

Q2

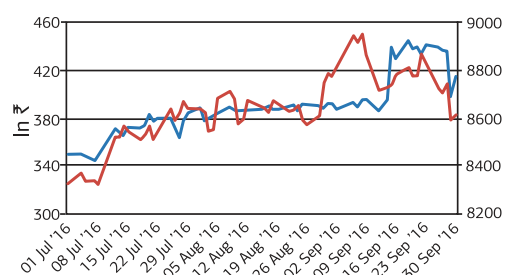
Financial Report

Quarter Ended 30th September, 2016



FINANCIAL HIGHLIGHTS

	Q2 ('16-'17)
Total Income	₹442.70 crore
EBDITA	₹36.14 crore
EBDITA Margin	8.2%
EPS (Annualised)	₹17.60
RONW (Annualised)	28.2%
ROCE (Annualised)	15.8%
Market Capitalisation (As on 30.09.16/NSE)	₹1,677.71 crore
Cash & Equivalents (As on 30.09.16)	₹46.76 crore
Enterprise Value (EV) (As on 30.09.16)	₹1,623.55 crore
EV/EBDITA	11.23



IFB vs Nifty—Daily price movement chart

IFB Industries Limited's operations consist of two Divisions, Fine Blanking and Appliances. The Fine Blanking Division has two manufacturing facilities, one each at Kolkata and Bangalore. The Appliance Division has its manufacturing facility at Goa and also imports and markets some of its products from countries around the globe.

Financial Review

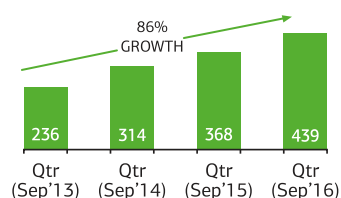
Profit and Loss

For the Quarter ended Sept '16, IFB Industries Limited has reported net sales of ₹417.22 crore. This is a growth of 19.1% over last year's corresponding Quarter. The EBDITA margin stood at 8.2% during the 2nd Quarter of 2016–17.

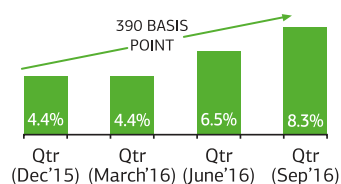
EBDITA for the Quarter ended Sept '16 is higher as compared to the corresponding period ended Sept '15. This is driven by:

- Higher revenues and better model mix
- The positive impact of investments made in sales and promotion. These were made in order to capitalise on sales in product categories like top loaders and to drive the benefits of new models in the front loader and microwave categories. The completion of field level manning and its improving productivity has had a positive impact and will further drive revenue in the period ahead.

Trend in Operating Income (₹ in crore)



Trend in Operating Margin



Balance Sheet

Long-term borrowings include a term loan of ₹25 crore. This was taken for purchase of capital assets for expansion of our Fine Blanking plant. Short-term borrowings include working capital buyers' credit amounting to ₹13.35 crore and bill discounting amounting to ₹5.58 crore. The Company continues to remain debt free (on a net basis, net of current investments and bank balances) as of 30th Sept, '16.

Cash Flow

Cash and cash equivalents have decreased to ₹46.76 crore (30th Sept, '16) from ₹61.25 crore (30th June, '16). This is mainly due to repayment of borrowings, purchase of fixed assets and investment in equity shares of Trishan Metals Private Limited.

Outlook

During the Quarter, the Indian rupee remained stable. However, compared to the corresponding period of the previous year, the rupee's level has depreciated. As shared in our previous reports, we are continuing to localise some high cost imports to counteract currency impacts on our business. This task, initiated in the 3rd Quarter of the last fiscal year, is in a stage of implementation. The localisation plan will drive margins and also de-risk the Company significantly from forex exposure in certain product categories.

Our Appliances Division has ended the Quarter on a stronger note in revenue terms. This is in comparison to the previous Quarter of the last fiscal year, as well as the 1st Quarter of this fiscal year. As we had intimated earlier, we believe that the new product introductions will further improve sales in the Quarters to come.



The Fine Blanking Division increased its revenue by 9.2% during the 2nd Quarter of the current year as compared to the corresponding period of the previous year.

