



MULTIFACETED  
**GROWTH**

— • —  
PERFORMANCE.  
POTENTIAL.  
POSSIBILITIES.

Annual Report 2017-18



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For more details, please visit:

[www.rammingmass.com](http://www.rammingmass.com)

At Raghav Productivity Enhancers Limited (RPEL), growth is both multidimensional and multifaceted. We have always aspired beyond a single-dimensional growth to a wider and deeper quality of growth that goes beyond numbers to values, beyond product to productivity and beyond performance to purposefulness.

It is this single-minded pursuit of achieving and delivering quality of growth that differentiates RPEL in the larger refractory space and specifically in the induction-furnace based steel manufacturing sector. From building market share leadership to driving thought leadership in the refractory space, from consistently investing in R&D to creating a vibrant brand, and from inculcating a culture of customer-centricity to developing a robust framework systems and processes, growth at RPEL is not limited to a few numbers or a few parameters.

**Like a multifaceted diamond, growth at RPEL is**

MULTIFACETED  
**GROWTH**

—•—  
PERFORMANCE. POTENTIAL. POSSIBILITIES.



# HIGHLIGHTS

## OF THE YEAR

### Financial Highlights

#### TOTAL REVENUE (₹ in Lacs)

2016-17

4,232

2017-18

4,755

#### EBIDTA (₹ in Lacs)

2016-17

574

2017-18

1,023

#### PAT (₹ in Lacs)

2016-17

254

2017-18

587





## ROCE

2016-17

21%

2017-18

32%

## ROE

2016-17

14%

2017-18

24%

## TOTAL VOLUMES (MT)

2016-17

46,188

2017-18

71,242

## D/E

2016-17

1.04

2017-18

0.74

Growth in Exports  
65%



Recognition of  
In-house R&D Centre  
from Government of India



# A YEAR OF QUALITY GROWTH

It is the single-minded focus on delivering quality and multi-faceted growth that differentiates RPEL. We firmly believe that by focussing on aspects like culture, people, brand and mindset will eventually enable us to deliver consistent value to all our stakeholders not just in the short-term, but for the long-term. We consciously changed our name to Raghav Productivity Enhancers Ltd. to strongly convey the change in mindset - from a commoditised product to a customised solution aimed at enhancing productivity. Similarly, we have also changed the name of our product. From selling a product - ramming mass, we now tell our customers that we provide customised lining solutions. We continue investing in building our brand through sustained marketing efforts to make it synonymous with productivity enhancement - unprecedented in our industry.

**We have increased market share, expanded into newer markets of east and south, won new customers, increased our exports as well as launched new products.**

We are perhaps the only player who continue to invest in R&D. Our people practices are attracting the best talent in the industry, making RPEL one of the most professionally managed companies in the industry.

During the year, many ramming mass manufacturers had to shut down due to environmental issues. I would like to emphasise here that our plant is fully compliant to all environmental norms and is regarded as a model plant in the industry.

**The future looks both positive and optimistic.**

**Our focus is quality growth that is multifaceted and which delivers higher performance, unlocks newer potential and opens greater possibilities.**



## INDUSTRY OVERVIEW

The ramming mass industry is closely correlated to the steel industry, particularly steel plants manufacturing steel using induction furnaces. Our research and ground-level market-insight strongly indicates rise in the numbers of induction furnaces. This is both new induction furnaces being installed as well as capacity expansion by existing players in the form of adding more furnaces. Many existing manufacturers are installing induction furnaces of higher capacities. This is a clear validation of the growing market opportunity in India, and as market-leaders, we are ideally placed to leverage our strong productivity enhancement proposition to gain increasing market share.

**The macro-opportunity in India continues to be hugely attractive with rising induction furnace based steel plants.**



# GST

## THE GAME CHANGER

The implementation of the Goods and Services Act (GST) in 2017 aims to usher in the era of one market-one tax for the first time in the country.

The implementation of GST has been a game changer for the ramming mass industry, especially for organised players like us. We are convinced it will unlock massive and multiple opportunities. It will enable us to reduce pricing gap with the unorganized players by taking advantage of tax credits, which in turn will enhance our competitiveness. Besides, it will make the entire nation one single market and thus bring in more efficiency in logistics movement across our pan-India markets. This pricing and logistics movement advantage will multiply our overall proposition manifold.

### IMPACT ON UNORGANISED PLAYERS

The ramming mass industry has approximately over 80% of unorganised players. With the implementation of GST, they are now being driven to come into the organised fold, as otherwise, they would lose the GST input credit. Also, their customers would also lose on the GST input credit benefit, increasing their overall cost and eventually, blunting their competitive edge. The entire industry dynamics have been disrupted in favour of organised manufacturers. As one of the leading organised players in the ramming mass industry, we believe GST will have a game-changing impact as the market share of unorganised players shrinks, opening up new markets and new customers for us.

### GST E-WAY BILL

Another key factor that needs special mention is the fact that the unorganised sector is using the lack of clarity in HSN Code and charging only 5% GST; with the E-Way there will be clarity and we believe 18% GST will be the final rate. This will have a huge impact on

the cost-competitiveness of the unorganised players. Since the unorganised players depended on cost as their single-most attractive proposition, we believe this will erode their advantage in a big way.

