COMMITTED TO CLEAN METAL

IFGL Refractories Limited

Investor Presentation – Q1FY21
August 2020
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Global Steel Demand outlook

Global outlook:
- In 2020 worldsteel forecasts that steel demand will contract by 6.4%, dropping to 1,654 Mt due to the COVID-19 crisis. In 2021 steel demand is expected to recover to 1,717 Mt, an increase of 3.8% over 2020.
- This year’s likely reduction in global steel demand will be mitigated by an expected faster recovery.

India Outlook:
- Steel Industry being classified as an essential service continued to operate even during the lockdown and hence not as adversely impacted as other Industries.
- Supported by government stimulus, recovery in construction will be led by infrastructure investment such as railways. The government’s support to rural income, as well as expected consumption related to the upcoming festive season, will help a substantial recovery of demand for consumption-driven manufacturing goods in the second half.

Source: World Steel Association, other articles
Steel demand in the developed economies is expected to decline in 2020. Although the downturn is led by consumer and service sectors, massive dislocations in spending, labour markets, and confidence are fuelling broad-based declines in steel-using sectors.

The developing economies are less well equipped to tackle COVID-19 than the developed economies, with inadequate health capacity leading to stricter lockdown measures in some countries. However, the economies have started opening up and improved demand sentiment has been observed.

Source: World Steel Association, other articles
India had implemented one of the strictest lockdowns in the world, which disrupted steel demand for a short period of time. However, as lockdowns were relaxed, large Indian steel manufacturers revived production and started reporting improving capacity utilization levels backed by renewed domestic demand.

Steel demand is expected to move up gradually and soon be back to pre-COVID levels as the government has unveiled various infrastructure investments, support for rural people through infrastructure development in rural areas complemented by restarting of construction activities across India & recovery of the auto industry.
National Infrastructure Pipeline (NIP) Project

National Infrastructure Pipeline Project (NIP)
Government unveiled the multimillion-dollar National Infrastructure Pipeline (NIP), with projects spread across 18 states over the next five years.

$5 Trillion Economy
India needs to spend about $1.4 trillion on infrastructure to become a $5 trillion economy by FY25.

Fresh Investments in Infrastructure
This fresh investment in power, railways, and water, coupled with renewed interest in the automobile sector is bound to bring in fresh demand for steel.

Investment allocation under NIP:
- Energy, 24%
- Roads, 19%
- Urban Development, 16%
- Railways, 13%
- Others, 28%
Domestic Steel Industry on a strong footing in the long term

1. India is now the world's second largest steel producer, surpassing Japan.
2. Target of 300 MT* of production capacity by 2030 (National Steel Policy, 2017).
3. Steel consumption has grown by 5.0% YoY and reached 101.5 MT* in 2019 (as per World Steel Association).
4. India’s per capita steel consumption is just ~74 kgs against world average of 214 kgs & China 522 kgs. NSP expects it to.
5. Targeted per capita consumption in India is expected to go up to 160 kgs as per National Steel Policy.
6. Covid-19 has disrupted the industry in short term, but the long-term industry fundamentals remain intact.

Source: Indian Brand Equity Foundation, Business Standard

* MT = Million Ton
Growth drivers of Indian Steel industry

- Anti-Dumping Duty policy promotes fair trade and reduces the ill effects of dumping, on the Domestic Industry
- Infrastructure development and demand from the various sectors
- Availability of raw materials and cost-effective labor
- Huge export opportunity for India due to its low cost advantage
- Active local investments, 100% FDI, National Steel Policy and other government initiatives are expected to support the steel industry

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

Source: Mordor Intelligence
Emerging Opportunities for Indian Market

AATMANIRBHAR BHARAT

- AATMANIRBHAR BHARAT is the vision of the Government to make India a self-reliant nation. PM Modi has promoted “Vocal about Local” campaign which promotes Indian Companies to lead India to become self-reliant.

- Self-reliant India will ensure production of quality products on a large scale, fulfil India’s requirements and boost export of surplus production.

No Global Tenders for less then Rs. 200 Crores Project

- No Global tenders of up to Rs 200 crore allowed in government procurements.

- Move to immensely benefit Indian domestic Manufacturers; especially the MSME’s.

- PSU Steel companies have already started implementing this.

During FY19-20, Government announced significant reduction in Corporate Taxes to give fillip to the domestic companies and make them competitive globally.
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, sulphur furnaces, air heaters, ducting, stacks, etc.

