Orient Refractories Ltd.	
No. of shares (m)	120.1
Mkt cap (Rs crs/$m)	2008/306.0
Current price (Rs/$)	167/2.5
Price target (Rs/$)	201/3.1
52 W H/L (Rs.)	186/124
Book Value (Rs/$)	25/0.4
Beta	0.9
Daily volume NSE (avg. monthly)	17340
P/BV (FY18e/19e)	6.7/5.7
EV/EBITDA (FY18e/19e)	13.2/11.6
P/E (FY18e/19e)	22.8*/19.9
EPS growth (FY17/18e/19e)	19.9/25.6/20.1
OPM (FY17/18e/19e)	19.8/20.7/21.3
ROE (FY17/18e/19e)	30.2/32.1/31.8
ROCE(FY17/18e/19e)	30.2/32.1/31.8
D/E ratio (FY17/18e/19e)	-/-/-
BSE Code	534076
NSE Code	ORIENTREF
Bloomberg	ORIENT IN
Reuters	ORRE.BO

*on March 31st, 2018 Price

Shareholding pattern	%
Promoters	69.6
MFs / Banks / FIs	5.2
Foreign Portfolio Investors	5.1
Govt. Holding	-
Public & Others	20.0
Total	**100.0**

As on March 31, 2018

Recommendation

BUY

Phone: + 91 (33) 4488 0055

E- mail: research@cdequi.com

Quarterly Highlights

- Joint Plant Committee posits that steel production in India posted a growth of 5.3% (yoy) in 9MFY18. The country recently ousted Japan with domestic production of 8.4 mn tons (3.4% rise) in February as against Japan's 8.2 mn tons of production (0.5% de-growth), making India the second largest steel maker in the world, only behind China. In 2017, the gap stood at 3.3 mn tons, and was wider in earlier years at 9.3 mn tons and 16 mn tons in 2016 in 2015 respectively. Thus, refractory industry boasts of steady growth outlook as iron & steel industry is its largest end-use industry segment, consuming ~75% of the refractories produced in India.
- Spurred by sturdy off take in trading bricks and export business, ORL's revenue growth in Q3FY18 rose at the highest rate (23.2% yoy) in recent quarters, though it registered a growth of only 6.3% on a qoq basis. For 9MFY18, although it managed to post a robust uptick of 14.4% (yoy), it was lower than 16.5% growth (yoy) in the same period last year, mainly because of slowdown in Q1FY18 due to GST transition.
- Restrained operating expenses (raw material to sales ratio and employee benefit expenses to sales ratio declined by 101 bps to 53.9% and by ~155 bps to 7.5%), coupled with robust revenue growth helped post nearly 106 bps expansion in operating margins to 21.0% in Q3FY18. Subdued other income did little to stifle growth in EBITDA to Rs 35.24 crs ($5.4 m) vs Rs 27.46 crs ($4.1m), advancing its post tax earnings by stark 31.0% (yoy) to Rs 21.99 crs/ $3.4m (Rs 16.79 crs/ $2.5m in the corresponding period of previous year).
- The stock currently trades at 23.9x FY18e EPS of Rs 6.98 and 19.9x FY19e EPS of Rs 8.39. Prodded by strong demand link with iron and steel industry, the global refractory market (worth $28.7 bn in 2016; source MarketsandMarkets) is expected to reach $36.17 bn by 2022. The National Steel Policy -which targets 300 mn tons of steel capacity by 2030 (100.5 mn tons produced in FY17) envisages increased per capita steel consumption of 160 kgs by 2030 from current level of 60 kgs and increased demand for high automotive steel, electrical steel and special steel and improvement of productivity in MSME sector in the backdrop of adoption of newer technologies are likely to positively impact ORL and enable its topline to grow at a CAGR of 16.0% during FY17-19 period. We have revised ORL's FY18 EPS upwards by 17.2% and by 17.6% for FY19. Yet severe fluctuations in raw material prices and stressed assets of Indian steel industry would be major irritants. We recommend 'buy' rating on the stock with target price of Rs 201 (previous target Rs 157) based on 24x FY19e earnings.

