

**COMMITTED TO  
CLEAN METAL**



# IFGL Refractories Limited

(Formerly IFGL Exports Limited)

**Investor Presentation**  
**May 2019**



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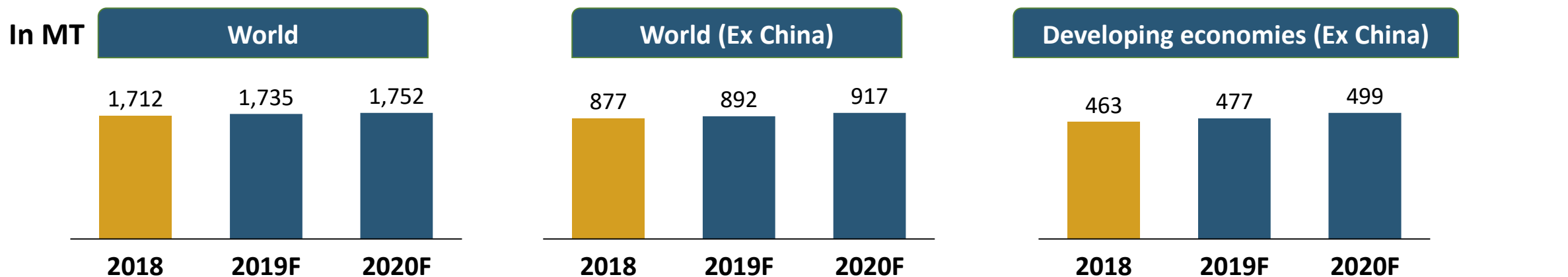
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# **Industry Overview**

# Global Steel Demand outlook



Source: World Steel Association

## Reasons contributing to growth



### ➤ Global outlook:

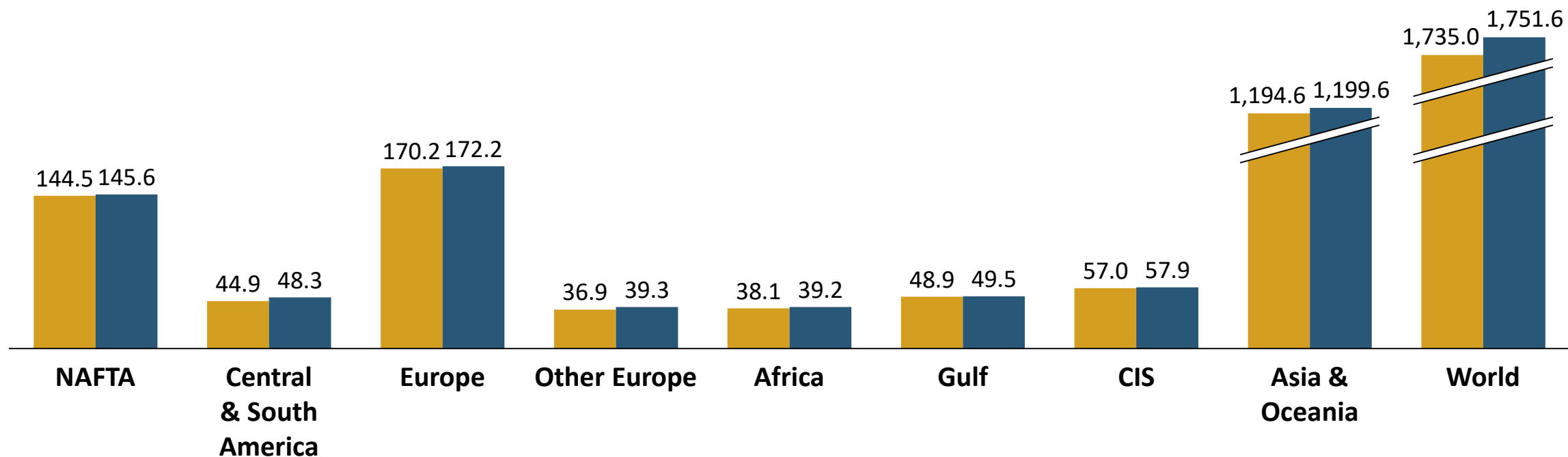
- Global steel demand is expected to continue to grow in 2019 and 2020
- However, uncertainty surrounding trade policies, volatility in the financial markets and China's deceleration could pose downside risks to this forecast

### ➤ India Outlook:

- Indian economy is expected to achieve a faster growth starting in the second half of 2019 after the election results and a stable government is in place
- Wide range of continuing infrastructure projects is likely to support growth in steel demand above 7% in both 2019 and 2020
- Growth in motor vehicles, mechanical engineering as well as construction is expected to surpass that of the emerging market average, providing a solid basis for domestic demand

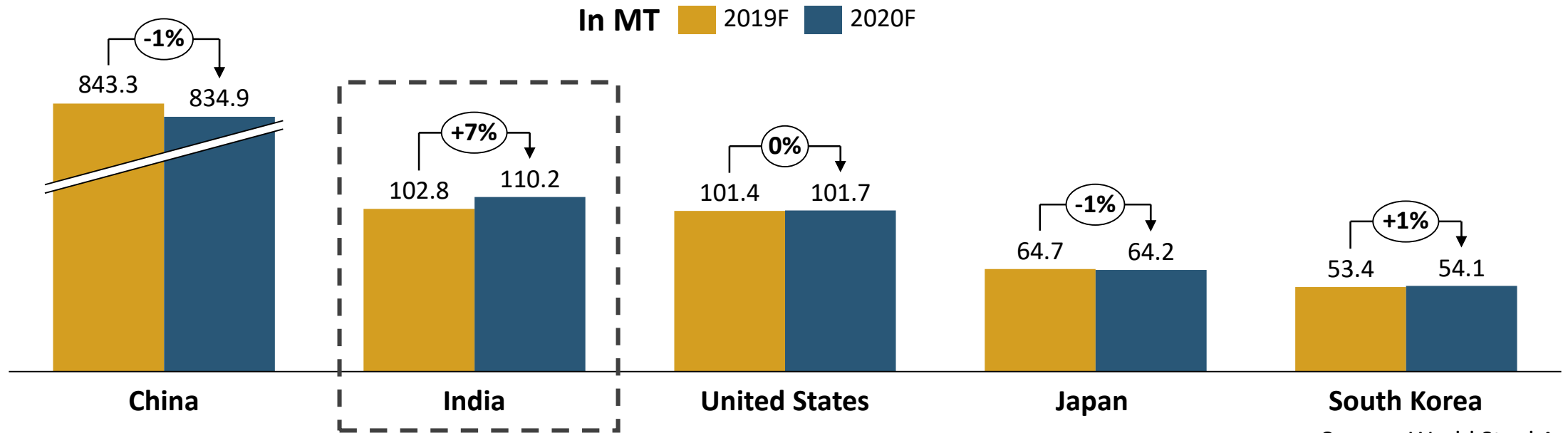
# Forecasted Global Short Term Steel Demand

In MT 2019F 2020F



- Steel demand in the emerging economies excluding China is expected to grow by 2.9% and 4.6% in 2019 and 2020 respectively
- In 2019, steel demand in China is expected to remain robust on account of government stimulus, which is expected to come down in 2020 as the stimulus effects are expected to subside
- Steel demand in developed world is expected to decelerate to 0.3% in 2019 and 0.7% in 2020, post growth of 1.8% in 2018 - reflecting a small slowdown