The Appliances Division

The Appliances Division continues to deliver a well-positioned and differentiated range of products for both domestic and industrial applications. These include washing machines (domestic and industrial), dry cleaning and other finishing equipment (like ironers etc), microwave ovens, dishwashers (industrial and domestic), clothes dryers, modular kitchens, kitchen appliances (hobs, chimneys and built-in ovens), air conditioners etc.

The updates on the products at the end of the 2nd Quarter, relative to market positions, as well as our future plans, are given in the subsequent pages:

Washing Category

• Front Loaders (Domestic Segment)

The new models are now fully fielded in the market and the revenue impact of these will continue to accrue going forward. Our dominant market share prevails. We now have a range of models with high-end designs and user interfaces, including models driven by smart, mobile-based technologies. Developments, seen from the customer's perspective, are focused on energy efficiency, user convenience and design interface impact.

• Top Loaders (Domestic Segment)

The Company's market share continues to expand in this category. The product range features fully automatic top loaders in the 6.5 to 9.5 kg capacity segments. Sporting high-end Deep Clean technology and unique wash features, these top loaders now enjoy a select niche in the market owing to their aesthetics, features and wash performance. This category will continue to be a key revenue growth and margin driver in the fiscal year to come.

With its front loader and top loader volumes combined, the Company is a significant player nearing the top three market leaders. In the top loader segment that the Company operates, (6.5 kg and above), the market share gains within a year of launch have been significant and are now ~16–17% plus.

• Clothes Dryers (Domestic Segment) and Dishwashers (Domestic Segment)

Both of these are niche product segments of the Company and we continue to enjoy market shares of ~80% in clothes dryers and ~50% in domestic dishwashers. To expand these categories, the Company will spearhead a marketing campaign. This will be aimed at educating customers on the benefits of hygiene and water saving with these products. Development work in these categories is focussed on the introduction of new ranges of clothes dryers and dishwashers. These will drive convenience and also improve the product design interface with the customer.

• Industrial Segment Ware-washing and Laundry Equipment

IFB continues to provide a unique range of glass washers, under-counter dishwashers, hood type and rack conveyor type dishwashing equipment. In this segment, the Company has a pan-India presence in customer segments. These include defence establishments, pubs and bars, large institutions, hotels and restaurants, ships and many more. In the industrial dishwashing segment,



the Company has a strong market share of ~40% in value terms.

IFB also offers a full range of industrial laundry equipment (including machines reaching higher level capacities of ~160 kg etc) and a complete range of dryers, ironers, and finishing equipment for clothing, including suits and special silk wear etc. Installations across the country include placement in 5 star hotels. In the high-end laundry segment, IFB is among the two top players by value share.

Kitchen Appliances

• Microwave Ovens

IFB is the third largest player with a market share of ~18% as of the 2nd Quarter FY 16–17. A new range of products has been introduced and launched in the market. Our cooking category is now strengthened by a unique Oil Free Cooking feature. IFB continues to be one of the few companies registering healthy growth in this segment. Going forward, we expect to further strengthen the Company's market share. IFB's microwave cooking class program, Spice Secrets, teaches customers how to get the most out of their microwave oven usage post purchase. It has been expanded and now conducts ~700 plus classes, across the country, inducting ~16,000–17,000 customers every month. To complement the new microwave range, the Company has introduced new cooking programs to enable cooking with healthy inputs such as olive oil. As a result, 'health' has been adopted as the Customer Connect platform for this range.

• Modular Kitchens

The pilot stores in Goa and Bangalore are now fully operational. The design offering for this category keeps a modern Indian home in mind. It also features exclusive modular systems with unique features such as food grade, termite resistant and boiling water proof plywood (something exceptional in the Indian market). We will expand this business going forward and present customers with a range of modular kitchens with appliances, both stand alone and built-in, in line with global trends.

