

Q3

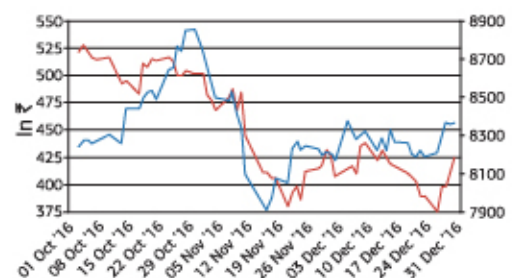
Financial Report

Quarter Ended 31st December, 2016



FINANCIAL HIGHLIGHTS

| | Q3 ('16-'17) |
|--|-----------------|
| Total Income | ₹457.15 crore |
| EBDITA | ₹32.53 crore |
| EBDITA Margin | 7.1% |
| EPS (Annualised) | ₹15.40 |
| RONW (Annualised) | 23.2% |
| ROCE (Annualised) | 13.4% |
| Market Capitalisation (As on 31.12.16/NSE) | ₹1,849.64 crore |
| Cash & Equivalents (As on 31.12.16) | ₹52.41 crore |
| Enterprise Value (EV) (As on 31.12.16) | ₹1,796.63 crore |
| EV/EBDITA | 13.81 |



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 at Goa. It also imports and markets select products from countries around the globe.

Financial Review**Profit and Loss**

For the Quarter ended Dec '16, IFB Industries Limited has reported net sales of ₹434.95 crore, a growth of 10.2% over the corresponding Quarter of last year.

The EBDITA margin stood at 7.1% during the 3rd Quarter of 2016–17.

EBDITA for the 3rd Quarter ended Dec '16 is higher as compared to the corresponding period ended Dec '15.

This has been driven by:

- Higher revenues and better model mix.
- The positive impact of investments in the sales and promotion areas for ramping up product sales in categories such as top loaders, the new models of front loaders, microwave ovens etc.
- The impact of demonetisation was felt in Nov '16 and Dec '16. However, with the impact of actions in the areas of improving profitability, the performance in the Quarter has been positive.

Trend in Operating 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 working capital buyers' credit amounting to ₹28.57 crore and bill discounting amounting to ₹3.95 crore.

The Company continues to remain debt free (on a net basis, net of current investments and bank balances) as of 31st Dec '16.

Cash Flow

Cash and cash equivalent has increased to ₹52.41 crore (31st Dec '16) from

₹46.76 crore (30th Sept '16). Capital outflow to the tune of ₹22.26 crore was incurred during the Quarter ended Dec '16 and this is in line with the annual capital expenditure plan.

Outlook

During the Quarter, the Indian rupee depreciated. As shared in our previous reports, we are continuing our work on the localisation plan of some of the high cost imports as a strategy against currency impacts on our business. This work, which we had initiated in the 3rd Quarter of the last fiscal year, is in an ongoing implementation stage. The localisation plan will drive margin improvements and also derisk the Company significantly from forex exposure in some product categories.

Our Appliances Division has ended the Quarter on a stronger note in revenue terms, as compared with the same Quarter of the last fiscal year (and also the first Quarter of this fiscal year). 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 5.5% during the 3rd Quarter of the current year as against the comparative period of the previous year. The effect of demonetisation impacted revenue and therefore margin.



The Appliances Division

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

The updates at the end of the 3rd Quarter on the products and the relative market position of our future plans are as given.

Washing Category

• Front Loaders (Domestic Segment)

New models of front loaders introduced over the last two Quarters have done well and we will be continuing introduction of newer models on an ongoing basis, which will drive competitiveness in terms of customer interfaces, features and performance. Our dominant market share continues and our range of models covers high-end designs and user interfaces, including models driven by smart mobile-based technologies. Developments, from a customer point of view, are focused on energy efficiency, user convenience and the impact of designs and interfaces.

