

Q1

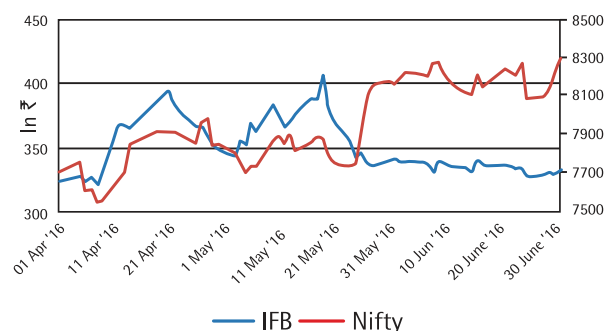
Financial Report

Quarter Ended 30th June, 2016



FINANCIAL HIGHLIGHTS

	Q1 ('16-'17)
Total Income	₹419.44 crore
EBDITA	₹26.69 crore
EBDITA Margin	6.4%
EPS	₹3.68
RONW (Annualised)	19.3%
ROCE (Annualised)	13.1%
Market Capitalisation (As on 30.06.16/NSE)	₹1,343.18 crore
Cash & Equivalents (Net) (As on 30.06.16)	₹54.84 crore
Enterprise Value (EV) (As on 30.06.16)	₹1,288.34 crore
EV/EBDITA	12.07



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 Appliances Division has its manufacturing facility in Goa and also imports and markets some of its products from countries around the globe.

Financial Review

Profit and Loss

For the Quarter ended 30th June, 2016 IFB Industries Limited reported net sales of ₹402.65 crore, a growth of 20.3% over the corresponding Quarter of the previous fiscal year. The EBDITA for the 1st Quarter was 6.4%.

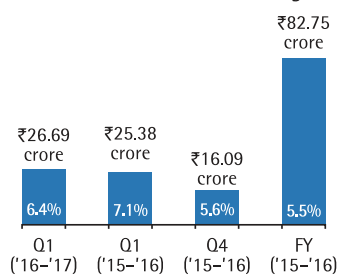
The EBDITA for the 1st Quarter ended 30th June, 2016 (₹26.69 crore) was higher compared to the corresponding period of the previous year (₹25.38 crore). It was also higher compared to the 4th Quarter of the previous fiscal year (₹16.09 crore).

Some of the key highlights are as follows—

- The total impact of forex in the 1st Quarter is ₹7.7 crore as compared to the corresponding period of the last fiscal year. It has been mitigated, however, by better cost controls on the material buying front and also cost reduction projects that are now beginning to show positive results. More such positive results are expected in the following Quarters.
- Investments made towards sales and promotion are beginning to yield positive returns. They had been made to set up new product sales. These investments are now nearly fully settled in terms of the completion of the training of people and sales representatives and other modalities. Their positive impact will be realised further in the coming Quarters.

The trend in EBDITA is given below

EBDITA (in crores) and EBDITA Margin (%)



Balance Sheet

Long-term borrowings include a term loan of ₹25 crore taken for purchase of capital assets for expansion of our Fine Blanking plant. Short term borrowing includes Capex Buyers Credit amounting ₹4.56 crore, working capital buyers credit amounting ₹26.60 crore and

bill discounting amounting ₹5.68 crore. The Company continues to remain debt free (on a net basis, net of investments and bank balances) as of 30th June, 2016.

Cash Flow

Cash and cash equivalent has increased to ₹61.25 crore (as on 30th June, 2016) from ₹48.16 crore (as on 31st March, 2016). Capital outflow to the tune of ₹12.23 crore was incurred during the Quarter ended 30th June, 2016, which is in line with the Company's annual capital expenditure plan.

Outlook

During the Quarter, the Indian rupee has depreciated with respect to the comparable Quarter of the previous fiscal year. This had a negative impact on material costs for the Quarter, which we have knocked off through cost reduction projects. Our localisation plans on some of the high cost imports, which are underway in this fiscal year, are now in an advanced stage of implementation. The localisation plans will drive margins and also derisk the Company significantly from the forex exposure in some product categories.

Our Appliances Division has ended the Quarter on a higher note in revenue terms compared with the previous Quarter of the last fiscal year as well as the Quarter preceding this one.