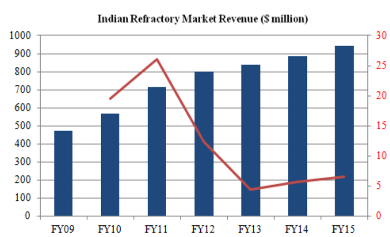
Consolidated (Rs crs)	FY15	FY16	FY17	FY18e	FY19e
Income from operations	451.36	458.88	519.39	601.30	699.19
Other Income	4.64	5.38	8.26	10.13	11.95
EBITDA (other income included)	85.16	90.56	111.24	134.38	160.95
PAT after EO	52.48	55.68	66.78	83.89	100.77
EPS(Rs)	4.37	4.63	5.56	6.98	8.39
EPS growth (%)	-1.0	6.1	19.9	25.6	20.1

Outlook & Recommendation

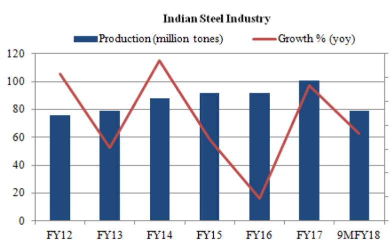
Refractories & Steel Industry

According to a report by MarketsandMarkets, global refractories market (worth $28.7 bn in 2016) is projected to register CAGR growth of 3.9% in five years ending 2022 to reach $36.17 bn, owing to rising demand of high performance refractories and increasing production of steel, cement and glass materials worldwide. With 3.5% CAGR growth in volume during the same period, its market size is estimated to grow to 56.83 mn tons by 2022 from 46.28 mn tons in FY16. Refractory products are consumed in substantial quantity in production of steel and are directly impacted by the global steel production. High replacement rate of refractory in steel production also substantiates the implications on refractory products demand from steel production. However, restrictions on the use of refractories due to growing environment concerns and monopoly of China over raw material supply are the key factors restraining and challenging the growth of the global refractories market. Currently poised at around Rs 6500 crs, the Indian refractory industry is expected to witness 7-8% uptick in demand, given pick up in infrastructure projects, leading to increased production of steel and cement, reckons Sameer Nagpal, Head of Advocacy, Indian Refractory Makers Association (IRMA). Yet, he believes that the industry may have to take haircuts to the tune of Rs 400 crs, as it is stuck with dues amounting to more than half of their profits with a number of steel firms facing insolvency process under NCLT.

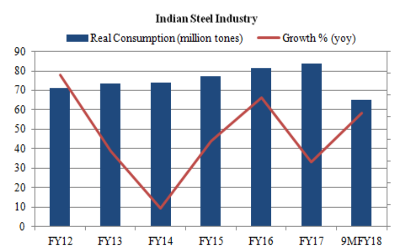
Riding on strong demand growth in domestic and global markets, India Ratings and Research, an Indian credit rating agency, expects stable outlook for Indian steel industry in FY19. It believes industry participants to exhibit improved operational and financial performance in the backdrop of better sales realizations and healthy margins. Driven largely by buoyancy in the automobile industry and recovery in the construction and capital goods sectors, steel production and consumption in the country posted a growth of 5.3% (yoy) and 5.4% (yoy) respectively till January of FY18.



Sources: IMRA, IREFCON



Sources: Office of Economic Advisor, National Steel Policy 2017; JPC



Source: JPC

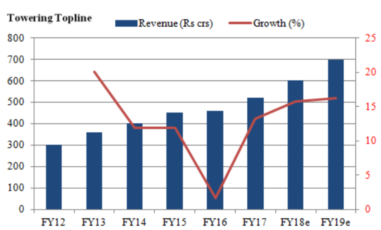
The rating agency foresees the steel sector to likely consolidate in FY19 with the acquisition of large stressed assets by domestic majors like SAIL, JSW Steel Ltd. and Tata Steel Ltd., expected to constitute 60-65% of India's steel production and leading to synergy improvement and economies of scale. However, some of the stressed assets may take 12-18 months to ramp-up utilization to optimum levels. Incremental demand is expected to be met by turnaround in these stressed assets along with boost in new capacities. However, increasing global trade wars could pose risk to exports and put some pressure on the domestic capacity utilization.