• Built-in Ovens, Chimneys and Hobs

In the first half of this fiscal year, we have focussed on increasing displays across all markets. A special focus has been placed upon promotions and sales from our IFB Point channel. Our product range is now available at nearly 200 counters, in addition to displays at IFB Points. The IFB Point channel is a key driver for growth in this category and currently ~40% of sales of this set of products are from this exclusive store network. The Company has ~6% market share as of now, which will expand in subsequent Quarters when market placements increase, as planned. In the first half of this fiscal year, sales of modular kitchens have driven the sales of kitchen appliances as well. As both businesses expand, they will help drive customer penetration in both categories.

Cooling Category

• Air Conditioners

A completely redesigned product range, introduced in the last season, has stabilised in the market. The product and market focus in this segment covers the following key summaries.

- Performance has been of a high level. The new product range enhanced this experience as it has been improved in the key areas of energy efficiency and performance at high ambient temperatures. IFB is amongst the few companies in the retail channel to have all its models feature green gas. IFB also provides customers features such as 52°C compliant compressors in all models, copper piping



etc—all features designed for high-end performance levels. IFB had adopted green gas as a platform well before the Government mandate.

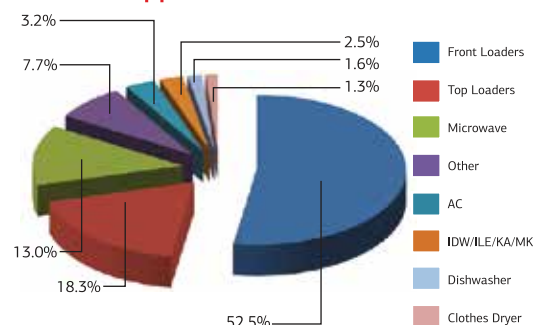
The sales performance this year has been according to expected levels. This category will continue to have a positive impact on profitability as the work of channel expansion continues.

During the 2nd Quarter of FY 2016–17, the Appliances Division posted a 22.1% increase in revenue compared to the same period of the previous year. The ROCE for the 2nd Quarter FY 16–17 stood at 33.4%. ROCE for the same period last year was at 14.9%.

For the Quarter ended 30th Sept, 2016

The Appliances Division reported net revenues of ₹361.84 crore for the Quarter ended Sept '16. Washing Machines contributed 70.8% of sales.

QTR Product-wise Spread in Home Appliances Division

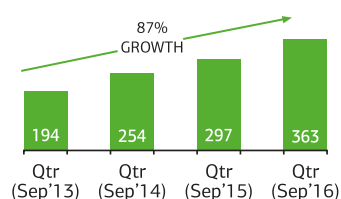


Summarised Financial Performance of the Appliances Division

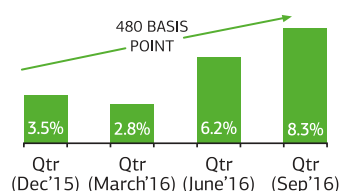
(₹ in crore)

	Q2 ('16-'17)	Q2 ('15-'16)	Q1 ('16-'17)	FY ('15-'16)
Revenue (Net Sales Including Service Income)	361.84	296.44	345.74	1,225.49
EBDITA	29.89	17.20	21.51	57.41
EBDITA (%) on Revenue	8.3%	5.8%	6.2%	4.7%
EBIT	23.19	8.97	15.00	26.61
EBIT (%) on Revenue	6.4%	3.0%	4.3%	2.2%
Capital Employed	277.85	241.37	258.29	266.56
ROCE (Annualised)	33.4%	14.9%	23.2%	10.0%

Trend in Operating Income (In crore)



Trend in Operating Margin



As reported in previous investor communications, the Appliances Division operates five key channel segments, through which it reaches its customer base.

1. Multi-brand stores

a. These are the large format chain stores that operate on a pan-India basis.

b. The regional/town level single stores, inclusive of regional and geography specific chain stores.

These channels contributed ~61% by volume of the IFB's sales YTD this year.

2. The IFB Exclusive Stores (IFB Points and the IFB Website)

These stores display the products the Company offers and allows customers a tactile experience of the full range. The IFB website is also an important online store serving the same purpose.

a. IFB Points contribute ~16% of sales by volume as of YTD this year.

b. The IFB website and related eCommerce sites contribute ~10% of sales by volume. Both generate a significant amount of visitors who also buy offline and in other stores later.

c. The target is to reach a network of ~500+ exclusive stores of an approximate size not exceeding ~500 sq ft in the first phase. This will also include Company Owned Company Operated (CoCo) stores. As of 30th Sept '16, the Company had ~352 IFB Points across India, out of which ~85 are CoCo stores.