Returns on marketing investments, made to bolster high growth rates, especially for the new products and the actions on the EBDITA margins, are beginning to have an impact. As we had briefed earlier, we believe that the new product introductions will further improve sales in the Quarters ahead.

The Fine Blanking Division increased its revenue by 15.5% during the 1st Quarter of the current year compared to the comparative period of the previous fiscal year.

The Appliances Division

This Division has a diverse range of products, in both domestic appliances and industrial applications. These are washing machines (domestic and industrial), including dry cleaning and other finishing equipment (like irons), microwave ovens, dishwashers (industrial and domestic), clothes dryers, modular kitchens, kitchen appliances (hobs, chimneys and built-in ovens), air conditioners and others.

The updates at the end of the 1st Quarter on the products, relative market position, actions being taken and our future plans, are as given in the subsequent pages.

Washing Category

• Front Loaders (Domestic Segment)

The new models are now fully commercialised and the revenue impact of these will be realised in the new fiscal year. Our dominant market share has been strengthened with these introductions. The range, with high end designs and user interfaces, includes models driven by smart, mobile-based technologies and a host of new washing applications. We expect these introductions to continue to generate volume gains and also help expand the market reach in the new fiscal year.

• Top Loaders (Domestic Segments)

The market placement and market shares continue to rapidly expand for this range of products. It includes fully automatic top loaders in the 6.5 kg to 9.5 kg capacity segments,

with high end 'Deep Clean' technology and unique wash features. These top loaders have created a niche position in the market with their aesthetics, features and wash performance.

This category continues to be a key revenue growth driver in the new fiscal year.

With its front loader and top loader volumes combined, the Company is now a key player in the market. In the segments of top loaders that the Company is operating in at present (6.5 kg and above), the market share is now ~15% plus. The Company expects to grow this market share rapidly in the subsequent Quarters.

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

Both of these are niche product segments of the Company and we continue to have market shares of ~80% in clothes dryers and ~50% in domestic dishwashers. A new range of dishwashers with enhanced wash capabilities and features based on feedback received from the market, is now fully available for retail.

• Industrial Segment Ware-washing and Laundry Equipment

IFB has a unique range of glass washers, under counter dishwashers and hood type and rack conveyor type dishwashing equipment. In this segment, the Company has a pan-India presence in defence cantonments, small pubs and bars, large institutions, hotels and restaurants, ships and many more. The Company



continues to operate with a strong market share of ~37% in value terms in the industrial dishwashing segment. A complete new range with contemporary features based on customer feedback has commercially stabilised in the market at the end of the 1st Quarter.

IFB also has a full range of industrial laundry equipment (going up to capacities as high as ~160 kg) and a complete range of dryers, irons and finishing equipment for clothing, including suits, silk wear and delicate garments. Installations across the country include in select 5-star hotels. In the high end laundry segment, IFB remains among the top two players by value share.

Kitchen Appliances

• Microwave Ovens

As of the 1st Quarter, IFB is estimated to be among the top three players with a market share of ~18%. A complete new pipeline of products with unique 'Oil Free Cooking' technology, is driving volumes and market share gains. IFB is one of the few companies actually registering strong and healthy growth in this category. We expect to further strengthen the Company's market share in the following Quarters. IFB continues to run the industry's largest microwave cooking class programme under the brand 'Spice Secrets', which teaches our customers how to optimise microwave oven usage post purchase. There are ~750 plus classes across the country every month. The Company has introduced new cooking programmes in the range of microwave ovens, to enable usage of healthy inputs (eg olive oil), adopting 'health' as a platform to drive customer connect.

• Modular Kitchens

The pilot stores in Goa and Bangalore are now operational. An additional store in Kolkata will be operational in the next Quarter. The design offerings for this category keep a modern Indian home in mind. The modular systems, the basic platforms of which feature plywood that is food-grade, termite resistant and boiling water proof, are unique to the Indian market. We have presented to customers a range of modular kitchens with appliances (stand alone and built-in) in line with global trends at extremely competitive prices. The Company will expand the

business fully in the new fiscal year after stabilisation in the selected three initial markets.

• Built-in Ovens, Chimneys and Hobs

The Company continues to focus on increasing displays across all markets with a special focus on promotions and sales through the IFB Point channel for these products. The IFB Point channel is a key driver for growth in this category and currently ~60% of sales are through this exclusive store network. The Company currently has ~5% market share, which will expand in subsequent Quarters as market placements increase as planned.