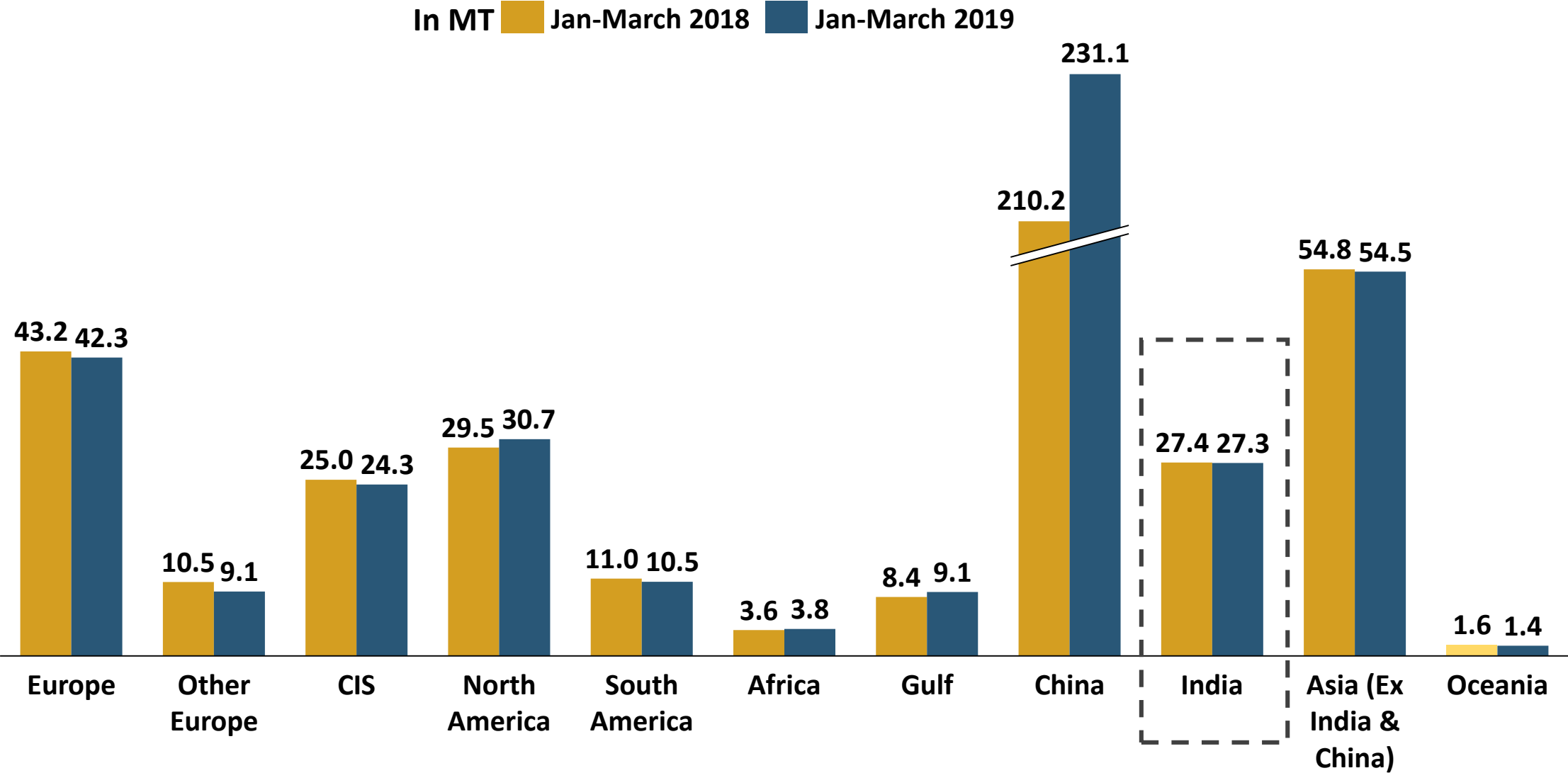
# Top 5 Steel Consuming Countries



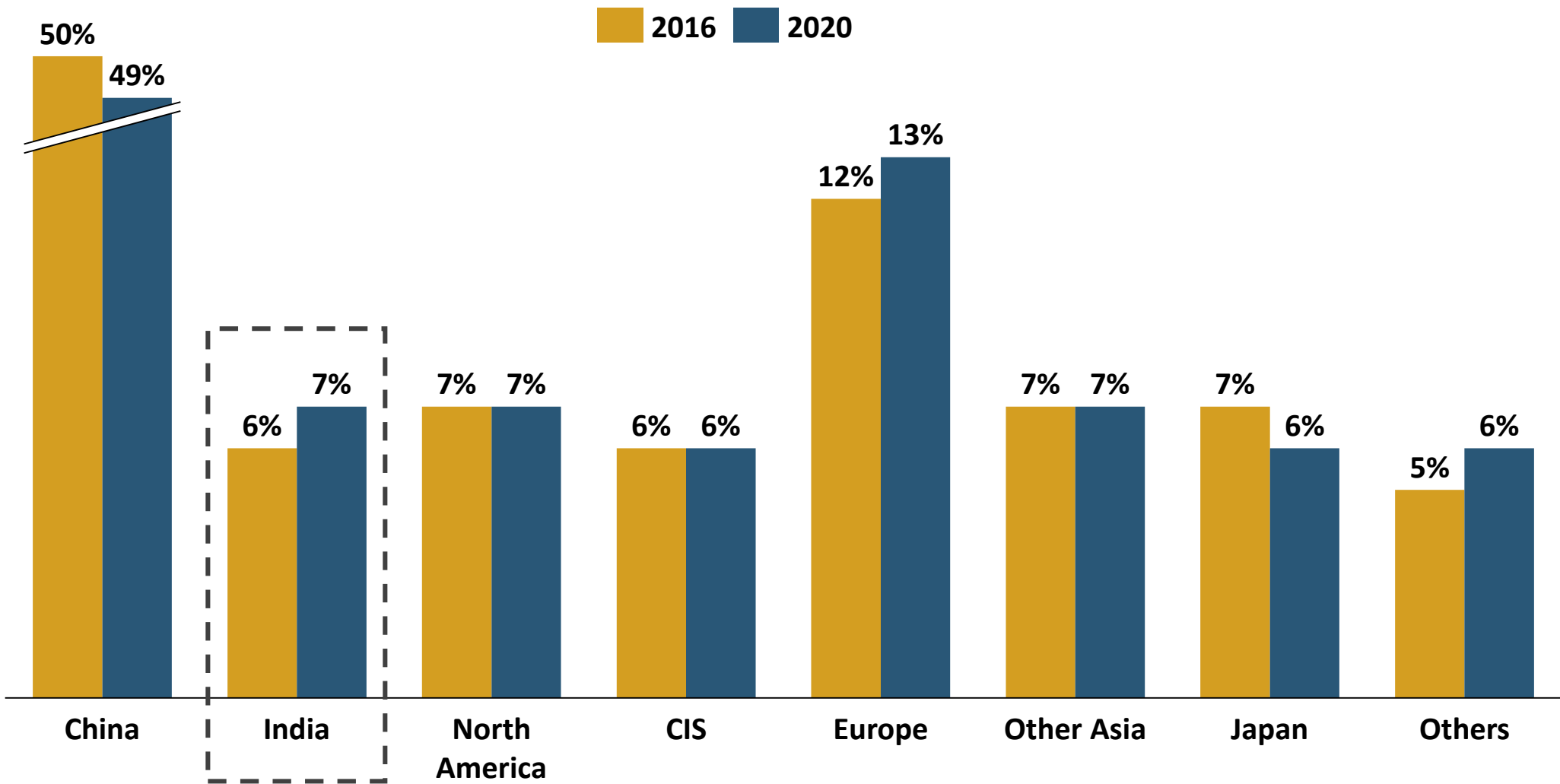
Source: World Steel Association

- As is visible in the above chart, **India is the only country among top 5 steel consuming countries which is expected to witness growth in consumption**
- **The demand scenario in India is expected to improve on the back of:**
  - Government spending on infrastructure
  - Robust activity in downstream manufacturing sectors
  - Rapid urbanization - a major long-run driver of construction growth in India, which ensures a solid long-run outlook for steel demand
- Strong domestic demand will underpin an expansion of steelmaking capacity over the short to medium term

