



19<sup>th</sup> August, 2024

National Stock Exchange of India Ltd  
'Exchange Plaza', C-1, Block – G  
Bandra – Kurla Complex  
Bandra (E), Mumbai 400 051  
**Code : IFGLEXPOR**

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001  
**Code: 540774**

Dear Sir/Madam,

**Re: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

In compliance of above, please find enclosed herewith transcript of Earnings Conference Call on Q1FY25, held on Monday, 12<sup>th</sup> August, 2024. A copy of this is also being hosted on Company's Website: <https://ifglgroup.com/investor/meetings-reports/>.

Thanking you,

Yours faithfully,  
For IFGL Refractories Ltd.

(Mansi Damani)  
Company Secretary

Encl: As above

**IFGL REFRACTORIES LIMITED**

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

**Head & Corporate Office:** McLeod House  
3 Netaji Subhas Road, Kolkata 700 001, India  
**Tel:** +91 33 4010 6100 | **Email:** ifgl.ho@ifgl.in

**Registered Office:** Sector B, Kalunga Industrial Estate  
P.O. Kalunga, Dist. Sundergarh, Odisha 770 031, India  
**Tel:** +91 661 266 0195 | **Email:** ifgl.works@ifgl.in

**CIN:** L51909OR2007PLC027954



## “IFGL Refractories Limited Q1 FY25 Earnings Conference Call”

**August 12, 2024**

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 12th August 2024 will prevail



**MANAGEMENT:**    **MR. ARASU SHANMUGAM, DIRECTOR AND CHIEF  
EXECUTIVE OFFICER INDIA – IFGL REFRATORIES  
LIMITED**  
                          **MR. SIKANDER YADAV– CHIEF FINANCIAL OFFICER –  
IFGL REFRATORIES LIMITED**

**MODERATOR:**    **MR. SAHIL SANGHVI – MONARCH NETWORK CAPITAL**



*IFGL Refractories Limited  
August 12, 2024*

**Moderator:** Ladies and gentlemen, good day, and welcome to IFGL Refractories Limited Q1FY25 Earnings Conference Call hosted by Monarch Network Capital.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sahil Sanghvi from Monarch Network Capital. Thank you, and over to you, sir.

**Sahil Sanghvi:** Thank you, Del. Good evening, everyone. On behalf of Monarch Network Capital, I welcome you all to the Q1 FY '25 Earnings Conference Call of IFGL Refractories Limited.

We are pleased to have with us the management being represented by Mr. Arasu Shanmugam, Director and CEO India, and Mr. Sikander Yadav, the Chief Financial Officer.

We will have the “Opening Remarks” from the Management, followed by question-and-answer session. Thank you, and over to you, sir.

**Arasu Shanmugam:** I am Arasu Shanmugam. Good evening, ladies and gentlemen. Thank you for joining us on IFGL Refractories Limited Q1 FY '25 Earning Conference call.

Along with me on the Call, we have our CFO – Mr. Sikander Yadav, and SGA, our Investor Relations Advisors.

We have uploaded the Result and the Presentation on the Stock Exchanges, and I hope everybody had a chance to go through the same. The global steel industry has faced a challenging environment in recent times, with performance being subdued across key markets.

This can be attributed to a confluence of factors with fluctuating steel prices and widespread economic instability playing central role. Inflationary pressures have surged globally, making raw material costs unpredictable and squeezing in margins across the industry.

The supply chain has been significantly disrupted, particularly due to the ongoing Red Sea crisis, which has caused delays and increased cost for shipping and logistics.

Furthermore, geopolitical tensions have further exacerbated these challenges, creating an atmosphere of uncertainty that has stifled investment and growth across manufacturing industry.

For IFGL overseas business things have panned out on the similar lines mainly in our Europe and Germany operations in particular which have been impacted with economic slowdowns



*IFGL Refractories Limited  
August 12, 2024*

adding another layer of difficulty as markets have experienced high inflation and interest rates along with increased labor and energy costs for manufacturers in the region.

However, we have taken several proactive measures within our overseas subsidiaries to counteract the slowdown, particularly in Europe. As previously discussed in our Earning Call, we are implementing automation and robotics to reduce cost and enhance operational efficiency.

By leveraging technology, we are not only improving our production processes but also positioning ourselves to be highly competitive when demand picks up. Our commitment to innovation and efficiency will enable us to navigate this challenging time and emerge stronger ready to seize growth prospects in future.

