMC Research

**Exhibit 98 – RHI Vs Nifty metal index**



Source: Company & KJMC Research

RHI Magnesita – 1366	JSW Steel - 780
Vesuvius – 500	Jindal Stainless - 5192
IFGL – 235	Jindal Steel & Power - 536
APL Apollo – 5338	NMDC - 108
Adani – 637	Nalco - 180
Hindalco – 388	Ratnamani Metals - 714
Hindustan – 400	SAIL - 139
Hindustan Zinc – 185	Tata Steel – 425
Vedanta - 155	Welspun - 848

## Board of Directors



### Exhibit 99 – Leadership/ Independent Directors (Brief Overview)

Name	Designation	Qualification	Age	Overview
Dr. Vijay Sharma	Chairman	Dr. Sharma is a Metallurgical Engineering Graduate from Indian Institute of Technology (IIT) Kharagpur (1977), Master of Science from Rensselaer Polytechnic Institute, Troy, NY, USA (1980), Master of Business Administration from XLRI, Jamshedpur (1984) and PhD holder from Anna University (Chennai) in EOF Steel Manufacturing Technology (2010). He has 23 publications to his credit.	68	He is a Metallurgist with over 43 years of rich experience in Special Steel Manufacturing. He had worked in some of the large steel making companies like BMM Ispat Ltd, (Managing Director), Usha Martin Ltd (Joint Managing Director), JSW Steel Ltd (Joint Managing Director), Hospet Steels Ltd (Executive Director). Dr Sharma has put up a number of prestigious Special Steel Projects in long products.
Mr. Parmod Sagar	Managing Director & CEO	Mechanical Engineer	57	Mr. Sagar comes with more than 3 decades of extensive experience of serving the steel and refractory industry. He started his career in the steel industry and worked in the sector for over 7 years gaining valuable insights. Thereafter, he transitioned to the refractories business joining Orient Refractories Ltd (ORL) as a Manager - Technical Marketing in 1992. In 2013, after RHI AG acquired ORL. Mr. Sagar was appointed in the role of Managing Director & CEO of ORL. Additionally, he is also the Chairman of the Indian Refractory Makers Association and has recently been appointed as the President of World Refractories Associations.
Mr. Nazim Sheikh	Independent, Non-Executive Director	Bachelor of Engineering in Metallurgy from National Institute of Technology, Surathkal (1976).	68	He is a Metallurgical expert with over 44 years of varied experience in Ferroalloys, Manganese and Iron Ore mining operations, procurement and raw materials management. Mr. Sheikh served as the Managing Director of Sandur Manganese & Iron Ores Ltd (SMIORE) before he retired in 2020. He played a key role in strategizing mining operations for the company along with setting up of new 32 MW thermal power plant. He led the efficient implementation of a Coke oven plant to produce 4 mn ton of Metallurgical Coke, with a WHR boiler unit to provide alternate free fuel for the 32 MW power plant. He also been involved in the direct administration of the company's corporate social responsibility (CSR) activities.
Ms. Sonu Chadha	Independent, Non-Executive Director	Bachelor of Arts degree holder from University of Delhi (1992), She has a diploma in Interior Design from South Delhi Polytechnic (1993) and has a CPSS Certification from British Institute of Cleaning Science (2011).	52	She is an entrepreneur with an extensive experience of more than 25 years in managing all aspects of business operations. Ms Chadha is the Founder Director of Impressive Services Pvt Ltd. She has been responsible for expanding the Company's geographic service footprint to over 45 cities and towns throughout the country. She has also facilitated the establishment of a single - window procurement experience as a Partner at Wildflower Mercantile. In addition, she serves as a principal advisor to the founder of Cartellagroup.com, an HR technology start-up. She is associated with Unnayab Foundation as its Trustee.
Mr. Gustavo Franco	Non-Independent, Non - Executive Director	Bachelor's degree in Mechanical Engineering at the Federal Center for Technological Education of Minas Gerais. He also completed the Senior Executive Programme with the London Business School.	45	Mr. Franco was appointed Chief Sales Officer in January 2020, prior to which he was Senior VP of Process Industries and Minerals. He joined Magnesita in 2001 as Technical Marketing Engineer and since then has developed his career in the refractory industry. Over the course of six years, he progressed through various sales managerial roles in South and North America and was part of the Executive Committee of Magnesita Refractories from 2015 to 2017.
Ms. Ticiana Kobel	Non-Independent, Non - Executive Director	She has a law degree with an emphasis in corporate law from the Federal University of Minas Gerais and an LLM in International Economic Law and European Law at the University of Geneva.	52	An executive Vice President, Legal & Digital Transformation in RHI Magnesita N.V. She has extensive legal experience in a wide range of global businesses, such as SR Technics Group and Buhler Group, leading legal departments in manufacturing aviation, technology the service sector and engineering industries. In those roles, she was in charge of crucial projects pertaining to varied matters, such as complex strategic procurement, spin - offs, sales and acquisitions and corporate governance issues.
Mr. Erwin Jankovits	Non-Independent, Non - Executive Director	He is a graduate in Material Sciences from Montanuniversitat Leoben. In 1994, he completed his Master Thesis at Huttenwerken Krupp Mannesmann/Duisburg in controlling Quality Management and Corporate Planning department.	51	He was appointed as the Vice President Corporate Development, Merger & Acquisition (M&A) in RHI Magnesita GmbH in 2020 prior to which he was Senior Vice President responsible for sales, service, technical marketing and the company's office structure in the Africa, CIS and Asia region. He joined RHI Magnesita in 1999 as the sales director after working in one of the leading steel making companies in Austria from 1995 to 1999.

