

**COMMITTED TO
CLEAN METAL**



IFGL Refractories Limited

(Formerly IFGL Exports Limited)

Investor Presentation
August 2019



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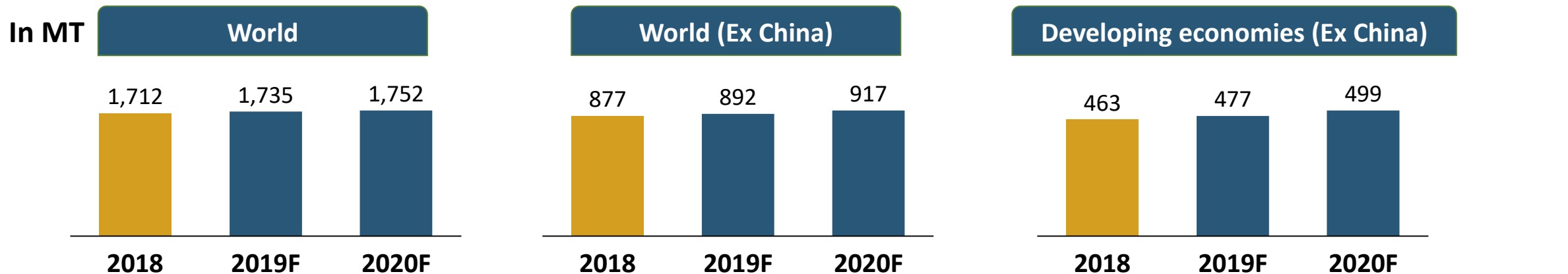
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Industry Overview

Global Steel Demand outlook



Source: World Steel Association

Reasons contributing to growth



➤ Global outlook:

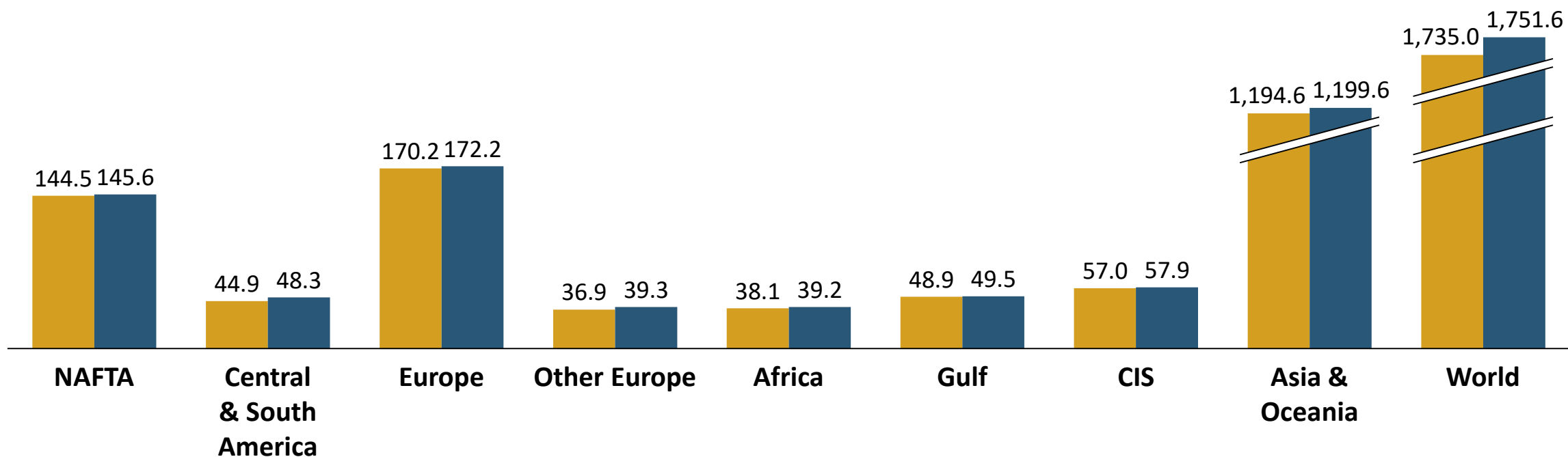
- Global steel demand is expected to continue to grow in 2019 and 2020
- However, uncertainty surrounding trade policies, volatility in the financial markets and China's deceleration could pose downside risks to this forecast

➤ India Outlook:

- Indian economy is expected to achieve 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

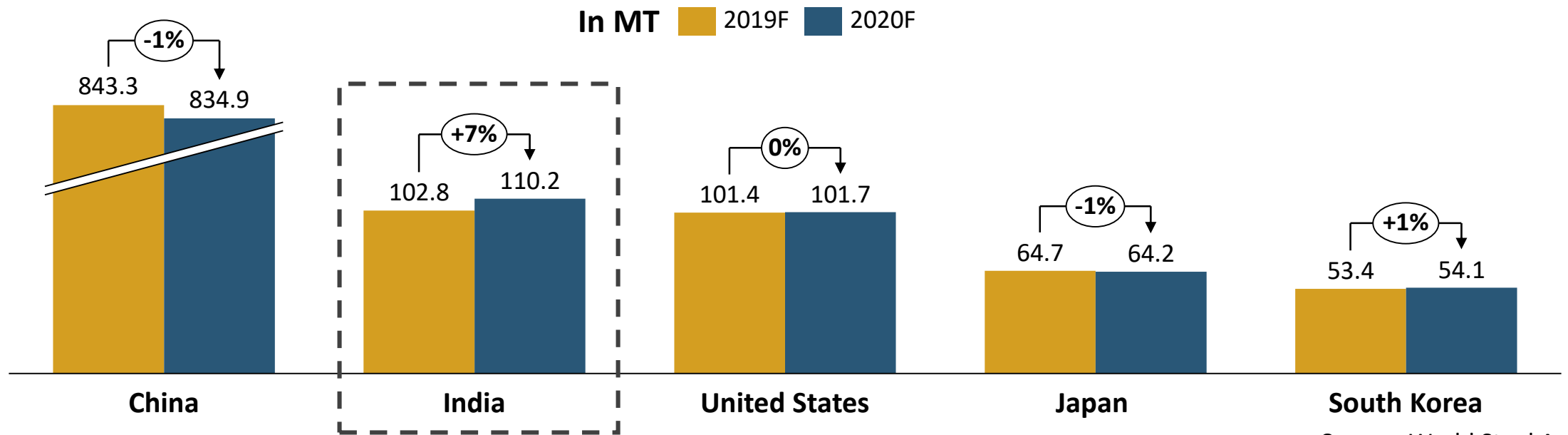
Forecasted Global Short-Term Steel Demand