US President Donald Trump's move to impose heavy tariffs of 25% on imported steel has the potential of wide repercussions that would take a bigger toll since it is used as a raw material for a number of industries, and any pressure in pricing due to excess supply weighing on the global market balance is expected to impact a host of goods. The Indian steel industry has been on an upswing lately, but US tariff hike can indirectly affect global steel prices, including that of India's. US exports constitute ~2% of the country's total steel exports and the GOI continues to believe that India's prospects of becoming a top steel exporter would not be disrupted due to import curbs as it depends on a range of other factors, including competitiveness and demand in the foreign markets.

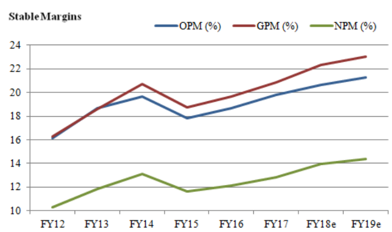
Financials & Valuations

Powered by Indian government schemes like National Steel Policy, acceleration in industrial manufacturing sectors and infrastructure spend, the Indian steel industry has witnessed uptick in demand (its production and consumption has grown at a CAGR of 5.8% and 3.4% respectively in five years ending FY17), which has been imitated in ORL's topline growth at a CAGR of 11.6% in the same period. Chinese deceleration, decline in steel using sectors and low investments savaged the global and Indian steel industry during two years ending FY16; earnings declined by 1% in FY15 before growing by 6.1% in FY16.

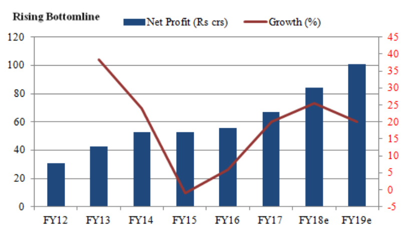
Effective cost management through continuous programs for achieving efficiency in manufacturing processes and control over raw material cost and working capital, coupled with high quality product mix- thanks to technical expertise and R&D activities of its parent company- have contained its operating margins at an average of 18.9%, much higher than that of its peer IFGL Refractories' whose average OPM stands at ~11.1%. Although association and support of RHI AG Group, Austria- world market leader in refractories- gives ORL a competitive edge, it does face headwinds in the form of volatile raw material prices (alumina, graphite, binders, etc).



Sources: ORL, CD Equisearch

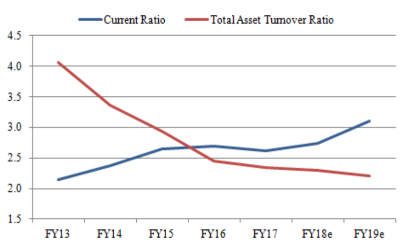


Sources: ORL, CD Equisearch

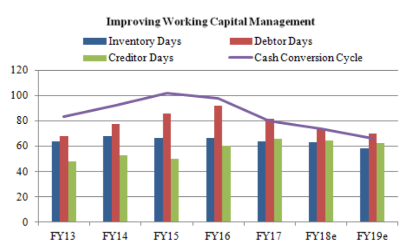


Sources: ORL, CD Equisearch

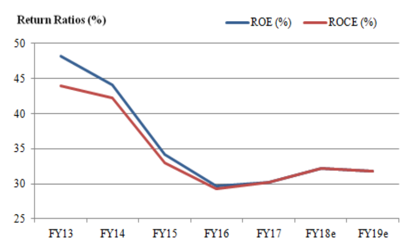
India's import of refractory material got a hit due to change in China's environment policy last fiscal which triggered shut down of most of Beijing's bauxite mines in Shanxi and Guizhou provinces. 'It's a wake-up call for the refractory industry in India.' said Hakimuddin Ali, chairman of Indian Refractory Makers Association. But thanks to ORL's strong procurement ability on back of RHI AG's large buying capability of raw material and its higher proportion of raw material sourced locally – 76% of raw material consumed in FY17 was procured from domestic suppliers – it has been able to sustain margins over the years even during rising input scenario. Fomented by robust demand and stable outlook of end-consumers, ORL could witness 15.8% and 16.3% rise in revenue in FY18 and FY19 respectively. Expecting OPMs to stay in the range of 20-21% in FY18 and FY19, PAT should grow by 25.6% to Rs 83.89 crs ($12.8 m) in FY18 and by 20.1% to Rs 100.77 crs ($15.4 m) in FY19.