At RPEL, we are already paying 18% GST and yet, are steadily gaining market share - by the sheer dint of our product which delivers superior productivity.

Ramming Mass Plant Overview



GST has multiplied the opportunity for organised players, and as leaders in the industry, RPEL is poised for an exciting phase of growth and expansion.



# PERFORMANCE

Much like cement, ramming mass was always considered a commoditised product that could be only marketed to customers within close vicinity of plants. A pan-India reach was unthought of in the industry as the transportation cost would make it lose the price-edge.

At RPEL, we have changed this mindset. We have overcome the barrier that ramming mass market is geographically-centred around and limited to manufacturing plants. We are today selling our products not only pan-India, but also overseas.



## QUALITY OF GROWTH EXPANSION WITH DE-RISKING

We always believed in producing a superior value proposition through improved products. We moved away from the traditional one-size fits all mindset and developed customised solutions suited for each type of induction furnace. We demonstrated the tremendous productivity enhancement customers gained using our solutions that far out-weighed the additional transport costs.

It is this consistent focus on quality of growth that has enabled us reach pan-India as well as overseas. This pan-India expansion and exports has de-risked our business as we are now no longer dependent on a particular region or a geography.

## DE-RISKING WITH EXPANDING INTO NEWER MARKETS – EASTERN INDIA

Our strong productivity enhancement solutions has enabled us capture the eastern market - the highest consumer for ramming mass in India. The freight cost is very high from Jaipur to the eastern region, and increased our price by as much as 60 per cent. Yet, in spite of substantially higher price, our products are preferred by customers due to the extra-ordinary results and productivity-enhancement benefits accruing to customers. Using RPEL products and solutions, customers are getting more than 50 per cent extra lining life and even after factoring in procurement at 60 per cent higher cost, our ramming mass is not just free for them but adds significantly to their profitability.

## EASTERN INDIA SALES TREND -

Volume increased by  
**646%** from FY 2017

## EXPANDING REACH

We have successfully entered the largest geographic market for ramming mass in India - eastern region. We have also penetrated the markets in south India - making us the only pan-India ramming mass player in the industry. This geographic expansion has enabled us to grow our volumes by 60%.







## QUALITY OF GROWTH - HIGHER CAPACITY UTILISATION

Our total operational capacity is 1,20,000 tonnes. In the last quarter of FY2018, we reached 80% capacity utilisation. With rising demand and growth in the ramming mass industry, we are also utilising our granules infrastructure to produce ramming mass. This increases our capacity by another 60,000 tonnes annually. In addition, we also have scope for brownfield expansion in the future at the same site located at Newai.



## QUALITY OF GROWTH - FOCUS ON FINANCIAL EFFICIENCY

In line with our pan-India expansion and higher capacity utilisation, our focus has also been on improving our financial efficiency. Our manufacturing working capital has improved significantly during FY2018.

We are using our free cash flows to retire debts and are committed to become debt-free in FY2019. We are extremely prudent in our working capital allocation, ensuring every decision is based on the right balance of generating both growth as well as ROI. Our focus is not just growth at any cost, but delivering profitable and quality growth, and keep improving the quality of earnings.

Ramming Mass Plant Loading Area



At RPEL, quality of growth stems from our thought-leadership on multiple fronts - from men to materials to mindset to market share. We led tailor-made solutions that were based on productivity and not prices. We led R&D that has given us recognition with DSIR. We led profitability. We led ROI. We led performance.

# POTENTIAL

At RPEL, we realised that the tremendous potential in ramming mass could be unlocked by one key - Quality of Growth.

We focussed on various aspects of quality - from culture and mindset to R&D and Innovation to a strong brand and excellence. We are convinced that it is these softer aspects that will underpin our ambitious strategic growth plans as we continue with our journey to scale new heights.



## QUALITY OF GROWTH - CULTURE AND MINDSET

While the entire industry looked at ramming mass with the lens of cost, we decided to change this mindset. To change the mindset, we change the name of both our company as well as our product - to reflect the new culture that looked differently at ramming mass.

We changed our company name last year to Raghav Productivity Enhancers Ltd. to mirror the strong productivity enhancement proposition that our products offer compared to that of competitors', which are merely low in cost. We also changed our product name from ramming mass to Induction Lining Solutions to showcase the shift from product to solutions. Both these initiatives were part of our larger culture and mindset shift reflecting our differentiated, end-to-end and customised solutions that went far beyond mere cost-leadership. This enabled us to win new larger consumers who were productivity-conscious and were looking beyond prices.



## QUALITY OF GROWTH - INVEST IN R&D

Contrary to industry-thinking, we have always believed and consistently invested in R&D. Our R&D focus has resulted in new products and better processes, that in turn add to our competitive and comparative advantage, ensuring our customers achieve *more with less*.

Our in-house R&D Centre has been recognised by Department of Scientific and Industrial Research (DSIR) under the Ministry of Science and Technology of the Government of India. This makes us one of the only 1,800 companies in India having this recognition and the only one in our industry.

In-House R&D Centre