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



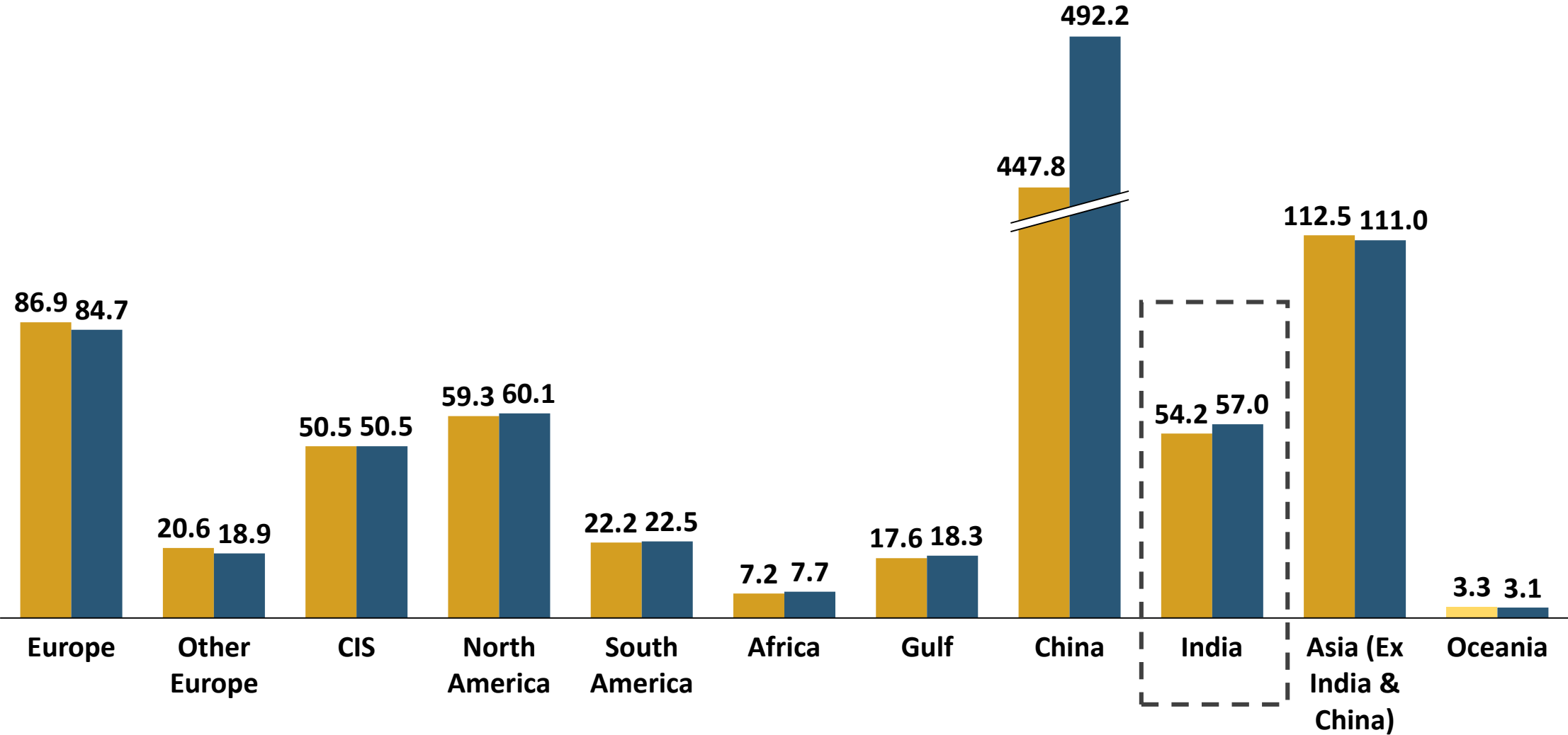
Source: World Steel Association

- 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

Global Steel production

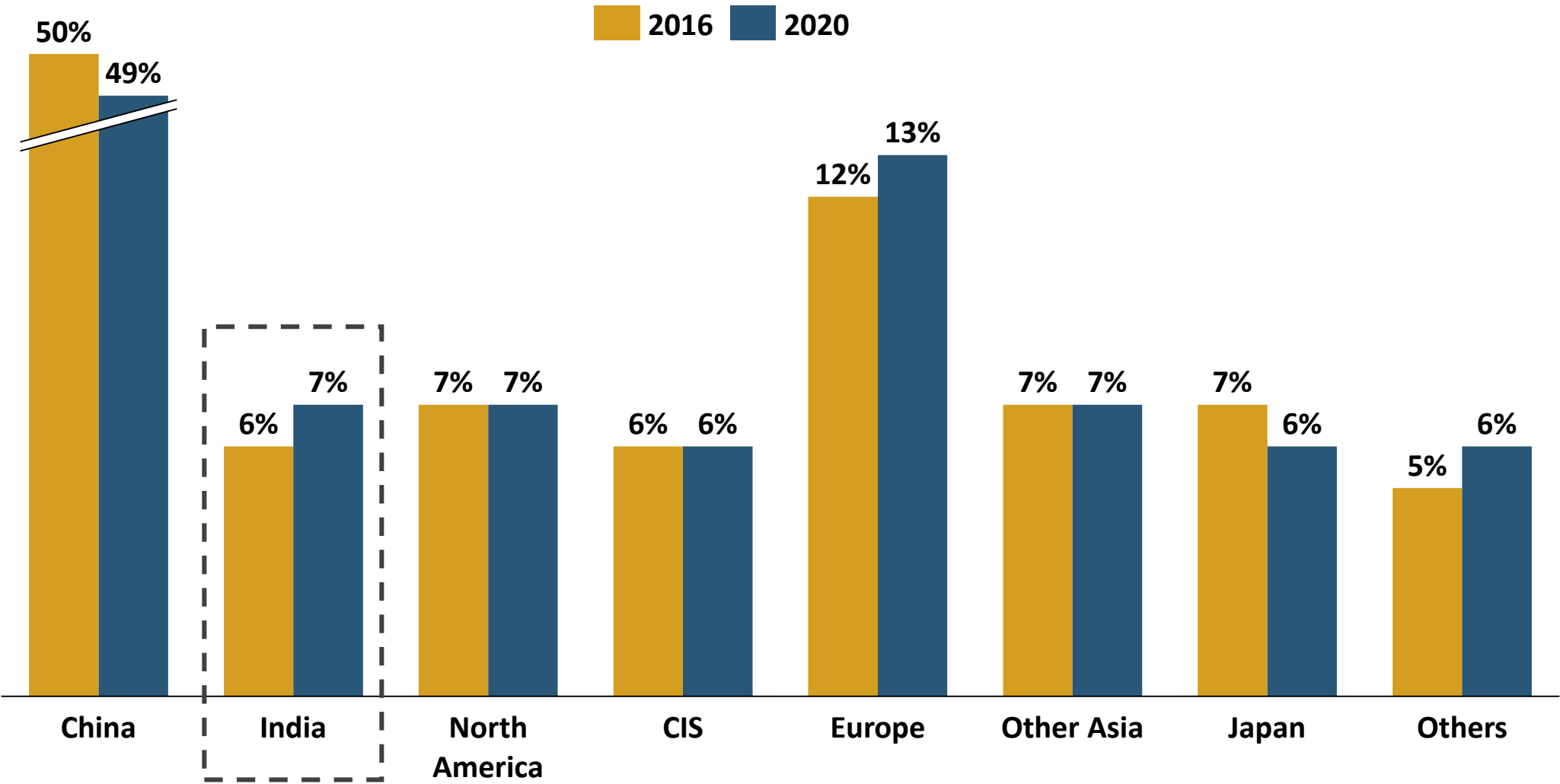


In MT ■ Jan-Jun 2018 ■ Jan-Jun 2019



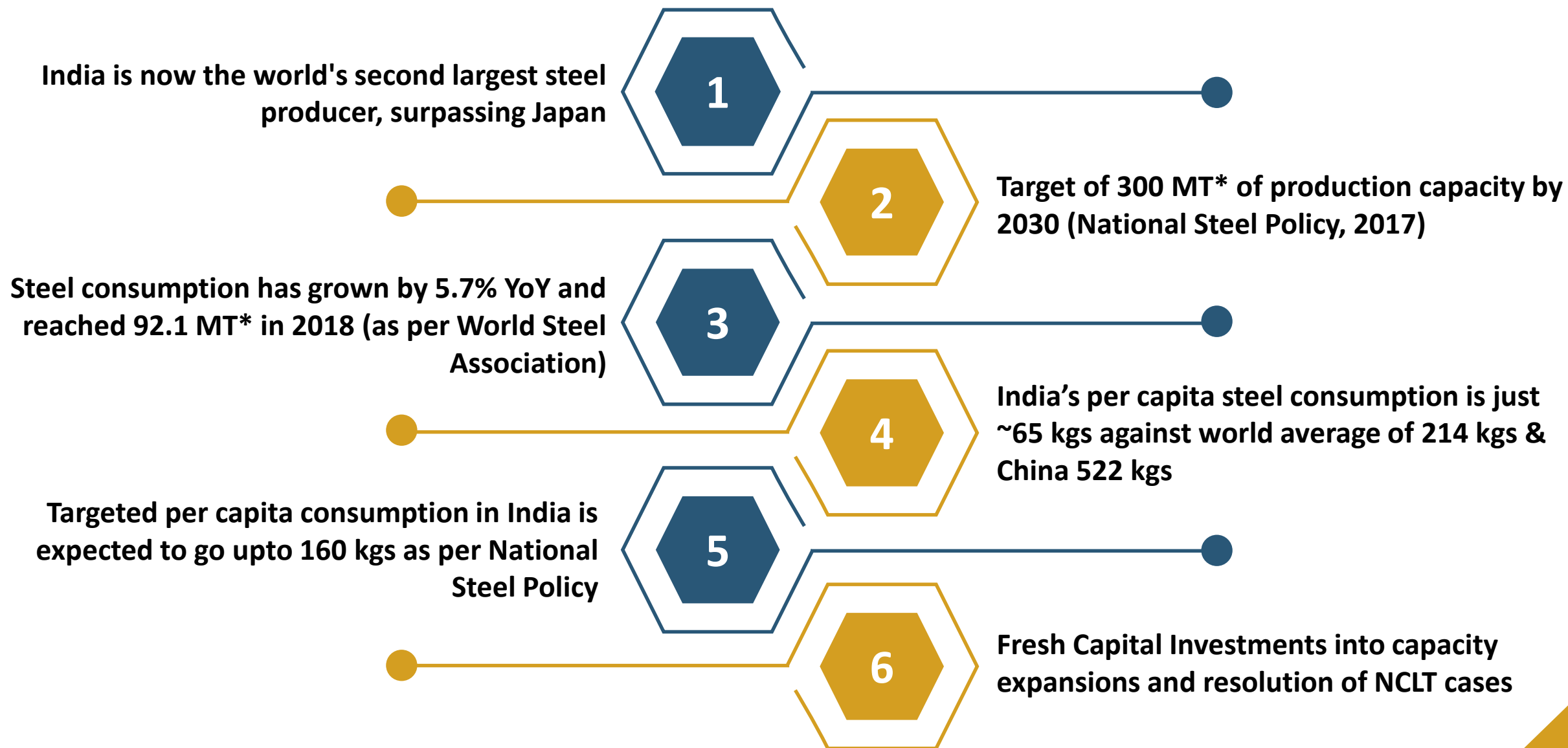
Source: World Steel Association

India's share in Global Steel production expected to rise