Apart from Europe and Germany, our other overseas business operations experienced growth in this Q1, FY '25. However, we anticipate gradual improvements in the second half of current financial year FY '25. We remain confident that the strategic initiatives in place will drive growth across our global market as conditions stabilize.

Commenting on the Indian steel industry, which demonstrated remarkable growth in both production and consumption in the post-COVID era, according to the World Steel Association, India has been a leading driver of global steel demand since 2021 with projections indicating more than 8% growth in the near future. This robust demand fueled by continued expansion across all steel using sector, particularly infrastructure bodes well for our continued success in the domestic market.

Our focus on the Indian market has proven crucial to our ongoing success. This shift allowed our domestic operations to succeed with Q1, FY '25 witnessing a 14% growth in the domestic market. We have grown domestic business by 30% in the last three years. We remain highly optimistic about the Indian growth story, which has prompted us to explore new opportunities.

As previously guided, we have entered the non-ferrous refractory segment, which we believe holds significant potential for our future growth. We are actively exploring to expand our offerings in cement, glass, coke and other non-ferrous refractory materials. This expansion is a key part of our strategy to capitalize on emerging opportunities and strengthen our position in the market.

With these strategic initiatives in place, our R&D center will play a pivotal role in driving future growth, leveraging technology, transfers from our overseas operations, particularly from Sheffield Refractories, we are poised to advance our capabilities in India. Sheffield's advanced product and technologies will be adapted and integrated into our Indian operations following thorough benchmarking at our research center.



*IFGL Refractories Limited  
August 12, 2024*

One of key developments will be the initiation of refractory recycling which will significantly reduce input costs and contribute positively to our bottom line. This focus on innovation and cost efficiency is expected to deliver substantial benefits as we move forward, reinforcing our commitment to sustainable growth and profitability.

We are confident that with our major capacities now in place and increasing utilization rate, market is poised to outperform. This strategic positioning will enable us to capitalize on the growing demand and drive substantial growth moving forward.

Now, let me give some insights what we have done in the CAPEX and quarter gone by:

We have successfully completed our CAPEX of around 175 crore, which was announced for all three manufacturing units in India.

We recently inaugurated state-of-the-art casting flux granules production unit at Visakhapatnam with an annual capacity of 18,000 metric tons. This facility, part of our Phase-3 expansion, features cutting edge technology, including fully automatic batching and spray drying. This investment aligns with our Make in India commitments and supports enhanced refractory manufacturing through research and development.

We also launched a new Magnesia Carbon production line, part of our Phase-3 expansion. The facility with an initial capacity of 9,000 metric tons annual will enhance performance, longevity and reliability in high temperature application. This will allow us to generate a revenue of Rs 100 crores. Plant capacity will be enhanced to 24,000 tons per annum in a year time with further capital outlay of around 3 crores.

Our Kalunga Unit in Odisha now houses a new Tar Impregnation Plant. These additions will bolster our production capabilities, enables us to meet industry demands for improved performance of slide gate plates. With these enhanced capacities and new product capabilities, we expect to improve the scale of the business, which will lead to scale benefits and operating leverage playing out in the long term for the company.

Now I hand over to our CFO – Mr. Sikandar Yadav, to take you through the Financials.

**Sikandar Yadav:**

Good evening, everyone, and thank you, Arasu, for giving me this opportunity to brief the audience on the Financial Performance of the company.

So, starting with the “Standalone Financials:”

Total income for Quarter 1, FY '25 stood at 248.3 crores, up by 8% on a year-on-year basis and up by 15% on Q-on-Q basis.



*IFGL Refractories Limited  
August 12, 2024*

EBITDA for Quarter 1, FY '25 stood at 44.4 crores, down by 4% on year-on-year basis, and up by 18% on Q-on-Q basis.

EBITDA margins for Q1 stood at 17.9%. PAT for the quarter was at 22 crores, down by 2% year-on-year basis, and up by 41% on a quarter-on-quarter basis.

Domestic business stood at 161.4 crores with a growth of 14% year-on-year basis. Export business stood at 80.2 crores, saw a decline of 6% on a year-on-year basis.

Moving on to the consolidated “Financials Highlights”:

Our total income decreased by 1% year-on-year basis to Rs. 421 crores for the Quarter 1. Sluggish demand in overseas business is due to slowdowns in Europe and other key markets.