Source: Company

**Exhibit 100 – Additional info**

Scope	Name
Chief Financial Officer (CFO)	Ms Vijaya Gupta
Company Secretary	Mr. Sanjay Kumar
Statutory Auditors	M/s Price Waterhouse Chartered Accountants LLP
Secretarial Auditors	M/s Naresh Verma & Associates
Cost Auditors	M/s K.G. Goyal & Associates
Internal Auditors	M/s. Chaturvedi & Partners
Registered Office	Unit No 705, 7th Floor, Lodha Supremus Kanjurmarg Village Road, Kanjurmarg (East) Mumbai - 400042
Corporate Office	301, Tower B, EMAAR Digital Greens Golf Course Road Extension, Sec - 61, Gurugram - 122011

Source: Company

## Fund raising through QIP & Preferential Issue

### Exhibit 101 – Proposed Allottees in the Issue

Sl.no	Name of the proposed allottees	Percentage of the post Issue share capital held (%)
1	HDFC Trustee Co Ltd A/c HDFC Dividend Yield Fund	0.4%
2	HDFC Trustee Company Ltd A/c HDFC Balanced Advantage Fund	0.4%
3	HDFC Mutual Fund - HDFC Business Cycle Fund	0.2%
4	HDFC MNC Fund	0.1%
5	HDFC Children Gift Fund - Investment Plan	0.4%
6	WhiteOak Capital Flexi Cap Fund	0.1%
7	WhiteOak Capital MidCap Fund	0.0%
8	WhiteOak Capital Tax Saver Fund	0.0%
9	WhiteOak Capital Large Cap Fund	0.0%
10	WhiteOak Capital Balanced Advantage Fund	0.0%
11	ICICI Prudential Child Care Plan - Gift Plan	0.1%
12	ICICI Prudential Balanced Advantage Fund	0.7%
13	ICICI Prudential Manufacturing Fund	0.0%
14	ICICI Prudential retirement Fund - Hybrid Aggressive Plan	0.0%
15	ICICI Prudential Retirement Fund - Pure Equity Plan	0.0%
16	Kotak Mahindra Life Insurance Company Ltd	0.6%
17	Aditya Birla Sun Life Trustee Pvt Ltd A/c Aditya Birla Sun life Small Cap Fund	0.3%
18	Aditya Birla Sun Life Trustee Pvt Ltd A/c Aditya Birla Sun Life MNC Fund	0.3%
19	Aditya Birla Sun Life Trustee Pvt Ltd A/c Aditya Birla Sun Life Infrastructure Fund	0.2%
20	Nippon Life India Trustee Ltd - A/c Nippon India Small Cap Fund	0.7%
21	Nippon Life India Trustee Ltd - A/c Nippon Flexi Cap Fund	0.1%
22	HSBC Focused Fund	0.2%
23	HSBC Balanced Advantage Fund	0.2%
24	HSBC ELSS Fund	0.2%
25	HSBC Aggressive Hybrid Fund	0.3%
26	Axis Mutual Fund A/c Axis Growth Opportunities Fund	0.2%
27	Axis Mutual Fund A/c Axis Business Cycles Fund	0.4%
28	Tata MultiCap Fund	0.2%
29	Tata Resources And Energy Fund	0.0%
30	Mahindra Manulife MultiCap Badhat Yojana	0.1%
31	Mahindra Manulife Small Cap Fund	0.0%
32	Mahindra Manulife Hybrid Equity Nivesh Yojana	0.3%
33	Government Pension Fund Global	0.0%
34	Goldman Sachs (Singapore) Pte - ODI	0.1%
35	Cophall Mauritius Investment Ltd - ODI Account	0.0%
36	India Acorn Fund Ltd	0.6%
37	Dendana Investments (Mauritius)Ltd	0.1%
38	Abu Dhabi Investment Authority - Way	0.1%
39	ABS Direct Equity Fund LLC - India Series 1	0.1%
40	Ashoka India Equity Investment Trust Plc	0.0%
41	White Oak India Equity Fund II	0.1%
42	White Oak India Select Equity Fund	0.0%
43	White Oak India Equity Fund IV	0.1%
44	White Oak India Equity Fund V	0.0%
45	White Oak India Equity Fund - VI	0.0%
46	BNP Paribas Arbitrage - ODI	0.1%
47	Canara HSBC Life Insurance Co Ltd	0.2%
48	Caisse De Depot ET Placement Du Quebec - White Oak Capital Partners Pte Ltd	0.1%
49	Ashoka India Opportunities Fund	0.6%
50	India Acorn ICAV - Ashoka White Oak Emerging Markets Equity Fund	0.0%
51	UTI Small Cap Fund	0.2%
52	UTI Infrastructure Fund	0.0%
53	Societe Generale - ODI	0.0%
54	ICICI Prudential MidCap Fund	0.3%
55	ICICI Prudential MultiCap Fund	0.3%
56	Baroda BNP Paribas Multi Asset Fund	0.1%
57	Baroda BNP Paribas MidCap Fund	0.1%