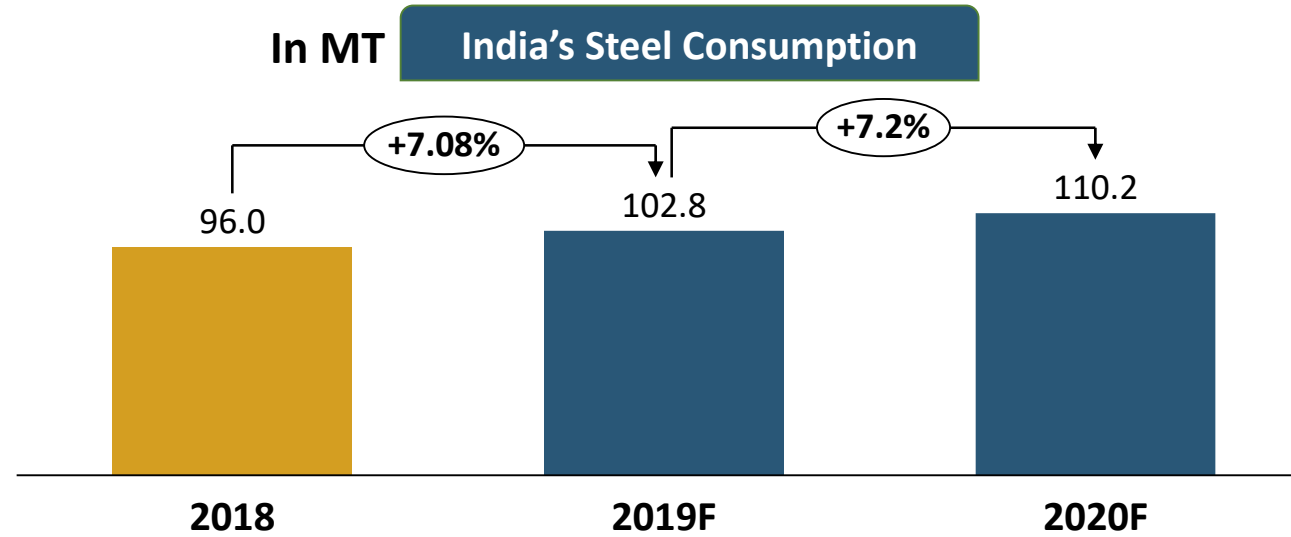


Source: BofA Merrill Lynch Report

Domestic Steel Industry on a strong footing



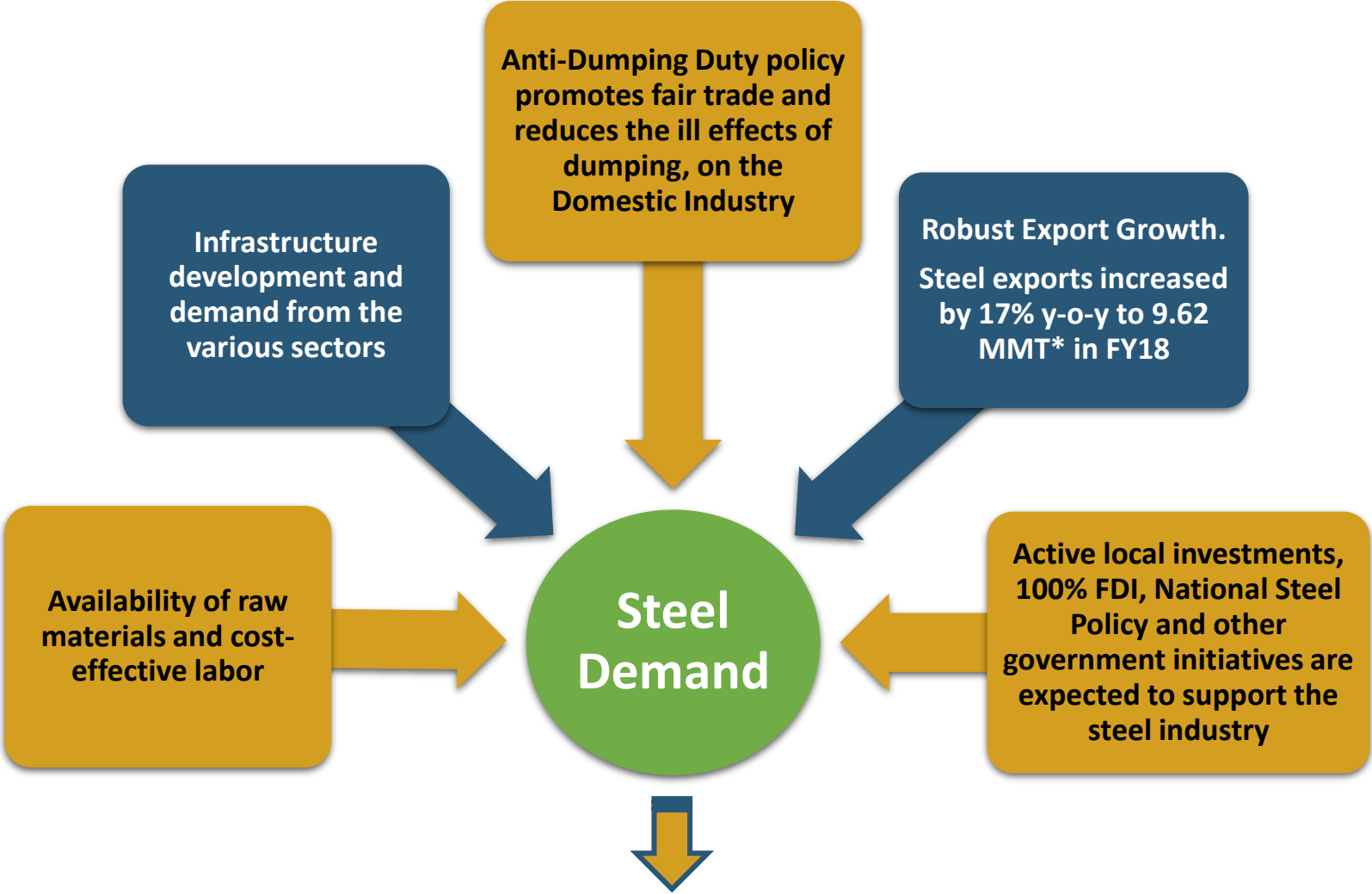
Strong Domestic consumption



| 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% |

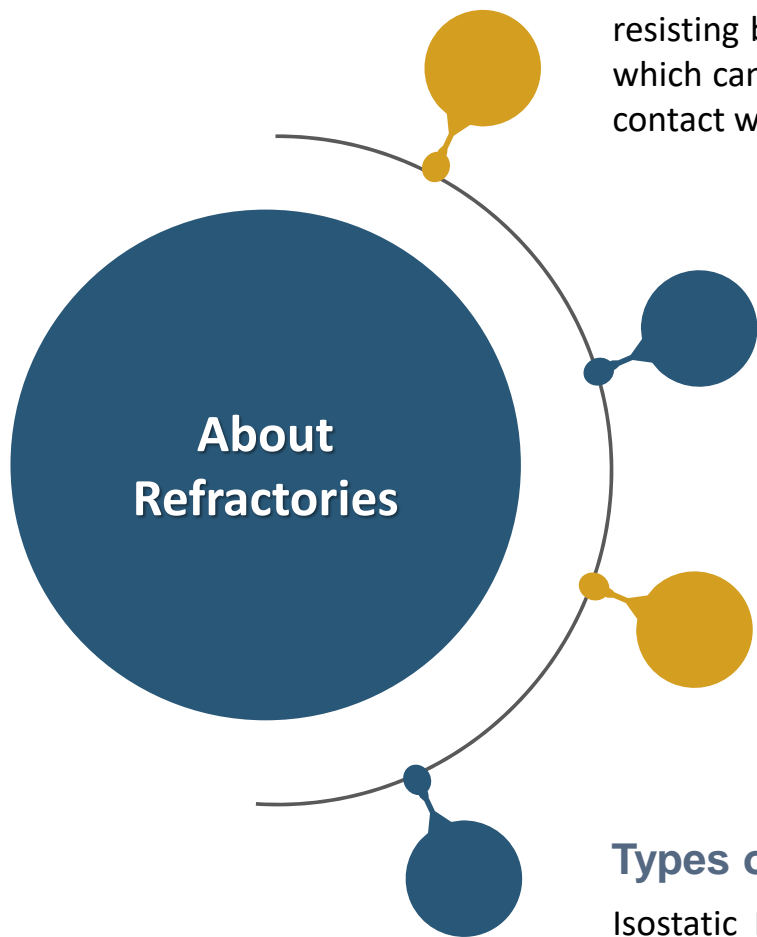
India is expected to witness high demand, whereas others are expected to remain flat

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.

