

August 25, 2026

IFGL Refractories Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long term – Fund-based - Cash credit/Packing credit	142.00	163.05	[ICRA]AA- (Stable); reaffirmed	RBI
Long term – Fund-based - Term loan	120.00	84.95	[ICRA]AA- (Stable); reaffirmed	RBI
Short term – Non-fund based - Letter of credit/Bank guarantee	11.00	25.00	[ICRA]A1+; reaffirmed	RBI
Short term – Interchangeable limits - Letter of credit/Bank guarantee**	(61.00)	(61.00)	[ICRA]A1+; reaffirmed	RBI
Total	273.00	273.00		

*Instrument details are provided in Annexure I

SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments, which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

**Non-fund based limits of Rs. 61.00 crore is the sub-limit to the fund-based working capital limits

Rationale

The reaffirmed ratings factor in IFGL's strong financial risk profile, as reflected in its conservative capital structure and healthy debt coverage indicators. IFGL's liquidity position has remained strong over the years, as reflected in a large free cash/bank/liquid investment portfolio. The ratings also factor in the extensive experience of the promoters and the established track record of operations in the refractory business, which ensures repeat business. The ratings further consider the company's strong customer base, its long-term relationships with several key clients as well as its diversified revenue base across multiple geographies and customers. Further, its diversified manufacturing operations across multiple countries partly reduces the downside risks arising from region/customer-specific demand concerns. ICRA has noted the moderation in the company's consolidated operating margins in the last two fiscal years (FY2025 and FY2026) due to a sizeable reduction in exports sales from the India business which traditionally has been a high margin market along with the challenging operating environment for the Europe business, which has been incurring cash losses. However, the outlook for the Indian operations is favourable, given that its primary end user, the steel industry, is significantly scaling up its capacity in India. IFGL has already set up additional capacities through greenfield and brownfield expansions in India to cater to the expected increased demand, besides entering into new refractory categories, which will support its future revenue and profit growth.

The ratings, however, remain constrained by the company's exposure to the cyclical steel industry, which contributes to a major part of its revenue. Moreover, the pricing power of the refractory players, including IFGL, is limited owing to intense competition from large and established global refractory manufacturers operating in India and overseas. Such factors, coupled with IFGL's limited bargaining power with established customers, restrict the company's pricing flexibility. However, for the Indian operations, the threat of imports is not prevalent in the refractories segment where IFGL operates, which helps maintain the price discipline to an extent. The ratings also factor in IFGL's exposure to fluctuations in the supply and prices of raw materials, as its Indian operations import a large portion of its raw materials from China. While IFGL's long-term relationships have resulted in stable supply linkages, any disruption in supply may increase the raw material prices, impacting the company's profitability.

The company's previously announced capex plans which include the greenfield project in India under a JV with Marvels Refractories Limited is on hold currently as the application for the project has been closed by the appropriate authority of

Government of India due to concerns regarding proposed project location. Besides, another greenfield project planned at Khordha, Odisha has been put on hold due to the ongoing geopolitical tensions in the Middle East. While the projects have been put on hold at present, any large debt funded capex undertaken by the company in future, which impacts the liquidity and weakens the credit metrics will be a credit negative.

The Stable outlook is underpinned by ICRA's expectations that the company's earnings will remain supported by healthy demand from the steel industry, its primary consumer segment. ICRA expects the company's credit indicators to remain healthy going forward, given its lower dependence on debt.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters and established track record of operations in refractory business – The company is promoted by the S. K. Bajoria Group of India. The vast experience of the management and the company's established track record of more than four decades of operations in the refractory manufacturing business help IFGL remain competitive in the market. Further, repeat orders from reputed customers highlight the technical competence of IFGL and the confidence it has gained from its customers. On a consolidated basis, IFGL's operations are spread across China, Germany, India, the UK and the US.