EBITDA for the quarter stood at 53 crore, down by 11% year-on-year basis. This is mainly due to high employee cost, restructuring of team and high freight cost because of Red Sea issues, which Arasu has already highlighted.

EBITDA margin for Quarter 1, FY '25 stood at 12.6%. PAT for the quarter was at 24.7 crore, down by 17% year-on-year basis.

With respect to liquidity positions, we remain net debt-free with a strong balance sheet. Cash and cash equivalents stood at 213.4 crore on consol basis as on 30th June 2024.

With this, I shall now leave the floor open for Q&A. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Harsh K. Shah from Dalal & Broacha Stock Broking. Please go ahead.

**Harsh K. Shah:** Couple of questions from my side. Sir, firstly, within the standalone operations, we now see that the India business contributes somewhere around 67 odd percent of our revenue. So, what we target in terms of say in the next 3-5 years, where do we want to take this percentage to?

**Sikander Yadav:** So, you are talking about India percentage?

**Harsh K. Shah:** Yes.

**Sikander Yadav:** So, since we are around 60% currently, we have a target of taking it to 70%-75%.

**Harsh K. Shah:** In what period?

**Sikander Yadav:** So, maybe in the next 3-5 years.



*IFGL Refractories Limited  
August 12, 2024*

**Harsh K. Shah:** And secondly, you did mention that the incremental CAPEX for the Magnesia Bricks would be somewhere around 3 odd crores. So, would that be incurred in FY '25 itself? And if yes, then what would be the potential revenue post this incremental CAPEX from the Magnesia Bricks plant?

**Arasu Shanmugam:** Magnesia Bricks plant, right now we are starting with actually 9,000, but we are going to put up one temporary kiln, which will take us, the capacity will be taken to 24,000 tons a year. Means we will be producing 2,000 tons. That will happen, the plant will start producing from FY '26 Q2.

**Harsh K. Shah:** FY '26, Q2, the incremental capacity.

**Arasu Shanmugam:** Yes, incremental capacity will be available in the mid of FY '26 because we are already in '25. So, roughly one year from now, the 24,000-ton capacity will come.

**Harsh K. Shah:** And what was the CAPEX that we spent on the casting flux plant? If you could quantify, that would be helpful.

**Arasu Shanmugam:** What is that?

**Harsh K. Shah:** The CAPEX that we incurred on the casting flux plant.

**Arasu Shanmugam:** Casting flux plant. So, we will come back with the numbers. So, let's get on with the other question. Exact number just we will come back.

**Harsh K. Shah:** Sir, thirdly, so now that we have done almost 14% kind of growth around year-on-year basis in our India business, so we should be easily crossing the 17% growth on a year-on-year basis, say, FY '25 to FY '24, which you kind of alluded in the last quarter con call. So, would you like to kind of up your guidance in terms of the India business growth?

**Arasu Shanmugam:** India business growth definitely because now if you look at the first quarter, even the steel production of big houses have also little bit lull due to many factors. So, overall FY '25, 17% guidance on growth of domestic market remains. We will achieve that.

**Harsh K. Shah:** No, so my question was that it seems that you should be easily doing more than 17%. So, that's what I was trying to....

**Arasu Shanmugam:** Yes, we also expect the same.

**Harsh K. Shah:** And also on the margin front, sir, when we look at the standalone margins excluding the other income, it comes at somewhere around 15.6%. So, now this is also above our standalone margin guidance of 15%, which we gave in the last quarter. So, if you could want to maintain this



*IFGL Refractories Limited  
August 12, 2024*

guidance and if you are not upping your guidance, if you could highlight the reasons for the same.

**Arasu Shanmugam:** No, no, we maintain our guidance of that 15% because there are lot of other penetration in the new market, other thing will come. So, right now we are holding on to that guidance of 15% on Indian market.

**Moderator:** Thank you. The next question is from the line of Mayank Bhandari from Asian Markets Securities. Please go ahead.

**Mayank Bhandari:** My first question is on the new facilities you have inaugurated. So, these facilities will largely be used to cater to domestic demand, or we will start export from India also?

**Arasu Shanmugam:** There are two. Magnesias-Carbon bricks and the casting flux granules, both, it will be serving for both domestic and export. But predominantly, it is domestic than very few exports. But otherwise, predominantly the Magnesias-Carbon brick predominantly will be for domestic market, and one or two supplies to neighboring countries so that we get ourselves registered only that trial purpose, Magnesias-Carbon. But on the other side, if you come to granules, so yes, it will be for both domestic as well as export.

