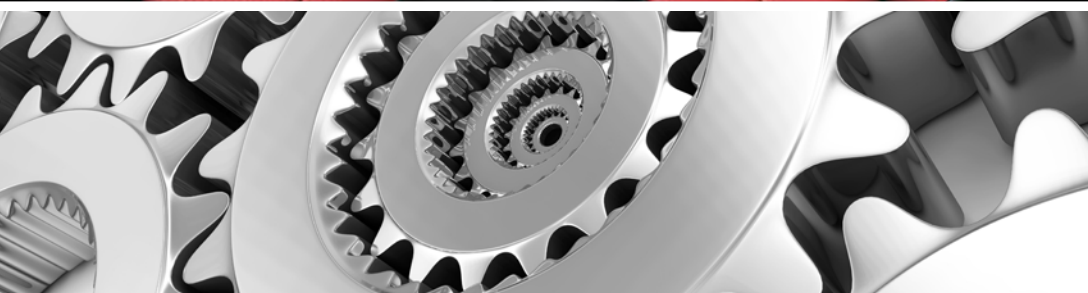


# Q3

## Financial Report

Quarter Ended 31st December, 2015



### FINANCIAL HIGHLIGHTS Q3 ('15-'16)

**Total Income**  
₹413.75 crore

**EBDITA**  
₹18.04 crore

**EBDITA Margin** 4.4%

**EPS (Annualised)** ₹8.67

**RONW (Annualised)** 7.3%

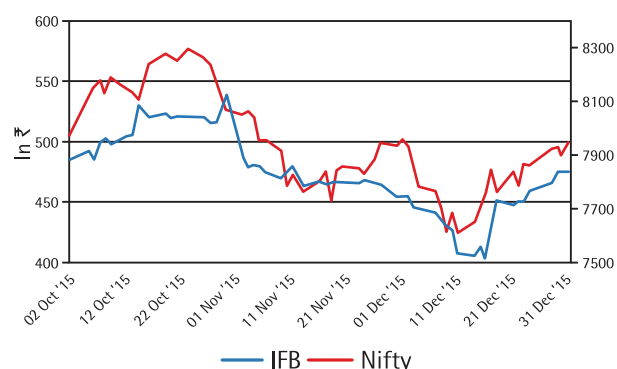
**ROCE (Annualised)** 6.3%

**Market Capitalisation**  
₹1,924.16 crore (As on 31.12.15/NSE)

**Cash & Equivalents**  
₹34.31 crore (As on 31.12.15)

**Enterprise Value (EV)** ₹1,889.85 crore (As on 31.12.15)

**EV/EBDITA** 26.19



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 and also imports and markets some of its products from countries around the globe.

### Financial Review— P&L

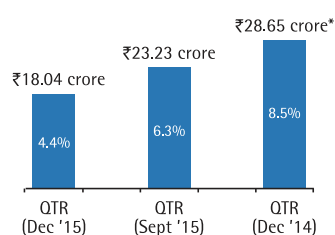
For the Quarter ended Dec '15, IFB Industries Limited has reported net sales of ₹394.67 crore, a growth of 25.7% over the corresponding

Quarter last year. The EBDITA margin stood at 4.4% during the 3rd Quarter of 2015–16.

EBDITA for the Quarter ended Dec '15 was lower compared to the corresponding period ended Dec '14, primarily due to—

- Higher material costs in this year on account of the weakening of the rupee.
- An additional charge of ₹4.33 crore included in this Quarter on account of retrospective bonus provision as per payment of Bonus Act. In view of various High Court judgements the provision may require a reversal in the 4th Quarter or the next year.
- Excluding the impact of bonus as stated above, the EBDITA Margin for the Quarter would have been 5.4%.
- In addition, the investments made in sales and promotion, in order to ramp up new product sales, are now fairly settled but will take more time to be fully productive.

