

Q1

Financial Report

Quarter ended 30th June, 2012



Gross Sales ₹232.92 crores—growth 31.1%

Net Sales ₹185.80 crores—growth 27.22%

Total Income ₹200.57 crores—growth 25.8%

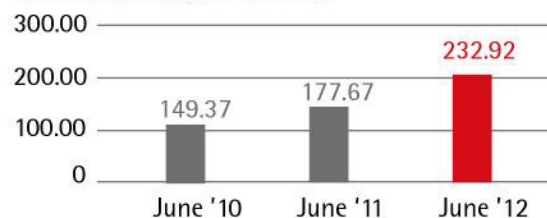
EBDIT

(Before exceptional expense) Margin: 6.7%

EPS ₹1.72

For the first quarter, ended 30th June, 2012, IFB Industries Limited (IFBIL) achieved 31.1% growth in gross sales over the last year. The gross sales in Q-1 of the current fiscal year and the comparative position with respect to Q-1 of the last two fiscal years are shown below.

Gross Sales (₹ in crores)



Total Income grew by 25.8% to ₹200.57 crores. (Appliances Division by 28.33% and Engineering Division by 17.85%). Growth of revenue in Engineering Division was affected due to the slowdown in the four wheeler segment coupled with a shutdown due to labour unrest in one of the major auto customers. The operating EBDIT before exceptional expense for the quarter was lower than the corresponding

quarter of the last fiscal year due to forex losses and increase in the input cost.

EBDIT margin was 6.7% and net margin (PAT) for the quarter was 3.1%. Operational cash flow for the quarter was ₹7.51 crores.

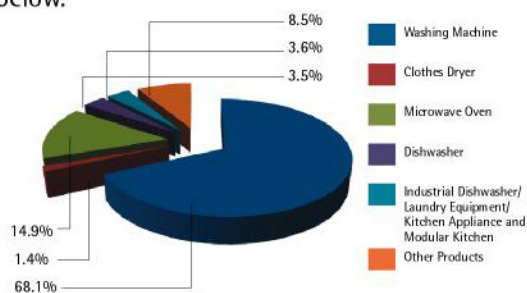
Overview—Quarter 1

The first quarter, ended 30th June 2012, witnessed pressure on margin due to the following major factors:

- Weakening of rupee resulting in a forex loss.
- Increase in input cost, which was not possible to recover in pricing in the quarter itself.
- The slowdown in the auto industry.

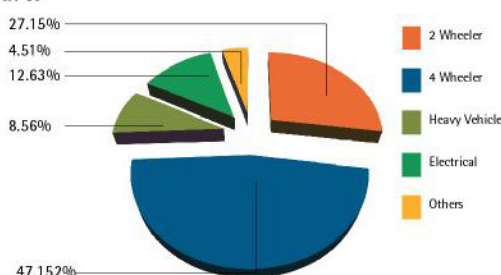
Sales by Division and Product

Gross sales of Home Appliances Division rose by 33.95% over Q-1 in the last year to ₹190.87 crores. Gross sales of Washing Machine rose by 39.7% to ₹130.05 crores, of Microwave Oven by 31.8% to ₹28.45 crores, of Domestic Dishwasher by 19.2% to ₹6.63 crores, of Clothes Dryer by (-) 13.8% to ₹2.75 crores, of Industrial Dishwasher/Washer/ Modular Kitchen/Kitchen Appliances by 24.5% to ₹6.85 crores and other products together grew to ₹16.14 crores. Product-wise spread of Home Appliances Division sales is shown in the chart below.