# Global Steel production

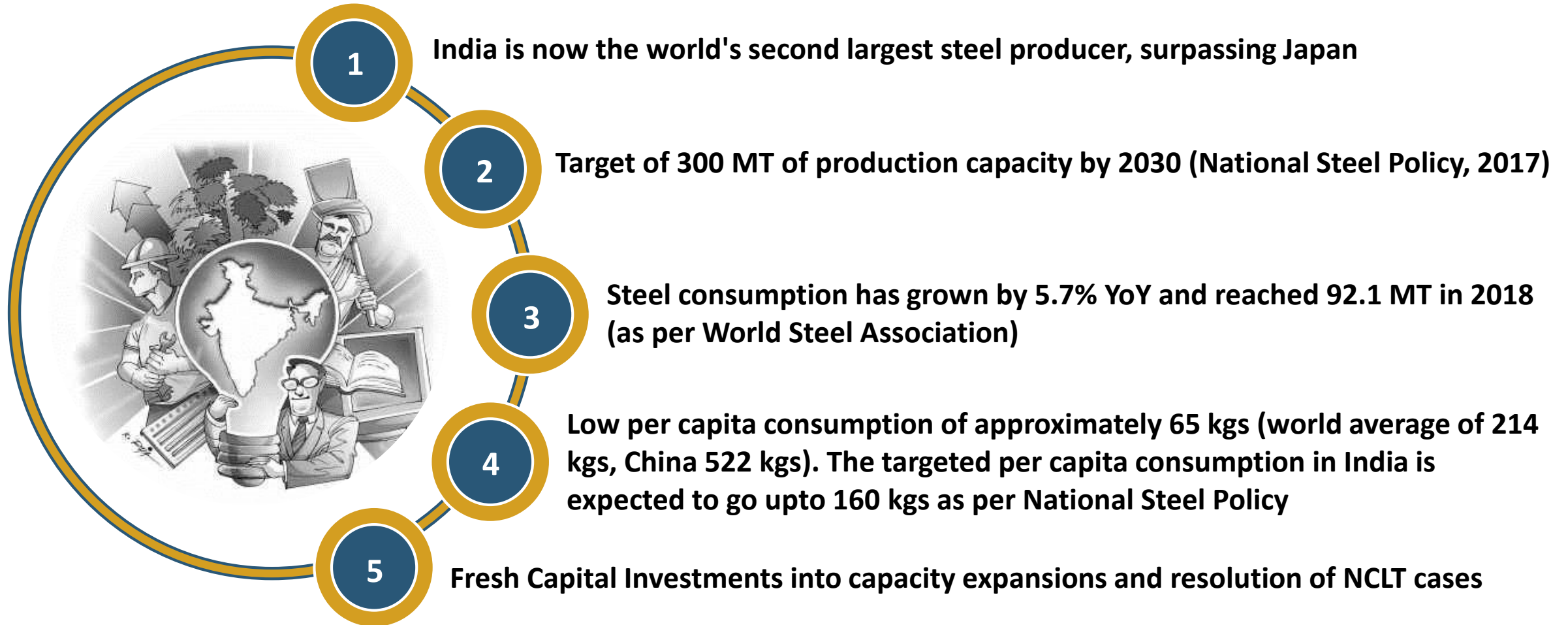


# India's share in Global Steel production expected to rise

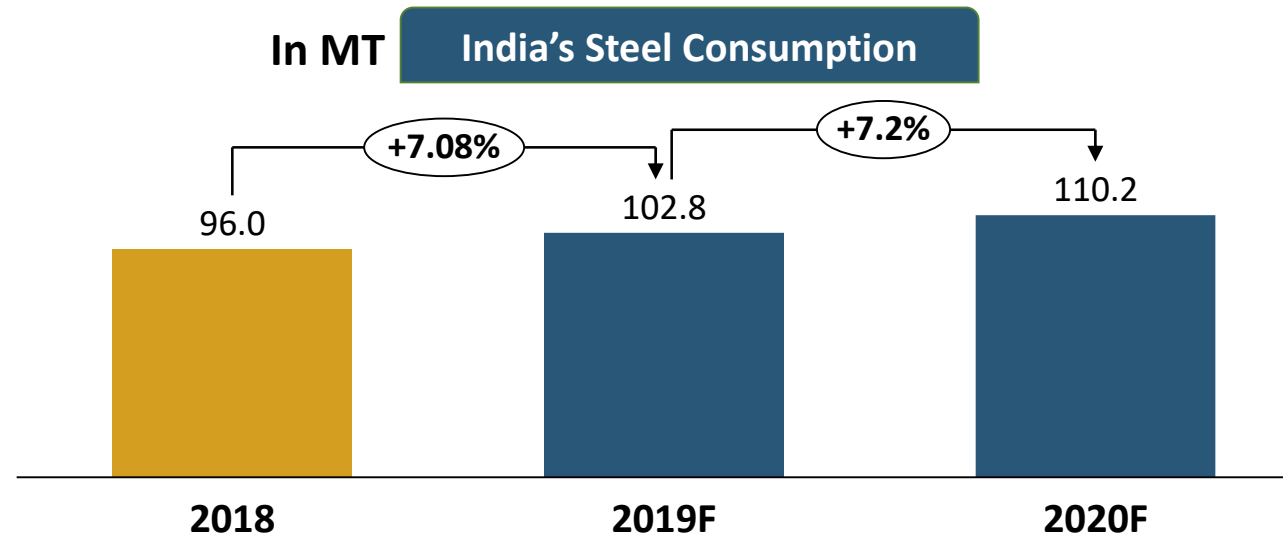




# Domestic Steel Industry on a strong footing



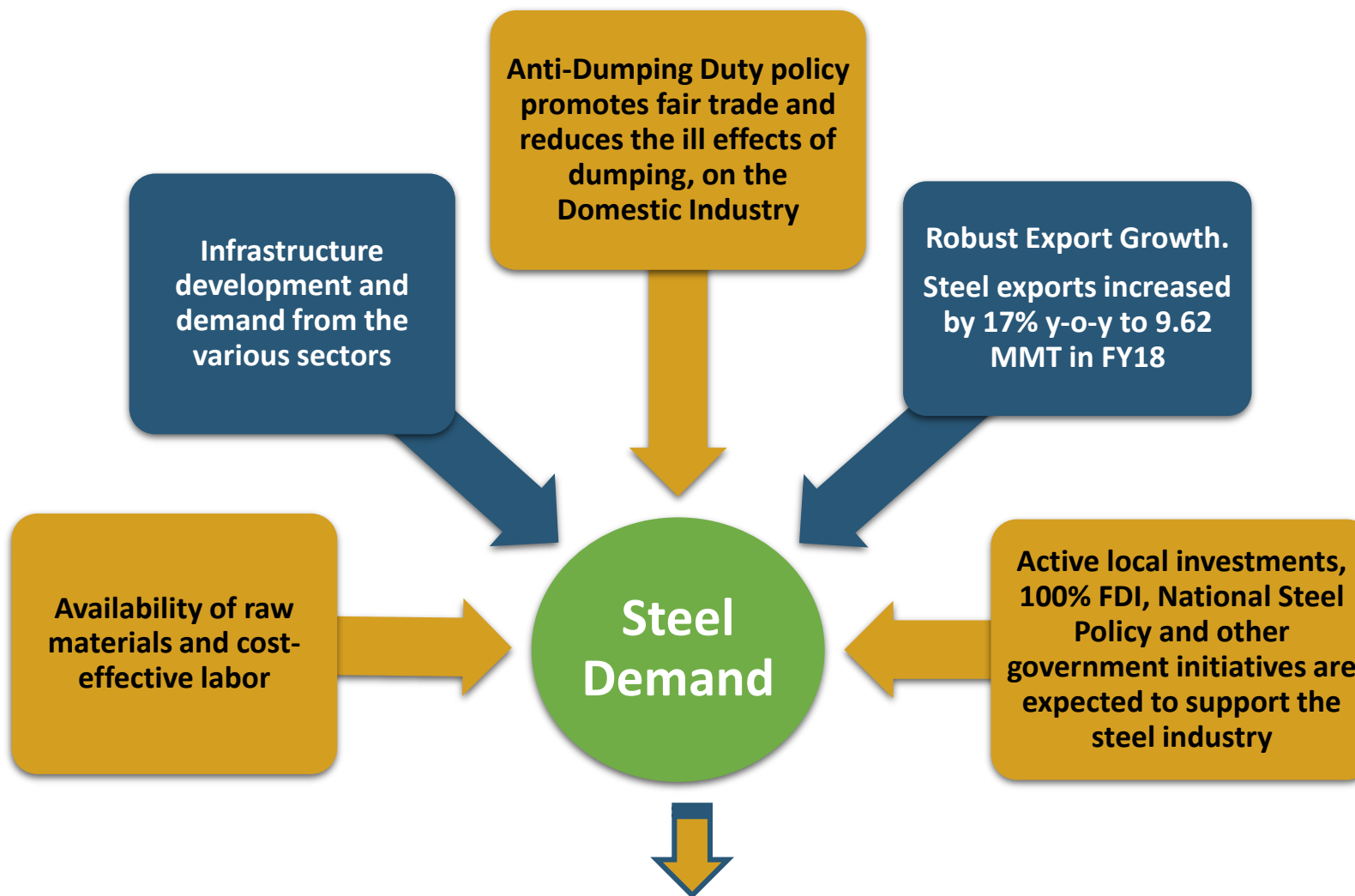
# Strong Domestic consumption



Particulars (in MTPA)	FY18	FY19F	YoY%	FY20F	YoY%
India	96.0	102.8	7.1%	110.2	7.2%
China	835.0	843.3	1%	834.9	-1%
USA	100.2	101.4	1.2%	101.7	0.3%
Japan	65.4	64.7	-1.1%	64.2	-0.8%

