

**COMMITTED TO
CLEAN METAL**



IFGL Refractories Limited

(Formerly IFGL Exports Limited)

**Investor Presentation
November 2019**

**hofmann
CERAMIC**
GmbH



*This presentation and the accompanying slides (the “Presentation”), has been prepared by **IFGL Refractories Limited**, solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever.*

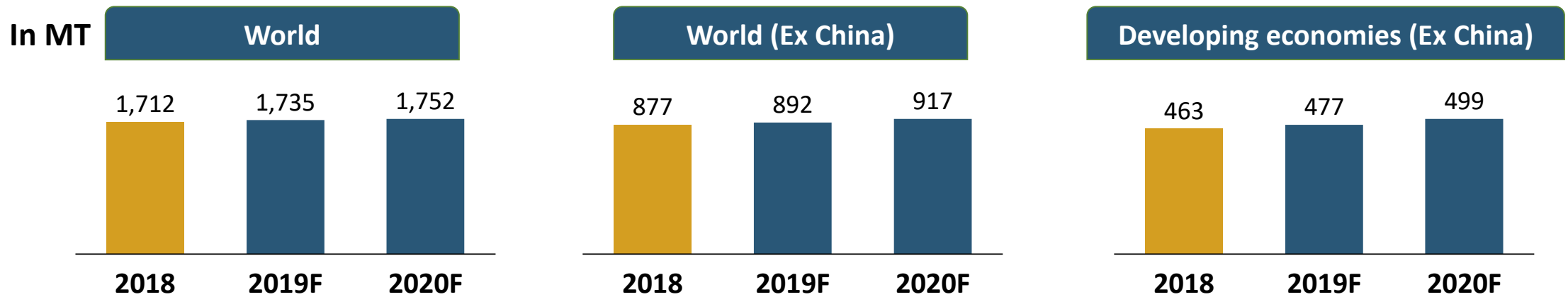
This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the refractories industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the Company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company’s market preferences and its exposure to market risks, as well as other risks. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation.

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.

Industry Overview

Global Steel Demand outlook



Source: World Steel Association

Reasons contributing to growth



➤ Global outlook:

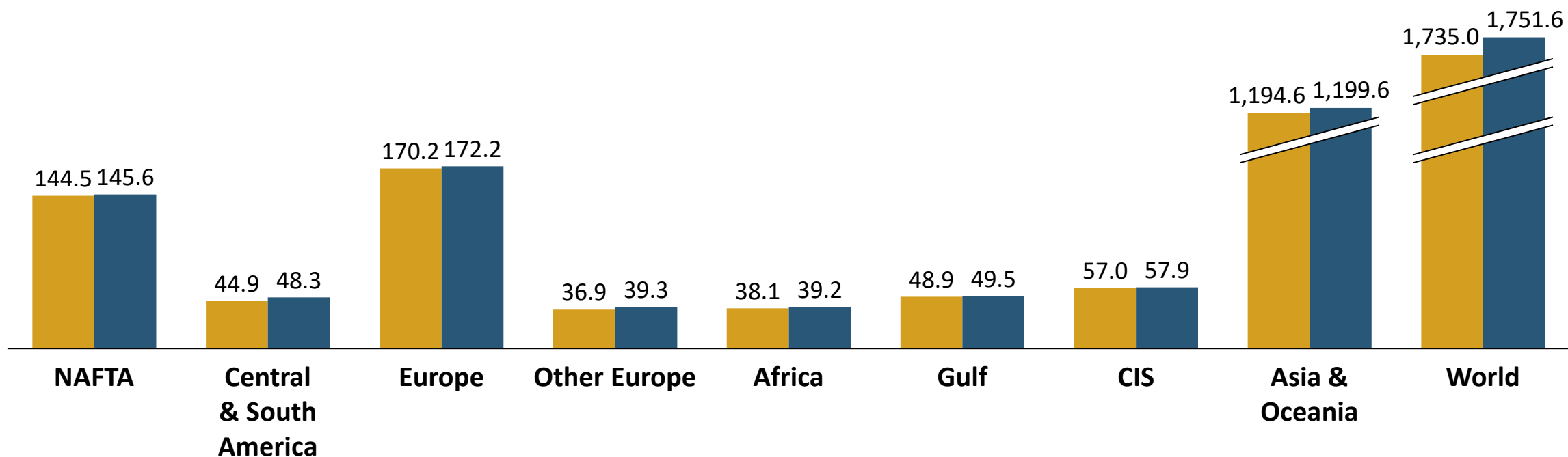
- Global steel demand is expected to continue to grow in 2019 and 2020
- However, uncertainty surrounding trade policies, volatility in the financial markets and China's deceleration could pose downside risks to this forecast

➤ India Outlook:

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

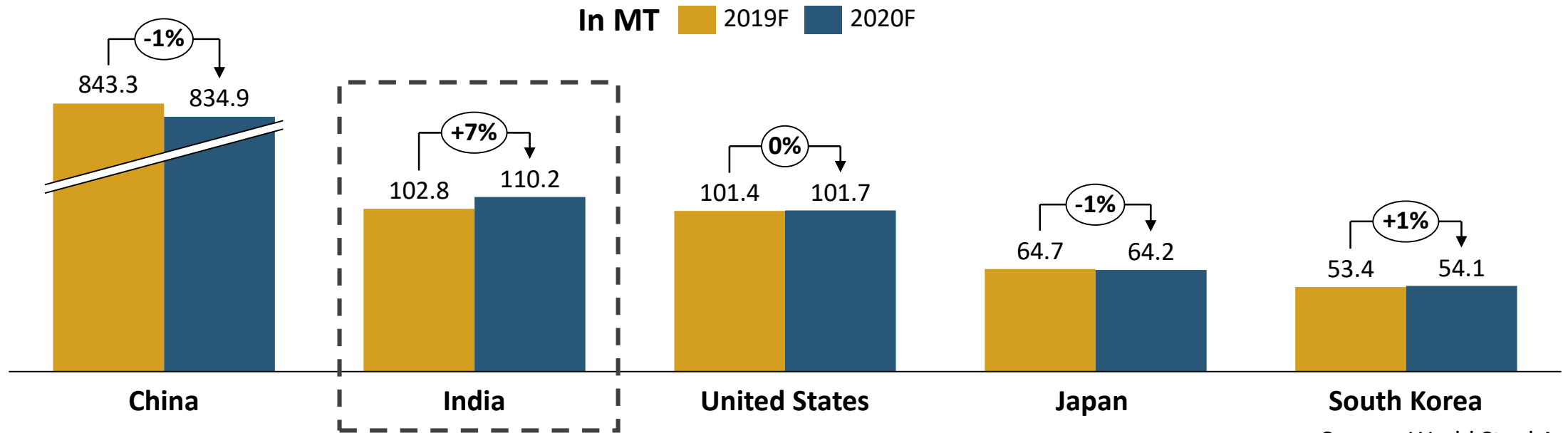
Forecasted Global Short-Term Steel Demand

In MT 2019F 2020F



- Steel demand in 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
- 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