Types of Refractories

Our Performance
Corporate Structure...

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

IFGL Worldwide Holdings Limited

- Monocon Group
- Hofmann Ceramic
- EI Ceramics
  - UK / USA / China
  - Germany
  - USA

Plants at Kalunga, Odisha, India
Plant at Kandla SEZ, Gujarat, India
Upcoming Plant at Visakhapatnam

...simplified to create value for shareholders
Q1FY21 Standalone Financial Highlights

Total Income [Rs. Crs.]

Q1FY20: 143.4
Q1FY21: 129.9
-9.4%

EBITDA [Rs. Crs.]

Q1FY20: 22.0
Q1FY21: 26.2
+19.4%

EBITDA margin [%]

Q1FY20: 15.3%
Q1FY21: 20.2%
+490 bps

Profit After Tax [Rs. Crs.]

Q1FY20: 8.5
Q1FY21: 11.9
+40.6%

Cash PAT [Rs. Crs.]

Q1FY20: 18.6
Q1FY21: 22.8
+22.5%

Demand in India picked up from May, 2020. Several cost optimization efforts have led to improvement in profitability in Q1FY21.
### Q1FY21 Standalone Profit & Loss

<table>
<thead>
<tr>
<th>Profit &amp; Loss [Rs. Crs.]</th>
<th>Q1 FY21</th>
<th>Q1 FY20</th>
<th>Y-o-Y%</th>
<th>Q4 FY20</th>
<th>Q-o-Q%</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>129.9</td>
<td>143.4</td>
<td>-9.4%</td>
<td>117.8</td>
<td>10.3%</td>
<td>506.7</td>
</tr>
<tr>
<td>Raw Material</td>
<td>60.8</td>
<td>76.2</td>
<td></td>
<td>55.5</td>
<td></td>
<td>256.2</td>
</tr>
<tr>
<td>Employee Expenses</td>
<td>11.7</td>
<td>10.4</td>
<td></td>
<td>11.4</td>
<td></td>
<td>44.3</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>31.2</td>
<td>34.8</td>
<td></td>
<td>33.2</td>
<td></td>
<td>128.2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>26.2</td>
<td>22.0</td>
<td>19.4%</td>
<td>17.6</td>
<td>48.8%</td>
<td>78.1</td>
</tr>
<tr>
<td>EBITDA %</td>
<td>20.2%</td>
<td>15.3%</td>
<td></td>
<td>15.0%</td>
<td></td>
<td>15.4%</td>
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<tr>
<td>Depreciation</td>
<td>2.9</td>
<td>3.1</td>
<td></td>
<td>3.5</td>
<td></td>
<td>12.6</td>
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<tr>
<td>Goodwill written off*</td>
<td>6.7</td>
<td>6.7</td>
<td></td>
<td>6.7</td>
<td></td>
<td>26.8</td>
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<tr>
<td>Finance Cost</td>
<td>0.6</td>
<td>0.9</td>
<td></td>
<td>0.6</td>
<td></td>
<td>3.0</td>
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<tr>
<td>Profit before Tax</td>
<td>16.0</td>
<td>11.3</td>
<td>41.9%</td>
<td>6.8</td>
<td>134.9%</td>
<td>35.8</td>
</tr>
<tr>
<td>Tax</td>
<td>4.1</td>
<td>2.8</td>
<td></td>
<td>0.6</td>
<td></td>
<td>6.0</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>11.9</td>
<td>8.5</td>
<td>40.6%</td>
<td>6.3</td>
<td>90.7%</td>
<td>29.7</td>
</tr>
<tr>
<td>Profit after Tax %</td>
<td>9.2%</td>
<td>5.9%</td>
<td></td>
<td>5.3%</td>
<td></td>
<td>5.9%</td>
</tr>
<tr>
<td>Cash Profit after Tax</td>
<td>22.8</td>
<td>18.6</td>
<td>22.5%</td>
<td>15.9</td>
<td>43.6%</td>
<td>68.9</td>
</tr>
<tr>
<td>Earnings Per Share (Rs.)</td>
<td>3.31</td>
<td>2.38</td>
<td></td>
<td>1.74</td>
<td></td>
<td>8.25</td>
</tr>
</tbody>
</table>

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.
Q1FY21 Consolidated Financial Highlights

Performance of overseas subsidiaries especially the US, affected overall results. The markets are showing signs of improvements.
# Q1FY21 Consolidated Profit & Loss