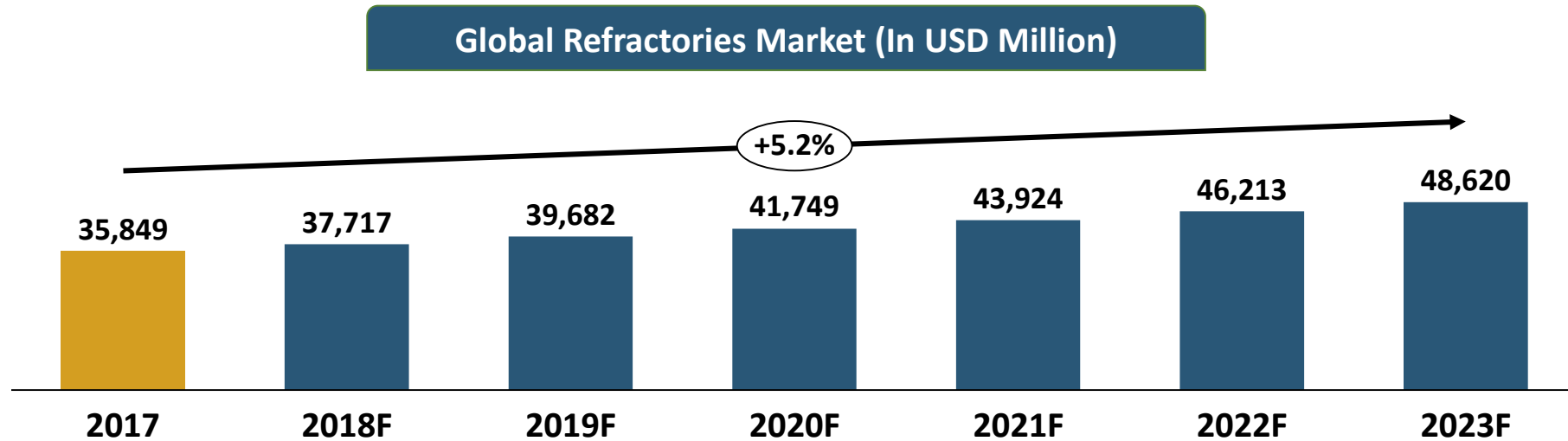
India is expected to witness high demand, whereas others are expected to remain flat

# Growth drivers of Indian Steel industry



Boost usage of refractory products significantly. Iron and steel industry accounts for approximately 71% of the refractories market share.

# Global Refractories Market outlook (2018-2023)



## Reasons contributing to growth

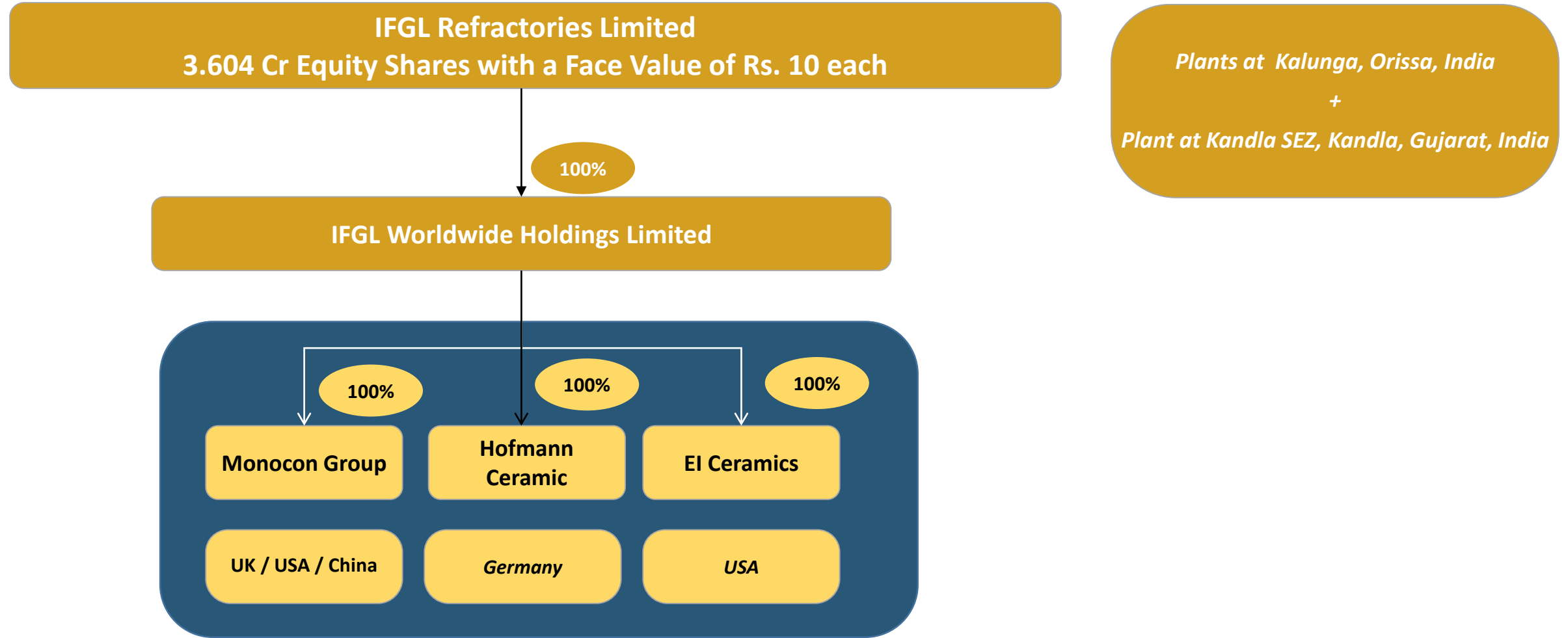


- Global Refractories Market is estimated to grow at a CAGR of 5.2% and reach a size of \$ 48,620 Million by 2023
- India is expected to exhibit promising growth in the global refractories market and grow at a similar rate
- Asian countries, such as China, Japan, India, Korea and ASEAN are showing good traction in demand
- The rise in Demand can be attributed to increased Capital Investments in various sectors as well as increased infrastructure & construction activities

The background features a white central area flanked by two large triangles. On the left, a dark blue triangle points towards the bottom-left corner. On the right, a gold triangle points towards the bottom-right corner.

# **Our Performance**

# Corporate Structure...



...simplified to create value for shareholders

# Consolidated Profit & Loss



Particulars [Rs. Crs.]	Q4 FY19	Q4 FY18	Y-o-Y%	Q3 FY19	Q-o-Q%	FY19	FY18^	Y-o-Y%
<b>Total Income</b>	<b>251.2</b>	<b>230.1</b>	<b>9.2%</b>	<b>235.9</b>	<b>6.5%</b>	<b>946.1</b>	<b>839.7</b>	<b>12.7%</b>
Materials consumed	134.8	114.2		117.8		473.1	421.4	
Employee Expenses	35.5	31.7		38.3		146.2	126.7	
Other Expenses	53.7	50.3		55.6		212.3	181.3	
<b>EBITDA</b>	<b>27.2</b>	<b>34.0</b>	<b>-20.0%</b>	<b>24.3</b>	<b>11.9%</b>	<b>114.5</b>	<b>110.3</b>	<b>3.8%</b>
<b>EBITDA %</b>	<b>10.8%</b>	<b>14.8%</b>		<b>10.3%</b>		<b>12.1%</b>	<b>13.1%</b>	
Depreciation	5.0	4.8		5.2		19.2	17.0	
Goodwill written off*	6.7	6.7		6.7		26.8	26.8	
Finance Cost	1.2	1.0		1.4		4.5	4.0	
<b>Profit before Tax</b>	<b>14.2</b>	<b>21.6</b>	<b>-34.3%</b>	<b>11.0</b>	<b>29.1%</b>	<b>64.1</b>	<b>62.6</b>	<b>2.4%</b>
Tax	1.2	1.8		2.8		13.6	15.4	
<b>Profit after Tax</b>	<b>13.1</b>	<b>19.8</b>	<b>-33.8%</b>	<b>8.2</b>	<b>59.8%</b>	<b>50.5</b>	<b>47.1</b>	<b>7.2%</b>
<b>Profit after Tax %</b>	<b>5.2%</b>	<b>8.6%</b>		<b>3.5%</b>		<b>5.3%</b>	<b>5.6%</b>	
<b>Cash Profit after Tax</b>	<b>21.5</b>	<b>28.2</b>	<b>-23.8%</b>	<b>20.4</b>	<b>5.4%</b>	<b>95.1</b>	<b>92.0</b>	<b>3.4%</b>
<b>Earnings Per Share (Rs.)</b>	<b>3.62</b>	<b>5.5</b>		<b>2.3</b>		<b>14.0</b>	<b>13.1</b>	