• Top Loaders (Domestic Segment)

The market share for the Company continues to expand in this category. The product range has fully automatic top loaders in the 6.5 to 9.5 kg capacity segments with high-end 'Deep Clean' technology and unique wash features. The top loaders continue to enjoy a niche position in the market with their aesthetics, features and wash performance. This category will continue to be a revenue growth and margin driver for the Company, along with the front loader category in the subsequent Quarters as well.

• Clothes Dryers 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. Development work in these categories is focused on introduction of better aesthetics and cycle time reductions. In dishwashing technologies our model introductions are driving convenience for customers.

• Industrial Segment—Ware-washing and Laundry Equipment (Domestic Segment)

The IFB range covers the categories of glass washers, under counter dishwashers, hood type and rack conveyor type dishwashing equipment. The Company has significant presence in varied customer segments including defence establishments, pubs and bars, large institutions, hotels and restaurants, ships etc. The Company operates in this segment with a leading market share of ~40%, in value terms, in the industrial dishwashing segment.

IFB's range of industrial laundry equipment (rising to higher level capacities of ~160 kg etc) is also well established. This includes



a complete range of dryers, ironers, finishing equipment for clothing, including suits and special silk wear. Installations across the country include those in 5-star hotels.

In the high-end laundry segment, IFB continues to be among the top two players by value share.

Kitchen Appliances

• Microwave Ovens

IFB continues to be the third largest player with a market share of ~18–19% as of the third Quarter. New models featuring our unique 'Oil Free Cooking' technology have been introduced into the market. We expect to further strengthen the Company's market share as we progress. IFB's microwave cooking class programme under the brand name 'Spice Secrets', which teaches our customers how to optimise microwave oven usage post purchase, has been expanded and we are now at a level of ~850 plus classes across the country every month, meeting ~17,000–18,000 customers. With the new range, the Company has introduced new cooking programmes in the microwave ovens to enable cooking with healthy ingredients like olive oil and the new range is driving 'health' as a platform for customer connect.

• Modular Kitchens

Pilot stores in Goa, Bangalore and Kolkata are now operational. The design offerings for this category have kept a modern Indian home in mind. The modular systems use features such as food grade, termite-resistant and boiling water proof plywood. This is unique across the Indian market.

We are strengthening the organisational structure for this category in areas such as product and retail design to expand this business going forward. Our intention is to present to customers a range of modular kitchens with appliances (stand alone and built-in) in line with global trends.

• Built-in Ovens, Chimneys and Hobs

In the first three Quarters of this fiscal year, we have continued to focus on increasing

displays across all markets, with a special focus on promotions and sales from our IFB Point channel for these products.

The channel continues to be a key driver for growth in this category and currently ~45% of sales of this set of products is from this exclusive store network. The Company has ~7% market share as on date, which will continue to expand in subsequent Quarters as market placements increase as planned.

Cooling Category

• Air Conditioners

The new product range is stable in the market. The product and market focus in this segment covers the following key summaries:

- The performance has been of a high quality. The new product range enhanced this experience as the product was improved in the key areas of energy efficiency and performance at high ambient temperatures. The IFB range is uniquely placed in the market, with features such as 52 °C compliant compressors across all models, green gas and copper piping, all features designed for high-end performance. IFB is also unique in terms of a complete green range as opposed to many established players who continue to operate with 'non-green' gases even today.

The sales performance this year, to date, is as per expected levels and this category will have a dominant positive impact on revenue and profitability as the work on channel expansion continues, especially in the next two Quarters.