Source: Company

### Exhibit 102– List of Allottees (More than 5% of the Equity Shares offered in the issue)

Sl.no	Name of the Allottees	Category	No of Shares allotted	Issue Price (Rs)	Consideration (In Cr)
1	HDFC Mutual Fund	Mutual Fund	28,81,090	572.7	165
2	ICICI Prudential Mutual Fund	Mutual Fund	28,81,090		165
3	Nippon Life India Trustee Ltd	Mutual Fund	14,84,200		85
4	Kotak Mahindra Life Insurance Company Ltd	Insurance Company	13,09,590		75
5	HSBC Mutual Fund	Mutual Fund	13,09,590		75
6	Aditya Birla Sun Life Trustee Pvt Ltd	Mutual Fund	10,47,670		60
7	Axis Mutual Fund Trustee Ltd	Mutual Fund	9,60,360		55

Source: Company

On 06 April 2023, the Company has issued and allotted 15,715,034 equity shares at an issue price of Rs 572.70 per share including a premium of Rs 571.70 aggregating to Rs 900 Cr. through a QIP. The funds will be used for the purpose of repayment/pre-payment, in full or in part of certain outstanding borrowings availed by the Company, investment into one of the subsidiaries, Dalmia OCL Ltd for

On 1 April 2023, the Company has approved a proposal to raise funds up to Rs 200 Cr through issuance of Equity Shares on preferential basis to Dutch US Holdings B.V. promoter of the Company. On 21 June 2023, the fund raising committee approved the allotment of 27,90,061 Equity shares at a price of Rs 716.83 aggregate up to Rs 200 Cr. The Company proposed to utilize the proceeds for repayments/prepayment in full or in part of certain outstanding borrowings availed by the Company, investment in one of its Subsidiary i.e. Dalmia OCL limited for General Corporate purposes.

## Top Key Shareholders

### Exhibit 103 – Shareholding Analysis

Category	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Promoters	69.6	69.6	69.6	69.6	69.6	69.6	69.6	69.6	66.5	66.5	66.5	66.5	66.5	66.5	66.5
FIIIs	5.1	6.3	5.7	5.6	5.3	4.9	5.1	5.1	4.7	4.6	4.6	4.6	4.6	4.5	3.4
DIIIs	6.3	5.1	4.9	4.9	5.1	5.1	5.2	5.8	9.5	10.4	10.8	11.0	11.1	10.9	11.8
Public	19.0	18.9	19.8	19.9	20.0	20.3	20.0	19.5	19.3	18.5	18.2	18.0	17.9	18.1	18.3
Category	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Promoters	66.5	66.5	66.5	66.5	66.5	66.5	70.2	70.2	70.2	70.2	70.2	60.1	55.5	56.1	56.1
FIIIs	3.4	3.1	2.8	1.5	0.6	0.6	0.4	0.6	2.2	0.0	0.0	2.3	3.8	3.7	3.7
DIIIs	12.4	12.3	12.2	11.9	11.8	12.1	9.3	9.2	8.3	8.4	8.7	7.9	14.1	13.6	13.6
Public	17.6	18.1	18.5	20.2	21.1	20.8	20.1	20.0	19.3	21.4	21.2	29.7	26.7	26.7	26.7