Conservative capital structure and healthy debt coverage indicators – On a consolidated basis, the company's capital structure has remained conservative (gearing of 0.2 times as on March 31, 2026) over the past years owing to a healthy net worth and low reliance on debt. The coverage indicators, too, remained healthy, with interest coverage of 7.9 times and a DSCR of 3.5 times in FY2026. The company's liquidity profile, on a consolidated basis, remains strong, reflected in the large free cash/bank/liquid investment portfolio of ~Rs. 121 crore as on March 31, 2026. The company's previously announced capex plans which include the greenfield project in India under a JV with Marvels Refractories Limited is on hold currently as the application for the project has been closed by the appropriate authority of Government of India due to concerns regarding proposed project location. Besides, another greenfield project planned at Khordha, Odisha has been put on hold due to the ongoing geopolitical tensions in the Middle East. While the projects have been put on hold at present, any large debt funded capex undertaken by the company in future, which impacts the liquidity and weakens the credit metrics will be a credit negative.

Strong customer profile and geographical diversification of revenues – The company has a strong customer profile, which includes several large steel manufacturing companies in the domestic and overseas markets, and it enjoys long-term relationships with several of its key clients. The company's customer profile remains well diversified for its Indian operations with the top five customers driving 30-35% of its total sales. IFGL's revenues are diversified in the domestic and overseas markets. Exports account for 20-25% of its total sales in Indian operations. Around 40-45% of the company's consolidated revenues is generated from its overseas operations. The access to the overseas markets insulates IFGL's revenue profile from demand fluctuations in the domestic market and provides higher growth opportunities.

Favourable demand scenario for Indian operations – As per ICRA's estimates, the domestic steel demand is expected to increase by 9-10% in the FY2027. This comes on the back of expectations of rising steel demand, aided by the Government's strong infrastructure push, among other factors. Such factors bode well for refractory manufacturers, including the Indian operations of IFGL, whose primary end users are the steel companies. IFGL has already set up additional capacities through greenfield and brownfield expansions in India to cater to the expected increased demand, besides entering into new refractory categories, which will support its future revenue and profit growth.

Credit challenges

Intense competition in the industry – The pricing power of refractory players, including IFGL, is limited owing to intense competition from large and established global refractory manufacturers. Besides, the limited bargaining power of the company

with its established customers restricts its pricing flexibility. However, the threat of imports is not prevalent in the refractories segment where IFGL's Indian segment operates, helping it to maintain the price discipline to an extent.

Exposure to fluctuations in supply and prices of raw materials, cyclical inherent in steel industry – The domestic business of IFGL imports a large portion of its raw materials from China. While IFGL's long-term relationships have resulted in stable supply linkages, any disruption in supply may increase the raw material prices going forward, impacting the company's profitability. IFGL also remains exposed to the inherent cyclical in the steel industry, as it derives most of its revenue from sales to steel companies.

Foreign operation remains less profitable – ICRA notes that the foreign operations of IFGL remain less profitable than the domestic operations. The major overseas operations of IFGL are located in Europe and US. While the US operations continues to report healthy margins aided by strong demand in the local market, the European operations have been impacted by the challenging operating environment due to reduced steel production in the region leading to cash losses, thus remaining a drag on the overall overseas operations.

Environmental and social risks

Environmental considerations - The refractory manufacturing process generates various pollutants, which results in emission, industrial waste generation and environmental pollution. Increasing regulatory requirements to reduce emissions and stricter pollution standards push up costs for refractory manufacturers in the medium term. Further, the entities face climate risks such as floods and drought that impact the availability of minerals and water.

Social considerations - Social risks for refractory manufacturers manifest from the health and safety of employees involved in the manufacturing activity. Casualties/accidents at operating units due to gaps in safety practices not only result in production outages for refractory manufacturers like IFGL but also invite penal actions from regulatory bodies. The sector is exposed to labour-related risks and risks of protests/social issues with local communities, which might impact the expansion/modernisation plans. Also, the adverse impact of environmental pollution in nearby localities could hamper the smooth operations of the plant.

Liquidity position: Strong

IFGL's liquidity profile remains strong on a consolidated basis, reflected in the large free cash/bank balance and liquid investment portfolio of around Rs. 121 crore as on March 31, 2026 and healthy cash flow from operations expected over the medium term. Against these sources of cash, the company has a total capex commitment of around Rs.50-60 crore and debt repayment obligations of around Rs.16 crore in FY2027. Overall, ICRA expects the company to be able to comfortably meet its capex commitments and service its debt obligations through internal sources of cash and yet be left with sufficient cash surpluses.