**Mayank Bhandari:** So, if I were to understand the competitive scenario and just on the pricing perspective, are bricks cheaper than what Chinese suppliers sell in the overseas market? How is it?

**Arasu Shanmugam:** You see, now Ladle management where the Magnesias-Carbon is part of, there it is more and more coming as a total package that the bricks and as well as total maintenance and also the downstream like SGR. So, in that case what happens, the capability of taking such orders are only remaining with the top three players and we are emerging as one of that three, four players. So, though the challenges remain same, but as a local player, possibility of, capability of having packaging it with other products, ours will be not going to be affected much.

**Mayank Bhandari:** You mean to say that you are price competitive in the overseas market?

**Arasu Shanmugam:** In Indian market it is going to be good and in overseas market because most of the thing which is now happening, our competitiveness is questioned because of that Red Sea and the ocean freight price. Otherwise, we are, but ocean freight, anyway, it is going to be level playing field. Once that is going to be reimbursed by customers, we are not going to be so that the competitiveness will remain.

**Mayank Bhandari:** My third question is on the, after so much of product, new product development initiative and R&D initiative, have we been able to add any new customer in last few quarters in the domestic market?





*IFGL Refractories Limited  
August 12, 2024*

- Sikander Yadav:** So, he is asking, what will be the market in the coming quarters?
- Arasu Shanmugam:** Can you repeat the question?
- Mayank Bhandari:** No, sir, have we been able to add any new customer in the last few quarters?
- Arasu Shanmugam:** Yes, you see, we have added a few, you know, the mini steel plant and particularly with our cost-effective products of this, we name it as electro steel casting, electrical steel making (ESM) sector, where we are fast growing and adding new accounts. But coming to integrated steel plants, it is more of an increase in share of spend than addition of new customers.
- Mayank Bhandari:** So, you are basically trying to penetrate more into the existing customer?
- Arasu Shanmugam:** Yes, because our products are gaining popularity, and we are growing faster. So, there we are adding new customers and with R&D and new products, we are increasing our share of spend with the existing major customers.
- Mayank Bhandari:** And sir, you had highlighted in the last conference call that you are looking for acquisitions in India as well as in the U.S. And so, is there any update on that?
- Arasu Shanmugam:** Yes, see, we are definitely actively looking forward to our inorganic growth, both in India as well as outside. And as of now, we do not have anything concrete to share with you, but the work is on progress. That much I can tell now.
- Moderator:** Thank you. The next question is from the line of Jigar Shah from Elevate Research. Please go ahead.
- Jigar Shah:** Sir, keeping aside the export side of the business, could you provide some clarity on how the domestic business has performed in terms of margins on a year-on-year basis? Specifically, are the margins sustaining around 12% level?
- Sikander Yadav:** The margins are more or less in both the segments is currently at the similar level. Why? Because in the export, we always had good margins, but because of the uncertainty into the freight market, as you know, because of the Red Sea, the freight has gone up from \$2,000 to \$6,000 in some sectors. So, we can cause a lot of dent in our profitability. So, if I talk about these quarters, margins in both the segments, export as well as domestic is more or less on the similar lines.
- Jigar Shah:** And my second question is that can you give some views on demand outlook for the non-ferrous refractory industry?
- Arasu Shanmugam:** No, demand outlook like basically, as you all know, that it is a derived industry. So, steel growth and cement growth are projected, though it has not happened in the same rate in the first quarter,



*IFGL Refractories Limited  
August 12, 2024*

but we are expecting it to pick up, 6% to 8% growth in steel. So, to that extent, our refractory demand also will raise. So, that is the expectation now.

**Jigar Shah:** And lastly sir, where do we currently stand on the CAPEX plan of Rs. 150 crores for the manufacturing unit in Odisha? I mean, has the land been allocated or when can we expect to see the commercial productions begin? Can you provide some light?

**Arasu Shanmugam:** Yes, the land allotment is almost nearing because after this election results and everything is over, a new government has come in place. So, we are going to get that within a month's time also. So, we are working on various possibilities. I think, probably in the next call, we will have some idea about the exact project, but otherwise it is in progress.