Sources: ORL, CD Equisearch



Sources: ORL, CD Equisearch

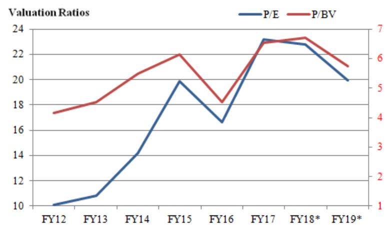


Sources: ORL, CD Equisearch

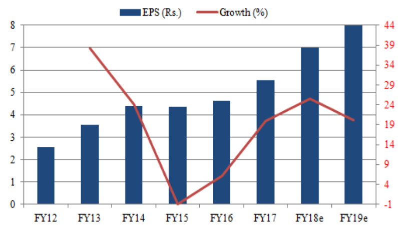
With current capacity utilization rate of 90% of isostatic pressed products (ISO), ORL has proposed to expand its ISO capacity to 11,700 TPA from 9300 TPA by building an additional ISO production line in its existing plant at Bhiwadi. Given the growth of Indian steel industry and increasing demand in export market, the management expects market demand to reach 10,000 tons in 2018 and 11,700 tons in 2019. With an estimated cost of Rs 17.27 crs (funded through internal accruals), the plant is expected to be commission by Q2FY19.

Amid all the positive outlook for India's steel sector, the European Commission's safeguard investigation into steel imports in response to America's metal tariff plans to shield EU producers from excessive imports does not augur well for the steel sector.

Safeguard duties are country specific and if they are imposed, they could end up hitting countries like India –Europe constituted ~40% of India's total steel exports in FY18 - as Indian steel companies would direct a major part of that export to the growing domestic market. Domestic steel companies have therefore urged for imposing anti-dumping duties to ensure fair trade and provide a level-playing field to the domestic steel industry.



Sources: ORL, CD Equisearch; *forward multiples



Sources: ORL, CD Equisearch

The stock currently trades at 23.9x FY18e EPS of Rs 6.98 and 19.9x FY19e EPS of Rs 8.39. Spurred by an impressive performance of the steel industry recently, ORL's FY18 EPS has been revised upwards by 17.2% and by 17.6% for current fiscal. Merger of parent company RHI AG and Magnestia to form a leading refractory company will enable ORL to offer more range of products and services to its customers. Its efforts to boost exports to Italy, Bangladesh (where it has appointed new selling agent) and Indonesia will help it expand its business overseas. Improved earnings would buoy better return ratios (ROE and ROCE) which we expect to stand at 32.1% and 31.8% in FY18 and FY19 respectively. Buttressed by increasing steel demand both globally and domestically, refractory industry dispatches would be barely austere. Yet, American move to levy a steep tariff on steel imports, coupled with 16 trade remedies – 10 anti dumping and 6 countervailing duties- against Indian steel companies would dent the growth prospects of India's steel industry. On balance, we recommend 'buy' rating on the stock with target price of Rs 201 (previous target Rs 157) based on 24x FY19e EPS of Rs 8.39 over a period of 9-12 months. (PEG ratio 1.2). For more information, refer to our August report.