The trend in EBDITA is given below—  
EBDITA (in crore) and EBDITA Margin (%)



\*Includes profit on sale of immovable properties amounting to ₹5.60 crore

### Balance Sheet

Short-term borrowing includes Working Capital Buyer's Credit amounting ₹43.48 crore, which will be settled by March '16 and Capex Buyer's Credit amounting to ₹15.47 crore. Of ₹15.47 crore, Capex Buyer's Credit amounting to ₹5.42 crore will be settled by March '16 and the balance by Aug '16. However, the Company continues to remain debt free on a net basis (net of investments and bank balances) as of 31st December, 2015.

### Cash Flow

Cash and cash equivalent has decreased slightly to ₹44.04 crore (31.12.15) from ₹44.50 crore (31.03.15). Capital outflow to the tune of ₹19.64 crore was incurred during the Quarter ended Dec '15, which is in line with the annual capital expenditure plan.

### Outlook

During the Quarter, the Indian rupee has depreciated. This has had an impact on material costs. In order to de-risk from the forex related currency fluctuations, we are in an advanced stage on our localisation plan. As we have communicated earlier, we believe that the Indian rupee is still overvalued based on real effective exchange rates. Import substitution is a key risk mitigation area for us.

The Appliances Division has ended the Quarter on a stronger note in revenue terms, as compared with the previous Quarter of the last fiscal year. The returns on the manning investments made for high growth rates, especially from the new products, will take another Quarter for full impact. The actions on the EBDITA margins have been taken. As we had briefed earlier, we believe that the new product introductions will further improve sales. This will also deliver the targeted margins over the next two Quarters as the full productivity of the manning investments is realised from the 4th Quarter of this year.

The Fine Blanking Division increased its net sales by 13.4% during the 3rd Quarter of the current year as against the comparative period of the previous year.



### Appliances Division

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

The updates at the end of the Quarter on the products, relative market positions, 4th Quarter actions and our future plans are as given in the subsequent pages.

### Washing Category

• **Front Loaders (Domestic Segment)** In this category, the range of 5.5 to 8 kg capacities has been strengthened with new model launches in this Quarter. Our dominant market share continues and will be strengthened with these introductions. In the 3rd Quarter, we have introduced models with high-end designs and user interfaces, including models driven by smart mobile based technologies and a range of new washing applications. We expect these introductions to generate volume gains and also help expand the market reach in the 4th Quarter of this fiscal year.

• **Top Loaders (Domestic Segment)** The market pipelines continue to rapidly expand for this range of products in the 3rd Quarter of this fiscal year. 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. We have reached volumes of ~12,000–13,000 per month in this Quarter and expect this to further rise in the coming Quarters. This is also expected to rise further going forward. The top loaders have created a niche position in the market with their aesthetics, features and wash performance. This category will be a key revenue growth and margin driver in the subsequent Quarters. We have completed our evaluation of an exercise to increase, beyond earlier plans, our supply chain capacities and will accelerate the market penetration and volume growth plans in the next two 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. The new range of dishwasher models, with features based on the feedback we have received from the market for enhanced wash capabilities, has been introduced. This new range, comprising four new models, will drive gains in market shares as well as volumes.

• **Industrial Segment—Ware-washing and Laundry Equipment** IFB has a unique range of glass washers, under-counter dishwashers, hood type and rack conveyor type dishwashing equipment. In this segment, the Company has a pan-India presence in customer segments covering 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 ~35%, in value terms, in the industrial dishwashing segment. A complete new range is now fully stabilised in this category with contemporary features based on customer feedback.

IFB also has a full range of industrial laundry equipment (going up to high capacities such as ~160 kg) and a complete range of dryers, ironers, finishing equipment for clothes, including suits, special silk wear etc. Installations across the country include those in select 5-star hotels. In the high-end laundry segment, IFB continues to be amongst the top two players by value share.



### Kitchen Appliances

- **Microwave ovens** IFB is the 3rd largest player with a market share of ~18% as of the 3rd Quarter. A complete new pipeline of products has been introduced in select areas across the country in the 3rd Quarter. IFB is one of the few companies actually registering strong and healthy growth in this category when most industry players are degrowing. This is led by the new designs and the strong ground level activation programmes that have been undertaken. We expect this to further strengthen the Company's market share. 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. With the new range, the Company has introduced new cooking programmes in the microwaves, to enable cooking with healthy inputs such as olive oil and the new range will adopt 'health' as a platform for driving customer connect.