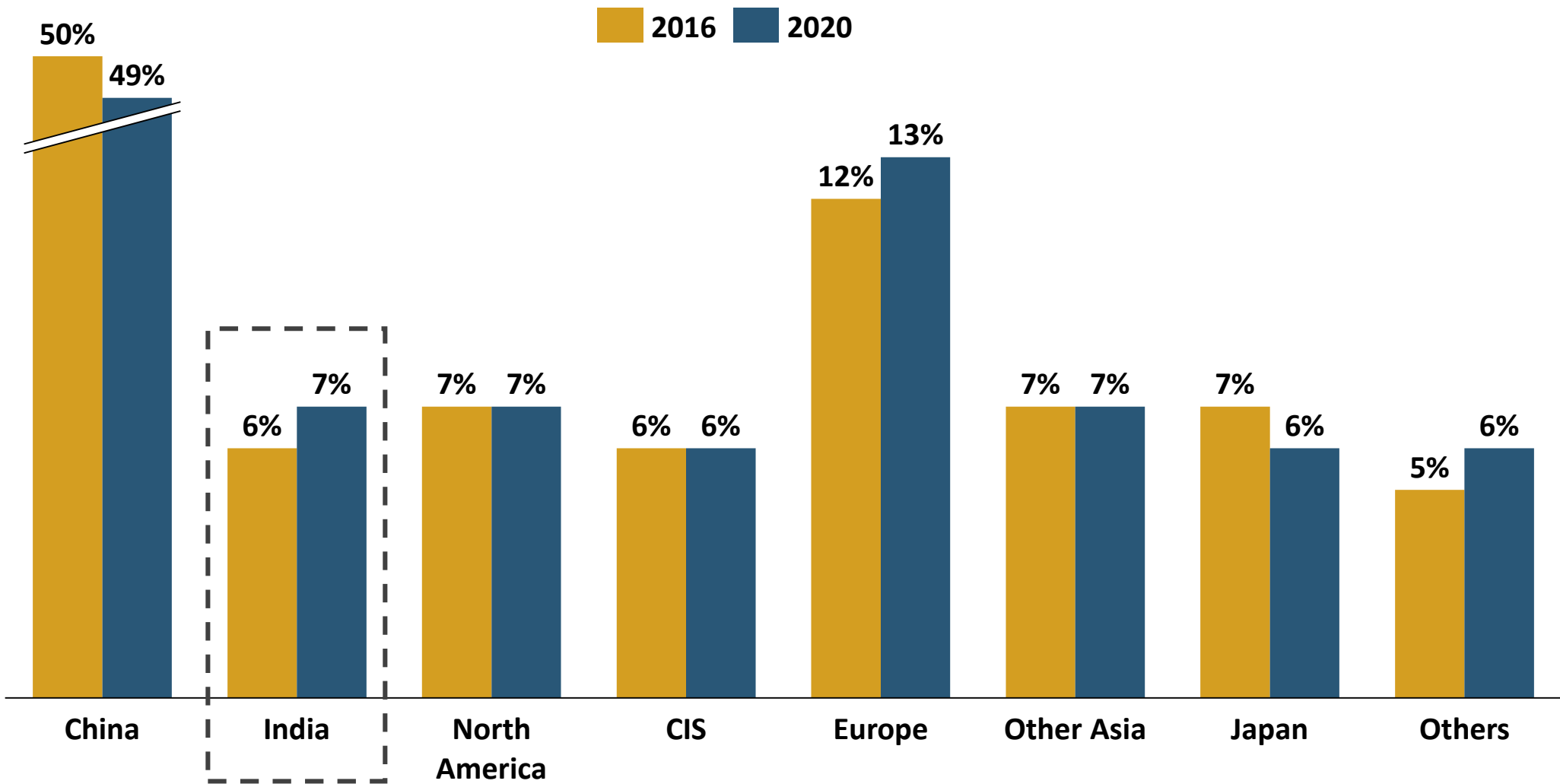
Top 5 Steel Consuming Countries



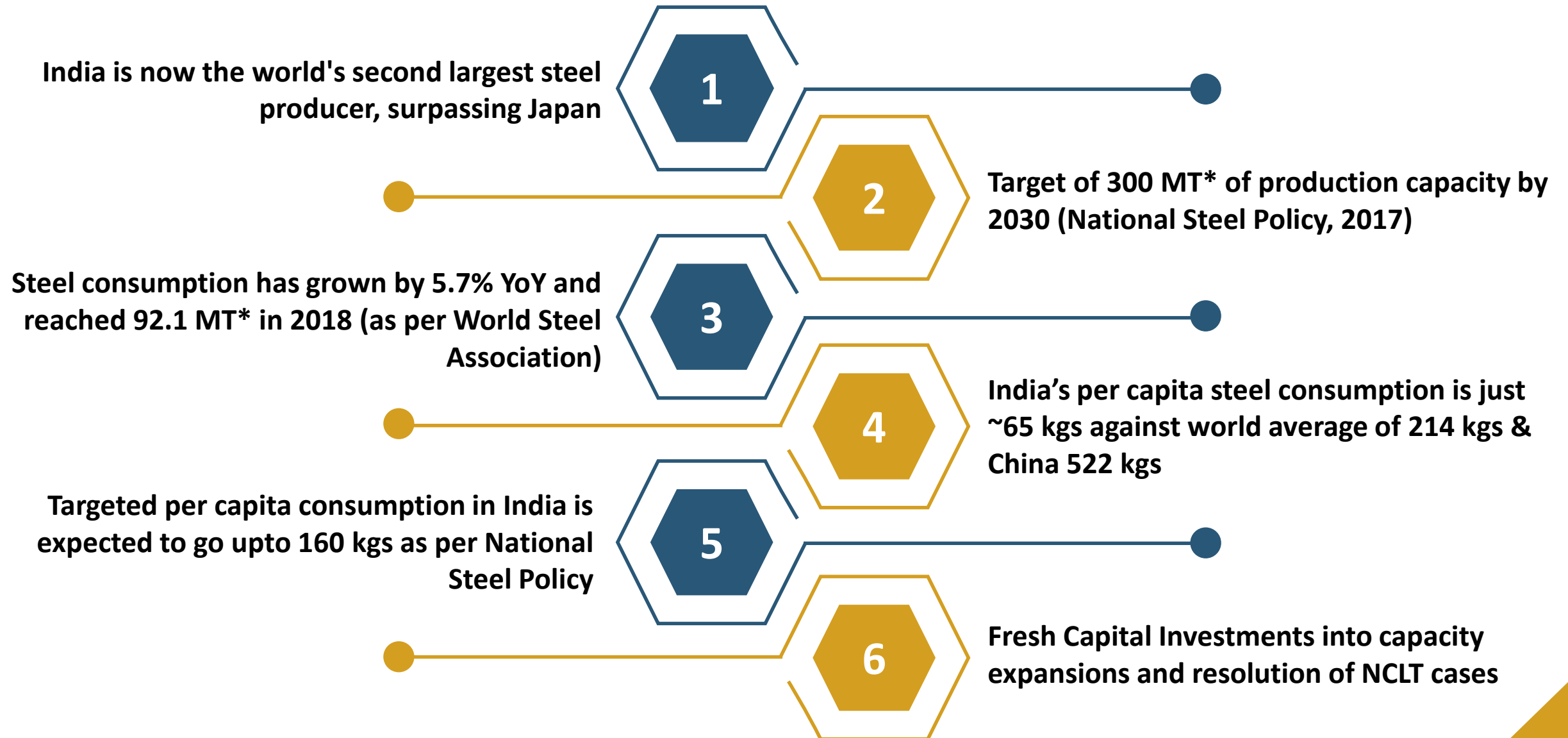
Source: World Steel Association

- 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**
- **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 short to medium term