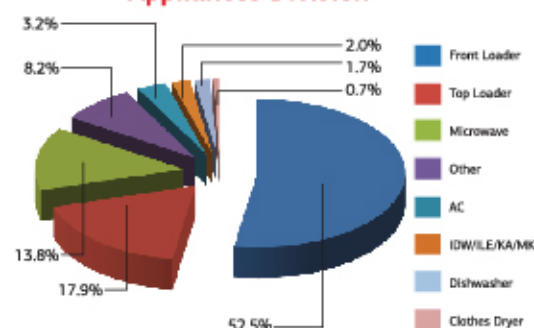
During the nine months ended 31 Dec '16, the Appliances Division posted a 17.4% increase in revenue as compared to the same period of the previous year. ROCE for the nine months ended 31 Dec '16 stood at 29.7% as against 14.3% for the same period last year.

During the 3rd Quarter ended 31 Dec '16, the Appliances Division posted an 11.2% increase in revenue as compared to the same period of the previous year. The ROCE for the 3rd Quarter of the FY 2016–17 stood at 31.1%. The ROCE for the same period last year was at 6.7%.

For the Quarter ended 31 Dec '16

The Appliances Division reported net revenues of ₹381.29 crore for the Quarter ended Dec '16. Washing machines contributed 70.4% of sales.

QTR Product-wise Spread in Home Appliances Division

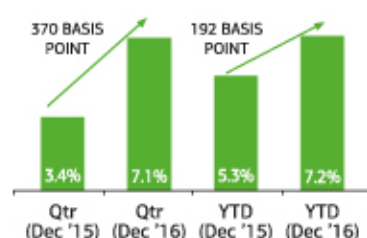


Summarised Financial Performance of the Appliances Division

(₹ in crore)

| | Q3 ('16-'17) | Q3 ('15-'16) | 9M ('16-'17) | 9M ('15-'16) | FY ('15-'16) |
|--|--------------|--------------|--------------|--------------|--------------|
| Revenue (Net Sales Including Service Income) | 381.29 | 342.83 | 1088.87 | 927.84 | 1,225.49 |
| EBDITA | 27.12 | 11.9 | 78.52 | 49.12 | 57.41 |
| EBDITA (%) on Revenue | 7.1 | 3.5 | 7.2 | 5.3 | 4.7 |
| EBIT | 20.46 | 3.87 | 58.65 | 24.86 | 26.61 |
| EBIT (%) on Revenue | 5.4 | 1.1 | 5.4 | 2.7 | 2.2 |
| Capital Employed | 263.13 | 231.96 | 263.13 | 231.96 | 266.56 |
| ROCE (Annualised) % | 31.1 | 6.7 | 29.7 | 14.3 | 10.0 |

Trend in Operating Margin



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

1. Multi-brand stores

a. These include large format (modern retail) chain stores that operate on a pan-India basis.

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

The above channels contributed ~60% by volume of IFB's sales YTD this year.

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

These stores have the full display of the products that the Company offers and allow customers to see, touch and feel 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 ~9% 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 approximate size not exceeding ~500 sq ft in the first phase. This will also include Company Owned Company Operated (CoCo) stores. As of 31st Dec '16, the Company had ~350 IFB Points across India, of which

~85 are CoCo stores. We expect to be close to 500 stores by 31 March '17.

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 institutional sales of products like air conditioners.

4. The Channel of Dealers who are also Service Providers

This segment, largely catering to customers who buy air conditioners, contributes ~2% of sales by volume as of YTD this year. It will grow to drive expansion in the air conditioner business.

5. The Channel of Distributors

This is a channel on which significant work has happened in the last Quarter, which will drive volume gains going forward. The channel accounts for ~11% of sales as of the 3rd 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 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 the customers

As of the 3rd Quarter, we have a total of ~760 service franchisees across India, with a plan to increase the number of franchisees to ~780 by the end of the 4th Quarter. Currently, we have 29 service training centres, which are fully equipped for training in all aspects of assembly, dismantling, installation and troubleshooting of our products.

Sales of additives and accessories, as reported earlier, are a key focus area. These continue to contribute significantly, both to the top-line and bottom-line of the Company. The Company's four million plus customer base

has a high potential to generate revenues through 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/cross sell initiatives—this has a total capacity of ~120 people (presently ~90 seats are filled). 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 focused data tracking.