- **Modular Kitchens** We have formally launched this product category in the 3rd Quarter in Goa. The supply chain and design offerings for this category keep a modern Indian home in mind. Apart from this, the features include modular systems with carcasses in unique configurations, material which is food grade, termite resistant and boiling water proof plywood. This is unique across the Indian market. These will be launched commercially in Bangalore and Kolkata in the 4th Quarter. With this, we now present to customers a range of modular kitchens, with appliances (stand alone and built-in) in line with global trends and at extremely competitive prices. The Company will expand the business fully in the next fiscal year, after stabilisation in the three selected markets.

- **Built-in-ovens, Chimneys and Hobs** In the 3rd Quarter, we have focused on increasing displays across all markets, with a special focus on promotions and sales from our IFB Point channel for these products. The IFB Point channel is a key driver for growth in this category and currently ~50% of sales of these categories is from this exclusive store network. The Company has ~5% market share as on date, which will expand in subsequent Quarters as market placements increase as planned.

### Cooling Category

- **Air Conditioners** A complete redesign of the product range has been completed. The product and market refocus in this segment covers the following key summaries, based on the learning areas over the last season.

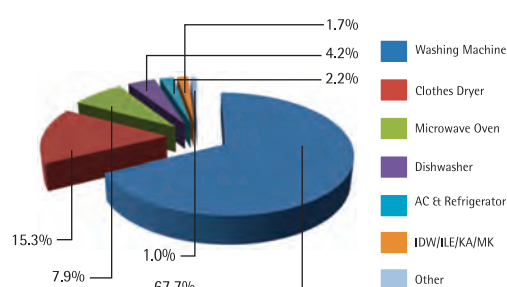
As a product, performance has been of a high level and, as we shared earlier, the customers are satisfied. The new product range will enhance this experience as the product has been improved further in the key areas of energy efficiency and performance at high ambient temperatures etc. The IFB range will be 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 delivery levels.

We have also detailed the channel presence plan for the 4th Quarter for the new range and will focus on strengthening presence in markets where we are already present as on date.

During the 3rd Quarter, FY 2015–16, the Appliances Division posted a 27.9% increase in revenue as compared to the same period of the previous year. The ROCE for the 3rd Quarter, FY 2015–16 stood at 6.7%. ROCE for the FY 2014–15 was at 21.2%.



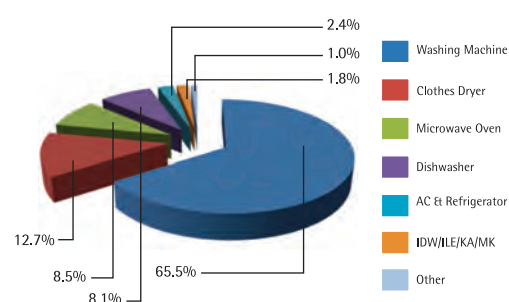
## Product-wise Spread in the Appliances Division



## QTR Product-wise Spread in the Appliances Division

## For the Quarter Ended Dec '15

The Appliances Division reported net revenues of ₹342.83 crore for the Quarter ended Dec '15. Washing machines contributed 67.7% of sales.



## YTD Product-wise Spread in the Appliances Division

## For the Period Ended Dec '15

The Appliances Division reported net revenues of ₹927.84 crore for the period ended Dec '15. Washing machines contributed 65.5% of sales.