India's share in Global Steel production expected to rise

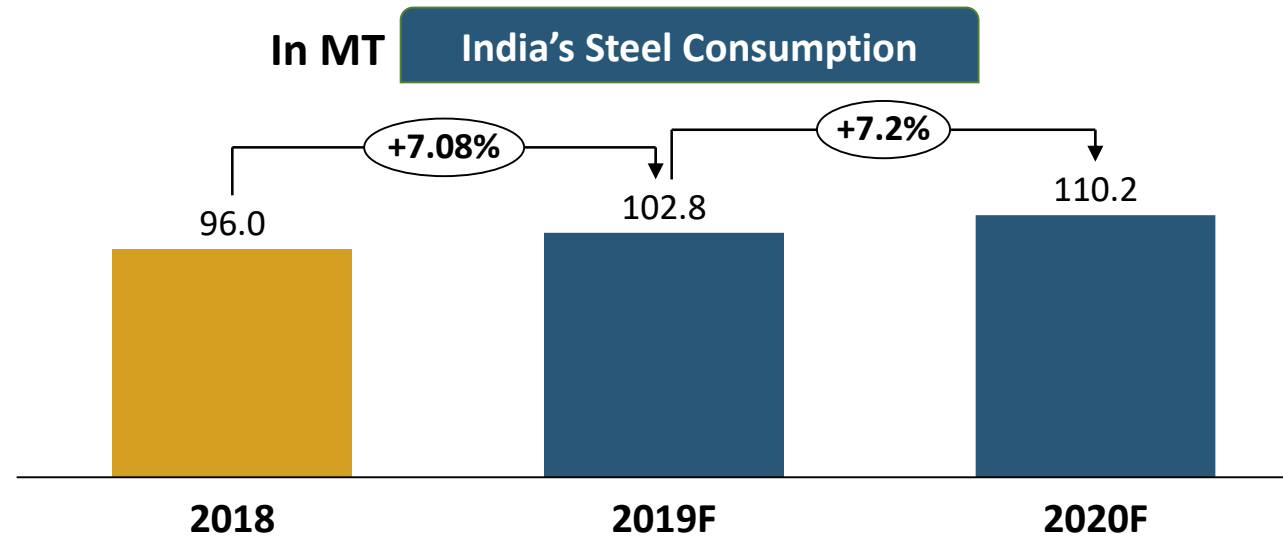


Domestic Steel Industry on a strong footing



* MT = Million Ton

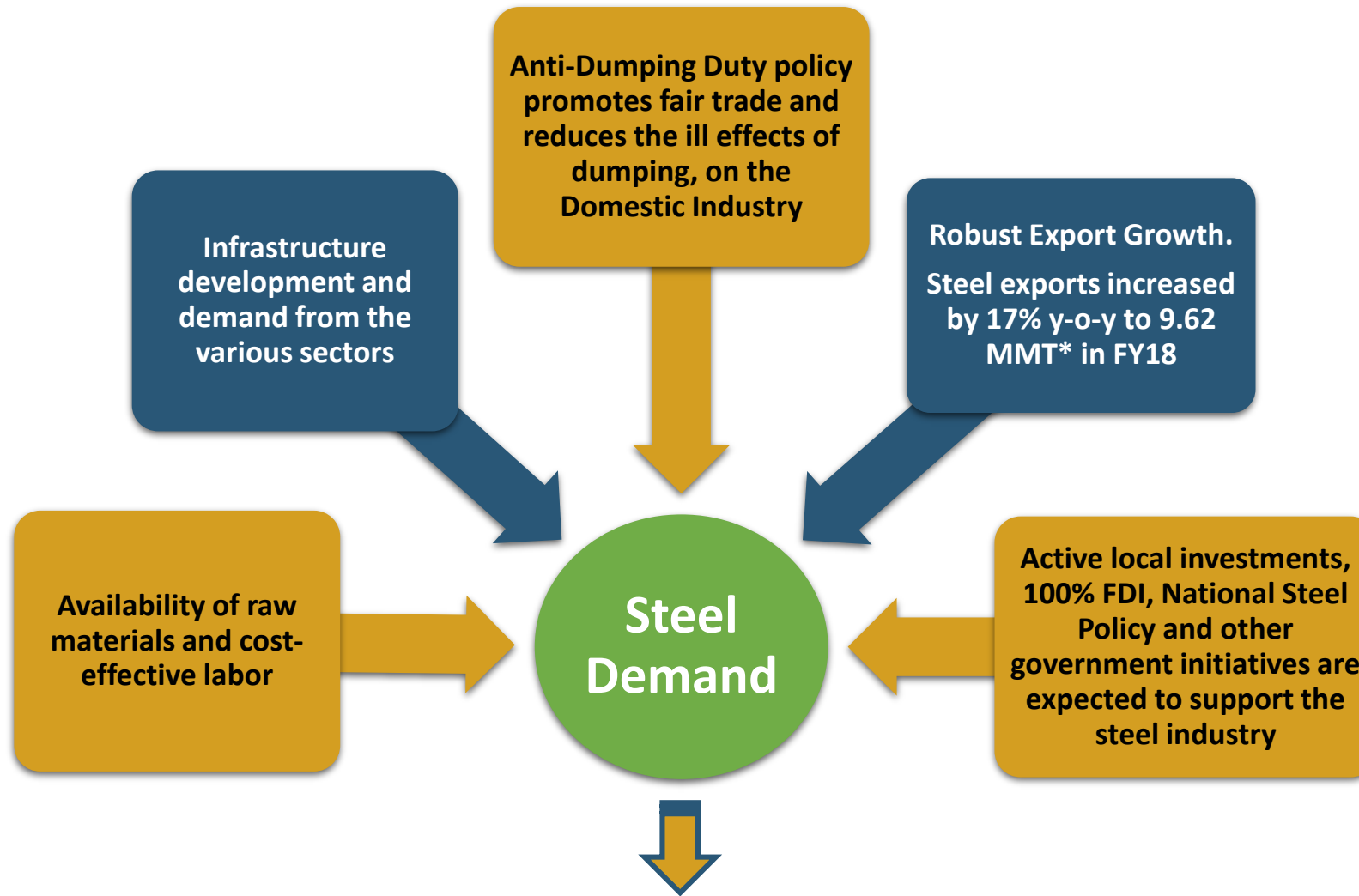
Strong Domestic consumption



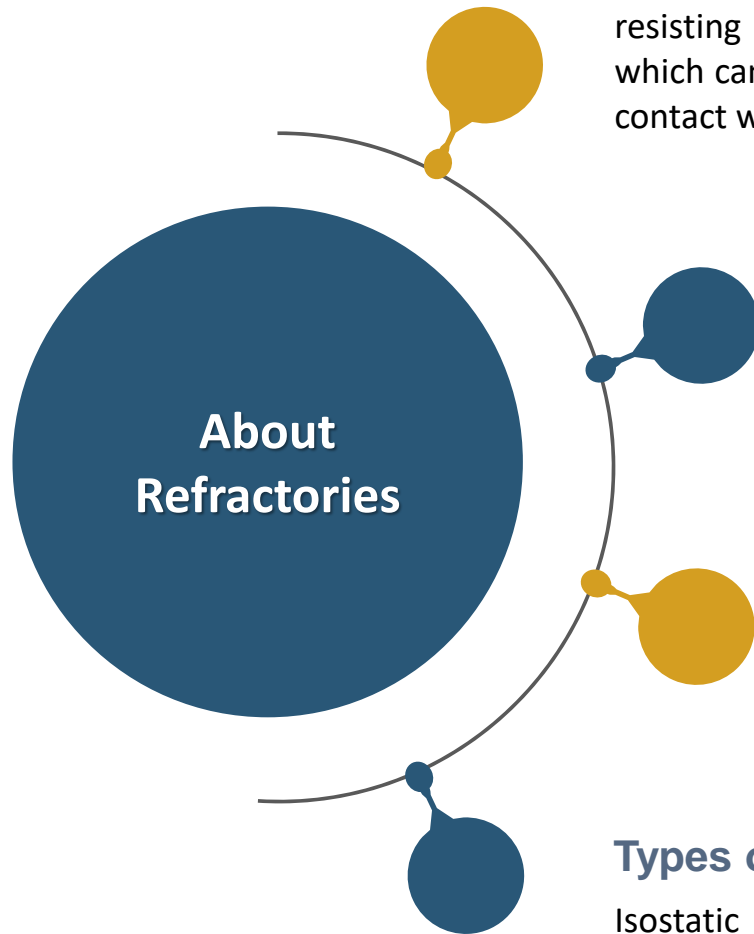
Particulars (in MTPA)	FY18	FY19F	YoY%	FY20F	YoY%
India	96.0	102.8	7.1%	110.2	7.2%
China	835.0	843.3	1%	834.9	-1%
USA	100.2	101.4	1.2%	101.7	0.3%
Japan	65.4	64.7	-1.1%	64.2	-0.8%

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.