Product-wise spread in Home Appliance Division

Gross sales of Engineering Division grew by 19.51% over the last year to ₹42.05 crores. The sector-wise sales for the quarter are shown in the following chart:



Segment-wise sales distribution in Engineering Division

Earnings—Quarter 1

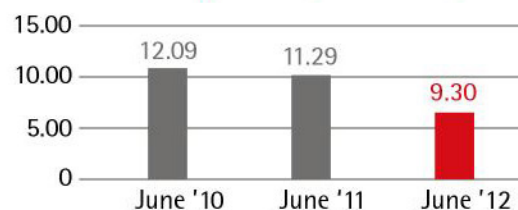
For the first quarter of 2012-13, despite high revenue growth, the margin of the Company was lower. Both the Appliances and Engineering Divisions suffered on account of higher input cost and forex related losses. The Engineering Division also lost on account of lower volumes as explained earlier.

EBDIT (before exceptional items) for the quarter was ₹13.45 crores against last year's figure of ₹14.69 crores. Despite 31.1% growth in the top line, the EBDIT for the quarter de-grew by 8.4% over the last year. During the quarter, the Company incurred a net loss on account of foreign exchange of ₹3.34 crores. The EBDIT for the quarter was also affected due to higher material costs, which the Company could not pass into the market pricing within the quarter.

Depreciation charge for the quarter was higher at ₹4.11 crores against ₹3.37 crores in the previous year. The increase is on account of capex in the Appliances and Engineering Divisions.

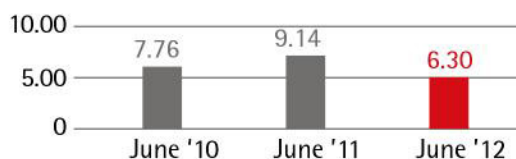
The profit before tax (PBT) for the quarter was ₹9.30 crores against ₹11.29 crores in the previous year. The PBT for the quarter is lower compared to the last year due to lower EBDIT for reasons already explained. The higher depreciation is due to the capex made in the Appliances and Engineering Divisions. The comparative position in Q-1 for three years is shown in graphical form.

PBT before Exceptional (₹ in crores)

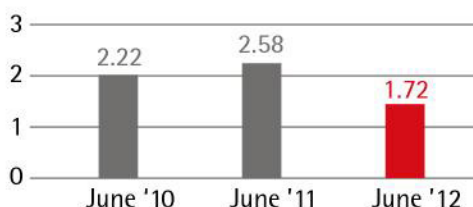


Tax expenses for the quarter were ₹3 crores against ₹2.15 crores in the last year. Tax liability in the last year was lower due to lower tax incidence on account of R&D expenditure.

The profit after tax was ₹6.30 crores against ₹9.14 crores in Q-1 of the previous year. PAT compared to the last year has been lower due to lower PBT. The year-wise PAT for the last two years has been compared with the current fiscal year in the chart below.

PAT (₹ in crores)

Earnings per share for the quarter were ₹1.72 against ₹2.58 in the previous year's Q-1. EPS for the current quarter is down due to lower PAT. EPS trend in Q-1 for three years is as below.

EPS after Exceptional (₹)**Cash Flow and Balance Sheet**

Operations before working capital change generated ₹12.96 crores cash and the working capital change consumed ₹2.38 crores. The Company paid net direct tax amounting to ₹3.07 crores, thus generating aggregate cash of ₹7.51 crores.

The Company had cash outflow of ₹66.83 crores on account of investment activities which comprised ₹13.26 crores spent on purchase of fixed assets (net) and ₹53.57 crores on purchase of mutual funds.

The Company issued shares on preferential basis to group companies amounting to ₹42 crores.

The net change in cash and cash equivalent for the quarter was negative at ₹17.36 crores.

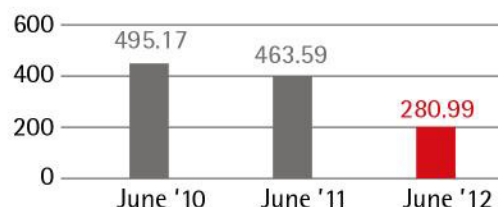
Other Key Performance Indicators

- Net worth of the Company has further improved from last year. Closing net worth (based on total reserves) as on 30.06.2012 was ₹290.49 crores

against ₹220.56 crores on 30.06.2011. Return on net worth (RONW %-annualised) was 12.8% against 20.5% in Q-1 of the last year. The ROCE for the quarter was lower at 7.4% against 10.9% in the corresponding quarter of the last year. Gross Capital employed increased in Q-1 of the current fiscal year due to capex at Goa/Engineering, deployment of funds with mutual fund, increased current assets whereas PAT growth till date was not commensurate with capital employed.