## Summarised Financial Performance of the Appliances Division

₹ in crore

	Q3 ('15-'16)	Q2 ('15-'16)	Q3 ('14-'15)
Revenue (Net Sales Including Service Income)	342.83	296.44	268.06
EBDITA	11.9	17.20	18.32
EBDITA (%) on Net Sales	3.5%	5.8%	6.8%
EBIT	3.88	8.97	12.25
EBIT (%) on Net Sales	1.1%	3.0%	4.6%
Capital Employed	231.96	241.37	176.5
ROCE (Annualised)	6.7%	14.9%	27.8%

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

a. Impact of forex levels for the Quarter is ~₹2.7 crore (YTD negative impact of ~₹11.7 crore)—we have redone model price planning for the 4th Quarter. The largest impact has been in the imported products such as microwaves and air conditioners, where we have been unable to pass on increased costs to the market. Necessary corrections for this are being made in the 4th Quarter.

b. Provisions created under the statutory provision head of the bonus act amounting to ~₹3.4 crore. In view of various High Court judgements, the provision may require a reversal in the 4th Quarter or next year.

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

## 1. Multi-brand stores

a. These are the large format 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 in the 3rd Quarter.

## 2. IFB exclusive stores (IFB Points and the IFB website)

These stores display the full range of products the Company offers 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 ~16% of sales by volume as of the 3rd Quarter.

b. The IFB website and related e-Commerce sites contribute ~8% of sales by volume. Both generate a significant amount 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 on 31st December, 2015 347 IFB Points exist with 69 more under construction.

### 3. CSD/Defence Canteens, Institutions etc

These customers buy directly from the Company and include industrial products. These channels contribute ~5% 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 such as air conditioners.

### 4. Dealers Who Are Also Service Providers

This segment is specifically for air conditioner sales. This segment contributes ~1% of sales by volume as of the 3rd Quarter and is a segment that we need to grow to drive expansion in the air conditioner business. This will be a focus area in the 4th Quarter and the 1st Quarter of the next fiscal year.

### 5. Distributors

This channel is driving the Company's channel expansion. As of the 3rd Quarter it stands at ~10% of sales and as IFB continues to expand its channel reaches overall, this segment is growing. It is the key to expanding IFB's reach into towns and up-country areas across India and we will continue to focus on increasing this segment.

**One of the critical areas for the Appliances Division is the Service function and its reach to the customers.**

As of the 3rd Quarter, we have a total of ~725 service franchisees across India, with a plan to increase that number to ~750 by the end of the 4th Quarter, FY 2015–16. Currently, we have 29 service training centres, which are fully equipped to impart training 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 4 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. It has a total capacity of ~120 people (presently 82 seats are occupied). IFB also has outsourced call 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.

As a customer contact 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. In the 3rd Quarter, we have physically reached ~2,05,000 customer homes.

### Fine Blanking Division

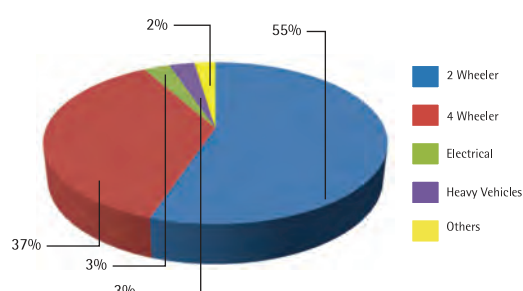
The Fine Blanking Division mainly caters to the automobile sector, both the two-wheeler and four-wheeler segments. We are also focusing on increasing our business in non-auto sectors such as electrical, railways, cycle industry, defence etc.

The Fine Blanking Division, including the After Market Division (AFM) has reported 16% revenue growth in the 3rd Quarter of the current year as compared to the corresponding period of the previous year. The growth in EBDITA is at 24.6% (Operational) as compared to the comparative period of the previous year.

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

	₹ in crore		
	Q3 ('15-'16)	Q2 ('15-'16)	Q3 ('14-'15)
Net Sales	6.84	5.97	4.13

The After Market Vertical achieved a turnover of ~₹6.84 crore in the the 3rd Quarter. This is a growth of ~66% from the corresponding Quarter in the previous fiscal year. The AFM vertical is expected to improve its operating performance during 2015–16 as it expands further.