**Moderator:** Thank you. Next question is from the line of Amit Kumar from Determined Investments. Please go ahead.

**Amit Kumar:** Just one question on the Europe side. So, between the last few months we have seen Tata Steel decide to shut down their UK blast furnace and even the Liberty Steel Group across a couple of locations is facing certain challenges. I just wanted to get a sense, how much exposure do we have to these different sites?

And a related sort of question, if you could sort of give us some color in terms of your top three, top five customers in Europe. So, obviously, the market situation there still remains, I think, barring ArcelorMittal, the market situation sort of still remains fairly fluid.

**Arasu Shanmugam:** So, in Eastern Europe, whatever you said is correct. And then in the other part, like in addition to ArcelorMittal, if you look at Outokumpu and all, they are all on there, though they are not growing, but they are maintaining. And then there are some few small accounts. You are correct, because Europe is totally done.

And even as you are again factually right in England also, like what some of the steel making capacities are closing down. Yes, that's why even our actual performance in Q1 in export also has come down. And that's mainly owing to that lull condition in Europe. But barring that two, Tata Steel in UK and Liberty in two locations, other people like Outokumpu and ArcelorMittal, they maintain a very slight reduction, but otherwise, the show is going on.

**Amit Kumar:** Just to understand how much of exposure of the European business, last year about 400 crores in terms of revenue, any sort of sense in terms of how much exposure do we have to Tata Steel and Liberty Steel? Again, Liberty Steel, some sites are doing okay, some sites are problematic. So, on the problematic side, how much of exposure do we have to, you know, these two players?



*IFGL Refractories Limited  
August 12, 2024*

**Sikander Yadav :** So, Amit, let me answer this question. In terms of exposure, we still have good exposure with ArcelorMittal, and we don't see any challenge in terms of any liquidity issue. In terms of other customers, yes, we are very cautious with respect to Liberty Group, and because of the last quarter we had, in December quarter we had provisions.

So, we are very, very cautious on that group, and we have taken the actions in terms of deliveries and payment terms and other things. So, this year, if I talk about, you are talking about the exposure versus the last year, in terms of top line, I think we will be maintaining a similar kind of turnover or maybe plus 10% maximum growth this year, compared to last year.

**Moderator:** Thank you. The next question is from the line of Sahil Sanghvi from Monarch Network Capital. Please go ahead.

**Sahil Sanghvi:** Sir, my first question is, when do you expect some kind of recovery for the overseas business? I mean, the intrinsic, maybe the intrinsic steel demand recovering and then thereby we also showing some strong road for the European, American side of the business. Do you think it's possible next year? How do you see the ground demand over there?

**Sikander Yadav:** See, the data as indicates from the economic front, Germany is not doing good, but some indicators is suggesting that from the quarter 2, there will be some uptick in the demand. So, I think then German companies will start being good. So, I think, calendar year, if I talk about, then from quarter four onwards, I think demand is expected to pick up in the European steel market.

**Sahil Sanghvi:** And for America, sir? For America?

**Sikander Yadav:** America will remain same almost. America, we have, I think, supplies in Mexico and all. Those will remain as it is.

**Sahil Sanghvi:** So, nothing major expected this year. Maybe America could improve next year.

**Arasu Shanmugam:** Yes, possible.

**Sahil Sanghvi:** Second, if you can just throw some more details on the reasons for the 14% growth that we have achieved. Steel production grew by 4% or 5% in 1Q, FY '25 year-on-year. So, is this because we have got more larger furnace contracts? Is this because we have got a few new product contracts? Or is it because the new addition of customers? And if you can help us understand.

So, my question was that in 1Q, '25, the steel production grew, domestic steel production grew by 4% to 5% year-on-year basis. But our domestic businesses grew well above that 14%, 15%. So, what were the levers? What were the drivers for this? Was it the more Ladle furnace contracts



*IFGL Refractories Limited  
August 12, 2024*

that we have signed up? Was it some new products that we post, or was it some new customers? What is the development happening for us, working for us?

**Sikander Yadav:** I would say that it is a combination of new customers. We have acquired one big customer in this quarter as well as, you know, as Arasu already explained that we have been getting good growth in the ESM sector, that is mini steel plants. This is the second thing. Plus, we are getting management business more in the big plants. So, these are three things: addition of new customer, getting share of...

**Arasu Shanmugam:** We had a spend with existing customer as well as the ESM...

**Sikander Yadav:** These are the three major factors which have given this kind of growth in this quarter.

**Sahil Sanghvi:** And just to get this correct, so mini steel would now be roughly 15%-20% of our revenues, mini steel plant, the revenues coming from mini steel plants.

