

Q2

Financial Report

Quarter ended 30th September, 2012



Total Income

₹236.34 crores (Y-o-Y growth of 15.5%)

EBDITA(from operation)

₹17.26 crores (Y-o-Y growth of 22.8%)

EBDITA margin 7.3%

EPS (annualised) ₹8.96

RONW (annualised) 17.2%

ROCE(annualised) 9.2%

Market Capitalisation

₹364.10 crores (as on 30.9.12 / NSE)

Cash & equivalents(NET)

₹68.36 crores (as on 30.9.12)

EV ₹295.74 crores

EV/EBDITA 4.53



— IFB — Nifty

IFB vs Nifty - price movement chart-second qrt

IFB Industries' operation consists of two divisions, engineering and appliances. Engineering division is having two manufacturing facilities - one at Kolkata and another at Bangalore. Appliance division is having its manufacturing facility at Goa and some of its products are imported from various countries across the globe.

FINANCIAL REVIEW

P&L

For the quarter ended September 12, IFB has reported a gross sales of ₹280.04 cr, a growth of 18% over the corresponding quarter of last year.

The growth in EBIDTA was at a lower level due to the tough economic environment. EBIDTA margin was at 7.3% as compared to 6.9% of last year. Due to higher depreciation charges, PBT margin has remained at the same level (adjusting the exceptional charges in September 11)

For the half year ended September 12, sales have grown by 24% as compared to comparative period of last year. EBIDTA margin was lower at 7% as compared to 7.9% in last year. PBT margin has fallen slightly from 6% to 5% due to higher depreciation charges.

BS

IFB Industries has remained debt free on net basis as on 30th September 2012. There has been an increase in inventory due to the building up of stocks in order to exploit the festival season. We have taken some buyers credit and the same will be repaid during the 4th quarter. The ROCE and RONW are low as fund raised during 1st quarter are yet to be deployed in the productive assets.

Cash Flow

During the quarter ended September 12, IFB Industries have generated ₹16.13 crore from its operation while for the six months ended it generated ₹29.09 crores. Increases in inventory and debtors have resulted in ₹30.95 crore and Rs 36.21 crore fund blockage. Capital expenditure to the tune of ₹14.32 crore was incurred during quarter ended September 12 and an amount of ₹26.53 crore were incurred during half year ended September 12. An amount of ₹9.82 crore of mutual fund investments were sold during the quarter ended September 12 and during the half year ended September 12, an amount of ₹43.75 crore was invested in mutual funds. During the quarter ended September 12, an amount of ₹20.48 crore were borrowed as buyers credit while during the half year ended, there was a preferential allotment to the promoter which brought ₹42 crore in the company.

We expect that in the coming quarter, blockages in the working capital will reduce and we will be

able to generate/maximise free cash flow.

OUTLOOK

The Outlook for next two quarters is slightly better as compared to the first half of the current financial year due to the following reasons:

Positive stimulus coming back in the system in the form of Government reforms. Lending rates has started to soften and it is expected that in the coming months, rates will soften further. This will boost consumer lending.

All the festival seasons will fall during October 12 - March 13 unlike in last year where festival seasons were split between two halves.

Despite the challenging market conditions and tremendous cost pressures on majority of the cost elements (transportation being the most significant element), we will strive to report improved financial numbers.

In view of the difficult market scenario, we will focus on cost & cash. While there will be tremendous thrust on reducing discretionary expenditures, we will try to improve the cash flow by reducing our inventories and debtors.

We will introduce refrigerators and AC's in coming two quarters. In our engineering division, we will focus more on non-auto segment in order to reduce the dependence on "Auto" segment.

Appliance division

The appliance division sells a wider range of domestic and industrial appliances such as Washing Machines (domestic and industrial including dry cleaning and other finishing equipments like ironers etc), Microwave Oven, Dishwasher (domestic and industrial), Cloth Dryers, Modular Kitchen and Kitchen Appliances (hobs, chimneys and built-in-ovens). The manufacturing facility at Goa manufactures Washing Machines and Clothes Dryers while rest of the products are imported from various quality suppliers across the globe.

