

Q1

Financial Report

Quarter ended 30th June 2011



Gross Sales ₹177.67 crores - 18.9% growth

Net Sales/Income from Operations ₹157.96 crores - 20.1% growth

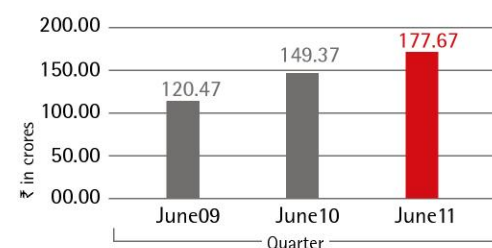
Total Revenue (net of excise and trade scheme) ₹159.43 crores - 20% growth

EBDIT Margin 9.2%

EPS ₹2.58

For the first quarter ended 30th June 2011, IFB Industries Limited (IFBIL) achieved 18.9% growth in gross sales over same period last year. The gross sales in Q-1 of current fiscal and comparative position with respect to Q-1 of last two fiscals are shown as under:

Gross Sales (₹ in crores)



Net Sales/Income from operations grown by 20.1% to ₹157.96 crores. Appliance Division has grown by 23.2% and Engineering Division has grown by 10.2%. Operating EBDIT for the quarter was lower than corresponding quarter of the last fiscal year due to increase in input cost without corresponding increase in selling price.

EBDIT Margin was 9.2% and net margin (PAT) for the quarter was 5.7%. Operational Cash flow for the quarter was ₹10.37 crores.

Market Overview – Quarter 1

The first quarter ended 30th June 2011 saw moderation in growth primarily due to two factors:

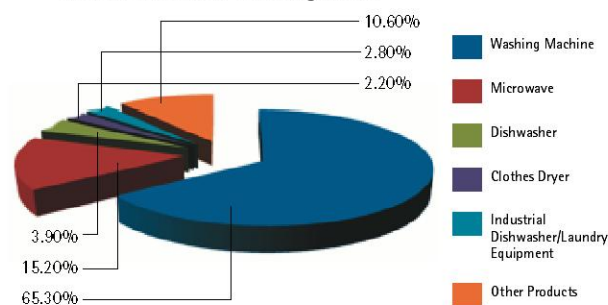
- food inflation which impacted consumer demand
- unabated commodity inflation which dampened growth of profit margin.

Also, rise in interest cost consequent to anti-inflationary measure by RBI has affected automotive and housing sector leading to adverse effect on the business.

The above factors affected both top line and margin of the Company during the quarter. Your Company has taken number of actions to protect margin by reduction of material cost through negotiation/VAVE, controlling discretionary expenditure and focusing on market expansion.

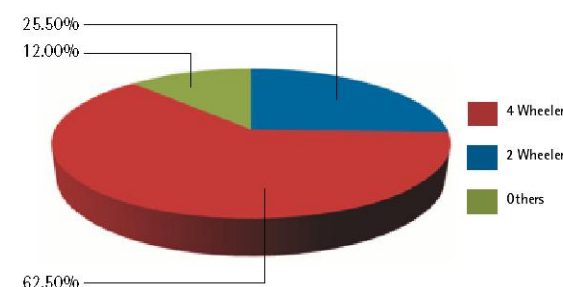
Sales by Division and Product

Gross sales of Home Appliance Division rose by 21.9% over Q-1 last year to ₹142.49 crores. Washing Machine sales rose by 19.1% to ₹93.09 crores, Microwave Oven sales grew by 27.3% to ₹21.59 crores, Domestic Dishwasher sales grew by 21.9% to ₹5.56 crores, Clothes Dryer sales grew by 29.1% to ₹3.19 crores, Industrial Dishwasher/Washer grew by 42.0% to ₹4.02 crores and other products together grew by 31.5% to ₹15.04 crores. Product wise share of Home Appliance Division sales are shown in following chart:



Productwise spread in Home Appliance Division

Gross Sales of Engineering Division grew by 8.3% over last year to ₹35.19 crores. The sector wise sales for the quarter is shown in following chart:



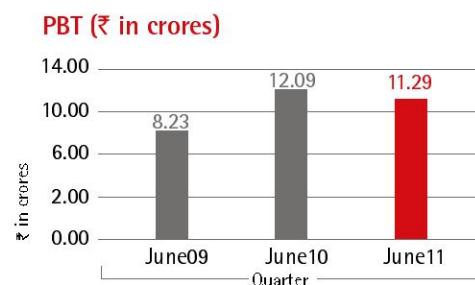
Productwise spread in Engineering Division

Earnings 1st Quarter For the first quarter 2011-12, margin of the company was under pressure resulting in lower profit. Both Home Appliance and Engineering Division suffered on account of higher input cost, adverse mix and increase in operating and administrative expenses.