Cooling Category

• Air Conditioners

A completely redesigned product range was introduced for the season. The product and market refocus in this segment covered the following key summaries.

- As a product, the performance has been high and, as we shared earlier, customer feedback regarding quality and performance is very favourable, in line with the reputation of the IFB brand. The new range has improved this experience as the products have been enhanced further in key areas such as energy efficiency and performance at high ambient temperatures. The IFB range is unique in terms of features such as 52°C compliant compressors across all models, green gas and copper piping—all features designed for high end performance.

- The sales performance in season has been as per targeted levels and this category will have a positive impact on profitability in the new



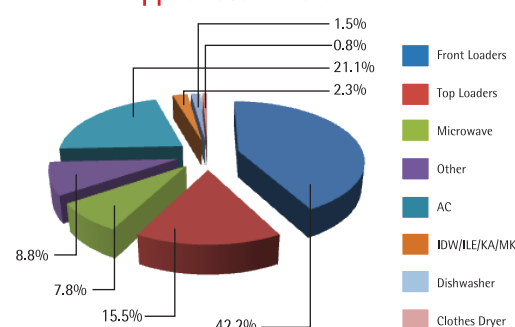
fiscal year as both channel and volume expansion continue.

During the 1st Quarter of FY '16-'17, the Appliances Division posted a 19.8% increase in revenue compared to the same period of the previous fiscal year. The ROCE stood at 23.2%, while for the same period of the last fiscal year, it was 20.3%.

For the Quarter ended 30th June, 2016

The Appliances Division reported net revenues of ₹345.74 crore for the Quarter ended 30th June, 2016. Washing machines contributed 57.7% of sales.

Q1 Product-wise spread in the Appliances Division



Summarised Financial Performance of the Appliances Division

₹ in crore

	Q1 ('16-'17)	Q1 ('15-'16)	Q4 ('15-'16)	FY ('15-'16)
Revenue (Net Sales Including Service Income)	345.74	288.57	297.65	1,225.49
EBDITA	21.51	20.02	8.29	57.41
EBDITA (%) on Revenue	6.2%	6.9%	2.8%	4.7%
EBIT	15.00	12.01	1.75	26.61
EBIT (%) on Revenue	4.3%	4.2%	0.6%	2.2%
Capital Employed	258.29	237.07	266.56	266.56
ROCE (Annualised)	23.2%	20.3%	2.6%	10.0%

The key points to be noted above, which have impacted results, are as follows—

a. Impact of forex levels for the Quarter is ~₹7.7 crore. The largest impact has been on imported products such as microwaves and air conditioners. We have knocked off the impact of this through focus on a high end model mix and actions on material costs.

b. Material cost actions initiated for localisation projects in India will have a further positive impact in the subsequent Quarters.

As reported in previous investor communications, the Appliances Division operates through five key channel segments.

1. Multi-brand stores

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

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

The above channels contributed ~60% by volume of IFB's sales in the 1st Quarter.

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

These stores have the full range of the products that the Company offers on display and allow customers to see, touch and feel them. The IFB website is also an important online store serving the same purpose.

a. IFB Points contribute ~19% of sales by volume as of 1st Quarter

b. The IFB website and related e-commerce sites contribute ~5% of sales by volume. Both generate a significant number of visitors who also buy offline and in other stores later

c. We are on track for a plan to reach a network of ~500+ exclusive stores of approximate size not exceeding ~500 sq ft. All of these are in good locations across India. This will also include Company Owned Company Operated (CoCo) stores. As of the 1st Quarter, the Company has ~380 IFB Points across India, 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 ~3% 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 ~4% of sales by volume as of the 1st Quarter and 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 1st Quarter and as IFB continues to expand its channel reach overall, this segment is growing. This channel is key to the expansion of IFB's reach into small towns and up-country areas across India and we will continue to focus on increasing this segment.

One of the Critical Areas for the Division is the Service Function and its Reach to Customers

In the 1st Quarter, we have reached a total of ~750 service franchisees across India with a plan to increase the number of franchisees to ~775 by the end of the 3rd Quarter FY '16-'17. Currently, we have 29 service training centres, which are fully equipped to train on all aspects of assembly, dismantling, installation and troubleshooting of our products.