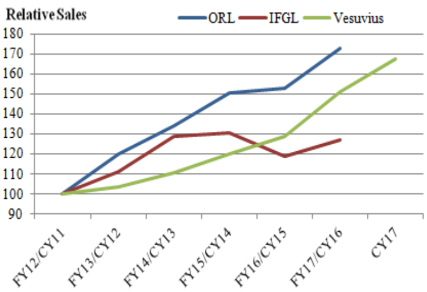
Cross Sectional Analysis

Company	Equity*	CMP	Mcap*	Sales*	Profit*	OPM(%)	NPM(%)	Int cov.	ROE(%)	Mcap/ sales	P/BV	P/E
Orient Ref.	12	167	2008	576	74	19.5	12.9	562550.5	26.6	3.5	6.7	27.1
IFGL Ref.	36	256	923	816	37	11.9	4.5	12.1	-	1.1	2.4	25.0
Vesuvius India	20	1284	2606	911	97	18.2	10.7	-	16.1	2.9	4.0	26.8

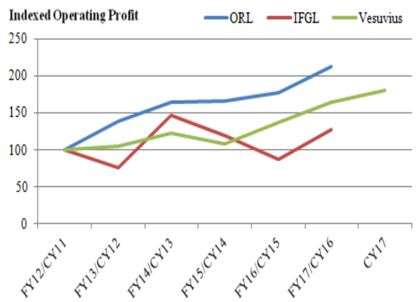
*figures in crores; calculations on ttm basis; book value adjusted for goodwill where applicable; standalone or consolidated data as available on 31st December, 2017.

Increase in steel utilization rate has augmented the demand for refractory products, helping IFGL's topline to grow by 15.0% (yoy) in Q3FY18. Yet, it operating margin dithered and stood at 10.7% (down by 100 bps yoy) owing to 23.4% (yoy) and 11.9% (yoy) rise in raw material expenses and 'other expenses'. Its subsidiary Hofmann Ceramic demonstrated stress in its business and reported loss of Euro 0.2 mn in 9MFY18 because of low demand for one of its highly profitable product groups and higher production cost due to outdated plant. To increase its operational efficiency and enhance capacity, the company is ongoing a capex of Euro 2.0 mn for Hofmann plant, which is expected to be completed by first quarter of current fiscal. Capex of Rs 100crs ($15.2 m) each for its Odisha plant - to augment SGR and zirconia nozzles manufacturing facilities - and Kandla plant - to increase the present capacity of ISO products to 240,000 pcs p.a. from 160,000 pcs p.a.- should power its business growth in the near future.

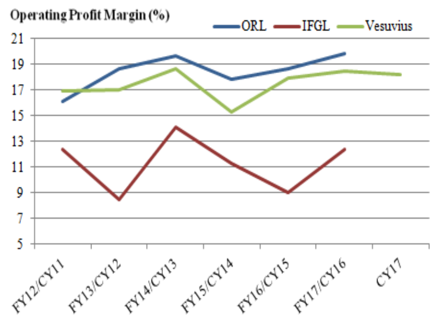
Domestic and exports business growth of 2.9% and 20.9% helped Vesuvius record an overall growth of 10.9% in CY17. Thanks to uptrend in raw material prices, operating margins remained flat at 18.2%. The company suffered a difficult business environment due to insolvency proceedings against three of its customers and financial stress of some other customers. Setting up of a new R&D centre at Vishakhapatnam to enable automation of production processes in CY17 and constant support in terms of technology, systems and manufacturing from the Vesuvius group should ensure its long term growth.



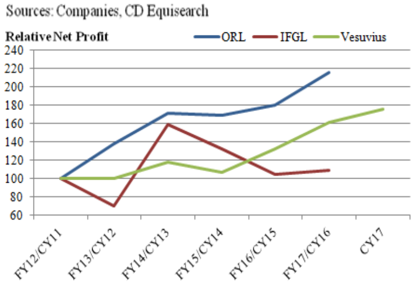
Base Year FY12/CY11=100
Sources: Companies, CD Equisearch