<table>
<thead>
<tr>
<th>Profit &amp; Loss [Rs. Crs.]</th>
<th>Q1 FY21</th>
<th>Q1 FY20</th>
<th>Y-o-Y%</th>
<th>Q4 FY20</th>
<th>Q-o-Q%</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>206.4</td>
<td>256.2</td>
<td>-19.5%</td>
<td>225.3</td>
<td>-8.4%</td>
<td>928.3</td>
</tr>
<tr>
<td>Raw Material</td>
<td>95.9</td>
<td>131.4</td>
<td></td>
<td>107.3</td>
<td></td>
<td>459.1</td>
</tr>
<tr>
<td>Employee Expenses</td>
<td>34.8</td>
<td>37.2</td>
<td></td>
<td>37.3</td>
<td></td>
<td>150.5</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>49.2</td>
<td>57.4</td>
<td></td>
<td>57.7</td>
<td></td>
<td>216.2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>26.5</td>
<td>30.2</td>
<td>-12.2%</td>
<td>23.0</td>
<td>15.3%</td>
<td>102.5</td>
</tr>
<tr>
<td>EBITDA %</td>
<td>12.8%</td>
<td>11.8%</td>
<td></td>
<td>10.2%</td>
<td>11.0%</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>5.2</td>
<td>4.9</td>
<td></td>
<td>6.9</td>
<td></td>
<td>21.5</td>
</tr>
<tr>
<td>Goodwill written off*</td>
<td>6.7</td>
<td>6.7</td>
<td></td>
<td>6.7</td>
<td></td>
<td>26.8</td>
</tr>
<tr>
<td>Finance Cost</td>
<td>0.7</td>
<td>1.0</td>
<td></td>
<td>1.1</td>
<td></td>
<td>3.6</td>
</tr>
<tr>
<td>PBT before Exceptional Items</td>
<td>13.9</td>
<td>17.7</td>
<td>-21.6%</td>
<td>8.2</td>
<td>68.1%</td>
<td>50.6</td>
</tr>
<tr>
<td>Exceptional Gain / (Loss)#</td>
<td>0.0</td>
<td>0.0</td>
<td></td>
<td>-20.6</td>
<td></td>
<td>-20.6</td>
</tr>
<tr>
<td>Profit before Tax</td>
<td>13.9</td>
<td>17.7</td>
<td>-21.6%</td>
<td>12.4</td>
<td></td>
<td>30.0</td>
</tr>
<tr>
<td>Tax</td>
<td>3.7</td>
<td>4.1</td>
<td></td>
<td>1.6</td>
<td></td>
<td>10.5</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>10.2</td>
<td>13.6</td>
<td>-24.8%</td>
<td>-13.9</td>
<td></td>
<td>19.5</td>
</tr>
<tr>
<td>Profit after Tax %</td>
<td>4.9%</td>
<td>5.3%</td>
<td></td>
<td>-6.2%</td>
<td></td>
<td>2.1%</td>
</tr>
<tr>
<td>Cash Profit after Tax</td>
<td>23.8</td>
<td>25.6</td>
<td>-7.4%</td>
<td>20.3</td>
<td>17.0%</td>
<td>89.2</td>
</tr>
<tr>
<td>Earnings Per Share (Rs.)</td>
<td>2.8</td>
<td>3.8</td>
<td>-3.9%</td>
<td></td>
<td></td>
<td>5.40</td>
</tr>
</tbody>
</table>

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

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

# Exceptional Item is Impairment of Goodwill pertaining to German operations
Subsidiaries Performance

**El Ceramics [$ mn]**

- Q1FY20: 5.1
- Q1FY21: 2.8

**Monocon Group [GBP mn]**

- Q1FY20: 7.2
- Q1FY21: 6.1

**Hofmann Ceramic [Euro mn]**

- Q1FY20: 2.5
- Q1FY21: 1.4

Performance impacted due to Covid-19 related disruptions
Ongoing Capex to boost performance

1. IFGL Odisha Plant
   - ~Rs. 10 Cr: For Normal Capex & debottlenecking
2. IFGL Kandla Plant
   - Expansion phase – I completed in FY 20
   - Further cost of Rs. 10 Cr in FY21
3. Visakhapatnam Project
   - 10-acre Land acquired for manufacturing of New products including Monolithics & Precast Shapes
   - Phase 1 (involving total cost of Rs. 30 Cr) is slated to be completed in FY 21

Capex till date funded out of internal accruals
Consistently performing over the years...