PBDIT for the quarter was ₹14.69 crores against last year figure of ₹14.29 crores. Irrespective of 20% growth in top line, the PBDIT for the quarter has marginally grown by 2.7% over last year's level. The lower growth in PBDIT during the quarter was due to material cost increase, higher employee cost and increase in other operating cost such as rentals, higher repair cost for fine blanking machines etc.

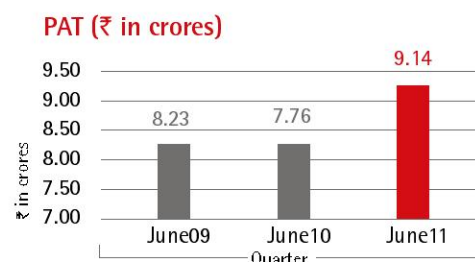
Depreciation charge for the quarter was higher at ₹3.37 crores against ₹2.11 crores in previous year. The increase is on account of capex at Goa, Verna plant and in Engineering Division.

The profit before tax for the quarter was ₹11.29 crores against ₹12.09 crores in the previous year. The PBT for the quarter is low compared to last year due to impact of input cost increase and higher depreciation. The comparative position in Q-1 for three years is shown in graphical form.

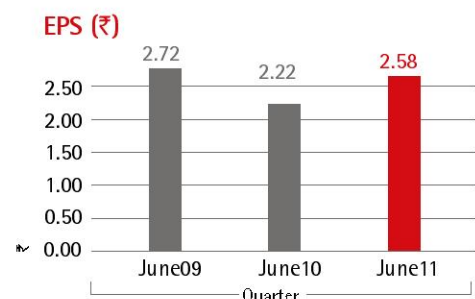


Tax expenses for the quarter were ₹2.15 crores against ₹4.33 crores in last year. Tax liability in current fiscal has been lower due to impact of higher depreciation, deductions for capital expenditures and reduction of surcharge from 7.5% to 5%.

The profit after tax was ₹9.14 crores against ₹7.76 crores in Q-1 of previous year. PAT compared to last year has been higher irrespective of lower PBT due to impact of Tax Expense. The year wise PAT for last two years have been compared with current fiscal in chart shown below:



Earnings per share for the quarter was ₹2.58 against ₹2.22 in previous year Q-1. EPS for the current quarter is up due to higher PAT. EPS trend in Q-1 for three years are as under:



Cash Flow and Balance Sheet

Operations before working capital change generated ₹14.05 crores cash, working capital change consumed ₹1.99 crores. Company paid net direct tax amounting to ₹1.69 crores which is after refund of ₹0.31 crores, thus generated aggregate cash of ₹10.37 crores.

The Company had cash out go of ₹2.57 crores on account of investing activities which comprised of ₹12.15 crores for capital expenditure reduced by proceeds of redemption of investment in mutual fund ₹8.99 crores and dividend income of ₹0.59 crores. The capital expenditure was towards R&D project at Goa Verna Plant, modernisation of electrical motor manufacturing facilities at Bangalore and procurement of fine blanking press and other equipment at Engineering Division.

Secured Loan represent buyers credit taken from Standard Chartered Bank for a period of 90 days for import of traded goods. There was out go on account of interest amounting to ₹0.03 crores paid towards buyers credit.

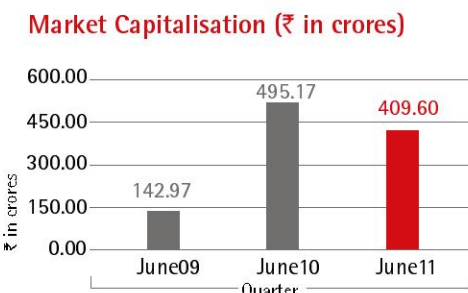
Net change in cash & cash equivalent for the year was ₹13.50 crores.