Segment-wise Sales—3rd Quarter, FY 2015-2016

## Summarised Financial Performance of the Fine Blanking Division

₹ in crore

	Q3 ('15-'16)	Q2 ('15-'16)	Q3 ('14-'15)
Revenue (Net Sales Including Service Income)	64.66	66.29	57.01
EBDITA*	9.58	9.12	7.69
EBDITA (%) on Net Sales	14.8%	13.8%	13.5%
EBIT*	6.05	5.78	4.88
EBIT (%) on Net Sales	9.4%	8.7%	8.6%
Capital Employed	127.36	123.59	116.86
ROCE (Annualised)	19.0%	18.7%	16.7%

\* Figures of the 3rd Quarter, FY '14-'15 exclude profit of ₹5.6 crore on sale of non-operating assets.

## Future Outlook &amp; Strategy

The Fine Blanking Division is aggressively building a profitable order book in both the auto as well as non-auto sectors 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 make this initiative profitable.

## INCOME STATEMENT

	YTD		QTR	
	31st Dec, '15	31st Dec, '14	31st Dec, '15	31st Dec, '14
Gross Sales	1,444.71	1,145.70	540.66	410.68
Less: Excise Duty	101.32	64.42	38.21	23.09
Less: Trade Scheme	263.76	195.96	107.78	73.52
Net Sales	1,079.63	885.32	394.67	314.07
Service Income	37.25	31.6	12.82	11.02
Other Income	21.80	28.71	6.26	12.34
Total Income	1,138.68	945.63	413.75	337.43
EBITDA*	66.65	83.2	18.04	28.65
EBITDA Margin	5.9%	8.8%	4.4%	8.5%
Depreciation	35.03	18.78	11.73	9.16
Interest	1.78	1.38	0.70	0.42
PBT	29.84	63.04	5.61	19.07
PAT	26.34	48.54	6.49	15.78
PAT Margin	2.3%	5.1%	1.6%	4.7%
No of Shares (In crore)	4.05	4.05	4.05	4.05
Earnings Per Share (In ₹) (Not annualised)	6.50	11.98	1.60	3.90

\* The current Quarter and year include an additional charge of ₹4.33 crore on account of retrospective bonus provision as per payment of Bonus Act. In view of various High Court judgements, the provision may require a reversal in the 4th Quarter of the next year.



## BALANCE SHEET

(₹ in crore)

	31st Dec, '15	31st Dec, '14
<b>EQUITY AND LIABILITIES</b>		
<b>I SHAREHOLDERS' FUNDS</b>		
Share Capital	41.28	41.28
Reserves & Surplus	372.03	336.62
<b>II NON-CURRENT LIABILITIES</b>		
Deferred Tax Liabilities (Net)	28.56	25.44
Other Long-term Liabilities	7.8	7.56
Long-term Provisions	24.99	25.91
<b>III CURRENT LIABILITIES</b>		
Short-term Borrowings	63.27	77.10
Trade Payables	244.37	184.00
Other Current Liabilities	63.81	56.11
Short-term Provisions	5.55	7.72
<b>Total</b>	<b>851.66</b>	<b>761.74</b>
<b>ASSETS</b>		
<b>I NON-CURRENT ASSETS</b>		
Fixed Assets		
—Tangible Assets	259.68	208.12
—Intangible Assets	13.15	3.69
—Capital Work-in-progress (Including intangible assets under development)	19.48	42.68
Long-term Loans and Advances	68.89	57.86
Other Non-current Assets	—	0.01
<b>II CURRENT ASSETS</b>		
Current Investments	53.53	76.88
Inventories	231.55	187.79
Trade Receivables	130.07	93.05
Cash and Bank Balances	44.05	60.29
Short-term Loans and Advances	30.50	30.45
Other Current Assets	0.76	0.92
<b>Total</b>	<b>851.66</b>	<b>761.74</b>