Despite stiff competition and difficult economic environment, appliance division has been able to grow its sales by 19% over the comparative quarter of last year and by 23% over the comparative half year of last year.

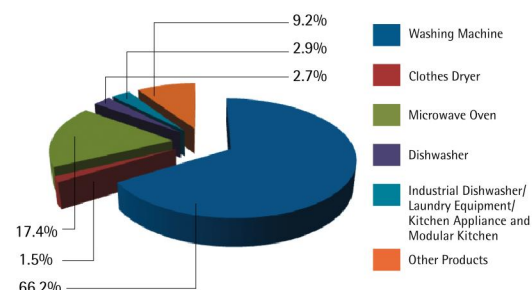
The growth in revenue could not be reflected in profitability due to Indian Rupee depreciation against all the major currencies and increase in input costs which could not be fully passed on to the consumers.

For the quarter ended September 12, we could grow the EBDITA by 6% over the comparative period of last year but for half year ended September 12, EBDITA has degrown by 9% over last year. During the second quarter of 12-13, we have taken appropriate price increases and proactively hedged our forex exposures. These have positively impacted the EBDITA. The expenses incurred towards the new product launches amounting ₹1 crore has been absorbed in the second quarter.

For Quarter

The appliance division has recorded gross sales of products for an amount of ₹242.06 crores for the quarter ended September 12, a growth of 19.7% over the comparative quarter. Gross sales of Washing Machines rose by 22.9% to ₹160.30 crores, Microwave oven by 17.2% to ₹42.07 crores. There were de-growth in categories like Domestic Dish Washer, cloth dryer etc. Domestic dish washer degrown by 10.9% to ₹6.62 crores, Cloth Dryer by 17.7% to ₹3.72 crores, Industrial Dishwasher,

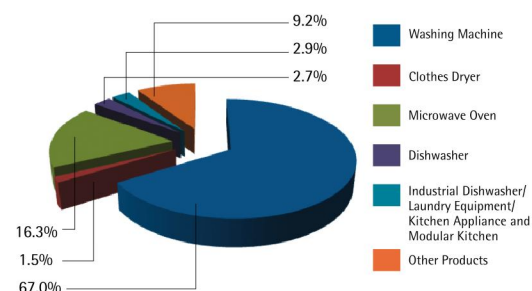
Washer, Modular Kitchen and Kitchen Appliances by 8.6% to ₹6.99 crores.



Product-wise spread in Home Appliance Division

For Half year

For half year ended September 12, appliance division has recorded a gross sales of ₹432.92 cr, a growth of 26% as compared to last year. Gross sales of Washing Machine rose by 29.9% to ₹290.76 crores, Microwave oven by 22.7% to ₹70.52 crores, and Domestic Dish Washer by 2% to ₹13.25 crores. There is a degrowth in Cloth Dryer (16.1% to ₹6.47 crores), and in Industrial Dishwasher, Washer, Modular Kitchen and Kitchen Appliances (5.1% to ₹13.83 crores).



Product-wise spread in Home Appliance Division

Summarised Financial performance of Appliance division

(₹in Crore)

	Q2(12-13)	Q2(11-12)	H1(12-13)	H1(11-12)	FY (11-12)
Revenue	197.09	168.49	355.47	292.04	656.34
EBIDTA	14.94	11.94	24.70	22.62	38.58
EBIT	12.18	9.53	19.26	17.96	28.52
Capital employed	155.10	131.26	155.10	131.26	142.82
ROCE (%) (annualised)	31.4	29.0	24.8	27.4	20%

Future Outlook and Strategy

Appliance division has been able to post sales growth of more than the industry growth in the first six months of FY 2012-13, mainly because of its superior value for money product range, marketing strategy and enhanced customer experience.