Source: Company

### Exhibit 104 – Top shareholders

Sl.no	Holder Name	Position	(%) Outstanding
1	Dutch US Holdings BV	82,667,832	40.03
2	Dalmia Bharat Refractories Ltd	27,020,000	13.08
3	Dutch Brasil Holding BV	20,620,887	9.99
4	VRD Americas BV	12,503,807	6.06
5	Axis Asset Management Co Ltd	6,146,239	2.98
6	L&T Mutual Fund Trustee Ltd	3,668,113	1.78
7	Investor Education & Protection FD	3,177,960	1.54
8	HDFC Asset Management Co Ltd	3,011,804	1.46
9	Vanguard Group Inc	2,437,579	1.18
10	Aditya Birla Sun Life Asset Management	2,378,692	1.15
11	Nippon Life India Asset Management	2,321,724	1.12
12	ICICI Prudential Asset Management Co	2,179,803	1.06
13	Canara Robecco Asset Management	1,376,829	0.67
14	Tata Asset Management Pvt Ltd	877,220	0.42
15	Sundaram Asset Management Co Ltd	625,821	0.30
16	HSBC Asset Management India Pvt Ltd	613,700	0.30
17	UTI Asset Management Co Ltd	551,675	0.27
18	BlackRock Inc	534,874	0.26
19	Edelweiss Asset Management Ltd	395,666	0.19
20	IDFC Mutual Fund	380,802	0.18
21	PGIM India Asset Management Pvt Ltd	286,920	0.14
22	Dimensional Fund Advisors Lp	259,512	0.13
23	Mahindra Manulife Investment	253,290	0.12
24	Baroda BNP Paribas Asset Management	210,000	0.10
25	Caisse de depot et Placement du Quebec	176,110	0.09
26	Whiteoak Capital Asset Management Ltd	174,330	0.08
27	Baroda Mutual Fund	135,000	0.07
28	Ashoka India Equity Investments	119,790	0.06
29	State Street Corp	89,934	0.04
30	C Worldwide Group Holding A/S	56,576	0.03

Source: Bloomberg

## Financial Statements

### Profit & Loss

(All amounts in Rupees Cr, unless otherwise stated)

Particulars	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total revenue from operations	748	1,388	1,370	1,995	2,726	3,953	4,941
Other Income	18	10	12	10	15	28.1	35.1
<b>Total Income</b>	<b>766</b>	<b>1,398</b>	<b>1,383</b>	<b>2,005</b>	<b>2,741</b>	<b>3,981</b>	<b>4,976</b>
Cost of Goods Sold (COGS)	445	864	855	1,193	1,707	2,424	3,025
Gross Margin	303	523	515	802	1,019	1,529	1,916
Employee Benefit Expenses	54	92	106	124	204	282	342
Other Expenses	121	217	201	295	456	661	826
<b>EBITDA</b>	<b>128</b>	<b>214</b>	<b>209</b>	<b>384</b>	<b>360</b>	<b>587</b>	<b>748</b>
Depreciation and Amortisation Expenses	9	26	30	34	71	148	151
EBIT	119	188	179	350	289	439	597
Finance Cost	-	12.3	6.5	2.2	39.5	23	22
Other adjustments	-	-	-	-	-660.7	-	-
Profit before tax (PBT)	138	186	185	357	-396	444	610
Tax Rate (%)	35%	27%	26%	25%	-17%	26.0%	26.2%
Tax Expenses	48	50	48	88	69	116	160
<b>Profit after tax (PAT)</b>	<b>90</b>	<b>136</b>	<b>137</b>	<b>269</b>	<b>-466</b>	<b>328</b>	<b>450</b>