**Sikander Yadav:** So, if I talk about domestic kilns, then it would be almost 25%, share of domestic business.

**Sahil Sanghvi:** 25% of the domestic business, okay. And this is commendable. The next question that I have is that, sir, what are we doing on the non-ferrous side of the business? If you can name a few products that we will be developing and trying to push, and what kind of customer attraction we have, where can we see this segment going in say, one, two years?

**Arasu Shanmugam:** You see, as far as we call it as industrial segment, which comprises of cement, glass, gasification and some of the non-ferrous metals. Predominantly, it is led by cement now. At the moment, we have already got kind of India's number one and number two cement producers have already given some trial orders and we have already supplied. And to the extent I can say, like around alumina bricks which we are supplying to the tune of 8 crores, the first time we have taken the order and also some castables, monolithic refractories.

So, alumina family of product we are getting into this industrial segment. And so we are already doing some kind of marketing partnership, sales partnership with the established vendor for doing basic. So, it is all products we are already selling. We were instrumental in getting orders of close to 60 crores for the cement bricks where it is not on our top line, but we are associating ourselves which becomes an enabler for pushing our products of alumina in the same customer.

**Sahil Sanghvi:** And lastly, if you could give me the revenue from Sheffield, if possible? I mean, are we at the same number when we acquired it roughly say, 45-50 crores of run rate quarterly at Sheffield?

**Sikander Yadav :** So, Sheffield is now 45-50 crores roughly on a quarterly basis.



*IFGL Refractories Limited  
August 12, 2024*

- Sahil Sanghvi:** I think this is very encouraging, the new efforts and new initiatives that you are taking and all the best, sir.
- Moderator:** Thank you. The next question is from the line of Atul from Daga Securities. Please go ahead.
- Atul:** I just had two questions. The first one is what will be the peak revenue from the current CAPEX that we have done, 175 crores CAPEX?
- Arasu Shanmugam:** Peak revenue we have already indicated that once when you reach 100% CU capacity utilization of flux plant, that's going to be around 80 crore and Magnesium-Carbon with some debottlenecking and other thing once when we reach, it will be 100 crore. So, it will be totally both the new lines will add 180 crore when we reach full capacity.
- Atul:** And the second question is what will be our long-term guidance on revenue and margin?
- Sikander Yadav:** We could not get it.
- Atul:** Sir, what will be our long-term guidance for revenue and margins? In the long term I am saying.
- Arasu Shanmugam:** So, I think we have already said that. In five years from now we are doubling. We are doubling top line for sure.
- Moderator:** Thank you. The next question is from the line of Raj Mehta from Wisdom Advisors. Please go ahead.
- Raj Mehta:** Sir, in your opening remarks, you mentioned that our exports were impacted because of the Red Sea crisis. So, going forward, how do you see demand coming up from the exports front?
- Arasu Shanmugam:** No, coming forward, we do not see anything, you know. It's close to 4%, 3%, that kind of a growth, maintaining that because mainly by converting it to the areas where slightly are growing, like Turkey and some markets in UAE, all those places. But that will be only compensating our less revenues from Europe and other where it is not growing. So, the export will continuously focus, but we will see that at least we grow by 4% to 5% every year on our export sales.
- Sikander Yadav:** Why did we say that it has been impacted because of the Red Sea is because of the unprecedented rise in the freight rates.
- Arasu Shanmugam:** Both import and export.
- Sikander Yadav:** So, it has impacted the turnover and all those things because customers delayed this and that. So, we can see progress in the next quarter. So, growth-wise, what Arasu has said, that is there. But whatever is in the basket will be delivered when this situation improves going forward.



*IFGL Refractories Limited  
August 12, 2024*

**Raj Mehta:** And sir, from the previous participants, you mentioned that you are targeting to double your revenue. So, what are the major growth drivers you are expecting from which we can achieve the target?

**Sikander Yadav:** Yes, what he is saying, he said that we need to double the revenue. What are the major areas where, how you double?

**Arasu Shanmugam:** I will tell you because we mentioned already about our focus, greater focus in our Indian market. There we are seeing almost a possibility of tripling it in five years. So, that is how overall for the company, it will be double. But in Indian market it will grow more than double. So, that is how overall we are going, on a consolidated basis double. But standalone basis, it will be much more than double. So, that is how we are coming.