## KEY RATIOS

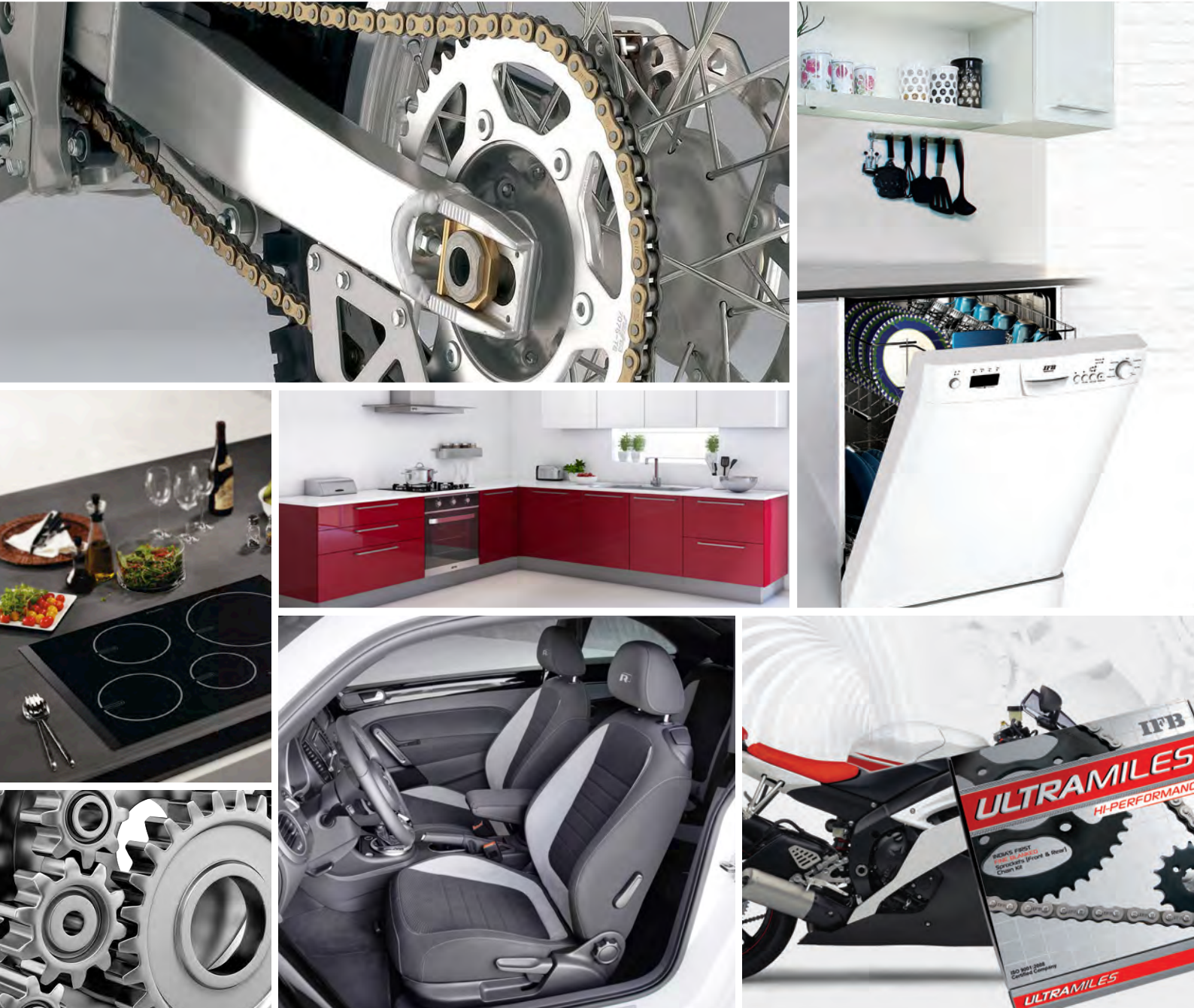
	YTD		QTR	
	31st Dec, '15	31st Dec, '14	31st Dec, '15	31st Dec, '14
Earnings Per Share (In ₹) (Not annualised)	6.50	11.98	1.60	3.90
Book Value Per Share (In ₹)	102.05	93.31	102.05	93.31
Current Ratio#	1.36	1.46	1.36	1.46
Quick Ratio#	0.72	0.85	0.72	0.85
EBITDA/Total Income (Before exceptional items)	5.9%	8.8%	4.4%	8.5%
Net Profit Margin as % of Total Income	2.3%	5.1%	1.6%	4.7%
Net Worth (₹ in crore)	305.47	270.06	305.47	270.06
RONW (%) (Annualised)	13.0%	31.1%	7.3%	28.2%
Return on Capital Employed (%) (Annualised)	8.5%	17.1%	6.3%	16.7%
No of Equity Shares (In crore)	4.05	4.05	4.05	4.05
Closing Market Price on Period End	475.10	481.50	475.10	481.50
Market Capitalisation (₹ in crore)	1,924.16	1,950.08	1,924.16	1,950.08
PE Ratio (Annualised)	54.79	30.16	74.12	30.89
Head Count (Numbers)	1,625	1,530	1,625	1,530
Total Income per Employee (₹ in lakh)	70.07	61.81	25.46	22.05
Fixed Asset Turnover Ratio	5.28	5.57	5.8	5.9
Days Sundry Debtors Outstanding	24	22	21	20
Inventory Holding (In days)	44	45	39	42