What are Refractories

Refractories are material having high melting points, with properties that make them suitable to act as heat-resisting barriers between high and low temperature zones. Refractories are inorganic nonmetallic material which can withstand high temperature without undergoing physical or chemical changes while remaining in contact with molten slag, metal and gases

Raw Materials

Principal raw materials used in the production of refractories are: oxides of silicon, aluminum, magnesium, calcium and zirconium and some non-oxide refractories like alumina, carbides, nitrides, borides, silicates and graphite

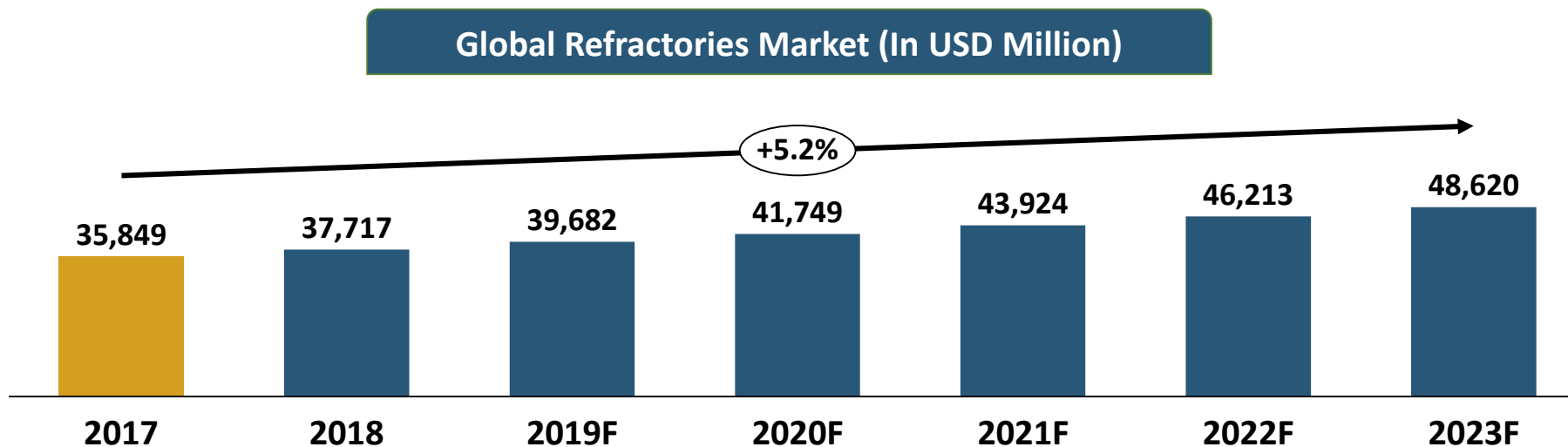
Uses

Refractories are used by metallurgy industry for flow control and also in the internal linings of furnaces, kilns, reactors and other vessels for holding and transporting metal and slag. In non-metallurgical industries, the refractories are mostly installed on fired heaters, hydrogen reformers, ammonia primary and secondary reformers, cracking furnaces, utility boilers, catalytic cracking units, coke calciner, sulfur furnaces, air heaters, ducting, stacks, etc.

Types of Refractories

Isostatic Refractories, Slide Gate Refractories & Systems, Tube Changer Refractories & System, Purging System & Refractories, Cast Products & Zirconia Nozzles, Monolithics/ Castable & Foundry Ceramics

Global Refractories Market outlook (2018-2023)



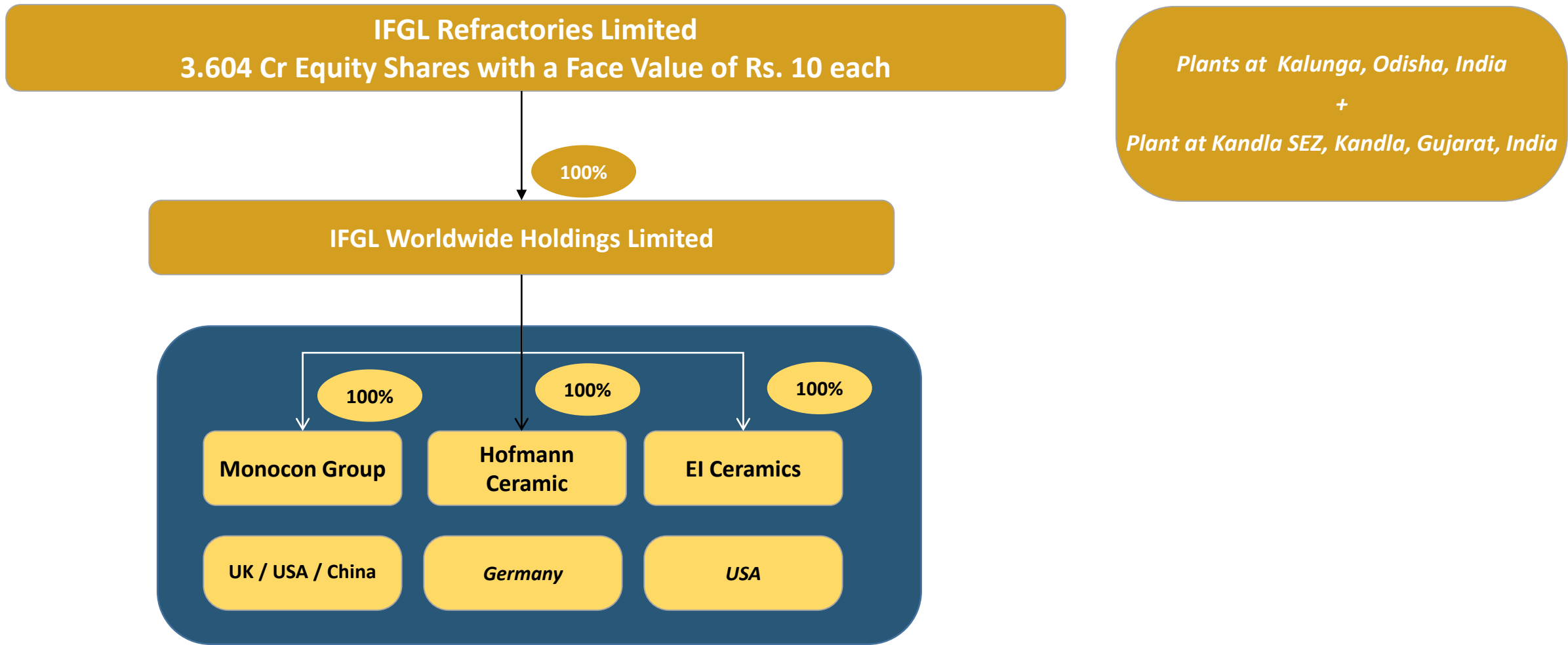
Reasons contributing to growth



- Global Refractories Market is estimated to grow at a CAGR of 5.2% and reach size of \$ 48,620 Million by 2023
- India is expected to exhibit promising growth in 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
- 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