- Book value per share increased to ₹71.73 per share as on 30th June, 2012 from ₹62.13 on 30th June, 2011.

The market capitalisation of the Company as on 30th June, 2012 declined to ₹280.99 crores from ₹463.59 crores in Q-1 of the previous year. The market capitalisation of the Company has dipped due to general market sentiments precipitated by anti-inflationary measures taken by the RBI and a drop in profitability. Comparative market caps of the current fiscal year and previous two years are as below.

MARKET CAPITALISATION (₹in crores)**Headcount**

The total headcount increased to 1497 as on 30th June, 2012 from 1220 as on 30th June, 2011. Chartered accountants, MBAS, graduate engineers etc were taken to meet the growing requirement of business.

Outlook

The overall growth is expected to remain moderate as the macroeconomic situation continues to raise concern as per the recent figures released by the Government.

The GDP growth in the current fiscal year is estimated to be around 6.5%. Inflation still remains a matter of concern. Similarly, a lower than expected monsoon is likely to pull down the GDP to 6%.



Weakening of the rupee during the quarter, with respect to the last year, affected the economy adversely. The rupee is still highly volatile.

In spite of an adverse economic condition, we expect appliance sales to grow at over 30% per annum. Your Company is taking key initiatives in terms of improving product pricing, mix and we are also taking concrete steps to improve operating margins to the 14% EBIDTA level.

The roll out of the new range of Front Loaders post the modernisation of the plant is presently complete. The feedback of customers and channel partners on the new range is very encouraging. We have also completed the work on our new R&D centre and the equipment installed is now of global standard. The total installed capacity will now be used for catering to OEM markets in Europe, Africa, Asia, etc and actions have been initiated on the same. We have begun exports to countries such as Sri Lanka, Nepal and Myanmar with the new range of Washing Machines.

New R&D projects for further strengthening of our range have been initiated and new models with better ergonomics will also be launched this year.

In the Engineering Division's Fine Blanking operations, growth was not in line with expectations as growth in Auto sector has been extremely subdued and weak sentiment is likely to continue. The industry is expected to pick up from the end of Q-2, however. Investment of ₹70 crores is in line with the plan. We are also actively working towards de-risking and foraying into other areas as per plan.

Disclaimer

This report contains statements that are not historical facts but rather forward-looking. All such statements are based on our current expectations and assumptions which are valid as on date of this report. However there can be no assurance that forward-looking statements will materialise as these assumptions are subject to risks and uncertainties such as general industry and market/economic conditions of the country, successful execution of cost reduction initiatives and increased competition.

INCOME STATEMENT

	₹ in crores	
	Quarter-1 2012-13	Quarter-1 2011-12
Gross Sales	232.92	177.67
Less: Excise Duty	16.55	10.20
Less: Trade Scheme	30.47	21.43
Net Sales	185.80	146.04
Service Income	8.28	8.20
Other Income	6.49	5.19
Total Income	200.57	159.43
EBITDA (Before Exceptional Expenses)	13.45	14.69
EBITDA Margin	6.7%	9.2%
Depreciation	4.11	3.37
Interest	0.04	0.03
PBT (Before Exceptional Expenses)	9.30	11.29
Exceptional Expenses	-	-
PBT	9.30	11.29
PAT	6.30	9.14
PAT Margin	3.1%	5.7%
No of Shares (In Crores)	4.05	3.55
Earnings Per Share (₹)	1.72	2.58

BALANCE SHEET

(₹ in crores)