Other Key performance indicators:

- Net Worth of the Company has further improved from last year. Closing net worth (based on total reserves) as on 30.6.2011 was ₹220.35 crores against ₹168.46 crores on 30.6.2010. Return on Net Worth (RONW %-annualised) was 20.5% against 28.7% in Q-1 of last year. The decline is due to higher net worth with relatively lower PAT. The ROCE for the quarter was also lower at 10.9% against 13.9% in corresponding quarter of last year. Gross Capital employed was increased in Q-1 of current fiscal due to capex at Goa and Engineering, deployment of funds with mutual fund, increased current assets whereas PAT growth was not commensurate with capital employed.

- Book value per share increased to ₹62.14 per share as on 30th June 2011 from ₹47.53 on 30th June 2010.

The market capitalisation of the Company as on 30th June 2011 declined to ₹409.60 crores from ₹495.17 crores in Q-1 of previous year. Comparative of Q1 of current fiscal and previous two years are as under:



Headcount

Total headcounts increased to 1220 nos from 1082 nos as on 30th June 2010. Chartered Accountants, MBAs, graduate engineers etc were taken to meet growing requirement of business.

Outlook

The overall economic environment in India is not very positive with recent figures released by Government. First quarter of 2011 logged GDP growth rate of 7.8%, much below expectation of 8.2%. One of the biggest reason why economy has not grown as expected is inflation which is hovering around double digit mark and does not look like coming down soon. To add to inflation woes is the high crude price, which is threatening to put inflation on even higher pedestal.

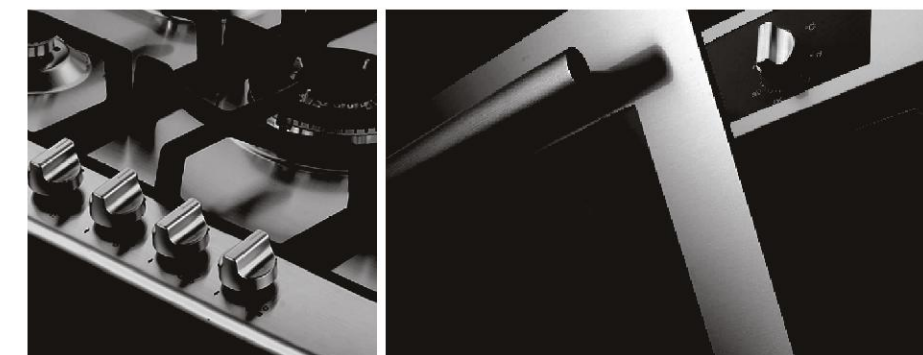
In spite of environmental challenges, we expect appliance sales to grow @20%+. Our focus would be to improve our service quality as well as margins. We have implemented SAP and this will help in managing working capital well. We are also embarking on replacing existing CRM by latest version which will help us to improve customer connect.

We have already completed our expansion cum modernisation of Washing Machine Plant at Goa. This new facility will ensure production of state of the art new generation washing machines. The excess capacity will be used for catering to OEM markets in Europe, Africa and Asian Countries etc.

Your Company has built new R&D lab at Goa- the same is of international standard.

Your Company has invested in its Fine Blanking operations of Engineering Division in last fiscal and further investment of ₹70 crore will be made in order to meet the growing demand of the market in spite of recent slowdown. We have also started to de-risk by marketing fine blanked products to other industries having high growth. We have invested in modernising our Tool Room to international standards and will add new fine blanking presses as well as modernise old ones. With these investments, we expect to double our sales of the Engineering Division by 31st March 2013.

Food inflation coupled with commodity inflation and continuous crude price increase compelled Reserve Bank of India to increase repo rate, reverse repo rate and CRR at regular interval causing increase of cost of fund and liquidity crunch with bankers. Increase in car loan interest rate has caused dampening effect on Car sales which may impact our Engineering Division though steps have been taken for de-risking. Increase of housing loan interest have also started to affect real estate business and may also have some adverse effect on our appliance sales. However we have already taken steps to expand our market to semi-urban/B/C class cities in order to neutralise the above impact.