About Refractories



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

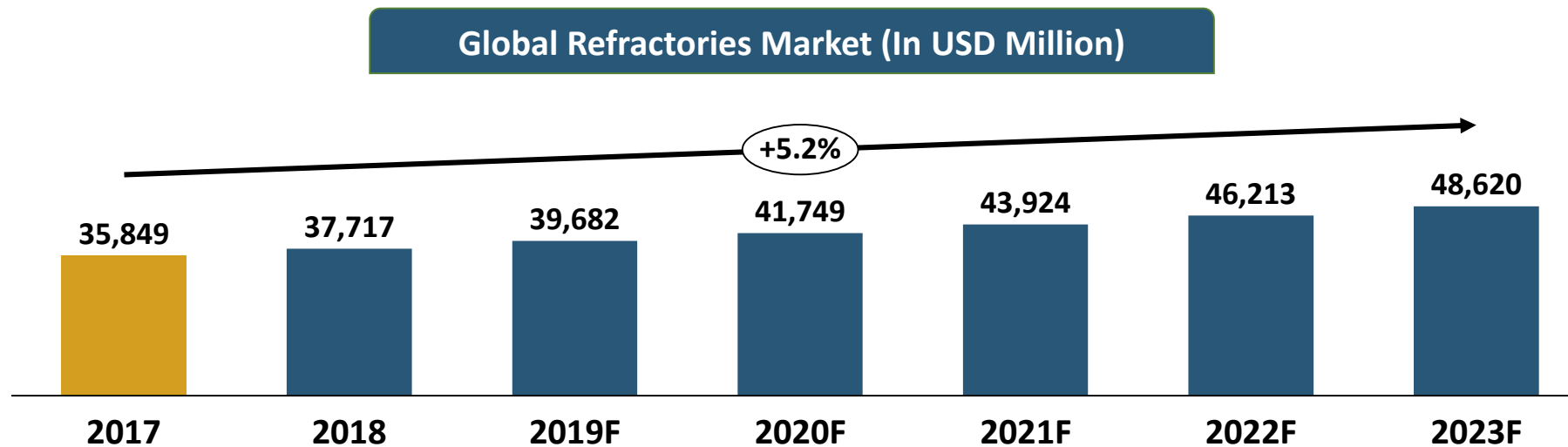
Uses

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

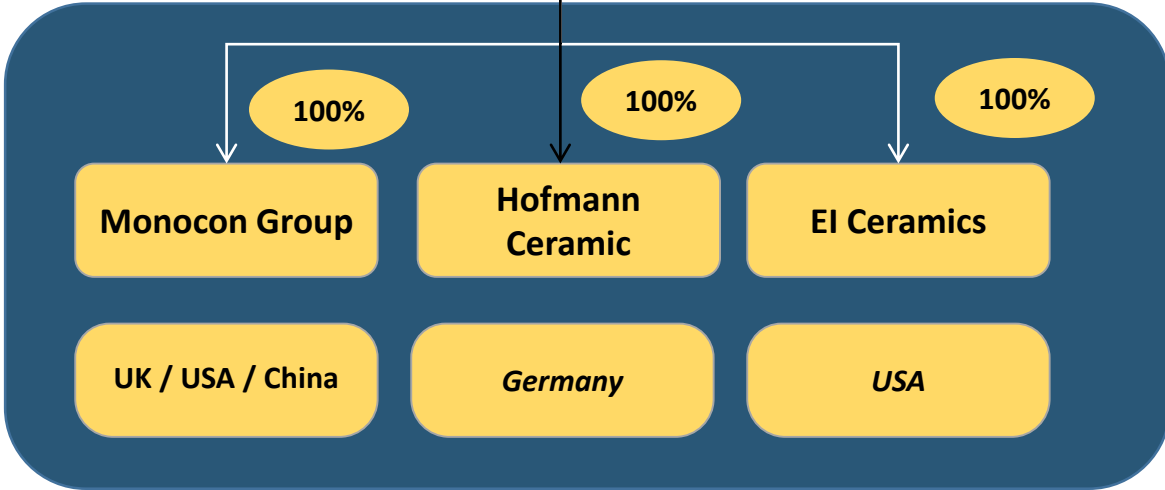
The background features a white central area. On the left side, a dark blue triangle points towards the bottom-right corner. On the right side, a gold triangle points towards the bottom-left corner.