Rating sensitivities

Positive factors – The rating could be upgraded if the company is able to significantly scale up its operations and maintain comfortable credit metrics and a strong liquidity profile while further diversifying its product profile across various refractory sub-segments.

Negative factors – Pressure on IFGL's ratings may arise if there is a significant drop in profitability, an increase in the working capital intensity of operations and/or any substantial debt-funded capital expenditure/investment. A specific credit metric for downgrade would be Gross debt/OPBDITA of more than 1.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of IFGL

About the company

IFGL Refractories Limited (IFGL, formerly known as IFGL Exports Limited) is a Kolkata-based Indian multinational company. IFGL was merged with its subsidiary, IFGL Exports Limited, with effect from April 1, 2016, which is engaged in the manufacturing of continuous casting refractories at Kandla, Gujarat. Subsequently, the name of IFGL Exports Limited was changed to IFGL Refractories Limited with effect from October 25, 2017. IFGL Refractories Limited was promoted by the S. K. Bajoria Group, India, and Krosaki Harima Corporation, Japan, a subsidiary of Nippon Steel Corporation. However, KHC exited its entire stake in the FY2024 by selling it off to the S. K. Bajoria Group. Currently, S.K. Bajoria Group holds 72.43% stake in IFGL. The company manufactures specialised refractories and requisite operating systems for flow control in steel teeming and continuous casting of steel. The manufacturing facilities of the company are in Kandla (Gujarat), Rourkela (Odisha) and Vizag (Andhra Pradesh). Apart from this, the company's overseas operations have manufacturing facilities across the UK and the US, along with China and Germany.

Key financial indicators (audited)

IFGL (Consolidated)	FY2025	FY2026
Operating income	1,645.2	1,889.7
PAT	43.0	34.7
OPBDIT/OI	7.4%	7.0%
PAT/OI	2.6%	1.8%
Total outside liabilities/Tangible net worth (times)	0.5	0.4
Total debt/OPBDIT (times)	1.7	1.5
Interest coverage (times)	8.3	7.9

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	August 25, 2026	Date	Rating	Date	Rating	Date	Rating
Cash credit/Packing credit	Long Term	163.05	[ICRA]AA-(Stable)	Jun-12-2025	[ICRA]AA-(Stable)	-	-	Mar-26-2024	[ICRA]AA-(Stable)
Term loan	Long Term	84.95	[ICRA]AA-(Stable)	Jun-12-2025	[ICRA]AA-(Stable)	-	-	Mar-26-2024	[ICRA]AA-(Stable)
Letter of credit/Bank guarantee	Short Term	25.00	[ICRA]A1+	Jun-12-2025	[ICRA]A1+	-	-	Mar-26-2024	[ICRA]A1+
Letter of credit/Bank guarantee#	Short Term	(61.00)	[ICRA]A1+	Jun-12-2025	[ICRA]A1+	-	-	Mar-26-2024	[ICRA]A1+

#Non-fund based limits of Rs. 61.00 crore is the sub-limit to the fund-based working capital limits

Complexity level of the rated instruments

Instrument	Complexity indicator
Cash credit/Packing credit	Simple
Term loan	Simple
Letter of credit/Bank guarantee	Simple
Interchangeable Limits - Letter of credit/Bank guarantee	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator [#]
NA	Cash credit/Packing credit	NA	NA	NA	163.05	[ICRA]AA- (Stable)	RBI
NA	Term loan	FY2023	NA	FY2028	84.95	[ICRA]AA- (Stable)	RBI
NA	Letter of credit/Bank Guarantee	NA	NA	NA	25.00	[ICRA]A1+	RBI
NA	Letter of credit/Bank guarantee*	NA	NA	NA	(61.00)	[ICRA]A1+	RBI

Source: Company; *Non-fund based limits of Rs. 61.00 crore is the sub-limit to the fund-based working capital limits