Cash PAT = Profit after Tax + Deferred tax + Depreciation + Goodwill written off on account of Merger

^ Total Income is Net of Excise Duty

\* Goodwill amounting to Rs. 267 Crs on account of Merger is being written off over a period of 10 years

# Consolidated Balance Sheet



Particulars in Rs. Crs.	Mar-19	Mar-18
<b>Assets</b>		
<b>Non current Assets</b>	<b>486.1</b>	<b>493.0</b>
<b>Fixed Assets</b>		
Property Plant & Equipment	143.8	122.0
Capital WIP	6.3	8.2
Goodwill	120.9	122.3
Intangible assets	189.4	217.0
<b>Financial Assets</b>		
Investments	0.5	0.5
Others	2.0	2.1
Tax Assets (Net)	11.8	10.2
Other Non current Assets	11.3	10.7
<b>Current Assets</b>	<b>532.7</b>	<b>505.5</b>
Inventories	156.5	108.3
<b>Financial Assets</b>		
Investments	45.5	12.7
Trade Receivables	228.6	284.4
Cash & cash equivalents	76.3	73.7
Bank Balances	11.5	7.4
Other Financial Assets	1.1	1.8
Other Current Assets	13.1	17.1
<b>Total Assets</b>	<b>1,018.8</b>	<b>998.5</b>

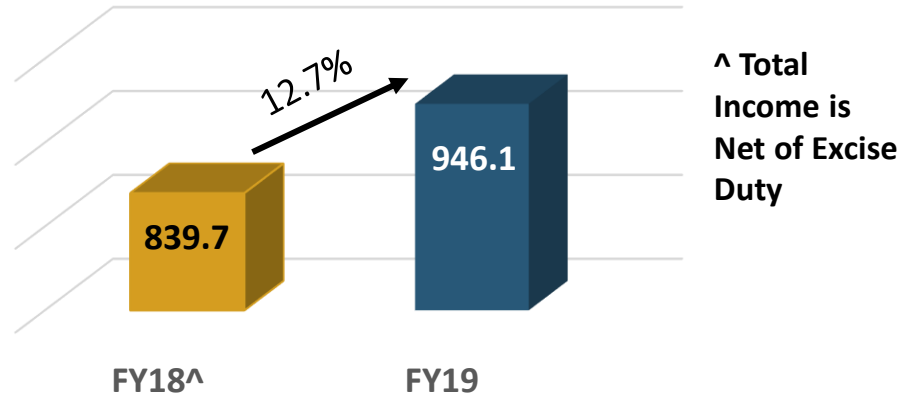
Particulars in Rs. Crs	Mar-19	Mar-18
<b>Equity &amp; Liabilities</b>		
<b>Equity</b>	<b>794.6</b>	<b>752.0</b>
Share Capital	36.0	36.0
Other Equity	758.6	716.0
Non controlling interest		
<b>Non Current Liabilities</b>	<b>20.4</b>	<b>23.9</b>
<b>Financial Liabilities</b>		
Borrowings	15.6	20.5
Provisions	0.3	0.2
Deferred Tax Liabilities (Net)	4.5	3.2
<b>Current Liabilities</b>	<b>203.8</b>	<b>222.6</b>
<b>Financial Liabilities</b>		
Borrowings	68.9	85.6
Trade Payables	124.4	125.4
Other Financial Liabilities	8.4	10.1
Other Current Liabilities	1.7	1.2
Provisions	0.3	0.3
<b>Total Equity &amp; Liabilities</b>	<b>1,018.8</b>	<b>998.5</b>



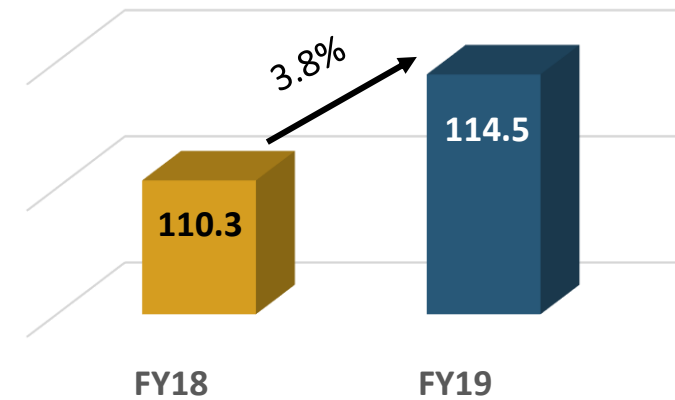
# FY19 Consolidated Financial Highlights



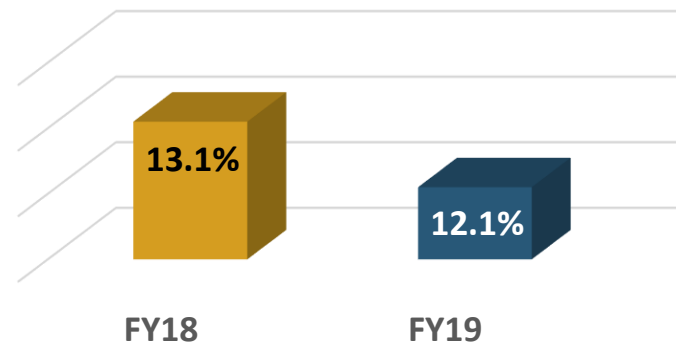
Total Income [Rs. Crs]



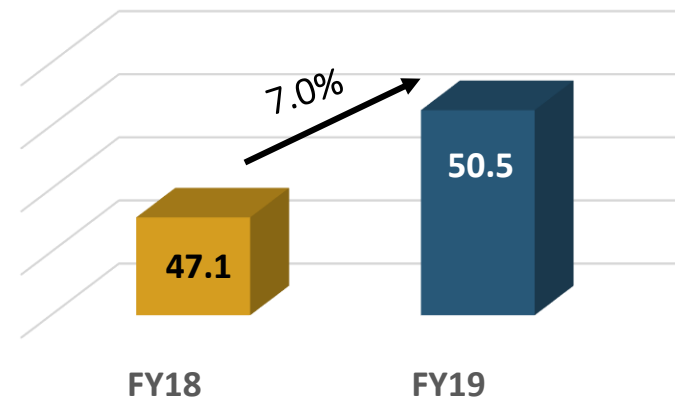
EBITDA [Rs. Crs]



EBITDA margin [%]



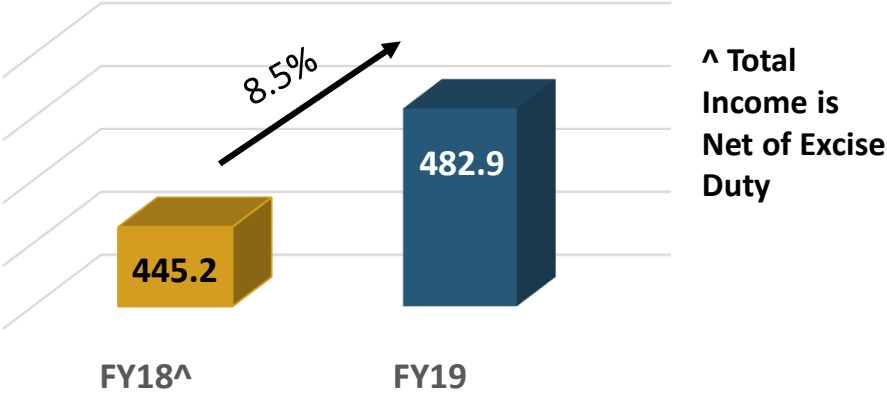
PAT [Rs. Crs]