The concept of our exclusive franchise own dedicated retail point, "IFB Points" was started around 12 months ago. and as of 30th September 2012, we are having 128 nos spread over India. These IFB points cater to both tier 2 and tier 3 cities. At present these IFB points are contributing 9% of our current revenue and this is expected to increase significantly going forward. We are planning to increase the number of IFB Points to 400 by 31 March, 2013. We firmly believe in the increasing amount of disposable income in semi-urban and rural markets and these IFB points will satisfy the needs of these consumers. It may be also mentioned that sales from IFB Points are more profitable as compare to the normal channels. We are also planning to increase our sales from online stores.

During April-September 12 quarter, we have added 34 franchisees across India, taking the total nos to 284 . We are planning to have one technician per 500 units population by the end of third quarter of current financial year.

We are also focussing on exports so that we can utilise our available capacity. Exports have started on a small way in countries like Nepal, Srilanka etc and we are in advance stage of discussion with some buyers in developed countries.

We are also trying to improve our EBIDTA margin by focussing on raw material cost reduction through indigenous sourcing of some parts and through alternate sourcing.

We will also have our own call center during the

third quarter with a capacity of 80 seats and we believe that it will further enhance the customer satisfaction.

Engg Division

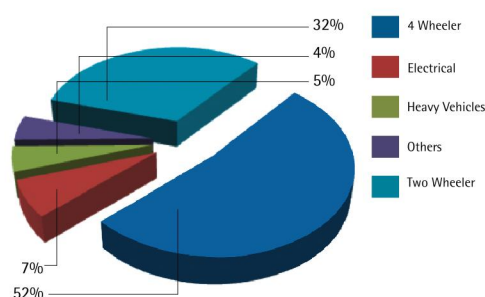
Engineering division is into fine blanking and it is one of the pioneers in this segment. It mainly caters to automobile segment and its growth is mostly linked with the growth in the Automobile industry. Automobile industry, the major customer segment for our fine blanking division has not grown as per the expectation at the beginning of the financial year. The Automobile industry since April 12 has consistently cut down its growth projection for 2012-13. SIAM (The society of Indian Automobile manufacturers) has projected a growth rate of 11%-13% at the beginning of the year, reduced to 9%-11% in July and now at the end of September 12, the growth projection for 2012-13 has been further reduced to 5%-7%. The slowing demand is due to subdued rise in disposable income (inflation adjusted) at the hand of the consumers, higher vehicle and fuel prices. The higher interest rate regime during the period of April-September 12 has also affected the automobile industry as vehicle sales are dependent on vehicle loans.

During the second qrt of 2012-13, fine blanking division has recorded a revenue growth of 11%. This should be viewed against the Indian Automobile industry's growth during the first half of 2012-13. SIAM (The society of Indian automobile manufacturers) has consistently downgraded the growth projection during 2012-13 and now it has estimated a growth rate of 5%-7% during 2012-13. We could grow our topline more than the Industry growth rate mainly because of value added and quality products, wider offerings and focus on the non-auto segment. Non-Auto segment's contribution during the second quarter of 2012-13 was at 11% against the last year's contribution of 10%.



For Quarter:

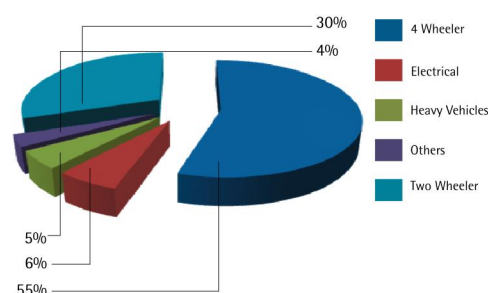
For the quarter ended September 12, 4 wheeler segment contributed 52% of the revenue as compared to 56% during the corresponding period of last year. The IR problem with one of our major customer in the four wheeler segment has contributed to the fall. The fall was compensated by the 2 wheeler segment and it contributed 32% of the revenue as compared to the 30% last year. As mentioned above, contribution from the non-auto segment have inched up to 11% in the second quarter of 2012-13.



Customer Segment Breakdowns

For Half Year

For half year ended September 12, the customer wise sales pattern remained same as second quarter of 2012-13. The fall in 4 wheeler segment was compensated by 2 wheeler segment.