	30th June, 2012	30th June, 2011
I EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	41.28	36.22
Reserves & Surplus	249.21	184.34
II LOAN FUNDS		
Secured Loans	0	5.73
III DEFERRED TAX LIABILITIES (NET)	15.68	10.03
IV CURRENT LIABILITIES		
Trade Payables	120.77	107.87
Other Current Liabilities	41.71	42.45
Provisions	33.17	27.07
Total	501.82	413.71
I FIXED ASSETS		
Tangible Assets	150.15	119.07
Intangible Assets	7.5	9.29
Capital Work-in-Progress	10.13	14.27
II CURRENT INVESTMENTS	63.99	37.21
III CURRENT ASSETS		
Inventories	116.37	98.98
Trade Receivables	54.4	40.28
Cash and Bank Balances	35.06	41.5
Loans and Advances	64.22	53.11
Total	501.82	413.71

KEY RATIOS

	Quarter-1	Quarter-1
	30th June, 2012	30th June, 2011
Earnings Per Share (in ₹)	1.72	2.58
Book Value Per Share (in ₹)	71.73	62.13
Current Ratio#	1.71	1.48
Quick Ratio#	1.11	0.94
EBDIT/Total Income (Before Exceptional Items)	6.7%	9.2%
Net Profit Margin as % of Total Income	3.1%	5.7%
Net Worth (₹ In Crores)	290.49	220.56
RONW (%) (Annualised)	12.8%	20.5%
ROCE on Gross Assets Deployed (%)	7.4%	10.9%
No of Equity Shares (In Crores)	4.05	3.55
Average Market Price as on Quarter/Period End	69.38	130.59
Market Capitalisation (₹ In Crores)	280.99	463.59
Headcount (Numbers)	1497	1220
Total Income Per Employee (₹ In Crores)	0.13	0.13
PBT Per Employee (₹ In Crores)	0.01	0.01
Days Sundry Debtors Outstanding	21	20
Inventory Holding (Days Sales)	46	51

Include investments and secured loans

CASH FLOW STATEMENT

	Qtr ended 30 June, 2012 ₹ in crores	Qtr ended 30 June, 2011 ₹ in crores
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit Before Tax	9.30	11.29
Adjustments for:		
Depreciation/Amortisation	4.11	3.37
Loss on Disposal of Fixed Assets	(0.01)	-
Write off of Debts/Advances	0.01	-
Provision for Doubtful Debts and Advances	-	0.03
Dividend from Mutual Funds	(0.45)	(0.59)
Net Gain on Sale of Mutual Funds	-	(0.03)
Write Back of Liabilities no longer required	(0.03)	(0.04)
Write Back of Provisions no longer required	(0.01)	(0.01)
Financial Charges	0.04	0.03
Operating Profit Before Working Capital Changes	12.96	14.05
Movement in Working Capital	(2.38)	(1.99)
Cash Generated from Operations	10.58	12.06
Direct Taxes Paid	(3.07)	(1.69)
Net Cash from/(Used in) Operating Activities	7.15	10.37
(B) CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Intangible Assets, CWIP and Capital Advances)	(13.27)	(12.15)
Proceeds from Disposal of Fixed Assets	0.01	-
Purchase of Current Investments	(53.57)	-
Proceeds from Sale/Maturity of Current Investment (Incl Dividends)	-	9.58
Net Cash from/(Used in) Investing Activities	(66.83)	(2.57)
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Shares	42.00	-
Proceeds from Borrowings	-	5.73
Financial Charges	(0.04)	(0.03)
Net Cash from/(Used in) Financing Activities	41.96	5.70
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	(17.36)	13.50
CASH AND CASH EQUIVALENTS, BEGINNING	52.42	28.00
CASH AND CASH EQUIVALENTS, END	35.06	41.50

OVER 3 MILLION SATISFIED CUSTOMERS



Cooker Hood | Built in Hob



Built in Oven



100% Clothes Dryer



Front Loader



Top Loader



Dishwasher



Microwave Oven



Air Conditioner

IFB
IFB Industries Limited

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