3. The CSD/Defence Canteens, Institutions etc

These customers buy directly from the Company, including industrial products. These channels contribute ~2% of the Company's sales by volume and are a significant channel for direct customer contact. The Company expects this contribution to remain stable in subsequent Quarters with growth in the industrial category and also the institutional sales of products like air conditioners.

4. The Channel of Dealers who are also Service Providers

This segment is specifically for air conditioner sales. It contributes ~2% of sales by volume as of YTD this year and is a segment that will grow to drive expansion in the air conditioner business.

5. The Channel of Distributors

This is driving the channel expansion that the Company is undertaking. It is at ~9% of sales as of the 2nd Quarter and as IFB continues to expand its channel reach, this segment is growing. It is key to the expansion of IFB's reach into small towns and up-country areas across India. We will continue to focus on increasing it.

One of the critical areas for the Division is the Service function and its reach to the customers

In the 2nd Quarter, we have a total of ~760 service franchisees across India, with a plan to increase the number to ~780 by the end of the 4th Quarter FY 16. Currently, we have 29 service training centres, fully equipped for training in all aspects of assembly, dismantling, installation and troubleshooting of our products.

Sales of additives and accessories continue to be a key focus area. These are expected to continue to contribute significantly, both to the top-line and bottom-line in the coming

Quarters. The Company's 4 million+ customer base is being tapped to increase the sales of additives and accessories. The Company's own call centre (which is called a Service Centre) at Goa continues to be effective in issue resolution, customer feedback and cross sell initiatives with a total capacity of ~120 people (presently ~90 seats are occupied). IFB also has outsourced contact centres at Munnar and Hyderabad. The Service Centre at Goa focuses on outbound calls to track and improve customer satisfaction and also to reduce the number of pending customer issues through focussed data tracking.

In the Company's Customer Connect Program, we continue to contact customers and then visit them. This is increasing customer satisfaction and also enabling higher revenues from the customer visits. In the 2nd Quarter, we have physically reached ~900,000 customer homes, through the Customer Connect Program and service calls.

Fine Blanking Division

The Fine Blanking Division mainly caters to the automobile sector—two-wheeler, four-wheeler and commercial vehicle segments.

The turnover of the Fine Blanking Division is as given below:

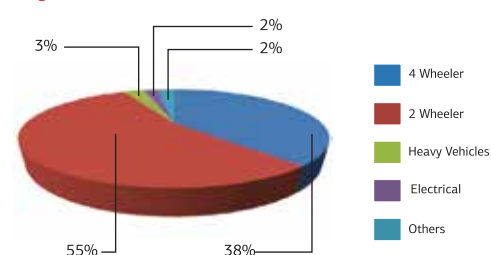
	(₹ in crore)			
	Q2 ('16-'17)	Q2 ('15-'16)	Q1 ('16-'17)	FY ('15-'16)
Net Sales	64.54	60.32	60.59	230.85

The turnover of the AFM Division has improved significantly and is as given below:

	(₹ in crore)			
	Q2 ('16-'17)	Q2 ('15-'16)	Q1 ('16-'17)	FY ('15-'16)
Net Sales	7.83	5.97	6.53	23.96

The After Market Vertical achieved a turnover of ₹7.83 crore in the 2nd Quarter. This is a growth of 31.2% over the corresponding Quarter of the previous fiscal year. The AFM vertical is expected to improve the operating performance during 2016–17 as it expands further.