<table>
<thead>
<tr>
<th>Particulars [Rs. Crs.]</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>722.1</td>
<td>769.5</td>
<td>839.7</td>
<td>955.4</td>
<td>928.3</td>
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<tr>
<td>Materials consumed</td>
<td>365.2</td>
<td>362.0</td>
<td>421.4</td>
<td>477.0</td>
<td>459.1</td>
</tr>
<tr>
<td>Employee Expenses</td>
<td>119.6</td>
<td>120.9</td>
<td>126.7</td>
<td>146.2</td>
<td>150.5</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>156.1</td>
<td>183.5</td>
<td>181.3</td>
<td>218.5</td>
<td>216.2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>81.2</td>
<td>103.1</td>
<td>110.3</td>
<td>113.8</td>
<td>102.5</td>
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<tr>
<td>EBITDA %</td>
<td>11.2%</td>
<td>13.4%</td>
<td>13.1%</td>
<td>11.9%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>15.6</td>
<td>17.3</td>
<td>17.0</td>
<td>19.2</td>
<td>21.5</td>
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<tr>
<td>Goodwill written off*</td>
<td>-</td>
<td>26.8</td>
<td>26.8</td>
<td>26.8</td>
<td>26.8</td>
</tr>
<tr>
<td>Finance Cost</td>
<td>4.8</td>
<td>4.5</td>
<td>4.0</td>
<td>3.7</td>
<td>3.6</td>
</tr>
<tr>
<td>Profit before Tax before Exceptional Items</td>
<td>60.9</td>
<td>54.5</td>
<td>62.6</td>
<td>64.1</td>
<td>50.6</td>
</tr>
<tr>
<td>Exceptional Item#</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-20.6</td>
</tr>
<tr>
<td>Profit before Tax and Minority Interest (MI)</td>
<td>60.9</td>
<td>54.5</td>
<td>62.6</td>
<td>64.1</td>
<td>30.0</td>
</tr>
<tr>
<td>Tax</td>
<td>15.7</td>
<td>4.6</td>
<td>15.4</td>
<td>13.6</td>
<td>10.5</td>
</tr>
<tr>
<td>Profit after Tax before MI</td>
<td>45.2</td>
<td>50.0</td>
<td>47.1</td>
<td>50.5</td>
<td>19.5</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>3.2</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Profit after Tax &amp; MI</td>
<td>41.9</td>
<td>50.0</td>
<td>47.1</td>
<td>50.5</td>
<td>19.5</td>
</tr>
<tr>
<td>Cash Profit</td>
<td>57.5</td>
<td>83.6</td>
<td>92.0</td>
<td>95.1</td>
<td>89.2</td>
</tr>
<tr>
<td>Earnings Per share (Rs.)</td>
<td>12.12</td>
<td>13.86</td>
<td>13.07</td>
<td>14.00</td>
<td>5.40</td>
</tr>
</tbody>
</table>

* 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 + Exceptional Item written off

#Exceptional Item is the Impairment of Goodwill pertaining to German operations
...to create sustainable value for Shareholders...

We are a Net Cash Company from FY 19
...with consistent Payout

<table>
<thead>
<tr>
<th>Particulars (Rs.)</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Book Value Per Share</td>
<td>111.7</td>
<td>189.9</td>
<td>208.7</td>
<td>220.5</td>
<td>224.5</td>
</tr>
<tr>
<td>Consolidated Earning Per Share</td>
<td>12.1</td>
<td>13.9</td>
<td>13.1</td>
<td>14.0</td>
<td>5.4*</td>
</tr>
<tr>
<td>Dividend Per Share</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.50</td>
<td>2.50</td>
</tr>
</tbody>
</table>

* EPS lower due to Exceptional Item being Impairment of Goodwill pertaining to German operations
About Us
A Global MNC...

Mono Ceramics Inc, Michigan, US
EI Ceramics, Cincinnati, US
Monocon, UK
Hofmann Ceramic, Germany
Tianjin Monocon, Tianjin, China
IFGL, Kandla SEZ
IFGL, Odisha, India
IFGL, Visakhapatnam, India
...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, 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 & has been involved in various capacities in Indian Refractories Makers Association

Mr. Kamal Sarda
Director & Chief Financial 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. Ex-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

Committed to Clean Metal
For further information, please contact:

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Mr. Rajesh Agrawal
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www.ifglref.com

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