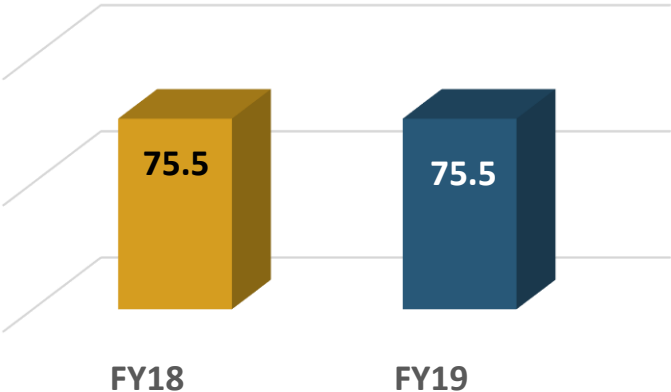
# FY19 Standalone Financial Highlights



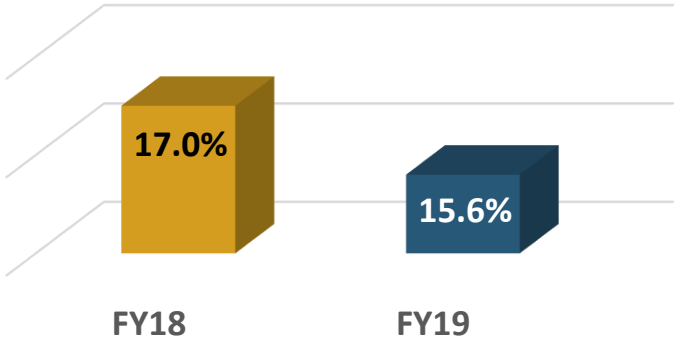
Total Income [Rs. Crs]



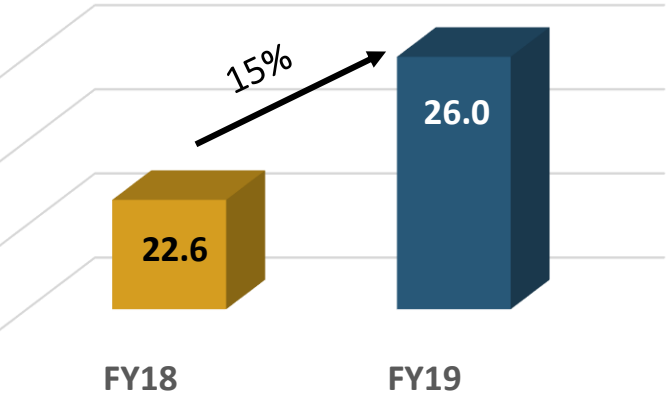
EBITDA [Rs. Crs]



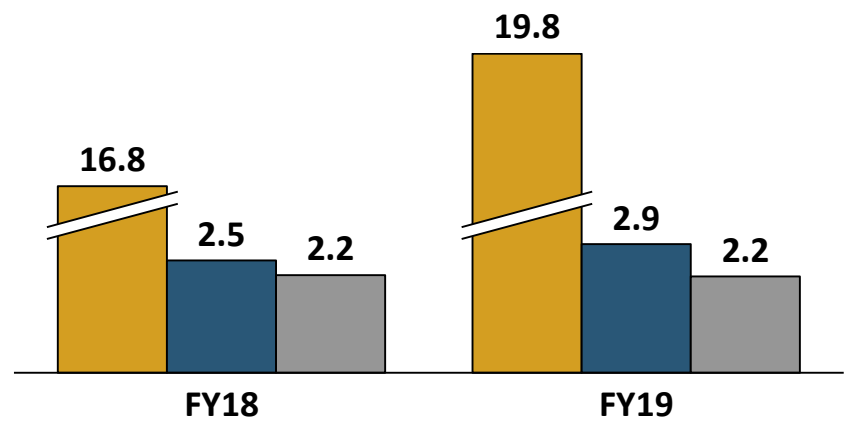
EBITDA margin [%]



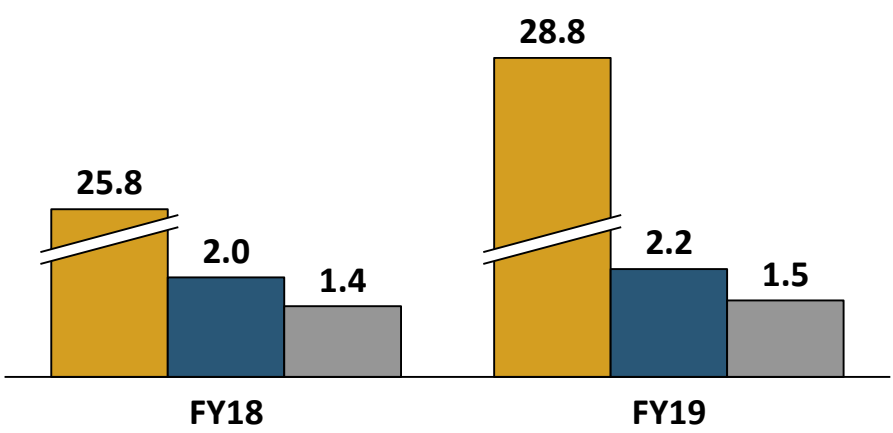
PAT [Rs. Crs]



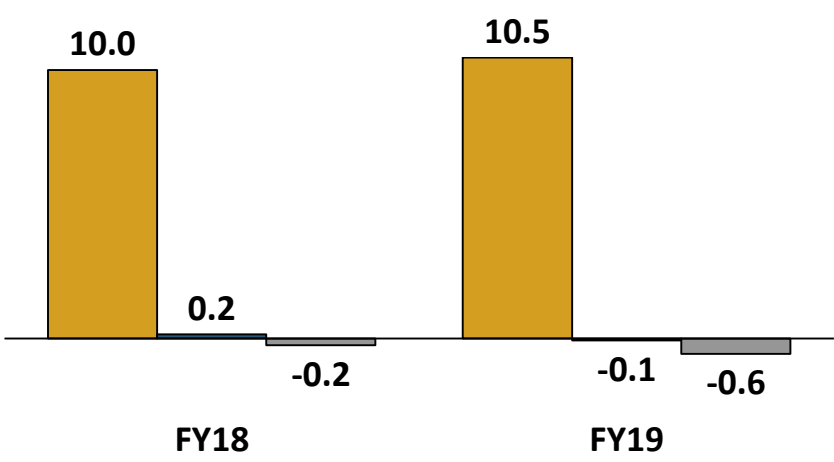
El Ceramics [\$ mn]



Monocon Group [GBP mn]



Hofmann Ceramic [Euro mn]



# Ongoing Capex to boost performance

## IFGL Odisha Plant

~Rs. 8 Cr : For Capacity expansions & debottlenecking

## IFGL Kandla Plant

- For new products expansion - Total Project cost estimated to be **Rs. 29 Cr**
- **Phase 1** ( involving cost of **Rs. 15 Cr**) likely to be completed by **FY20**

## Visakhapatnam Project

- 10 acre Land acquired
- Plant for manufacturing of New products
- **Phase 1** (involving cost of **Rs. 50 Cr**) likely be completed by **FY21**

Capex will be partly funded by internal accruals and partly by debt

# Consistently performing over the years...

Particulars [Rs. Crs.]	FY15^	FY16^	FY17^	FY18^	FY19
<b>Total Income</b>	<b>793.5</b>	<b>722.1</b>	<b>769.5</b>	<b>839.7</b>	<b>946.1</b>
Materials consumed	406.1	365.2	362.0	421.4	473.1
Employee Expenses	117.9	119.6	120.9	126.7	146.2
Other Expenses	170.6	156.1	183.5	181.3	212.3
<b>EBITDA</b>	<b>98.9</b>	<b>81.2</b>	<b>103.1</b>	<b>110.3</b>	<b>114.5</b>
<b>EBITDA %</b>	<b>12.5%</b>	<b>11.2%</b>	<b>13.4%</b>	<b>13.1%</b>	<b>12.1%</b>
Depreciation & Amortization	14.3	15.6	17.3	17.0	19.2
Goodwill written off*	-	-	26.8	26.8	26.8
Finance Cost	5.9	4.8	4.5	4.0	4.5
<b>Profit before Tax and Minority Interest (MI)</b>	<b>78.7</b>	<b>60.9</b>	<b>54.5</b>	<b>62.6</b>	<b>64.1</b>
Tax	25.4	15.7	4.6	15.4	13.6
<b>Profit after Tax &amp; before MI</b>	<b>53.3</b>	<b>45.2</b>	<b>50.0</b>	<b>47.1</b>	<b>50.5</b>
Minority Interest	0.2	3.2	0.0	0.0	0.0
<b>Profit after Tax &amp; MI</b>	<b>53.1</b>	<b>41.9</b>	<b>50.0</b>	<b>47.1</b>	<b>50.5</b>
<b>Cash Profit</b>	<b>67.4</b>	<b>57.5</b>	<b>83.6</b>	<b>92.0</b>	<b>95.1</b>
<b>Earnings Per share (Rs.)</b>	<b>15.12</b>	<b>12.12</b>	<b>13.86</b>	<b>13.07</b>	<b>14.00</b>