...simplified to create value for shareholders

Consolidated Q2 & H1 FY20 Profit & Loss

Profit & Loss [Rs. Crs.]	Q2 FY20	Q2 FY19	Y-o-Y%	H1 FY20	H1FY19	Y-o-Y%
Total Income	223.0	219.9	1.4%	476.4	459.0	3.8%
Materials consumed	110.3	99.5		240.7	220.5	
Employee Expenses	37.7	37.5		75.0	72.4	
Other Expenses	48.8	51.7		104.4	103.0	
EBITDA	26.2	31.2	-16.1%	56.4	63.1	-10.6%
EBITDA %	11.7%	14.2%		11.8%	13.7%	
Depreciation	4.9	4.8		9.8	9.0	
Goodwill written off*	6.7	6.7		13.4	13.4	
Finance Cost	0.7	1.1		1.7	1.9	
Profit before Tax	13.8	18.6	-25.8%	31.5	38.8	-18.8%
Tax	1.3	4.9		5.4	9.6	
Profit after Tax	12.5	13.7	-8.8%	26.1	29.2	-10.6%
Profit after Tax %	5.6%	6.2%		5.5%	6.4%	
Cash Profit after Tax	23.3	25.9	-10.0%	49.0	53.2	-7.9%
Earnings Per Share (Rs.)	3.48	3.81		7.24	8.10	

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

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

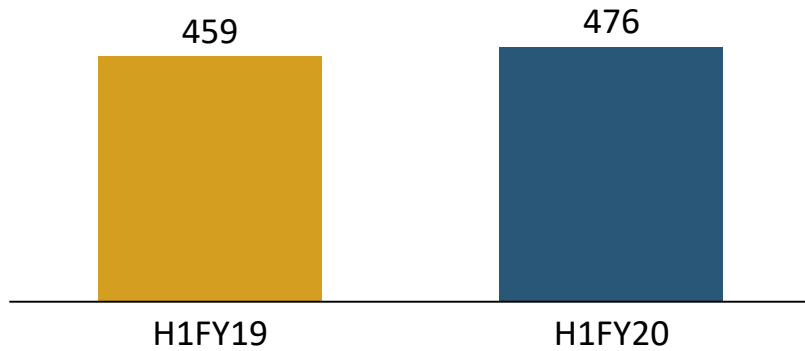
Consolidated Balance Sheet

Assets (in Rs. Crs.)	Sep-19	Mar-19
Non-current Assets	474.2	486.1
Fixed Assets		
Property Plant & Equipment	141.8	143.8
Right to Use Asset	9.2	0.0
Capital WIP	7.6	6.3
Goodwill	116.7	120.9
Intangible assets	176.0	189.4
Financial Assets		
Investments	0.5	0.5
Others	4.2	2.0
Deferred tax assets (net)	5.8	0.0
Tax Assets (Net)	1.3	11.8
Other Non-current Assets	11.2	11.3
Current Assets	555.2	532.7
Inventories	152.6	156.5
Financial Assets		
Investments	70.0	45.5
Trade Receivables	213.9	228.6
Cash & cash equivalents	91.3	76.3
Bank Balances	10.7	11.5
Other Financial Assets	1.2	1.1
Other Current Assets	15.6	13.1
Total Assets	1029.4	1,018.8

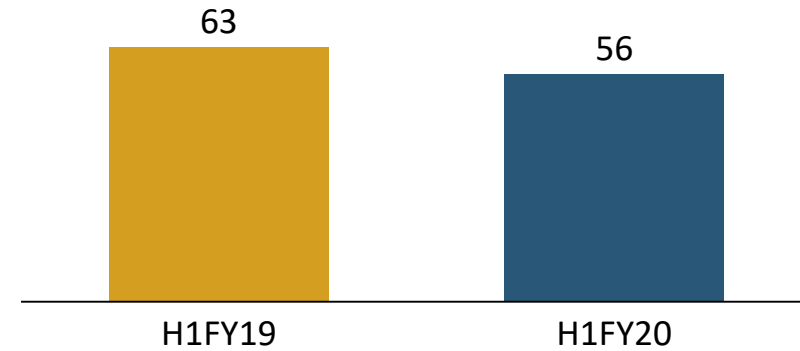
Equity & Liabilities (in Rs. Crs)	Sep-19	Mar-19
Equity	803.2	794.6
Share Capital	36.0	36.0
Other Equity	767.2	758.6
Non-Current Liabilities	37.3	20.4
Financial Liabilities		
Borrowings	16.9	15.6
Provisions	0.3	0.3
Deferred Tax Liabilities (Net)	10.1	4.5
Income Tax Liabilities (Net)	1.3	0.0
Lease Liabilities	8.7	0.0
Current Liabilities	189.0	203.8
Financial Liabilities		
Borrowings	64.8	68.9
Trade Payables	114.8	124.4
Other Financial Liabilities	6.8	8.4
Other Current Liabilities	1.3	1.7
Lease Liabilities	0.7	0.0
Provisions	0.5	0.3
Total Equity & Liabilities	1029.4	1018.8

H1 FY20 Consolidated Financial Highlights

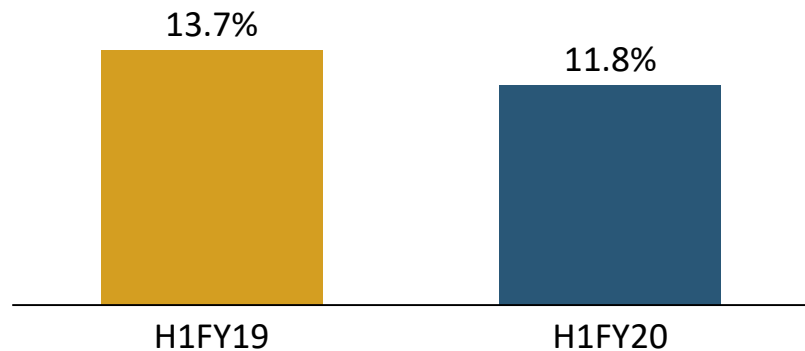
Total Income [Rs. Crs]



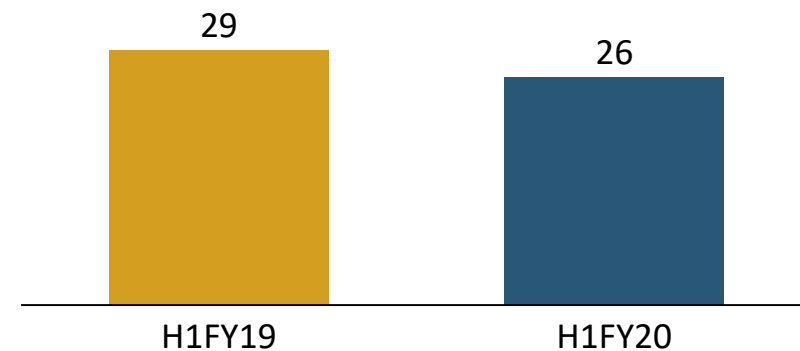
EBITDA [Rs. Crs]