Base Year FY12/CY11=100
Sources: Companies, CD Equisearch



Sources: Companies, CD Equisearch



Base Year FY12/CY11=100
Sources: Companies, CD Equisearch

Financials

Quarterly Results

Figures in Rs crs

	Q3FY18	Q3FY17	% chg	9MFY18	9MFY17	% chg
Income From Operations	**157.83**	**128.08**	**23.2**	**447.93**	**391.54**	**14.4**
Other Income	2.14	1.96	9.1	7.68	6.08	26.3
Total Income	**159.97**	**130.04**	**23.0**	**455.61**	**397.63**	**14.6**
Total Expenditure	124.73	102.58	21.6	361.78	314.57	15.0
EBITDA (other income incl.)	**35.24**	**27.46**	**28.3**	**93.83**	**83.06**	**13.0**
Interest	-	0.00	-100.0	-	0.00	-100.0
Depreciation	1.74	1.71	1.7	5.12	4.80	6.7
PBT	**33.50**	**25.75**	**30.1**	**88.71**	**78.26**	**13.3**
Tax	11.51	8.97	28.4	30.33	27.12	11.8
PAT	**21.99**	**16.79**	**31.0**	**58.38**	**51.14**	**14.2**
Extraordinary Item	-	-	-	-	-	-
Adjusted Net Profit	**21.99**	**16.79**	**31.0**	**58.38**	**51.14**	**14.2**
EPS (Rs)	1.83	1.40	31.0	4.86	4.26	14.2

Income Statement

Figures in Rs crs

	FY15	FY16	FY17	FY18e	FY19e
Income From Operations	451.36	458.88	519.39	601.30	699.19
Other Income	4.64	5.38	8.26	10.13	11.95
Total Income	**456.00**	**464.26**	**527.65**	**611.42**	**711.14**
Total Expenditure	370.84	373.70	416.41	477.04	550.19
EBITDA (other income incl.)	**85.16**	**90.56**	**111.24**	**134.38**	**160.95**
Interest	0.04	0.00	0.00	-	-
Depreciation	5.49	5.91	6.37	6.90	7.81
PBT	**79.63**	**84.66**	**104.87**	**127.49**	**153.14**
Tax	26.79	28.84	36.25	43.60	52.37
PAT	**52.84**	**55.82**	**68.62**	**83.89**	**100.77**
Extraordinary Item	0.36	0.14	1.84	-	-
Adjusted Net Profit	**52.48**	**55.68**	**66.78**	**83.89**	**100.77**
EPS (Rs)	4.37	4.63	5.56	6.98	8.39

Balance Sheet

Figures in Rs crs

	FY15	FY16	FY17	FY18e	FY19e
Sources of Funds					
Share Capital	12.01	12.01	12.01	12.01	12.01
Reserves & Surplus	157.79	192.64	261.26	309.00	373.61
Total Shareholders' Funds	**169.80**	**204.65**	**273.27**	**321.01**	**385.63**
Long Term Debt	-	-	-	-	-
Total Liabilities	**169.80**	**204.65**	**273.27**	**321.01**	**385.63**
Application of Funds					
Gross Block	62.32	72.53	80.74	85.41	102.68
Less: Accumulated Depreciation	29.09	34.24	39.90	46.79	54.60
Net Block	**33.23**	**38.29**	**40.84**	**38.62**	**48.08**
Capital Work in Progress	3.96	1.57	4.67	10.00	-
Investments	0.01	0.01	0.00	0.00	0.00
Current Assets, Loans & Advances					
Inventory	71.56	64.22	81.38	84.18	90.89
Trade Receivables	112.69	118.50	113.99	131.09	137.64
Cash and Bank	26.13	76.47	110.84	142.20	201.76
Other Assets	3.01	5.04	5.85	6.22	6.82
Total CA & LA	**213.40**	**264.24**	**312.06**	**363.68**	**437.10**
Current Liabilities	59.90	76.50	82.70	96.10	104.08
Provisions-Short term	20.79	21.68	0.39	0.42	0.46
Total Current Liabilities	**80.69**	**98.18**	**83.09**	**96.52**	**104.54**
Net Current Assets	**132.71**	**166.06**	**228.97**	**267.17**	**332.56**
Net Deferred Tax	0.79	0.66	0.37	1.71	1.55
Net long term assets	-0.90	-1.93	-1.59	3.52	3.44
Total Assets	**169.80**	**204.65**	**273.27**	**321.01**	**385.63**