Segment-wise Sales Q2 2016–17



Summarised Financial Performance of the Fine Blanking Division

(₹ in crore)

	Q2 ('16-'17)	Q2 ('15-'16)	Q1 ('16-'17)	FY ('15-'16)
Revenue (Net Sales Including Service Income)	72.37	66.29	67.12	254.81
EBDITA	9.95	9.12	8.85	34.33
EBDITA (%) on Revenue	13.7%	13.8%	13.2%	13.5%
EBIT	5.85	5.78	4.95	20.64
EBIT (%) on Revenue	8.1%	8.7%	7.4%	8.1%
Capital Employed	122.93	123.59	121.88	139.60
ROCE (Annualised)	19.0%	18.7%	16.2%	14.8%

The Fine Blanking Division, including the After Market Division (AFM) has reported 9.2% revenue growth in the 2nd Quarter of the current year as compared to the corresponding period of the previous year. The growth in EBDITA is 9.1% compared to the comparative period of the previous year.

Future Outlook & Strategy

Fine Blanking

The Fine Blanking Division is aggressively building a profitable order book in the auto sector. To de-risk from the fluctuations in the automotive market, our marketing team is at work tapping business potential in non-auto sectors. It will help to increase the total sales of the Division substantially as well as counter fluctuations in the auto market. We expect to garner substantial business from this sector before the year end.

AFM

The After Market Division will use the network of home appliances to extend our reach to market our product, Ultramiles. It will help to increase our sales substantially in the 4th Quarter. The Ultramiles brand will expand overall to all states this year. We shall decide on the big picture plan for this business by December end.

INCOME STATEMENT

(₹ in crore)

	YTD		QTR	
	30th Sept, '16	30th Sept, '15	30th Sept, '16	30th Sept, '15
Gross Sales	1102.40	904.05	562.49	466.65
Less: Excise Duty	77.31	63.11	41.88	35.75
Less: Trade Scheme	205.22	155.98	103.39	80.52
Net Sales	819.87	684.96	417.22	350.38
Service Income	27.21	24.43	17.00	12.36
Other Income	15.07	15.54	8.48	6.78
Total Income	862.15	724.93	442.70	369.52
EBITDA	62.83	48.62	36.14	23.23
EBITDA Margin	7.3%	6.7%	8.2%	6.3%
Depreciation	21.46	23.30	10.92	11.87
Interest	1.47	1.08	1.05	0.66
PBT	39.90	24.24	24.17	10.70
PAT	32.71	19.85	17.80	9.32
PAT Margin	3.8%	2.7%	4.0%	2.5%
No of Shares (In crore)	4.05	4.05	4.05	4.05
Earnings Per Share (In ₹) (Not annualised)	8.08	4.90	4.40	2.30

BALANCE SHEET

(₹ in crore)

	30th Sept, '16	30th Sept, '15
EQUITY AND LIABILITIES		
I SHAREHOLDERS' FUNDS		
Share Capital	41.28	41.28
Reserves & Surplus	408.03	365.55
II NON-CURRENT LIABILITIES		
Long-term Borrowings	25.00	-
Deferred Tax Liabilities (Net)	29.89	27.45
Other Long-term Liabilities	9.59	7.86
Long-term Provisions	32.90	25.65
III CURRENT LIABILITIES		
Short-term Borrowings	18.93	89.44
Trade Payables	272.91	226.73
Other Current Liabilities	73.98	63.14
Short-term Provisions	6.18	5.05
Total	918.69	852.15
ASSETS		
I NON-CURRENT ASSETS		
Fixed Assets		
Tangible Assets	271.89	253.89
Intangible Assets	11.28	14.32
Capital Work-in-progress (Including intangible assets under development)	18.12	9.24
Long-term Loans and Advances	75.03	69.18
Non-current Investments	12.00	-
Other Non-current Assets	0.01	-
II CURRENT ASSETS		
Current Investments	51.33	45.62
Inventories	229.58	242.86
Trade Receivables	174.52	135.90
Cash and Bank Balances	46.76	51.84
Short-term Loans and Advances	27.58	28.64
Other Current Assets	0.59	0.66
Total	918.69	852.15