Customer Segment Breakdowns

The growth in topline in second quarter and first half of 2012-13 as compared to the corresponding period of last year could not be reflected in the EBDITA margin due to input cost increases which could not be passed on to the customers.

We are going ahead with our planned capital expenditure of ₹70 crores. This capital expenditure will enable us to offer wider array of products to Auto as well as non-Auto segments. It's important to note that we are incurring the capital expenditure at the bottom of industry cycle and we will be benefitted once the cycle turns up.

We have secured new orders of ₹50 crores from various customers in the Auto segment during the second quarter of the current financial year, impact of which will come in the next financial year. We are persuing aggressively for more orders during the current financial year.

Summarised Financial performance of Engineering division

(₹in Crore)

	Q2(12-13)	Q2(11-12)	H1(12-13)	H1(11-12)	FY (11-12)
Revenue	36.21	34.01	76.95	68.42	146.61
EBIDTA	3.15	3.77	8.81	8.59	17.54
EBIT	1.93	2.90	6.51	6.90	13.99
Capital employed	79.70	57.44	79.70	57.44	64.24
ROCE (%) (annualised)	9.7	20.2	16.3	24.0	21.8

Going forward, We will try to improve the product mix and will reduce the focus on low contributory items. We will focus on operational efficiency and will also focus on reduction in scraps, quality rejections etc. Capacity utilisations of our presses will also improve. We are taking steps to upgrade

and modernise our tool room. Steps have been taken to upgrade our tool design capabilities through training & collaborations with foreign experts. These steps will increase our productivity as well as quality effective 4th Quarter of 2012-13.

INCOME STATEMENT

₹ in crores

	Quarter-2		YTD	
	2012-13	2011-2012	2012-13	2011-12
Gross Sales	280.04	236.66	512.96	414.34
Less: Excise Duty	18.04	13.10	34.70	23.30
Less: Trade Scheme	41.36	33.64	71.83	55.07
Net Sales	220.64	189.92	406.43	335.97
Service Income	8.75	8.47	17.04	16.67
Other Income	6.95	6.31	13.43	11.50
Total Income	236.64	204.70	436.90	364.14
EBITDA (Before Exceptional Expenses)	17.26	14.05	30.71	28.74
EBITDA Margin	7.3%	6.9%	7%	7.9%
Depreciation	4.34	3.59	8.45	6.96
Interest	0.05	0.05	0.10	0.08
PBT (Before Exceptional Expenses)	12.87	10.41	22.16	21.70
Exceptional Expenses	-	1.50	-	1.50
PBT	12.87	8.91	22.16	20.20
PAT	9.08	6.31	15.37	15.45
PAT Margin	3.8%	3.1%	3.5%	4.2%
No of Shares (In Crores)	4.05	3.55	4.05	3.55
Earnings Per Share (₹)	2.24	1.78	3.99	4.36

BALANCE SHEET

(₹ in crores)

	30th September, 2012	30th September, 2011
I EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	41.28	36.22
Reserves & Surplus	258.28	190.44
II LOAN FUNDS		
Secured Loans	20.48	14.79
III DEFERRED TAX LIABILITIES (NET)	16.67	11.70
IV CURRENT LIABILITIES		
Trade Payables	140.37	159.64
Other Current Liabilities	46.22	53.16
Provisions	33.90	28.20
Total	557.20	494.15
I FIXED ASSETS		
Tangible Assets	159.16	136.30
Intangible Assets	7.24	8.82
Capital Work-in-Progress	12.94	4.16
II CURRENT INVESTMENTS	55.10	39.78
III CURRENT ASSETS		
Inventories	141.65	124.79
Trade Receivables	75.02	62.14
Cash and Bank Balances	33.74	40.36
Loans and Advances	72.35	77.80
Total	557.20	494.15