Cash Flow Statement

Figures in Rs. crs

	FY15	FY16	FY17	FY18e	FY19e
Net Income (a)	**52.84**	**55.82**	**68.62**	**83.89**	**100.77**
Non cash Expenses (b)	**2.45**	**4.50**	**0.59**	**0.40**	**0.49**
Depreciation	5.49	5.91	6.37	6.90	7.81
Interest Income	-1.13	-1.84	-1.81	-4.02	-6.30
Deferred Tax	-0.77	0.13	0.29	-1.34	0.16
Others	-1.14	0.30	-4.26	-1.14	-1.19
Adjustments in NWC and others (c)	**-21.53**	**19.91**	**-8.76**	**-12.11**	**-5.92**
Inventories	-8.24	7.34	-17.16	-2.80	-6.71
Other assets (net of liabilities)	-13.30	12.57	8.40	-9.31	0.79
Cash Flow from Operating Activities (a+b+c)	**33.75**	**80.22**	**60.45**	**72.19**	**95.33**
Purchase of fixed assets	-11.50	-9.13	-11.83	-10.00	-7.27
Proceeds from sale of assets	0.80	0.30	0.37	-	-
Interest and Dividend received	2.66	2.90	3.03	5.32	7.65
Others	-1.59	1.74	2.21	-	-
Cash Flow from Investing activities	**-9.63**	**-4.19**	**-6.21**	**-4.68**	**0.38**
Net Borrowings	-0.47	-5.24	-	-	-
Dividend paid (including CDT)	-17.12	-19.73	-20.49	-36.15	-36.15
Cash Flow from Financing Activities	**-17.59**	**-24.98**	**-20.49**	**-36.15**	**-36.15**
Net Change (a+b+c+d+e)	**6.53**	**51.06**	**33.74**	**31.36**	**59.56**

Key Financial Ratios

	FY15	FY16	FY17	FY18e	FY19e
Growth Ratios (%)					
Revenue	11.9	1.7	13.2	15.8	16.3
EBITDA	1.3	6.8	20.0	23.9	19.8
Net Profit	-1.0	6.1	19.9	25.6	20.1
EPS	-1.0	6.1	19.9	25.6	20.1
Margins (%)					
Operating Profit Margin	17.8	18.7	19.8	20.7	21.3
Gross profit Margin	18.7	19.7	20.9	22.3	23.0
Net Profit Margin	11.6	12.1	12.9	14.0	14.4
Return (%)					
ROCE	33.0	29.3	30.2	32.1	31.8
ROE	34.1	29.7	30.2	32.1	31.8
Valuations					
Market Cap/ Sales	2.3	2.0	3.0	3.2	2.9
EV/EBITDA	12.1	9.4	13.3	13.5	11.9
P/E	19.9	16.6	23.2	22.8	19.9
P/BV	6.1	4.5	6.5	6.7	5.7
Other Ratios					
Debt Equity	-	-	-	-	-
Current Ratio	2.6	2.7	2.6	2.7	3.1
Turnover Ratios					
Fixed Asset Turnover	14.2	12.8	13.1	15.1	16.1
Total Asset Turnover	2.9	2.5	2.4	2.3	2.2
Debtors Turnover	4.3	4.0	4.5	4.9	5.2
Inventory Turnover	5.5	5.5	5.7	5.8	6.3
Creditor Turnover	7.2	6.1	5.6	5.7	5.9
WC Ratios					
Debtor Days	85.8	91.9	81.7	74.4	70.1
Inventory Days	66.4	66.4	63.8	63.3	58.1
Creditor Days	50.3	60.3	65.5	64.2	62.4
Cash Conversion Cycle	101.8	98.0	80.0	73.5	65.8
Cash Flows					
Operating cash flow	33.8	80.2	60.4	72.2	95.3
FCFF	25.7	74.3	52.0	67.5	95.7
FCFE	25.2	69.1	52.0	67.5	95.7