Sales of additives and accessories continue to be a key focus area and these are expected to continue to contribute significantly, both to the top-line and bottom-line in the coming Quarters. The Company's four million plus 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 and customer feedback/cross sell initiatives with a total capacity of ~120 people (presently 90 seats are operational). IFB has also outsourced call centres to Munnar and Hyderabad. The service centre in Goa focuses on

outbound calls to track and improve customer satisfaction and also to reduce the number of pending customer issues through focused data tracking.

In the Company's Customer Connect Program, we continue to contact customers directly and then visit them. This is increasing customer satisfaction and also enabling higher revenues from the customer visits.

Fine Blanking Division

This Division mainly caters to the automobile sector, both two-wheeler and four-wheeler segments. We are also focusing on increasing our business in non-auto sectors such as electrical, railways, cycle, defence etc.

The Fine Blanking Division, including the After Market Division (AFM), has reported 15.5% revenue growth in the 1st Quarter of the current year compared to the corresponding period of the previous fiscal year. The growth in EBDITA is at 23.8% compared to the corresponding period of the previous fiscal year.

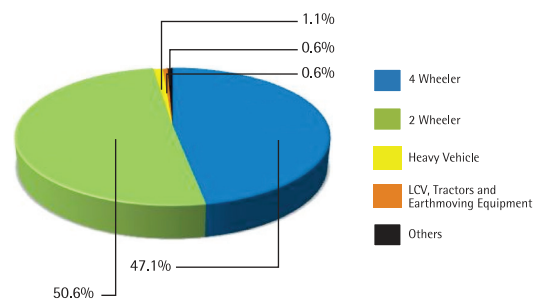
The turnover of the AFM Division has improved significantly and is as given below—

₹ in crore

	Q1 ('16-'17)	Q1 ('15-'16)	Q4 ('15-'16)	FY ('15-'16)
Net Sales	6.53	4.91	6.25	23.96

The After Market Vertical achieved a turnover of ₹6.53 crore in the 1st Quarter. This is a growth of 33.0% from the corresponding Quarter in the previous fiscal year. The AFM vertical is expected to improve the operating performance during FY '16-'17 as it expands further.

Segment-wise sales in the 4th Quarter ending June 2016



Summarised Financial Performance of the Fine Blanking Division

₹ in crore

	Q1 ('16-'17)	Q1 ('15-'16)	Q4 ('15-'16)	FY ('15-'16)
Revenue (Net Sales Including Service Income)	67.12	58.09	65.77	254.81
EBDITA	8.85	7.15	8.48	34.33
EBDITA (%) on Revenue	13.2%	12.3%	12.9%	13.5%
EBIT	4.95	4.00	4.81	20.64
EBIT (%) on Revenue	7.4%	6.9%	7.3%	8.1%
Capital Employed	121.88	122.59	139.60	139.60
ROCE (Annualised)	16.2%	13.1%	13.8%	14.8%

IFB Industries Limited made a strategic investment in Trishan Metals Private Limited through participation in 120,00,000 equity shares of ₹10 each, thereby acquiring 51.12% of Trishan's equity holdings.

The object of the acquisition was to obtain quality material in time. Trishan Metals Private Limited is currently in the business of manufacturing CRCA & CRFH steel, specialising in medium and high carbon steel strips.

Future Outlook & Strategy

The Fine Blanking Division is aggressively building a profitable order book in auto as well as non-auto industries by increasing its customer base. We are revamping the supply chain in line with the same.

The 'Ultramiles' brand will expand by going to all states this year and we expect it to grow significantly and become profitable.

INCOME STATEMENT

(₹ in crore)

	YTD	
	30th June, '16	30th June, '15
Gross Sales	539.91	437.40
Less: Excise Duty	35.43	27.36
Less: Trade Scheme	101.83	75.45
Net Sales	402.65	334.59
Service Income	10.21	12.07
Other Income	6.58	8.75
Total Income	419.44	355.41
EBDITA (Before Exceptional Expense)	26.69	25.38
EBDITA Margin	6.4%	7.1%
Depreciation	10.54	11.43
Interest	0.41	0.41
PBT	15.74	13.54
PAT	14.91	10.54
PAT Margin	3.6%	3.0%
No of Shares (In crore)	4.05	4.05
Earnings Per Share (In ₹) (Not annualised)	3.68	2.60