In the Company's Customer Connect Programme, 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

The Fine Blanking Division mainly caters to both the two-wheeler and four-wheeler segments of the automobile sector. We are also focusing on increasing our business in non-auto sectors such as Electrical, Railways, Cycle Industry, Defence etc.

The Fine Blanking Division, including the after-market division (AFM), has reported 5.5% revenue growth in the 3rd Quarter of the current year as compared to the corresponding period of the previous year. The sales growth during the Quarter was lower as the automobile business had been badly impacted by demonetisation.

The turnover of the Fine Blanking Division is as given below: (₹ in crore)

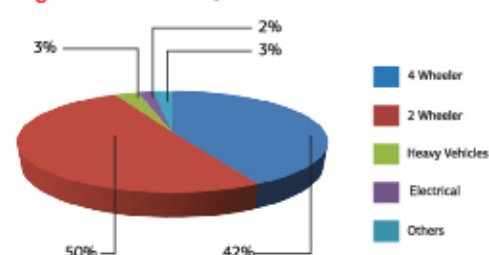
| | Q3 ('16-'17) | Q3 ('15-'16) | 9M ('16-'17) | 9M('15-'16) | FY ('15-'16) |
|-----------|--------------|--------------|--------------|-------------|--------------|
| Net Sales | 60.53 | 57.82 | 185.66 | 171.32 | 230.85 |

The turnover of the AFM Division has improved and is as given below: (₹ in crore)

| | Q3 ('16-'17) | Q3 ('15-'16) | 9M ('16-'17) | 9M('15-'16) | FY ('15-'16) |
|-----------|--------------|--------------|--------------|-------------|--------------|
| Net Sales | 7.68 | 6.84 | 22.04 | 17.72 | 23.96 |

The After Market Vertical achieved a turnover of ₹7.68 crore in the 3rd Quarter. This is a growth of 12.3% from the corresponding Quarter in 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 Fine Blanking Division (Including AFM) (₹ in crore)

| | Q3 ('16-'17) | Q3 ('15-'16) | 9M ('16-'17) | 9M('15-'16) | FY ('15-'16) |
|--|--------------|--------------|--------------|-------------|--------------|
| Revenue (Net Sales Including Service Income) | 68.21 | 64.66 | 207.70 | 189.04 | 254.81 |
| EBDITA | 8.78 | 9.58 | 27.58 | 25.85 | 34.33 |
| EBDITA (%) on Revenue | 12.9 | 14.8 | 13.3 | 13.7 | 13.5 |
| EBIT | 4.74 | 6.05 | 15.54 | 15.84 | 20.65 |
| EBIT (%) on Revenue | 6.9 | 9.4 | 7.5 | 8.4 | 8.1 |
| Capital Employed | 138.83 | 127.36 | 138.83 | 127.36 | 139.60 |
| ROCE (Annualised) % | 13.7 | 19.0 | 14.9 | 16.6 | 14.8 |

Future Outlook & Strategy

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

The Ultramiles brand is extending its reach by going to all states this year and we expect it to grow significantly in months to come.