Our Performance

IFGL Refractories Limited
3.604 Cr Equity Shares with a Face Value of Rs. 10 each

100%

IFGL Worldwide Holdings Limited



Plants at Kalunga, Odisha, India
+
Plant at Kandla SEZ, Kandla, Gujarat, India

...simplified to create value for shareholders

Consolidated Q1FY20 Profit & Loss

| Profit & Loss [Rs. Crs.] | Q1 FY20 | Q1 FY19 | Y-o-Y% | Q4 FY19 | Q-o-Q% | FY19 |
|---------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|
| Total Income | 253.4 | 239.1 | 6.0% | 251.2 | 0.9% | 946.1 |
| Materials consumed | 130.4 | 121.1 | | 134.8 | | 473.1 |
| Employee Expenses | 37.2 | 34.8 | | 35.5 | | 146.2 |
| Other Expenses | 55.6 | 51.3 | | 53.7 | | 212.3 |
| EBITDA | 30.2 | 31.9 | -5.3% | 27.2 | 11.0% | 114.5 |
| EBITDA % | 11.9% | 13.3% | | 10.8% | | 12.1% |
| Depreciation | 4.9 | 4.2 | | 5.0 | | 19.2 |
| Goodwill written off* | 6.7 | 6.7 | | 6.7 | | 26.8 |
| Finance Cost | 1.0 | 0.8 | | 1.2 | | 4.5 |
| Profit before Tax | 17.7 | 20.2 | -12.5% | 14.2 | 24.4% | 64.1 |
| Tax | 4.1 | 4.7 | | 1.2 | | 13.6 |
| Profit after Tax | 13.6 | 15.5 | -12.5% | 13.1 | 3.5% | 50.5 |
| Profit after Tax % | 5.4% | 6.5% | | 5.2% | | 5.3% |
| Cash Profit after Tax | 25.7 | 27.3 | -6.0% | 21.5 | 19.3% | 95.1 |
| Earnings Per Share (Rs.) | 3.8 | 4.29 | | 3.62 | | 14 |

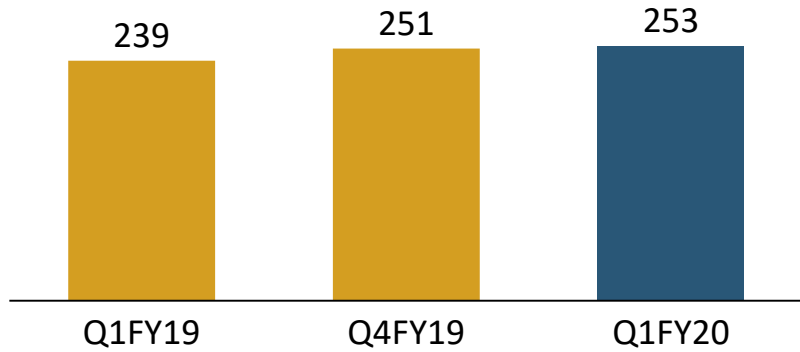
Cash PAT = Profit after Tax + Deferred tax + Depreciation + Goodwill written off on account of Merger

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

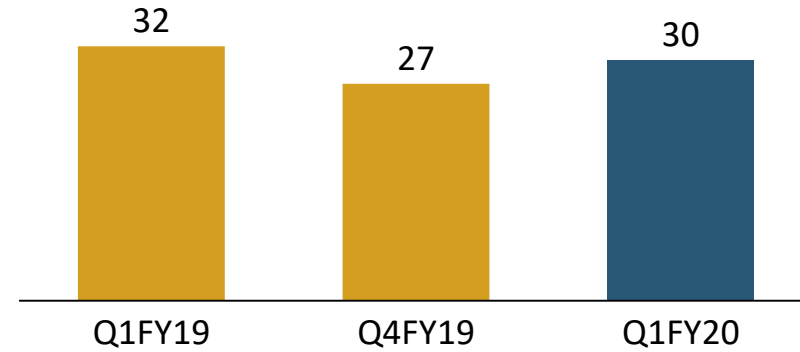
Q1FY20 Consolidated Financial Highlights



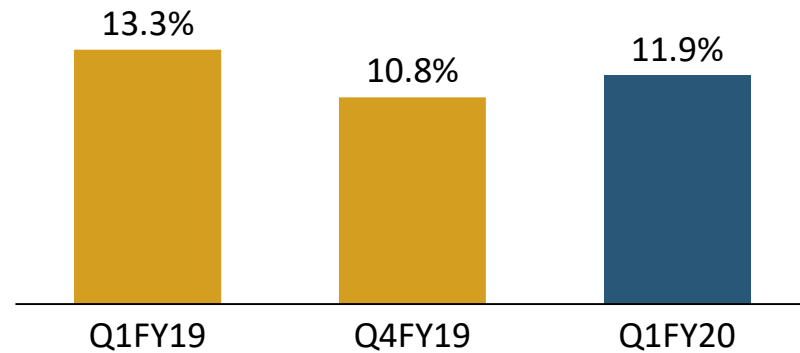
Total Income [Rs. Crs]



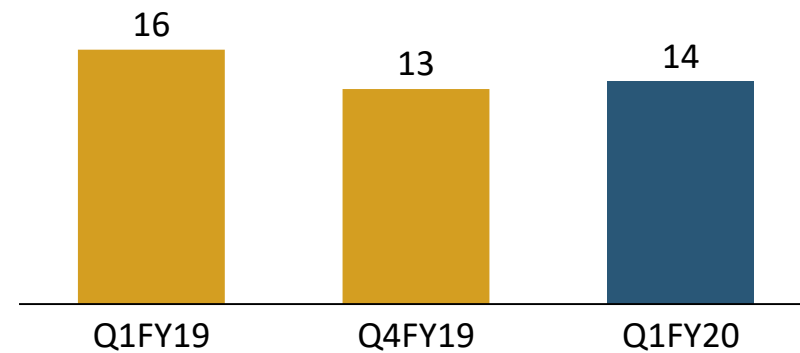
EBITDA [Rs. Crs]



EBITDA margin [%]



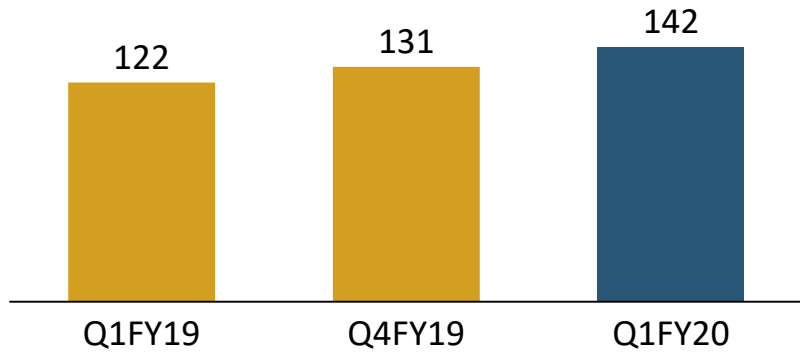
PAT [Rs. Crs]