BALANCE SHEET

(₹ in crore)

	30th June, '16	30th June, '15
EQUITY AND LIABILITIES		
I SHAREHOLDERS' FUNDS		
Share Capital	41.28	41.28
Reserves & Surplus	390.23	356.23
II NON-CURRENT LIABILITIES		
Long-term Borrowings	25.00	-
Deferred Tax Liabilities (Net)	26.62	26.55
Other Long-term Liabilities	9.10	7.53
Long-term Provisions	31.20	25.66
III CURRENT LIABILITIES		
Short-term Borrowings	36.84	75.21
Trade Payables	238.48	177.05
Other Current Liabilities	64.65	58.66
Short-term Provisions	6.03	5.22
Total	869.43	773.39
ASSETS		
I NON-CURRENT ASSETS		
Fixed Assets		
–Tangible Assets	263.39	250.25
–Intangible Assets	12.20	15.51
–Capital Work-in-progress (Including intangible assets under development)	24.20	15.04
Long-term Loans and Advances	72.77	59.23
II CURRENT ASSETS		
Current Investments	55.43	39.12
Inventories	228.17	213.29
Trade Receivables	126.05	102.66
Cash and Bank Balances	61.25	53.55
Short-term Loans and Advances	25.31	24.11
Other Current Assets	0.66	0.63
Total	869.43	773.39

KEY RATIOS

	YTD	
	30th June, '16	30th June, '15
Earnings Per Share (In ₹) (Not annualised)	3.68	2.60
Book Value Per Share (In ₹)	106.55	98.15
Current Ratio#	1.46	1.48
Quick Ratio#	0.79	0.75
EBDITA/Total Income (Before Exceptional Items)	6.4%	7.1%
Net Profit Margin as % of Total Income	3.6%	3.0%
Net Worth (₹ in crore)	325.40	289.67
RONW (%) (Annualised)	19.3%	18.7%
Return on Capital Employed (%) (Annualised)	13.1%	10.6%
No of Equity Shares (In crore)	4.05	4.05
Closing Market Price on Period End	331.65	508.65
Market Capitalisation (₹ in crore)	1,343.18	2,060.03
PE Ratio (Annualised)	22.53	48.91
Head Count (Numbers)	1,611	1,557
Total Income per Employee (₹ in lakh)	26.04	22.83
Fixed Asset Turnover Ratio	5.84	5.04
Days Sundry Debtors Outstanding	21	21
Inventory Holding (In days)	39	44

Includes Investments and Working Capital Secured Loans

CASH FLOW STATEMENT

YTD

	('16-'17) ₹ in crore	('15-'16) ₹ in crore
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit Before Tax	15.73	13.54
Adjustments for:		
Depreciation/Amortisation	10.54	11.43
Write off of Debts/Advances	0.02	0.07
Provision for Doubtful Debts and Advances	0.05	—
Dividend from Current Investments	(0.19)	(0.09)
Net Gain on Sale of Mutual Funds	(0.26)	(1.92)
Write Back of Liabilities No Longer Required	(0.15)	(0.03)
Finance Costs	0.41	0.41
Operating Profit Before Working Capital Changes	26.15	23.41
Movement In Working Capital	(5.50)	(52.15)
Cash Generated From/(used in) Operations	20.65	(28.74)
Direct Taxes Paid	(2.23)	(2.22)
Net Cash From/(used in) Operating Activities	18.42	(30.96)
(B) CASH FLOWS FROM INVESTING ACTIVITIES		
Net Purchase of Fixed Assets (Including Intangible Assets, CWIP)	(12.23)	(14.88)
Net (Purchase)/Sale of Current Investments	(38.13)	14.54
Net Cash Used in Investing Activities	(50.36)	(0.34)
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Net)	45.44	40.76
Finance Charges	(0.41)	(0.41)
Net Cash from Financing Activities	45.03	40.35
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	13.09	9.05
CASH AND CASH EQUIVALENTS, BEGINNING	48.16	44.50
CASH AND CASH EQUIVALENTS, END	61.25	53.55

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.

Notes

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Microwave Oven



Built in Oven



Dishwasher



Cooker Hood | Built in Hob



Top Loader



Front Loader



100% Clothes Dryer



Air Conditioner