**Sikander Yadav:** So, basically what we are targeting is that if you see the Indian steel policy, as per that, we are already at 160 million tons in a year. So, that is growing to 220 or 250 in the years to come. And definitely that growth in the steel sector would give growth to the company.

**Raj Mehta:** And sir, one last question from my side on the subsidiaries part. So, can you share the revenue numbers for subsidiaries and throw some colors how they are performing and what is the demand scenario?

**Sikander Yadav:** I think we have already given in the presentation, no?

**Raj Mehta:** Okay, sir, I will just cross-check.

**Sikander Yadav:** Just cross-check, and if it is required, then you can connect me separately one-to-one, okay?

**Raj Mehta:** Yes.

**Moderator:** Thank you. The next question is on the line of Saket Kapoor from Kapoor Company. Please go ahead.

**Saket Kapoor:** Firstly, about the product profile part currently with the CAPEX at Vizag, do we have this comparison to our peers, the entire product portfolio? Are we catering to all categories?

**Arasu Shanmugam:** Yes, see, once when we come up with, other than two major bricks which the major players or the top two major players in India, they have, which we do not have will be Dolomite bricks and Silica bricks. So, other than these two big items where we do not have any products, rest, all other, we are in our product range. So, the whole range, we are going, we are also one of the full range players barring these two big items.



*IFGL Refractories Limited  
August 12, 2024*

**Saket Kapoor:** And what is the market size of these two types of bricks out of the total portfolio, the Dolomite and the Silica bricks?

**Arasu Shanmugam:** Dolomite in India and the silica bricks put together, it will be around, you can say, around 4,000

**Saket Kapoor:** In revenue terms also, sir, you can tell.

**Arasu Shanmugam:** So, let me tell you. It's a market of around 470 to 500 crores. Overall market.

**Saket Kapoor:** Overall market. And we have our R&D center now up and running. We have done lot of CAPEX, I think so, closer to 150, 175 crores. So, are we in the process of including these two also in the product profile going ahead?

**Arasu Shanmugam:** No, because our R&D is, because we have to do a lot of work in stepping up our stature in our existing products plus then, as I mentioned already, we are entering into industrial non-ferrous sector with Alumina and castable in that area and also absorbing our Sheffield technology into India for short creating and other thing. So, we will be concentrating only on that. These two bricks what I mentioned is not going to be in our radar at least for time to come. In the 3 to 5 years, we don't even think because we need to stabilize and grow with the existing products.

**Saket Kapoor:** And coming to the R&D part once again, sir, the investment that we have made for the R&D center, how are we reaping the benefits of the same in terms of efficiency and now you just mentioned about Sheffield also technology being imbibed into from the R&D from India. If you could just explain and what is the thought process for the current year, what kind of efficiencies are we looking from reaping the benefit from the R&D investment?

**Arasu Shanmugam:** So, R&D equipment say, for example, I have explained earlier also, most of our strength is the capability of taking up total management where the performances of our product directly impacts on our bottom line and particularly R&D.

For example, the new facility for Tar impregnation plant, which we brought up in our Rourkela is enhancing or it is going to enhance already initial trials have given very encouraging results of enhancing our performance that will add like the number of heats increase and other things.

And also, we are benchmarking, through R&D we are also benchmarking about our product performance vis-à-vis others. And then, particularly bringing technology and making it work with the local raw materials. These are the great work. In this area, our R&D is going to concentrate, and we are seeing encouraging results, particularly on performance improvement through our Tar Impregnation and R&D involvement.



*IFGL Refractories Limited  
August 12, 2024*

**Saket Kapoor:** So, in absolute money terms, can you give some bit of the saving, annual saving that we will be accruing out of this investment?

**Arasu Shanmugam:** Right now I don't have the number readily available. We will work out and maybe next time we can too. And another area which we are going to work on through R&D is that recycled material usage. So, those things will bring us a cost benefit, but to put a number directly immediately, it is too early, because we are working on that. Maybe by H1 end, we will have some kind of an idea.

**Saket Kapoor:** And coming to the utilization level, sir, when we look at our major part of the contribution is from India, and you also mentioned that going ahead, that is also going to increase. So, how are the other geographies going to contribute for the current year in terms of the sluggishness in Europe, you have already outlined? So, for the Americas part, are these numbers now sustainable? And outside India, is it Russian, the Czech Republic, the major market, if you could just quantify it for us?