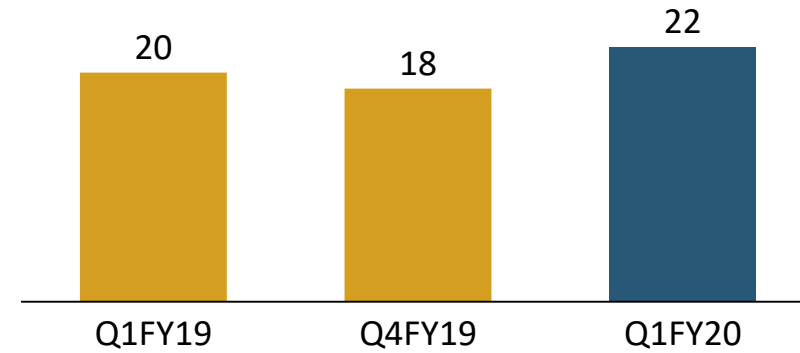
Q1FY20 Standalone Financial Highlights



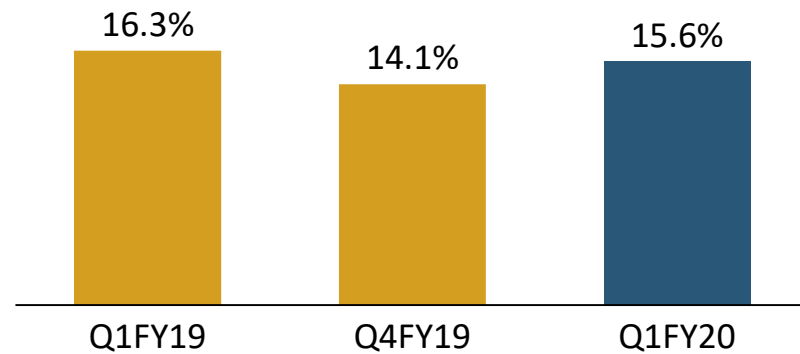
Total Income [Rs. Crs]



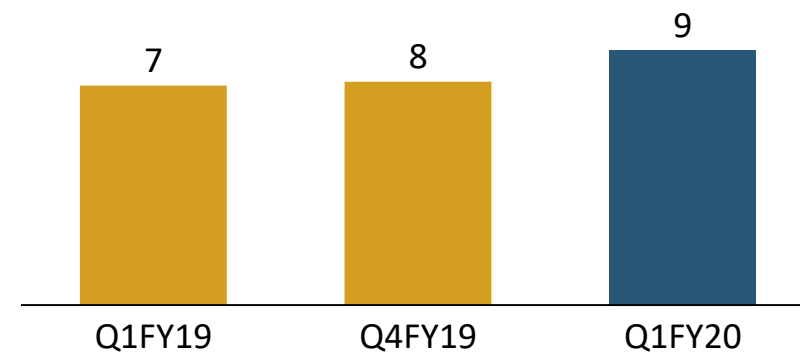
EBITDA [Rs. Crs]



EBITDA margin [%]

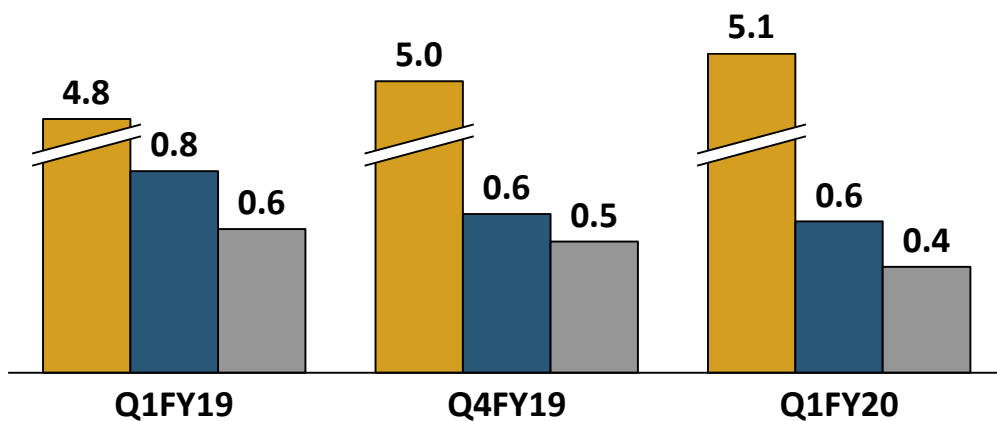


PAT [Rs. Crs]

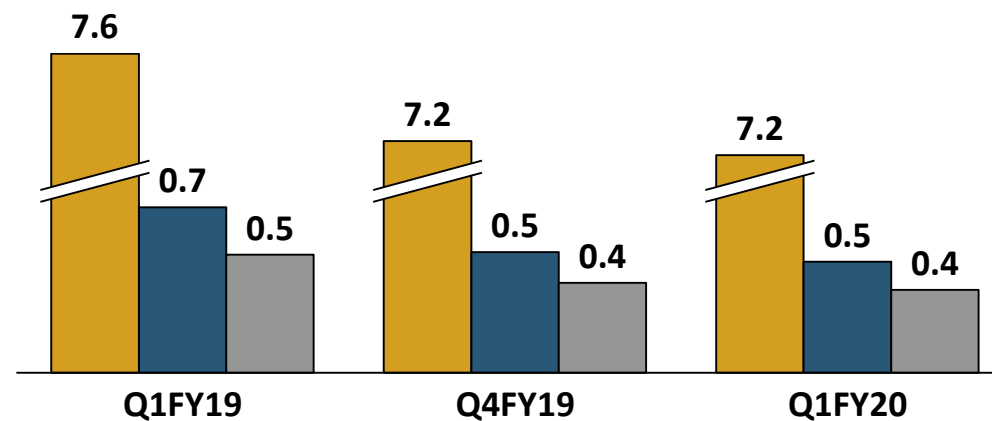


Subsidiaries Performance

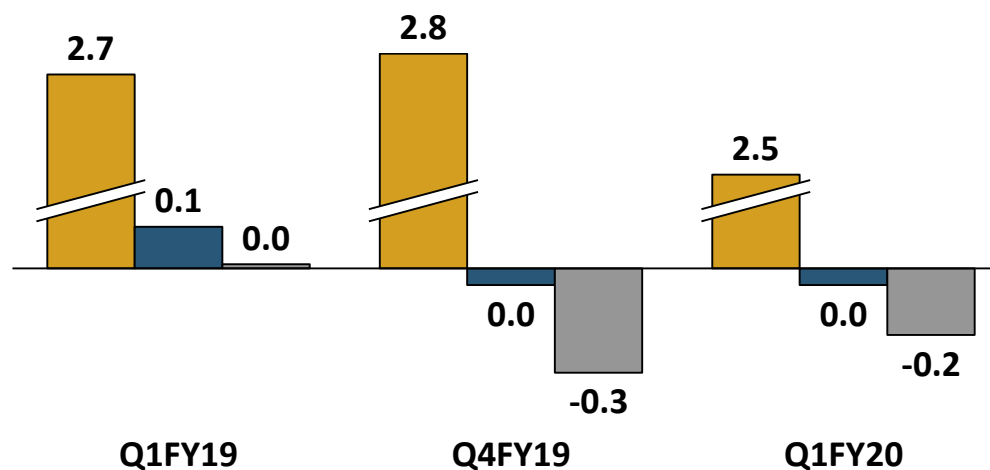
El Ceramics [\$ mn]



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. 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 |
|---|-------------------|-------------------|-------------------|-------------------|--------------|
| 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