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[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
IFGL Worldwide Holdings Limited	100%	Full consolidation
Monocon International Refractories Limited	100%	Full consolidation
EI Ceramics LLC	100%	Full consolidation
Hofmann Ceramic GmbH	100%	Full consolidation
Mono Ceramics Inc.	100%	Full consolidation
Tianjin Monocon Refractories Company Limited	100%	Full consolidation
Tianjin Monocon Aluminous Refractories Company Limited	100%	Full consolidation
Hofmann Ceramic CZ s.r.o.	100%	Full consolidation
Goricon Metallurgical Services Limited	100%	Full consolidation
IFGL GmbH	100%	Full consolidation
IFGL Monocon Holdings Limited	100%	Full consolidation
Monocon Overseas Limited	100%	Full consolidation
Monotec Refractories Ltda	95%	Full consolidation
Sheffield Refractories Ltd	100%	Full consolidation
IFGL – Marvels Refractories Limited	100%	Full consolidation
EIC Acquisition LLC	100%	Full consolidation
Monocon Australia Pty Limited	100%	Full consolidation

Source: Company

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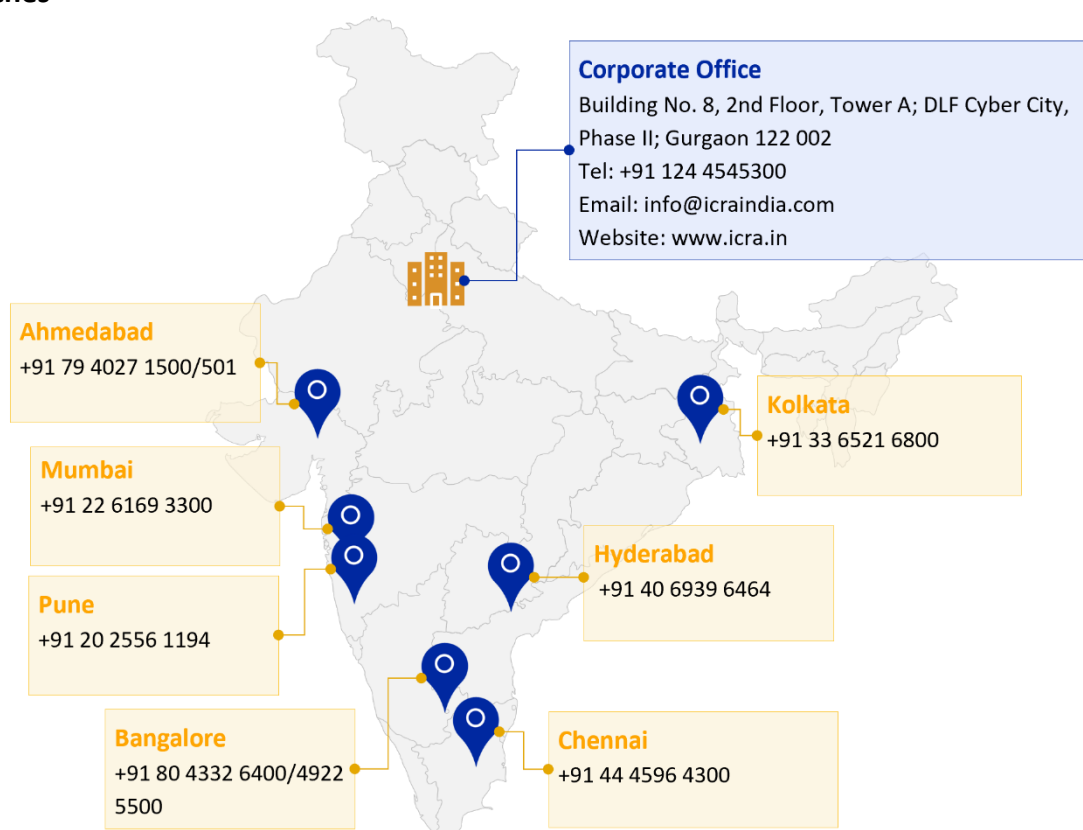
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