**Arasu Shanmugam:** No, we are seeing Russia, Ukraine also one of these areas where we are growing. In addition to that, GCC countries and Turkey, these are the areas also we are concentrating more where better opportunities to compensate the business de-growth in Europe and some part of America.

**Saket Kapoor:** But the contribution is very low, sir. Only Rs. 4 crores revenue in Asia and that too, there is no contribution to the bottom line. So, what kind of numbers are we penciling in from Asia, outside India, when we look at the geographical mix?

**Sikander Yadav:** Sir, do you want guidance or?

**Saket Kapoor:** Understanding, sir. We have done a revenue of Rs. 4 crore only, when we look at the segmental part, Asia, excluding India, and you are noticing that we are catering to the GCC countries and other than the Russian and the Ukraine part. So, what are we working at? And what's the trajectory going ahead since we posted losses also in the segmental PBT number of Rs. 4 crore?

**Sikander Yadav:** But in Asia, only these Vietnam, Bangladesh, all these countries are coming, not Turkey and all. So, these countries will remain in that zone only, and we have been trying to penetrate market into Indonesia and this Vietnam. If that works out, then this number will definitely be improved.

**Saket Kapoor:** And for the domestic operations, what are the utilization levels currently?

**Sikander Yadav:** Utilization level is in the range of 65% to 70%, overall basis I am talking about, not product to product. Product-to-product it may vary.

**Saket Kapoor:** Including the new facility also, ramp up at Vizag?





*IFGL Refractories Limited  
August 12, 2024*

**Sikander Yadav:** Vizag has just started. So, I am not taking that into consideration. For Quarter 1, Vizag contribution is almost, I should say, minimal. So, if that Vizag is cut out, I am talking about Kandla and Kalunga. So, Vizag will start contributing in this quarter.

**Saket Kapoor:** What should be the run rate for the remaining 9 months from Vijag?

**Arasu Shanmugam:** See, last year we did around 80 crore. 80 crores we did. This year our plan is to hit 180 crore or so. So, at least we will be at the run rate after this, we will have to calculate. So, total this year we will do around 180 crore. Yes, 180 crore. So, 100 crore is addition from the last year. We will do that.

**Saket Kapoor:** 100 crore from Vizag plant for the 9 months. Sir, you mentioned 100 crore from Vizag for the coming 9 months.

**Moderator:** Thank you. The next question is from the line of Harsh K. Shah from Dalal & Broacha Stock Broking. Please go ahead.

**Harsh K. Shah:** Sir, firstly, in the annual report, the latest annual report, we have mentioned something as within the revenue from operations as revenue from services, which is somewhere around 20 odd crores. Could you help us elaborate what exactly does this include?

So, in the annual report, the latest annual report, within the revenue from operations, you have bifurcated into revenue from sale of products and revenue from sale of services. So, the sale of services constitutes somewhere around 20 odd crores. So, what exactly does this include?

**Sikander Yadav:** I will explain you. So, when we take a total refractory management services, okay, it is total refractory management from companies like Tata Steel, JSW, JSPL, so that total management consists of supply and apply both. So, this part is the application part where labor is required to give the services. So, there are two components of that order. So, this is, that is how it is bifurcated.

**Harsh K. Shah:** And secondly, when will the technology transferred from Sheffield is likely to get completed? Because I believe when you are acquired, you had said somewhere around 12 to 15 odd months. So, when is it likely to get completed?

**Arasu Shanmugam:** By end of this calendar year. So, that means trial with customers are expected to happen sometime by January, February, March '25.

**Harsh K. Shah:** And if you could help us quantify the impact of freight cost in this quarter, that was my last question.

**Sikander Yadav:** So, due to freight, the impact is around Rs. 6 crore.



*IFGL Refractories Limited  
August 12, 2024*

**Moderator:** Thank you. Ladies and gentlemen, due to time constraint, we have reached the end of question and answer session. I would now like to hand the conference over to the management for closing comments.

**Sikander Yadav :** So, we would like to thank all the participants and we hope that we have been able to answer most of the queries. We look forward to your participation in the next call. For any queries, you may contact SGA, our investor relations advisor. Thank you, and good night.

**Moderator:** Thank you. On behalf of Monarch Network Capital, that concludes this conference. Thanks for joining us. You may now disconnect your lines.