KEY RATIOS

	Quarter-2		YTD	
	30th Sep,12	30th Sep,11	30th Sep,12	30th Sep,11
Earnings Per Share (in ₹)	2.24	1.78	3.99	4.36
Book Value Per Share (in ₹)	73.97	63.85	73.97	63.85
Current Ratio#	1.57	1.35	1.57	1.35
Quick Ratio#	0.98	0.86	0.98	0.86
EBDIT/Total Income (before Exceptional Items)	7.3%	6.9%	7.0%	7.9%
Net Profit Margin as % of Total Income	3.8%	3.1%	3.5%	4.2%
Net Worth (₹ in Crores)	299.56	226.66	299.56	226.66
RONW (%) (Annualised)	17.2%	18.4%	14.8%	19.1%
ROCE on Gross Assets Deployed (%)	9.2%	8.4%	8.0%	8.8%
No of Equity Shares (in Crores)	4.05	3.55	4.05	3.55
Average Market Price as on Quarter/Period End	77.95	124.39	73.42	127.01
Market Capitalisation (₹ in Crores)	364.10	401.51	364.10	401.51
Headcount (Numbers)	1328	1233	1328	1233
Total Income Per Employee (₹ in Crores)	0.18	0.17	0.33	0.30
PBT Per Employee (₹ in Crores)	0.01	0.01	0.02	0.02
Days Sundry Debtors Outstanding	24	23	26	26
Inventory Holding (Days Sales)	46	48	50	55

Include investments and secured loans

CASH FLOW STATEMENT

	Qtr ended 30 Sep, 2012 ₹ in crores	Qtr ended 30 Sep, 2011 ₹ in crores	Period ended 30 Sep, 2012 ₹ in crores	Period ended 30 Sep, 2011 ₹ in crores
(A) CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit Before Tax	12.86	8.91	22.16	20.20
Adjustments for:				
Depreciation/Amortisation	4.34	3.59	8.45	6.96
Loss on Disposal of Fixed Assets	-	-	(0.01)	-
Write off of Fixed Assets	0.01	0.13	0.01	0.13
Write off of Debts/Advances	0.01	0.36	0.02	0.36
Provision for Doubtful Debts and Advances	0.02	0.01	0.02	0.04
Dividend from Mutual Funds	(0.32)	(0.56)	(0.77)	(1.15)
Net Gain on Sale of Mutual Funds	(0.61)	-	(0.61)	(0.03)
Write Back of Liabilities no longer required	(0.24)	(0.27)	(0.27)	(0.31)
Write Back of Provisions no longer required	-	(0.38)	(0.01)	(0.39)
Financial Charges	0.06	0.05	0.10	0.08
Operating Profit Before Working Capital Changes	16.13	11.84	29.09	25.89
Movement in Working Capital	(30.95)	(6.29)	(36.21)	(8.28)
Cash Generated from Operations	(14.82)	5.55	(7.12)	17.61
Direct Taxes Paid	(2.53)	(4.71)	(5.60)	(6.40)
Net Cash from/(used in) Operating Activities	(17.35)	0.84	(12.72)	11.21
(B) CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (Including Intangible Assets, CWIP and Capital Advances)	(14.32)	(9.01)	(26.53)	(21.16)
Proceeds from Disposal of Fixed Assets	0.01	0.03	0.01	0.03
Purchase of Current Investments	(42.75)	-	(96.32)	-
Proceeds from Sale/Maturity of Current Investment (Incl Dividends)	52.57	(2.01)	52.57	7.57
Net Cash from/(used in) Investing Activities	(4.49)	(10.99)	(70.27)	(13.56)
(C) CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Issuance of Shares	-	-	42.00	-
Proceeds from Borrowings	20.48	9.06	20.48	14.79
Financial Charges	(0.06)	(0.05)	(0.10)	(0.08)
Net Cash from/(used in) Financing Activities	20.42	9.01	62.38	14.71
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	(1.42)	(1.14)	(20.61)	12.36
CASH AND CASH EQUIVALENTS, BEGINNING	33.23	41.50	52.42	28.00
CASH AND CASH EQUIVALENTS, END	31.81	40.36	31.81	40.36

Thank You



Disclaimer

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

OVER 3 MILLION
SATISFIED CUSTOMERS



Microwave Oven

Built in Oven

Dishwasher

Cooker Hood | Built in Hob

Refrigerator

Top Loader

Front Loader

100% Clothes Dryer

Airconditioner



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