EBITDA margin [%]



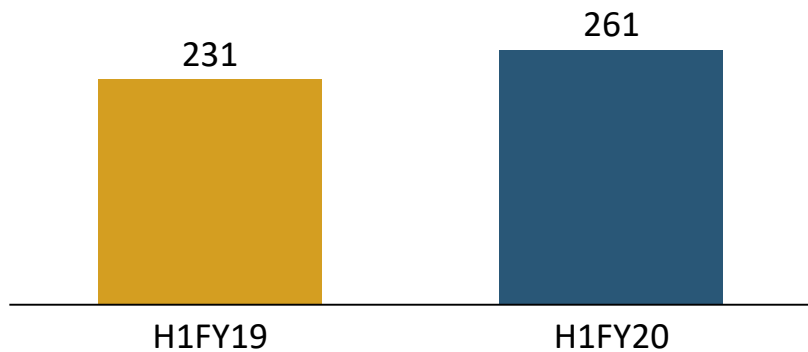
PAT [Rs. Crs]



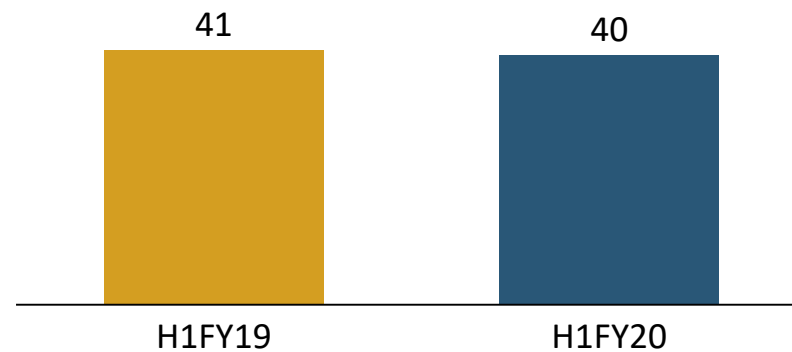
H1 FY20 Standalone Financial Highlights



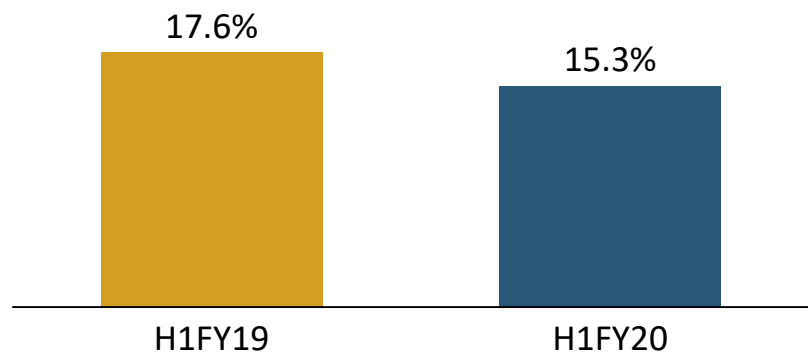
Total Income [Rs. Crs]



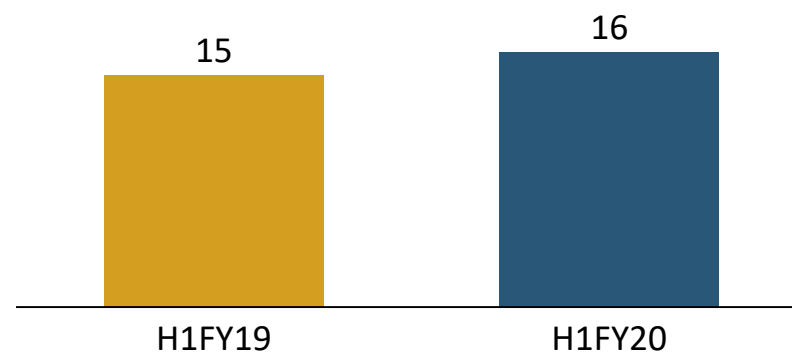
EBITDA [Rs. Crs]



EBITDA margin [%]



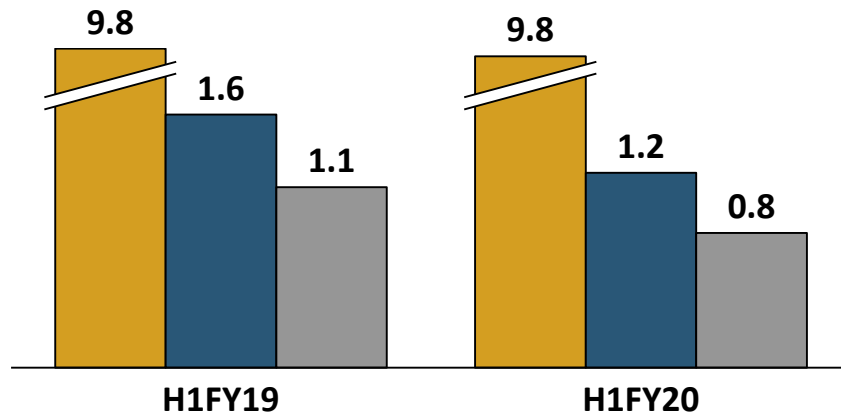
PAT [Rs. Crs]



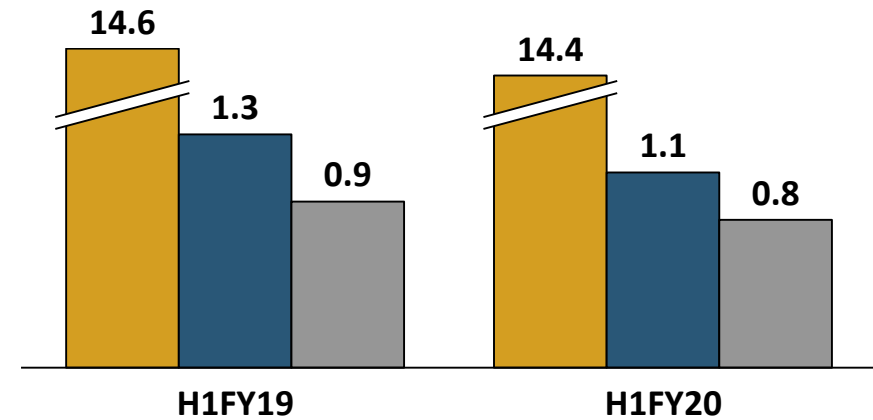
Subsidiaries Performance



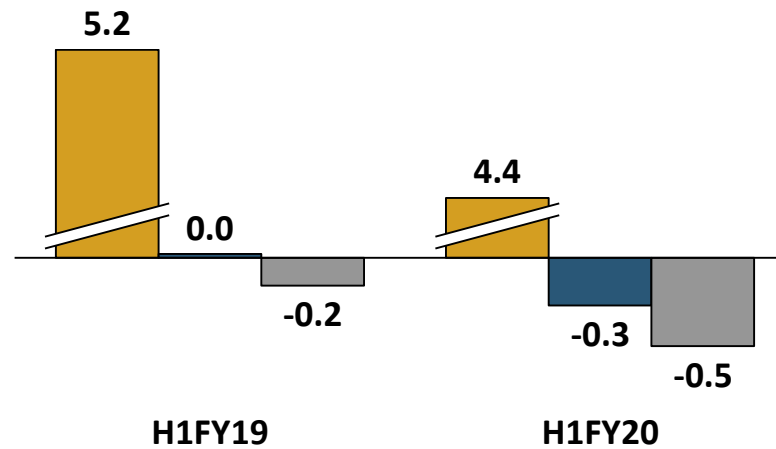
El Ceramics [\$ mn]



Monocon Group [GBP mn]



Hofmann Ceramic [Euro mn]



Ongoing Capex to boost performance



~Rs. 8 Cr : For Capacity expansions & debottlenecking



- 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**



- 10 acre Land acquired
- Plant for manufacturing of New products
- **Phase 1** (involving cost of **Rs. 30 Cr**) likely be completed by **FY21**

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

Consistently performing over the years...