# Includes Investments and Working Capital Secured Loans

## CASH FLOW STATEMENT

	YTD		QTR	
	31st Dec, '15	31st Dec, '14	31st Dec, '15	31st Dec, '14
<b>(A) CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax	29.84	63.04	5.6	19.06
Adjustments for:				
Depreciation/Amortisation	35.03	18.78	11.73	9.17
Gain on Disposal of Fixed Assets	(0.02)	(5.60)	(0.01)	(5.60)
Write off of Fixed Assets	0.06	0.05	0.06	0.05
Write off of Debts/Advances	0.12	0.11	0.03	0.08
Provision for Doubtful Debts and Advances	0.10	0.10	-	(0.03)
Dividend from Mutual Funds	(0.29)	(0.30)	(0.10)	(0.10)
Net Gain on Sale of Mutual Funds	(2.13)	(1.95)	(0.07)	(0.12)
Write Back of Liabilities No Longer Required	(0.06)	(0.08)	(0.01)	(0.02)
Write Back of Provisions No Longer Required	(0.06)	(0.40)	-	(0.28)
Financial Charges	1.78	1.38	0.70	0.42
<b>Operating Profit Before Working Capital Changes</b>	<b>64.37</b>	<b>75.13</b>	<b>17.93</b>	<b>22.63</b>
Movement In Working Capital	(36.39)	(12.23)	31.12	18.21
<b>Cash Generated From Operations</b>	<b>27.98</b>	<b>62.90</b>	<b>49.05</b>	<b>40.84</b>
Direct Taxes Paid	(7.86)	(11.54)	(2.58)	(2.61)
<b>Net Cash From Operating Activities</b>	<b>20.12</b>	<b>51.36</b>	<b>46.47</b>	<b>38.23</b>
<b>(B) CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Net Purchase of Fixed Assets (Including Intangible Assets, CWIP)	(48.15)	(49.87)	(19.64)	(23.73)
Net (Purchase)/Sale of Current Investments	0.54	(37.35)	(7.75)	(17.64)
<b>Net Cash Used in Investing Activities</b>	<b>(47.61)</b>	<b>(87.22)</b>	<b>(27.39)</b>	<b>(41.37)</b>
<b>(C) CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from /(Repayment of) Borrowings (Net)	28.82	29.33	(26.17)	14.47
Financial Charges	(1.78)	(1.38)	(0.70)	(0.42)
<b>Net Cash from/(Used in) Financing Activities</b>	<b>27.04</b>	<b>27.95</b>	<b>(26.87)</b>	<b>14.05</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(0.45)</b>	<b>(7.91)</b>	<b>(7.79)</b>	<b>10.91</b>
CASH AND CASH EQUIVALENTS, BEGINNING	44.50	68.20	51.84	49.38
CASH AND CASH EQUIVALENTS, END	44.05	60.29	44.05	60.29

## Thank You



### Disclaimer

This presentation contains statements which 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 such factors 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

Refrigerator

Top Loader

Front Loader

100% Clothes Dryer

Air Conditioner



Plot No IND-5 Sector 1 | East Kolkata Township | Kolkata 700107 | West Bengal | India