INCOME STATEMENT

	Quarter-1	
	2011-12	2010-11
	₹ in crores	
Gross Sales	177.67	149.37
Less: Excise Duty	10.20	10.84
Less: Trade Scheme	21.43	16.95
Net Sales	146.04	121.58
Service Income	8.20	7.22
Other Income	5.19	4.07
Total Income	159.43	132.87
EBITDA	14.69	14.29
EBITDA Margin	9.2%	10.8%
Depreciation	3.37	2.11
Interest	0.03	0.09
PBT	11.29	12.09
PAT	9.14	7.76
PAT Margin	5.7%	5.8%
No of Shares (in crores)	3.55	3.54
Earnings per share (₹)	2.58	2.22

KEY RATIOS

	30th June 2011	30th June 2010
Earnings Per Share (₹)	2.58	2.22
Book Value per Share (₹)	62.14	47.53
Current Ratio#	1.75	1.67
Quick Ratio#	1.11	0.89
#include Investments and excludes advance from customers		
EBDIT/Total Income	9.2%	10.8%
Net profit margin as % of total income	5.7%	5.8%
Net Worth (₹ in crores)	220.35	168.46
RONW (%)	20.5%	28.7%
ROCE on gross assets deployed (%)	10.9%	13.9%
No of Equity Shares (in crores)	3.55	3.54
Average Market price as on Quarter end (₹)	114.70	139.65
Market Capitalisation (₹ in crores)	409.60	495.17
Head Counts (nos)	1220	1082
Total Income per employee (₹ in crores)	0.13	0.12
PBT per employee (₹ in crores)	0.01	0.01
Days Sundry Debtors outstanding	21	23
Inventory Holding (Days Sales)	51	71
Advance from customers (₹ in crores)	28.24	26.74

BALANCE SHEET

(₹ in crores)

	30th June 2011	30th June 2010
I SOURCES OF FUNDS		
1 Shareholders Funds		
Equity Share Capital	36.22	36.21
Reserves & Surplus	244.78	244.59
Subtotal	281.00	280.80
2 Secured Loan	5.72	5.00
3 Deferred Tax Liability	10.03	5.01
Total	296.75	290.81
II APPLICATION OF FUNDS		
1 Fixed Assets		
a Gross Block	439.81	396.99
b Less: Depreciation	311.44	322.54
c Net Block	128.37	74.45
d Capital work in progress	14.27	26.75
Net Fixed Assets	142.64	101.20
2 Investments	37.21	15.78
3 Current Assets, Loans & Advances		
A Current Assets		
a Inventories	98.98	115.41
b Sundry Debtors	40.28	38.00
c Cash and Bank Balances	41.50	27.11
B Loans & Advances	52.88	49.95
Subtotal	233.64	230.47
Less: Current Liabilities and Provisions	177.39	168.97
Net Current Assets	56.25	61.50
4 Profit & Loss Account	60.65	112.33
Total	296.75	290.81

CASH FLOW STATEMENT

	Quarter ended June 30, 2011 ₹ in crores	Quarter ended June 30, 2010 ₹ in crores
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	11.29	12.09
Adjustments for		
Depreciation/Amortisation	3.37	2.11
Provision for doubtful debts and advances	0.03	-
Write back of liabilities no longer required	(0.05)	-
Financial charges	0.03	0.09
Employee stock purchase scheme expenses	-	5.88
Dividend income	(0.59)	(0.15)
Profit on sale of mutual funds (net)	(0.03)	-
Operating profit before working capital changes	14.05	20.02
Movement in working capital		
(Increase)/Decrease in Inventories	(10.15)	(30.08)
(Increase)/Decrease in Sundry Debtors and loans and advances	(0.94)	(20.77)
(Decrease)/Increase in Current liabilities and Provisions	9.10	35.61
Working Capital Change	(1.99)	(15.24)
Cash generated from operations	12.06	4.78
Direct taxes paid	(1.69)	(1.84)
Net cash from operating activities	10.37	2.94
(B) CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed asset	(12.15)	(13.35)
Purchase of investment in mutual funds	-	(5.14)
Proceeds from sale of investment in mutual funds	8.99	-
Dividends received	0.59	0.15
Net cash used in investing activities	(2.57)	(18.34)
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	1.03
Proceeds from borrowings	5.73	5.00
Financial charges	(0.03)	(0.09)
Net cash from/(used in) financing activities	5.70	5.94
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	13.50	(9.46)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	28.00	36.54
CASH AND CASH EQUIVALENTS, END OF PERIOD	41.50	27.08

OVER
2 MILLION SATISFIED CUSTOMERS



Cooker Hood | Built in Hob



Built in Oven



100% Clothes Dryer



Front Loader



Top Loader



Dishwasher



Microwave Oven

IFB
IFB Industries Limited

Plot No IND-5 Sector I East Kolkata Township Kolkata 700107