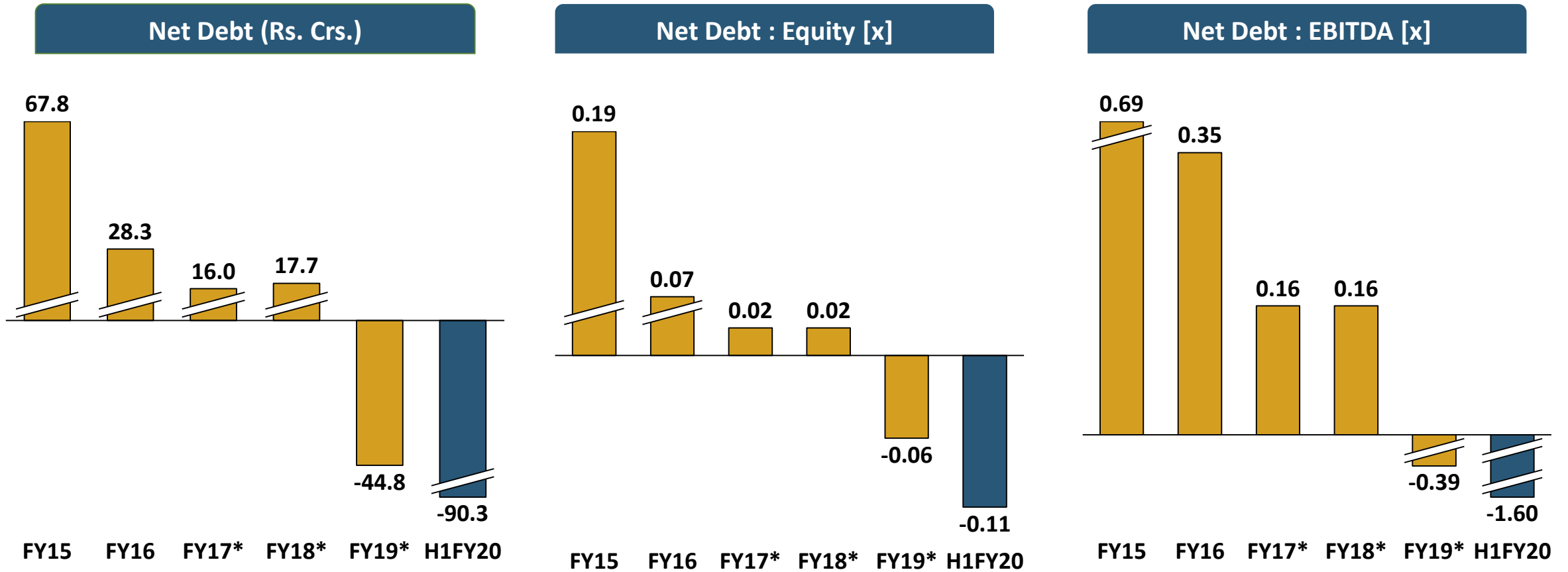
Particulars [Rs. Crs.]	FY15^	FY16^	FY17^	FY18^	FY19
Total Income	793.5	722.1	769.5	839.7	946.1
Materials consumed	406.1	365.2	362.0	421.4	473.1
Employee Expenses	117.9	119.6	120.9	126.7	146.2
Other Expenses	170.6	156.1	183.5	181.3	212.3
EBITDA	98.9	81.2	103.1	110.3	114.5
EBITDA %	12.5%	11.2%	13.4%	13.1%	12.1%
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
Profit before Tax and Minority Interest (MI)	78.7	60.9	54.5	62.6	64.1
Tax	25.4	15.7	4.6	15.4	13.6
Profit after Tax & before MI	53.3	45.2	50.0	47.1	50.5
Minority Interest	0.2	3.2	0.0	0.0	0.0
Profit after Tax & MI	53.1	41.9	50.0	47.1	50.5
Cash Profit	67.4	57.5	83.6	92.0	95.1
Earnings Per share (Rs.)	15.12	12.12	13.86	13.07	14.00

^ 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

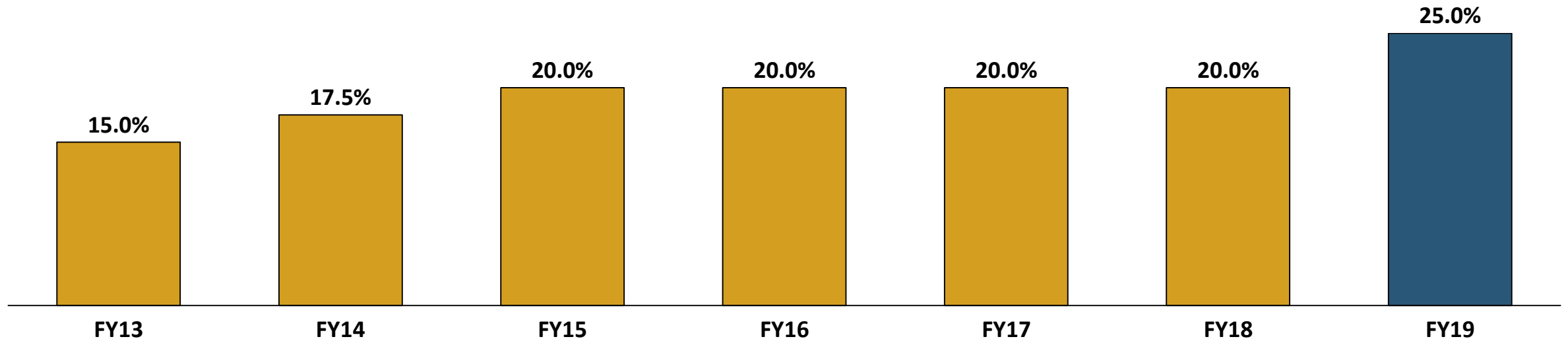
...to create sustainable value for Shareholders...