Source: Company & KJMC Research

### Balance Sheet

Particulars	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Current Assets</b>							
Cash and Cash Equivalents	28	127	160	78	326	517	1,183
Inventory	117	278	353	608	956	1,004	1,228
Account Receivables	157	332	328	489	787	967	1,182
Investments	103	-	-	-	-	-	-
Other Assets	33	69	115	163	487	287	227
<b>Total Current Assets</b>	<b>438</b>	<b>806</b>	<b>956</b>	<b>1,338</b>	<b>2,557</b>	<b>2,776</b>	<b>3,821</b>
<b>Non Current Assets</b>							
PP&E (including intangibles)	63	236	289	316	2,014	2,201	2,201
Long Term Investments	-	-	-	-	-	-	-
Other Non Current Assets	7	9	14	20	1,322	712	189
<b>Total Non Current Assets</b>	<b>70</b>	<b>245</b>	<b>303</b>	<b>336</b>	<b>3,336</b>	<b>2,912</b>	<b>2,389</b>
<b>Total Assets</b>	<b>508</b>	<b>1,052</b>	<b>1,260</b>	<b>1,674</b>	<b>5,893</b>	<b>5,688</b>	<b>6,210</b>
<b>Current Liabilities</b>							
Short Term Borrowings	-	9	0	27	1,261	170	150
Trade Payables	111	235	348	527	872	560	683
Other Current Liabilities	19	46	43	53	395	395	395
<b>Total Current Liabilities</b>	<b>130</b>	<b>290</b>	<b>391</b>	<b>606</b>	<b>2,528</b>	<b>1,126</b>	<b>1,229</b>
<b>Non Current Liabilities</b>							
Long Term Borrowings	-	58	60	33	242	242	242
Other Non Current Liabilities	2	1	3	6	142	162	182
<b>Total Non Current Liabilities</b>	<b>2</b>	<b>58</b>	<b>63</b>	<b>39</b>	<b>384</b>	<b>404</b>	<b>424</b>
<b>Total Liabilities</b>	<b>132</b>	<b>348</b>	<b>454</b>	<b>646</b>	<b>2,912</b>	<b>1,530</b>	<b>1,652</b>
<b>Equity</b>							
Equity Share Capital	12.0	16.1	16.1	16.1	18.8	20.7	20.7
Other Equity	364	687	790	1,013	2,962	4,138	4,537
<b>Total Equity (Shareholder's Funds)</b>	<b>376</b>	<b>703</b>	<b>806</b>	<b>1,029</b>	<b>2,980</b>	<b>4,158</b>	<b>4,558</b>
<b>Total Assets &amp; Liabilities</b>	<b>508</b>	<b>1,052</b>	<b>1,260</b>	<b>1,674</b>	<b>5,893</b>	<b>5,688</b>	<b>6,210</b>

Source: Company & KJMC Research

## Cash Flow Statement

Particulars	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Net Cash flow from Operating Activities	54	173	165	27	238	152	332
Net Cash flow from Investing Activities	-5	26	-79	-70	-1150	304	407
Net Cash flow from Financing Activities	-35	-118	-54	-50	1172	-264	-73
Net Changes in Cash & Cash Equivalents	14	81	33	-93	260	191	666
Add: Opening Cash & Cash Equivalents	7	41	122	155	62	326	517
Closing Cash & Cash Equivalents	22	122	155	62	322	517	1,183

Source: Company & KJMC Research

## Key Ratios

Parameters	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Per Share Data (Rs)</b>							
EPS	7.5	8.4	8.5	16.7	-27.9	15.9	21.8
DPS	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Book Value	31.3	43.7	50.0	63.9	158.5	201.4	220.7
<b>Margins (%)</b>							
EBITDAM	17.1	15.4	15.2	19.2	13.2	14.8	15.1
PATM	12.0	9.8	10.0	13.5	-17.1	8.3	9.1
<b>Return Ratios (%)</b>							
ROE	23.9	19.3	17.0	26.1	-15.6	7.9	9.9
ROCE	31.7	24.4	20.6	32.1	6.4	9.6	12.1
<b>Working Capital (Days) Analysis</b>							
Inventory	57	73	94	111	128	93	91
Debtors	77	87	87	89	105	89	87
Creditors	54	62	93	96	117	84	82
Cash Conversion Cycle (Days)	80	99	89	104	117	98	96
<b>Valuation (x)</b>							
PE	31.9	10.4	19.8	36.7	-25.4	44.9	32.7
EV/EBITDA	22.2	6.3	12.5	25.7	36.2	24.9	18.6
P/BV	7.6	2.7	4.5	9.6	4.5	3.6	3.2

Source: Company & KJMC Research

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**Contact name**


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**Recommendation Parameters**


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	Expected returns in absolute terms over a one-year period
<b>Buy</b>	- appreciate more than 20% over a 12- month period
<b>Hold / Neutral</b>	- appreciate up to 20% over a 12- month period
<b>Reduce</b>	- depreciate up to 10% over a 12- month period
<b>Sell</b>	- depreciate more than 10% over a 12- month period
<b>Not Rated</b>	- Not have any estimates or recommendations

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**BSE Limited (CM, WDM)**

**MCX Commodity Exchange of India Ltd (Commodity)**  
**Metropolitan Stock Exchange of India Ltd (Currency)**

SEBI Regn No – INZ000221631

**Mutual Fund's AMFI No**

**: ARN – 2386**

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