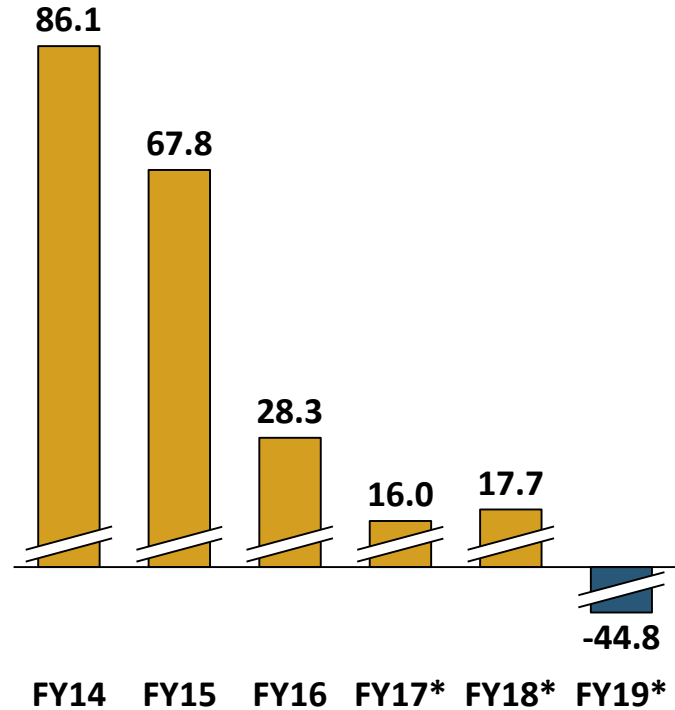
^ Total Income is Net of Excise Duty

\* Goodwill on account of Merger is being written off over a period of 10 years

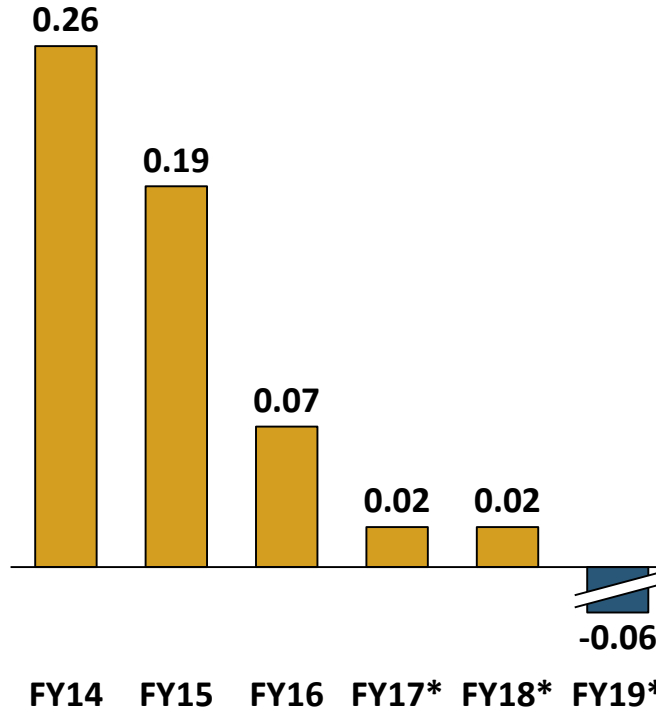
Cash PAT = Profit after Tax + Deferred tax + Depreciation + Goodwill written off on account of Merger

# ...to create sustainable value for Shareholders...

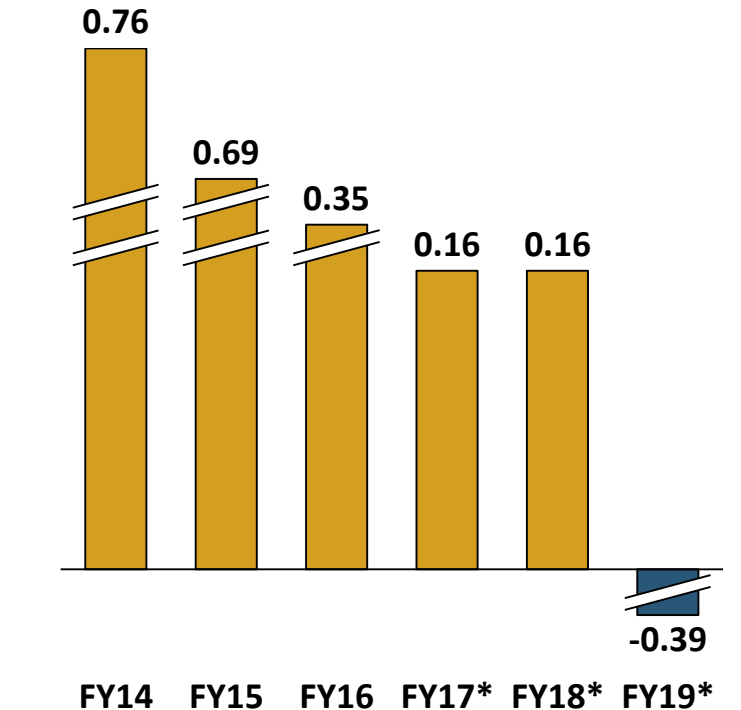
Net Debt (Rs. Crs.)



Net Debt : Equity [x]

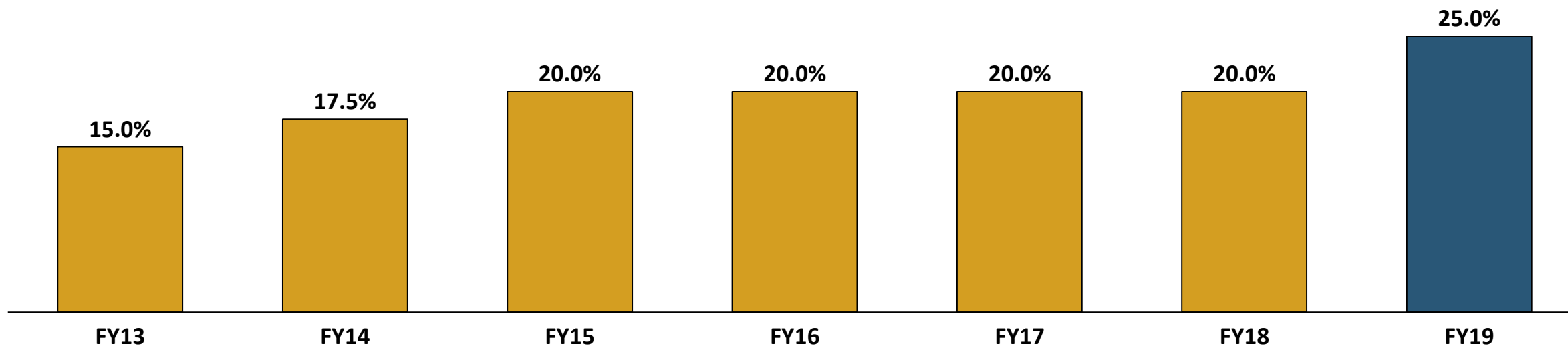


Net Debt : EBITDA [x]



*The company is debt free on Net basis as on March 2019*

# ...with consistent Payout



Particulars (Rs.)	FY13	FY14	FY15	FY16	FY17	FY18	FY19*
Consolidated Book Value Per Share	70.9	95.1	99.6	111.7	189.9	208.7	220.5
Consolidated Earning Per Share	7.9	18.3	15.1	12.1	13.9	13.1	14.0
Dividend Per Share	1.5	1.75	2.00	2.00	2.00	2.00	2.50