Consolidated Balance Sheet

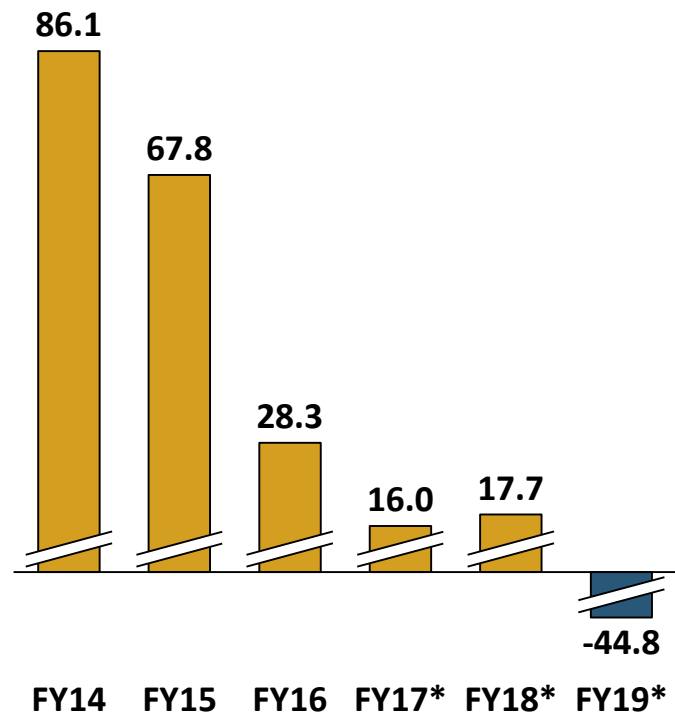


| Assets (in Rs. Crs.) | Mar-19 | Mar-18 |
|----------------------------|----------------|--------------|
| Non current Assets | 486.1 | 493.0 |
| Fixed Assets | | |
| Property Plant & Equipment | 143.8 | 122.0 |
| Capital WIP | 6.3 | 8.2 |
| Goodwill | 120.9 | 122.3 |
| Intangible assets | 189.4 | 217.0 |
| Financial Assets | | |
| 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 |
| Current Assets | 532.7 | 505.5 |
| Inventories | 156.5 | 108.3 |
| Financial Assets | | |
| 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 |
| Total Assets | 1,018.8 | 998.5 |

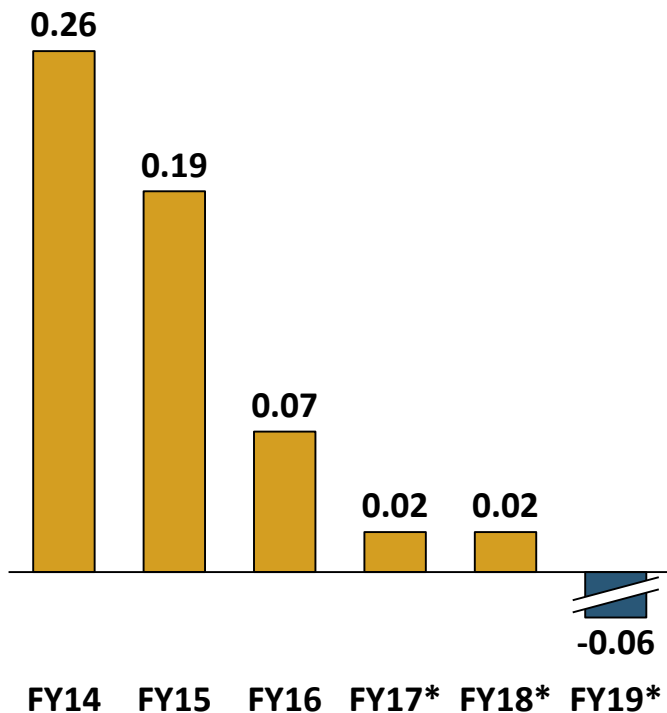
| Equity & Liabilities (in Rs. Crs) | Mar-19 | Mar-18 |
|---------------------------------------|----------------|--------------|
| Equity | 794.6 | 752.0 |
| Share Capital | 36.0 | 36.0 |
| Other Equity | 758.6 | 716.0 |
| Non controlling interest | | |
| Non Current Liabilities | 20.4 | 23.9 |
| Financial Liabilities | | |
| Borrowings | 15.6 | 20.5 |
| Provisions | 0.3 | 0.2 |
| Deferred Tax Liabilities (Net) | 4.5 | 3.2 |
| Current Liabilities | 203.8 | 222.6 |
| Financial Liabilities | | |
| 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 |
| Total Equity & Liabilities | 1,018.8 | 998.5 |

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

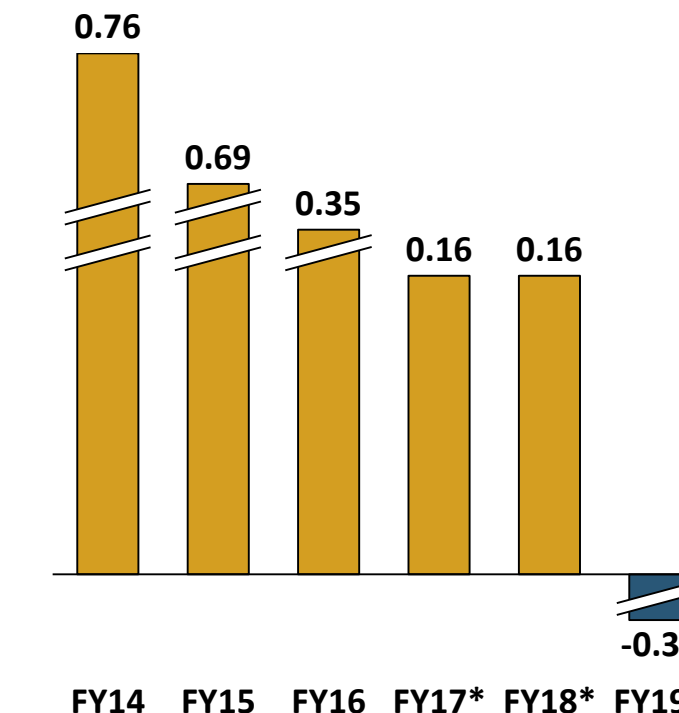
Net Debt (Rs. Crs.)



Net Debt : Equity [x]



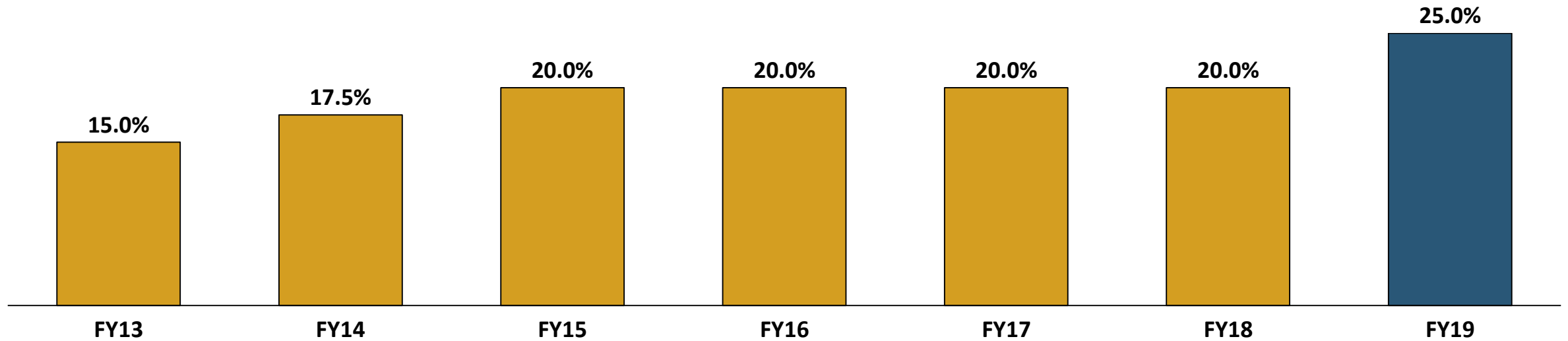
Net Debt : EBITDA [x]