We are a Net Cash Company at the end of September 2019

* Figures post Merger

...with consistent Payout

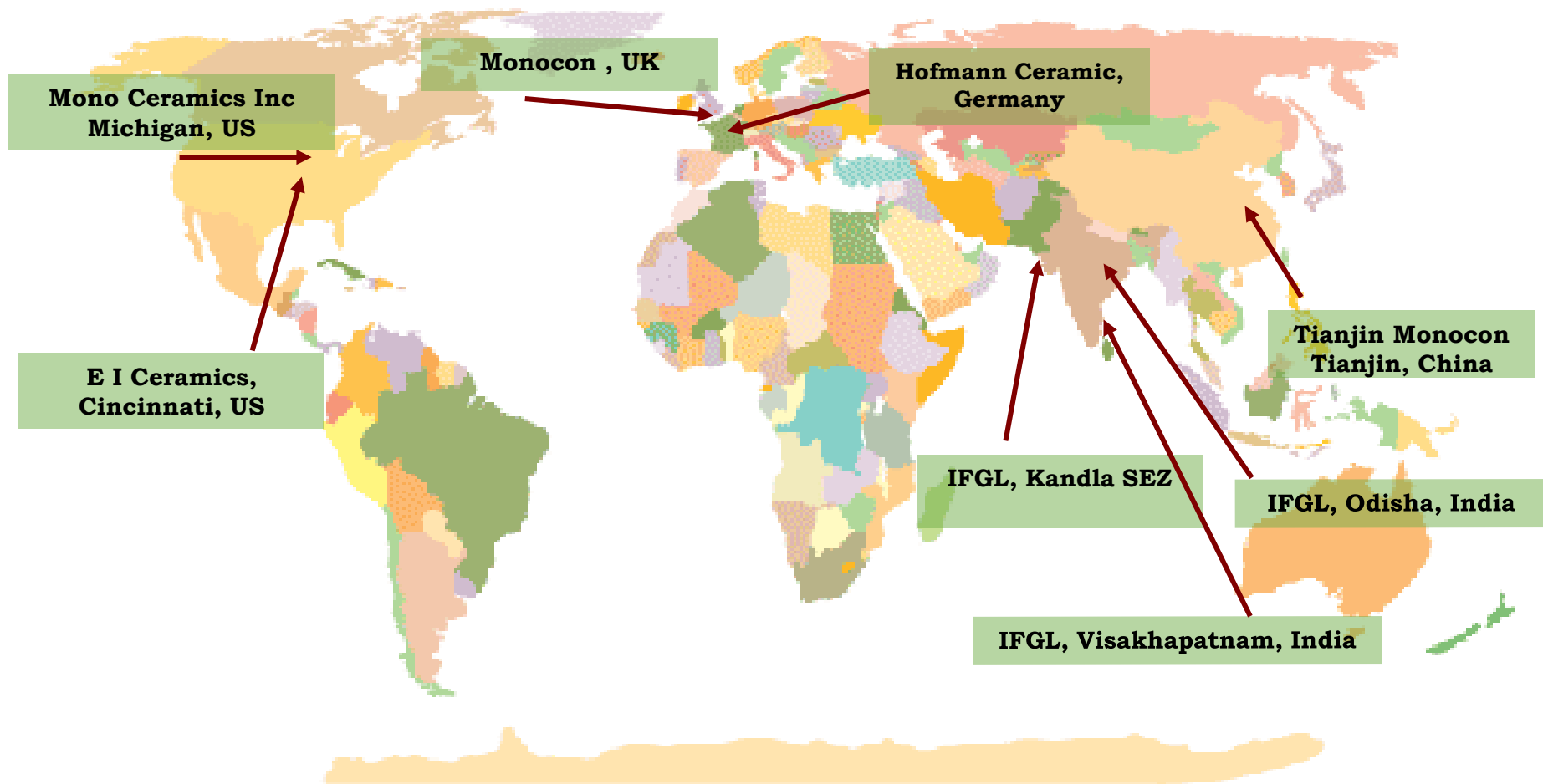


Particulars (Rs.)	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Consolidated Book Value Per Share	70.9	95.1	99.6	111.7	189.9	208.7	220.5
Consolidated Earning Per Share	7.9	18.3	15.1	12.1	13.9	13.1	14.0
Dividend Per Share	1.5	1.75	2.00	2.00	2.00	2.00	2.50



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 in Finance, Accounts, Commercial & Operations
- More than 20 years of working experience in the refractory industry
- Previously was COO of erstwhile IFGL Refractories Ltd. till February 2011. Currently also Chairman of Indian Refractory Makers Association

...serving the specialized refractory segment...

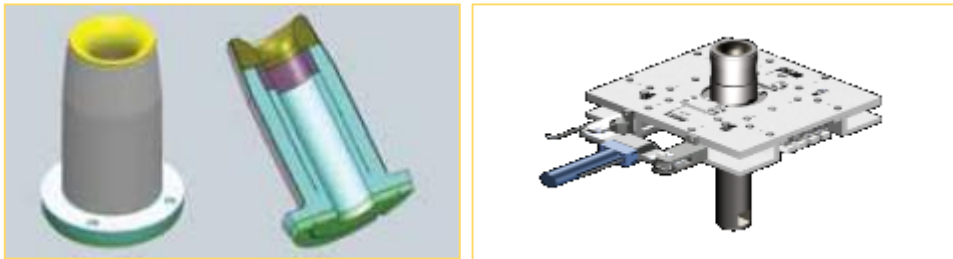
Isostatic Refractories



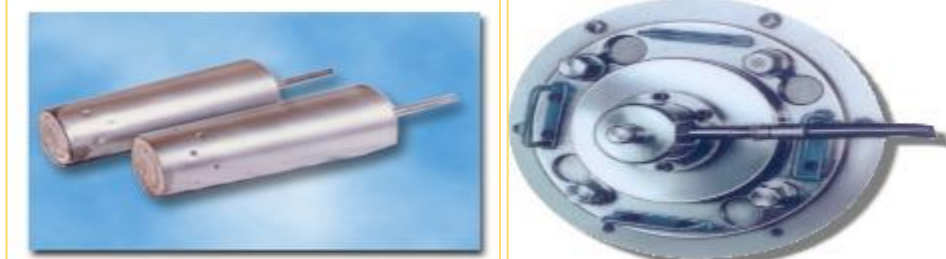
Slide Gate Refractories & Systems



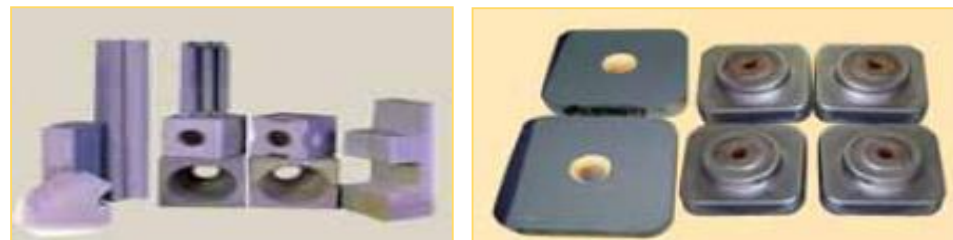
Tube Changer Refractories & System



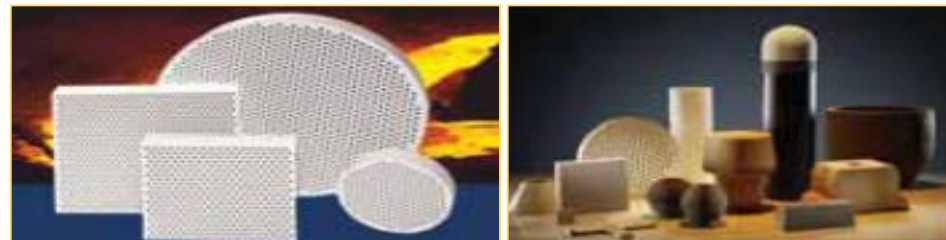
Purging System & Refractories



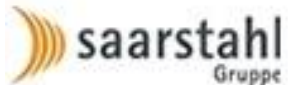
Cast Products & Zirconia Nozzles



Foundry Ceramics



...to reputed names in the Global Steel Industry



For further information, please contact:



Company :

IFGL Refractories Ltd.

CIN - L51909OR2007PLC027954

Mr. Rajesh Agrawal

rajesh.agarwal@ifgl.in

www.ifglref.com

SGA Strategic Growth Advisors

Investor Relations Advisors :

Strategic Growth Advisors Pvt. Ltd.

CIN - U74140MH2010PTC204285

Mr. Shogun Jain / Mr. Pratik R. Shah

shogun.jain@sgapl.net / pratik.shah@sgapl.net

+91 77383 77756 / +91 97692 60769

www.sgapl.net