INCOME STATEMENT

| | YTD | | QTR | |
|--|---------------|---------------|---------------|---------------|
| | 31st Dec, '16 | 31st Dec, '15 | 31st Dec, '16 | 31st Dec, '15 |
| Gross Sales | 1,699.08 | 1,444.71 | 596.67 | 540.66 |
| Less: Excise Duty | 120.02 | 101.32 | 42.71 | 38.21 |
| Less: Trade Scheme | 324.23 | 263.76 | 119.01 | 107.78 |
| Net Sales | 1,254.83 | 1,079.63 | 434.95 | 394.67 |
| Service Income | 41.76 | 37.25 | 14.55 | 12.82 |
| Other Income | 22.73 | 21.79 | 7.65 | 6.25 |
| Total Income | 1,319.32 | 1,138.67 | 457.15 | 413.74 |
| EBITDA | 95.36 | 66.66 | 32.53 | 18.04 |
| EBITDA Margin | 7.2% | 5.9% | 7.1% | 4.4% |
| Depreciation | 32.25 | 35.04 | 10.79 | 11.74 |
| Interest | 2.36 | 1.78 | 0.89 | 0.70 |
| PBT | 60.75 | 29.84 | 20.85 | 5.60 |
| PAT | 48.29 | 26.34 | 15.58 | 6.48 |
| PAT Margin | 3.7% | 2.3% | 3.4% | 1.6% |
| No of Shares (In crore) | 4.05 | 4.05 | 4.05 | 4.05 |
| Earnings Per Share (In ₹) (Not annualised) | 11.92 | 6.50 | 3.85 | 1.60 |

BALANCE SHEET

(₹ in crore)

| | 31st Dec, '16 | 31st Dec, '15 |
|--|---------------|---------------|
| EQUITY AND LIABILITIES | | |
| I SHAREHOLDERS' FUNDS | | |
| Share Capital | 41.28 | 41.28 |
| Reserves and Surplus | 423.61 | 372.03 |
| II NON-CURRENT LIABILITIES | | |
| Long-term Borrowings | 25.00 | — |
| Deferred Tax Liabilities (Net) | 29.16 | 28.56 |
| Other Long-term Liabilities | 9.47 | 7.80 |
| Long-term Provisions | 24.21 | 24.99 |
| III CURRENT LIABILITIES | | |
| Short-term Borrowings | 32.52 | 63.27 |
| Trade Payables | 236.61 | 244.37 |
| Other Current Liabilities | 67.78 | 63.81 |
| Short-term Provisions | 5.54 | 5.55 |
| Total | 895.18 | 851.66 |
| ASSETS | | |
| I NON-CURRENT ASSETS | | |
| Fixed Assets | | |
| — Tangible Assets | 274.34 | 259.68 |
| — Intangible Assets | 10.34 | 13.15 |
| — Capital Work-in-progress (Including intangible assets under development) | 19.29 | 19.48 |
| Long-term Loans and Advances | 84.80 | 68.89 |
| Other Non-current Assets | 0.01 | — |
| Non-current Investments | 12.00 | — |
| II CURRENT ASSETS | | |
| Current Investments | 58.12 | 53.53 |
| Inventories | 212.33 | 231.55 |
| Trade Receivables | 138.59 | 130.07 |
| Cash and Bank Balances | 52.41 | 44.05 |
| Short-term Loans and Advances | 32.46 | 30.50 |
| Other Current Assets | 0.49 | 0.76 |
| Total | 895.18 | 851.66 |

KEY RATIOS

| | YTD | | QTR | |
|--|---------------|---------------|---------------|---------------|
| | 31st Dec, '16 | 31st Dec, '15 | 31st Dec, '16 | 31st Dec, '15 |
| Earnings Per Share (In ₹) (Not annualised) | 11.92 | 6.50 | 3.85 | 1.60 |
| Book Value Per Share (In ₹) | 114.79 | 102.05 | 114.79 | 102.05 |
| Current Ratio# | 1.44 | 1.36 | 1.44 | 1.36 |
| Quick Ratio# | 0.82 | 0.72 | 0.82 | 0.72 |
| EBITDA/Total Income | 7.2% | 5.9% | 7.1% | 4.4% |
| Net Profit Margin as % of Total Income | 3.7% | 2.3% | 3.4% | 1.6% |
| Net Worth (₹ in crore) | 358.78 | 305.47 | 358.78 | 305.47 |
| RONW (%)—Annualised (On PBT) | 22.6% | 13.0% | 23.2% | 7.3% |
| Return on Capital Employed—Annualised (%) | 13.8% | 8.5% | 13.4% | 6.3% |
| No of Equity Shares (In crore) | 4.05 | 4.05 | 4.05 | 4.05 |
| Closing Market Price on Period End | 456.70 | 475.10 | 456.70 | 475.10 |
| Market Capitalisation (₹ in crore) | 1,849.64 | 1,924.16 | 1,849.64 | 1,924.16 |
| PE Ratio (Annualised) | 28.74 | 54.82 | 29.66 | 74.23 |
| Head Count (Numbers) | 1,635 | 1,625 | 1,635 | 1,625 |
| Total Income per Employee (₹ in lakh) | 80.69 | 70.07 | 27.96 | 25.46 |
| PBT Per Employee (₹ in lakh) | 3.72 | 1.84 | 1.28 | 0.34 |
| Fixed Asset Turnover Ratio | 5.88 | 5.28 | 6.1 | 5.8 |
| Days Sundry Debtors Outstanding | 22 | 24 | 21 | 21 |
| Inventory Holding (In days) | 34 | 44 | 32 | 39 |