KEY RATIOS

	YTD		QTR	
	30th Sept, '16	30th Sept, '15	30th Sept, '16	30th Sept, '15
Earnings Per Share (In ₹) (Not annualised)	8.08	4.90	4.40	2.30
Book Value Per Share (In ₹)	110.94	100.45	110.94	100.45
Current Ratio#	1.43	1.43	1.43	1.43
Quick Ratio#	0.81	0.74	0.81	0.74
EBITDA/Total Income	7.3%	6.7%	8.2%	6.3%
Net Profit Margin as % of Total Income	3.8%	2.7%	4.0%	2.5%
Net Worth (₹ in crore)	343.20	298.99	343.20	298.99
RONW (Annualised)	23.3%	16.2%	28.2%	14.3%
Return on Capital Employed (Annualised)	14.6%	9.8%	15.8%	9.2%
No of Equity Shares (In crore)	4.05	4.05	4.05	4.05
Closing Market Price on Period End	414.25	477.70	414.25	477.70
Market Capitalisation (₹ in crore)	1,677.71	1,934.69	1,677.71	1,934.69
PE Ratio (Annualised)	25.63	48.74	23.54	51.92
Head Count (Numbers)	1,634	1,610	1,634	1,610
Total Income per Employee (₹ in lakh)	52.76	45.03	27.09	22.95
Fixed Asset Turnover Ratio	5.79	5.11	5.9	5.2
Days Sundry Debtors Outstanding	28	27	27	26
Inventory Holding (In days)	38	49	37	47

Includes Current Investments and Short-term Working Capital Loans

CASH FLOW STATEMENT

(₹ in crore)

	6M ('16-17)	6M ('15-16)	Q2 ('16-17)	Q2 ('15-16)
(A) CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit Before Tax	39.91	24.24	24.18	10.70
Adjustments for:				
Depreciation/Amortisation	21.46	23.30	10.92	11.87
Gain on Disposal of Fixed Assets	(0.01)	(0.01)	(0.01)	(0.01)
Write Off of Debts/Advances	0.06	0.09	0.04	0.02
Provision for Doubtful Debts and Advances	0.10	0.10	0.05	0.10
Dividend from Current Investments	(0.35)	(0.19)	(0.16)	(0.10)
Net Gain on Sale of Current Investments	(0.48)	(2.06)	(0.22)	(0.14)
Write Back of Liabilities No Longer Required	(0.90)	(0.05)	(0.75)	(0.02)
Write Back of Provisions No Longer Required	(0.02)	(0.06)	(0.02)	(0.06)
Financial Charges	1.47	1.08	1.06	0.67
Operating Profit Before Working Capital Changes	61.24	46.44	35.09	23.03
Movement In Working Capital	(11.42)	(67.51)	(5.92)	(15.36)
Cash Generated From/(Used in) Operations	49.82	(21.07)	29.17	7.67
Direct Taxes Paid	(6.13)	(5.28)	(3.90)	(3.06)
Net Cash From/(Used in) Operating Activities	43.69	(26.35)	25.27	4.61
(B) CASH FLOWS FROM INVESTING ACTIVITIES				
Net Purchase of Fixed Assets (Including Intangible Assets, CWIP)	(25.50)	(28.51)	(13.27)	(13.63)
Net (Purchase)/Sale of Investments	(45.65)	8.29	(7.52)	(6.25)
Net Cash Used in Investing Activities	(71.15)	(20.22)	(20.79)	(19.88)
(C) CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds/(Repayment) from/of Borrowings (Net)	27.53	54.99	(17.91)	14.23
Financial Charges	(1.47)	(1.08)	(1.06)	(0.67)
Net Cash from/(Used in) Financing Activities	26.06	53.91	(18.97)	13.56
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	(1.40)	7.34	(14.49)	(1.71)
CASH AND CASH EQUIVALENTS, BEGINNING	48.16	44.50	61.25	53.55
CASH AND CASH EQUIVALENTS, END	46.76	51.84	46.76	51.84

Thank You



Disclaimer

This presentation contains statements that reflect the Management's current views and estimates and may be construed as forward-looking in nature. The future involves certain risks and uncertainties that may cause actual results to differ materially from the current views being expressed. Partial risks and uncertainties include factors such as general economic conditions, commodity prices and currency fluctuations, competitive product and pricing pressures, industrial relations and regulatory developments.



Microwave Oven



Built in Oven



Dishwasher



Cooker Hood | Built in Hob



Top Loader



Front Loader



100% Clothes Dryer



Air Conditioner