Cumulative Financial Data

Rs crs	FY14-15	FY16-17	FY18-19e
Income from operations	855	978	1300
Operating profit	160	189	273
EBIT	159	186.51	281
PBT	159	187	281
PAT	105	122	185
Dividends	38	57	72
Sales growth (%)	29.3	14.4	32.9
PAT growth (%)	43.3	16.1	50.8
OPM (%)	18.7	19.3	21.0
GPM (%)	19.7	20.3	22.7
NPM (%)	12.3	12.5	14.2
ROE (%)	38.8	30.1	31.5
ROCE (%)	37.4	29.7	31.5
Debt-Equity ratio*	0.0	0.0	0.0
Fixed asset turnover	13.7	13.2	14.6
Total asset turnover	3.1	2.4	2.2
Debtors turnover	4.6	4.3	5.2
Creditors turnover	7.3	6.1	5.9
Inventory turnover	5.4	5.2	6.0
Debtor days	78.7	84.6	70.6
Creditor days	49.8	59.6	62.3
Inventory days	67.5	70.7	61.2
Cash conversion cycle	96.3	95.6	69.5
Dividend payout ratio (%)	35.8	45.9	39.2

FY14-15 implies two year period ending fiscal15;*as on terminal year.

With high dependence on iron & steel industry, de-growth in steel production of 0.1% due to delay in execution of construction projects and lower demand of consumer durables and automobiles in FY16 was reflected in ORL's topline uptick of just 1.7%, bringing down cumulative sales growth to 14.4% in two years ending FY17. Yet, operating margins managed to improve slightly (see table) because of slowdown in alumina prices which constituted ~39.2% of raw material in FY16 and low base effect of FY15 which witnessed stress in margins due to global slowdown in steel demand coupled with low capacity utilization. If it would have not been for PAT expansion in FY17, profits would have failed to grow by even 16.1% in FY16-17 period. Lackluster profits dwindled return ratios – ROE and ROCE of 30.1% and 29.7% as against 38.8% and 37.4% respectively in FY14-15 period.

Steel demand growth has improved recently, and going forward, ICRA, a Indian credit rating agency, expects the domestic consumption growth to remain favorable, aided by government's thrust on infrastructure, particularly towards affordable housing, power transmission and railways in the last Union Budget, which should bolster demand for refractory products in the coming years and drive ORL's topline and bottomline by 32.9% and 50.8% in FY18-19 period. Operating margins are expected to improve to 21.0% with cash conversion cycle improving by 26.1 days in the near future. Yet, risk of India turning into steel dumping ground due to US import tariffs cannot be overlooked, driving down its prices and realizations, thereby impacting the refractory industry.

Financial Summary- US Dollar denominated

million $	FY15	FY16	FY17	FY18e	FY19e
Equity capital	1.9	1.8	1.9	1.8	1.8
Shareholders funds	27.1	30.9	36.6	43.8	53.3
Total debt	0.8	-	-	-	-
Net fixed assets (including CWIP)	5.9	6.0	7.0	7.5	7.3
Investments	0.0	0.0	0.0	0.0	0.0
Net current assets	21.2	25.0	29.7	35.5	45.2
Total assets	27.1	30.9	36.6	43.8	53.3
Revenues	73.8	70.1	77.4	93.3	106.6
EBITDA	13.8	13.8	16.2	20.9	24.5
PBDT	13.8	13.8	16.2	20.9	24.5
PBT	12.9	12.9	15.2	19.8	23.3
PAT	8.6	8.5	10.0	13.0	15.4
EPS($)	0.07	0.07	0.08	0.11	0.13
Book value ($)	0.23	0.26	0.30	0.36	0.44
Operating Cash Flow	5.4	12.1	9.3	11.1	14.5
Investing Cash Flow	-1.5	-0.6	-1.0	-0.7	0.1
Financing Cash Flow	-2.8	-3.8	-3.2	-5.6	-5.5
Net Cash Flow	1.0	7.7	5.2	4.8	9.1

Income statement figures translated at average rates; balance sheet at year end rates; projections of FY19 at current rates (Rs 65.61/$).
All dollar denominated figures are adjusted for extraordinary items.

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buy: >20%	accumulate: >10% to ≤20%	hold: ≥-10% to ≤10%	reduce: ≥-20% to <-10%	sell: <-20%

Exchange Rates Used- Indicative

Rs/$	FY14	FY15	FY16	FY17	FY18
Average	60.5	61.15	65.46	67.09	64.45
Year end	60.1	62.59	66.33	64.84	65.04

All $ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate. Cumulative dollar figure is the sum of respective yearly dollar value.