Includes Current Investments and Short-term Working Capital Loans

CASH FLOW STATEMENT

(₹ in crore)

| | 9M ('16-17) | 9M ('15-16) | Q3 ('16-17) | Q3 ('15-16) |
|--|----------------|----------------|----------------|----------------|
| (A) CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net Profit Before Tax | 60.75 | 29.84 | 20.85 | 5.60 |
| Adjustments for: | | | | |
| Depreciation/Amortisation | 32.25 | 35.04 | 10.79 | 11.74 |
| Gain on Disposal of Fixed Assets | (0.01) | (0.02) | — | (0.01) |
| Write Off of Fixed Assets | 0.02 | 0.06 | 0.02 | 0.06 |
| Write Off of Debts/Advances | 0.12 | 0.12 | 0.06 | 0.03 |
| Provision for Doubtful Debts and Advances | 0.05 | 0.10 | (0.05) | — |
| Dividend from Current Investments | (0.52) | (0.29) | (0.17) | (0.10) |
| Net Gain on Sale of Current Investments | (1.53) | (2.13) | (1.05) | (0.07) |
| Write Back of Liabilities No Longer Required | (0.98) | (0.06) | (0.08) | (0.01) |
| Write Back of Provisions No Longer Required | (0.02) | (0.06) | — | — |
| Financial Costs | 2.36 | 1.78 | 0.89 | 0.70 |
| Operating Profit Before Working Capital Changes | 92.49 | 64.38 | 31.26 | 17.94 |
| Movement In Working Capital | (16.49) | (36.40) | (5.08) | 31.11 |
| Cash Generated From Operations | 76.00 | 27.98 | 26.18 | 49.05 |
| Direct Taxes Paid | (11.53) | (7.86) | (5.40) | (2.58) |
| Net Cash From Operating Activities | 64.47 | 20.12 | 20.78 | 46.47 |
| (B) CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Net Purchase of Fixed Assets (Including Intangible Assets, CWIP) | (47.76) | (48.15) | (22.26) | (19.64) |
| Net (Purchase)/Sale of current Investments | (51.22) | 0.54 | (5.57) | (7.75) |
| Net Cash Used in Investing Activities | (98.98) | (47.61) | (27.83) | (27.39) |
| (C) CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds/(Repayment) from/of Borrowings (Net) | 41.12 | 28.82 | 13.59 | (26.17) |
| Financial Charges | (2.36) | (1.78) | (0.89) | (0.70) |
| Net Cash From/(Used In) Financing Activities | 38.76 | 27.04 | 12.70 | (26.87) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C) | 4.25 | (0.45) | 5.65 | (7.79) |
| CASH AND CASH EQUIVALENTS, BEGINNING | 48.16 | 44.50 | 46.76 | 51.84 |
| CASH AND CASH EQUIVALENTS, END | 52.41 | 44.05 | 52.41 | 44.05 |

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