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

* Figures post Merger

...with consistent Payout

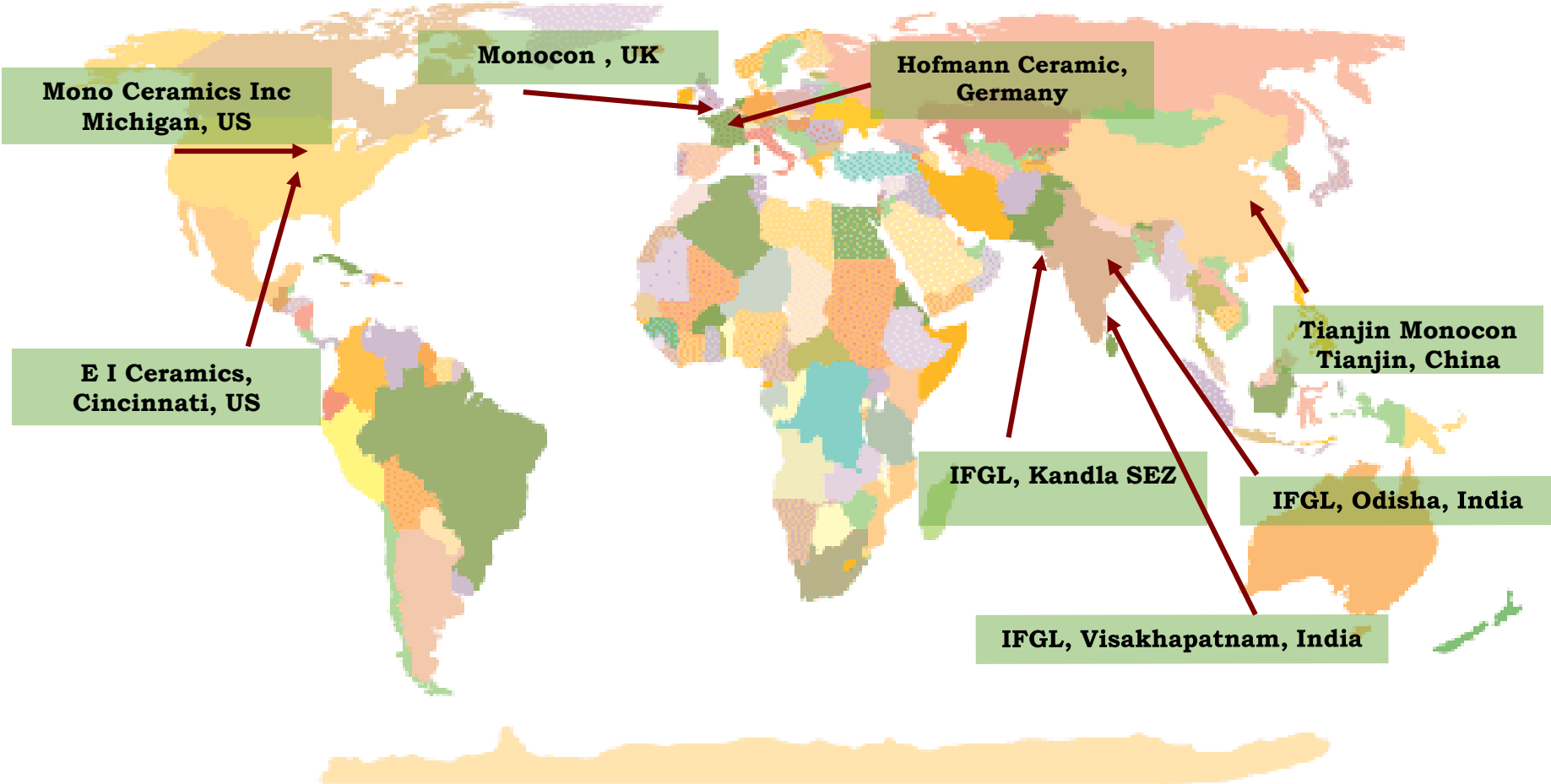


| Particulars (Rs.) | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 |
|-----------------------------------|------|------|------|-------|-------|-------|-------|
| Consolidated Book Value Per Share | 70.9 | 95.1 | 99.6 | 111.7 | 189.9 | 208.7 | 220.5 |
| Consolidated Earning Per Share | 7.9 | 18.3 | 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...

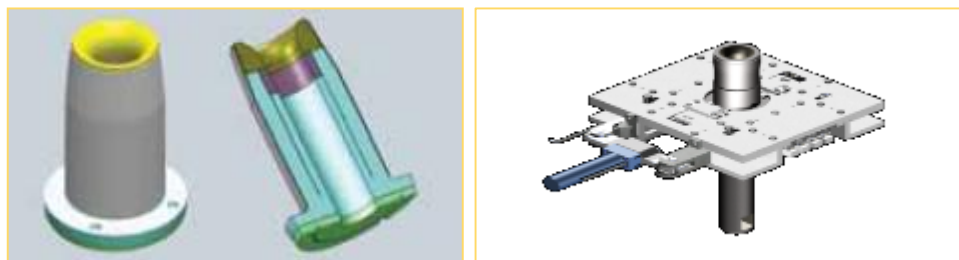
Isostatic Refractories



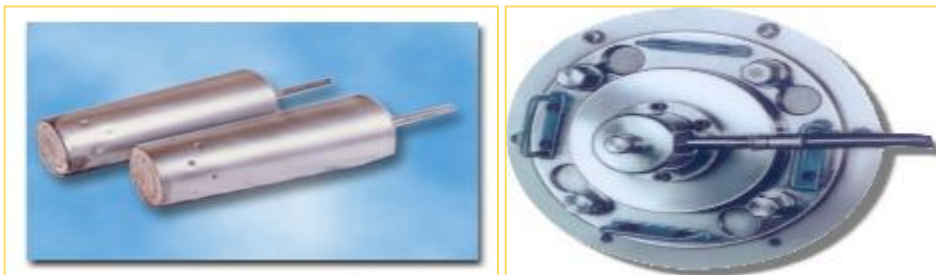
Slide Gate Refractories & Systems



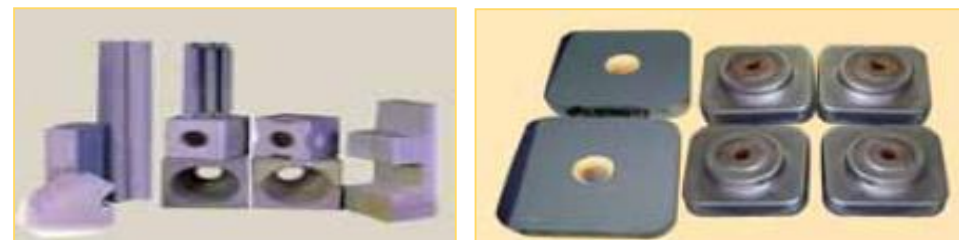
Tube Changer Refractories & System



Purging System & Refractories



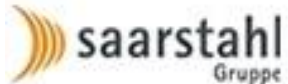
Cast Products & Zirconia Nozzles



Foundry Ceramics



...to reputed names in the Global Steel Industry



For further information, please contact:



SGA Strategic Growth Advisors

Company :

IFGL Refractories Ltd.

CIN - L51909OR2007PLC027954

Mr. Rajesh Agrawal

rajesh.agarwal@ifgl.in

www.ifglref.com

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