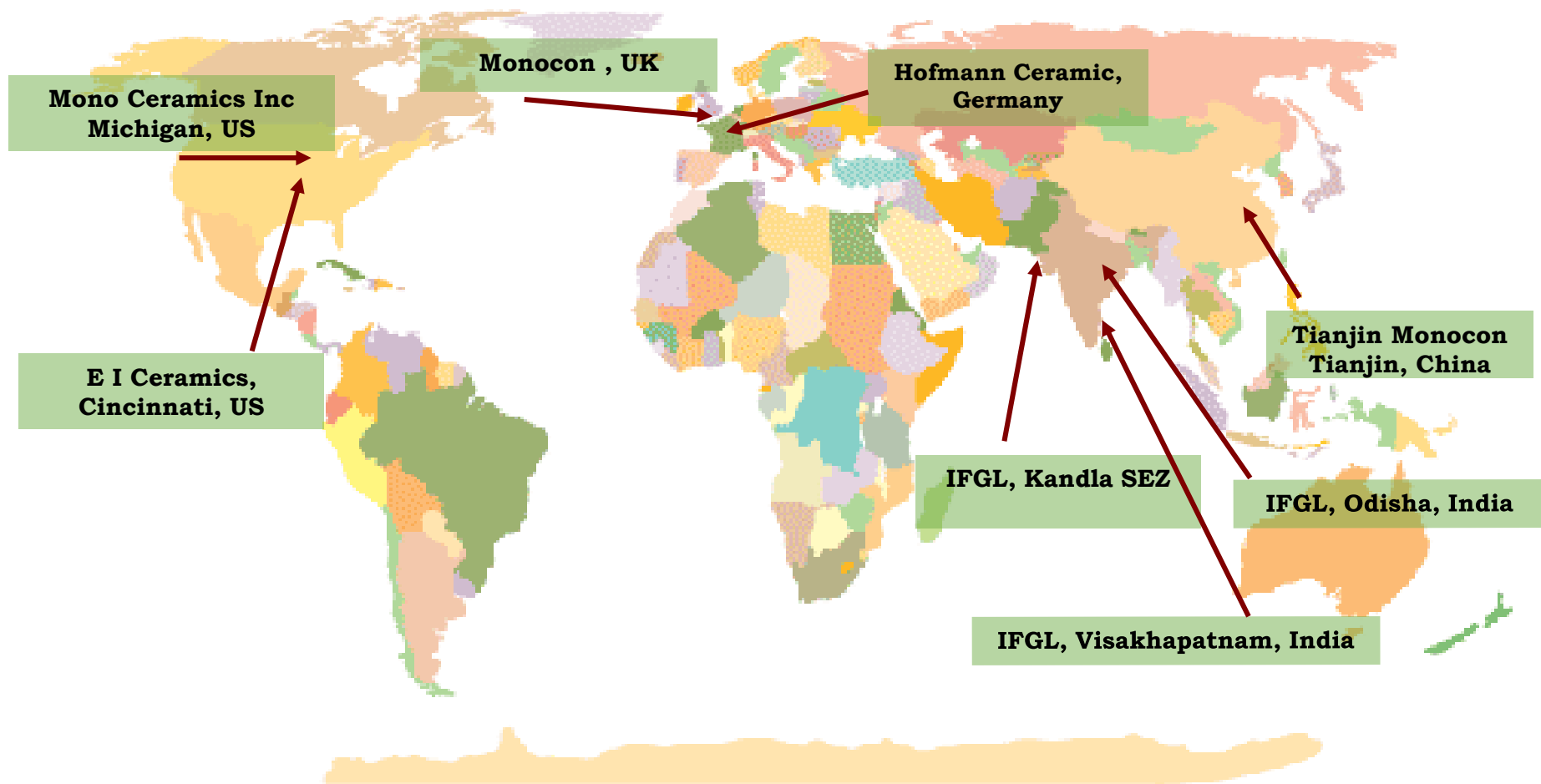
\* Subject to Shareholders approval

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# About Us



# A Global MNC...



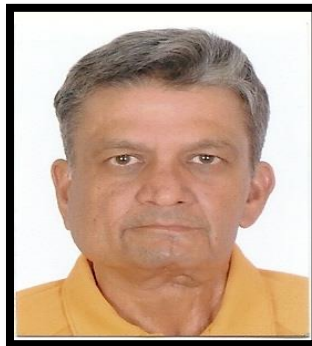
# ...with proven management...

**Mr. S.K. Bajoria**  
Chairman



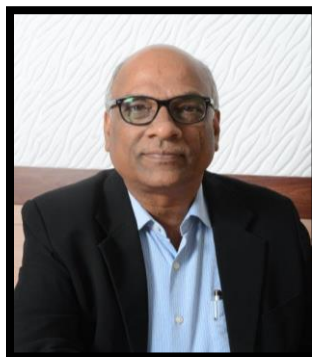
- Promoter of S K Bajoria Group based at Kolkata engaged in diversified business activities
- Has been President of the Indian Chamber of Commerce, Director of West Bengal Industrial Development Corporation Ltd and Industrial Promotion & Investment Corporation of Orissa Ltd

**Mr. P. Bajoria**  
Managing Director



- Associated with IFGL from the very early days of Indo Flogates, even before the start of production in 1984. Has been Director & Chief Executive of erstwhile Indo Flogates Ltd.
- More than ~40 years of experience of Refractory Industry and has been involved in various capacities in Indian Refractories Makers Association

**Mr. Kamal Sarda**  
Director  
&  
Chief Executive  
Officer



- Fellow Member of ICAI and a law graduate with more than 30 years of experience of Finance, Accounts, Commercial & Operations
- More than 20 years of working experience in the refractory industry
- Previously were COO of IFGL Refractories Ltd. till February, 2011; he is also currently the Chairman of Indian Refractory Makers Association

# ...serving the specialized refractory segment...

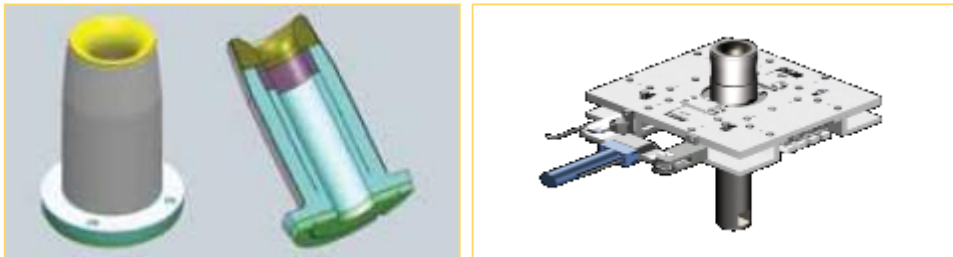
## Isostatic Refractories



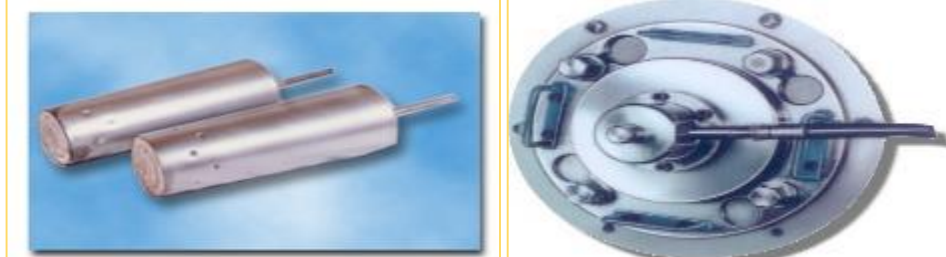
## Slide Gate Refractories & Systems



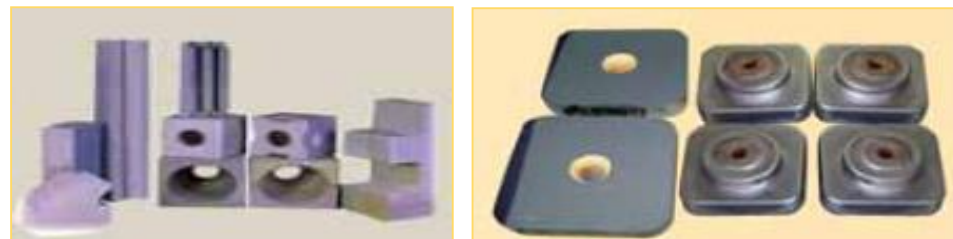
## Tube Changer Refractories & System



## Purging System & Refractories



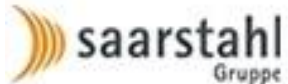
## Cast Products & Zirconia Nozzles



## Foundry Ceramics



# ...to reputed names in the Global Steel Industry



For further information, please contact:



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**IFGL Refractories Ltd.**

CIN - L51909OR2007PLC027954

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**SGA** Strategic Growth Advisors

**Investor Relations Advisors :**

**Strategic Growth Advisors Pvt. Ltd.**

CIN - U74140MH2010PTC204285

Mr. Shogun Jain / Mr. Pratik R. Shah

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