

Q1

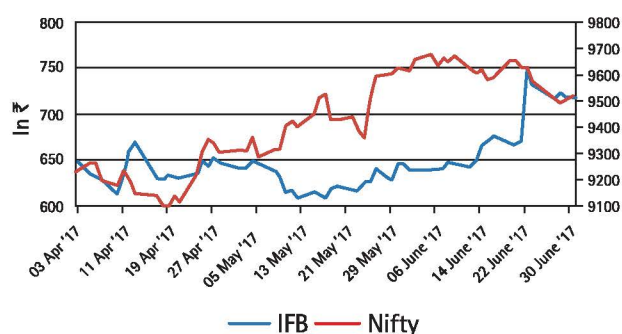
Financial Report

Quarter Ended 30th June, 2017



FINANCIAL HIGHLIGHTS

	Q1 ('17-'18)
Total Income	₹534.44 crore
EBDITA	₹24.34 crore
EBDITA Margin	4.6%
EPS	₹1.82
RONW on PBT (Annualised)	11.6%
ROCE on PAT (Annualised)	6.2%
Market Capitalisation (As on 30.06.17/NSE)	₹2,913.98 crore
Cash & Cash Equivalents (As on 30.06.17)	₹61.28 crore
Enterprise Value (EV) (As on 30.06.17)	₹2,835 crore
EV/EBDITA	29



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 some of its products from countries around the globe.

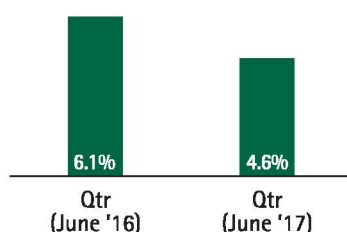
Financial Review**Profit and Loss****Quarter ended June, 2017**

The financial results of the Company have been prepared according to Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standard) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Company adopted Ind AS from 1 April, 2017 and accordingly these financial statements, along with the comparatives, have been prepared in accordance with Ind AS.

For the Quarter ended June '17, IFB Industries Limited has reported a total income of ₹534.44 crore, a growth of 17.3% over the corresponding Quarter of last year.

The EBDITA margin stood at 4.6% during the 1st Quarter of 2017–18.

EBDITA for the 1st Quarter ended June '17 is lower as compared to the corresponding period ended June '16, mainly on account of the difference in sales on account of the implementation of GST. The sale to retailers was lower than the sales to customers as the retailers destocked in May and June '17, ahead of the GST implementation. This delayed effect is expected to be neutralised by additional sales in the 2nd Quarter.

Trend in Operating Margin**Balance Sheet**

The Company has availed short-term buyers' credit and bill discounting amounting to ₹19 crore and ₹4 crore respectively.

The Company continues to remain debt free (on a net basis, net of current investments and bank balances) as of 30 June, 2017.

Cash Flow

The cash generated from operations has increased by ₹5 crore and the cash and cash equivalent has increased to ₹61.28 crore (30 June, 2017) from ₹45.66 crore (31 March, 2017). Capital outflow to the tune of ₹13.94 crore was incurred during the Quarter ended June '17, which is in line with the annual capital expenditure plans.

Outlook

During the Quarter, the Indian rupee has remained stable. As an overall risk mitigation strategy and also the focus on localising manufacturing into India, we are continuing our work on the localisation plan on some of the high cost imports. This work will result in a significant portion of electronic controller imports being substituted with localised production by the 4th Quarter of this fiscal year.

The outlook for our Appliances Division remains positive since market pipeline stocks at the end of the Quarter are minimal and customer demand remains strong. The expected continuing customer demand for the 2nd Quarter, coupled with the additional pipelines to be filled at the retailer end as well as the effect of the material cost reduction plans, provide a robust outlook to the Division's results for the Quarters going forward in the fiscal year.



For the Fine Blanking Division, in the pre GST regime, OEM (both 2-wheeler and 4-wheeler) tried to control their pipeline stocks leading to a growth of 6.12% (4-wheeler) and 8.56% (2-wheeler). Against these IFB grew by 9% and 14% respectively.

Based on improved demand in the festive months, the Fine Blanking Division is poised to have improved sales in the coming Quarter.

The Appliances Division

The Appliances Division delivers a well-positioned and differentiated range of products in both domestic appliances and industrial application categories. These include washing machines, special commercial laundry related dry cleaning, finishing equipment, 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 1st Quarter on the products and the relative market position of our future plans are as given.

Washing Category

• Front Loaders (Domestic Segment)

We are currently working on a new range to be introduced in the 2nd and 3rd Quarters. Our dominant market share continues and our range of models covers the full spectrum of user interfaces and smart mobile-based technologies. The Company is investing in technology to develop IoT capabilities, energy efficiency, user convenience and design interface impact.

• Top Loaders (Domestic Segment)

The product range has fully automatic top loaders in the 6.5 kg to 9.5 kg capacity segments, with high-end 'Deep Clean' technology and unique wash features. The top loaders enjoy a clearly differentiated market position with their aesthetics, features and wash performance. The category will remain a revenue growth and margin driver for the Company, along with the front loader category and the Company is working on additions to the product range to further strengthen its presence in the segment.

In the top loader capacity and price segments that the Company is operating in at present (ie 6.5 kg and above), the market share continues to be high and is now at a level of ~18–19% plus. This will be further increased as the market penetration of these models increases.

• Clothes Dryers and Dishwashers (Domestic Segment)

The market shares remained stable at a level of ~80% in clothes dryers and ~50% in domestic dishwashers. Development work in these categories is focussed on introduction of better aesthetics and stronger product platforms with features that will improve user interfaces. The new models will be introduced by the 4th Quarter of the fiscal year for both these categories after the field trials are completed.

• Industrial Segment—Dishwashing and Laundry Equipment

The IFB range covers the categories of glass washers, under counter dishwashers as well as 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, restaurants, ships etc. In the industrial dishwashing segment, the Company continues to operate with a leading market share of ~25%, in value terms.



IFB's range of industrial laundry equipment (up to high level capacities of ~160 kg) is also well established. This includes a complete range of dryers, ironers and finishing equipment for clothing, including suits, special silk wear etc.

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

Kitchen Appliances

• Microwave Ovens

IFB is the third largest player with a market share of ~19% as of the 1st Quarter of FY '17-'18. The new models, with their unique 'Oil Free Cooking' technology have helped drive growth. IFB has registered healthy growth in this category, in a market that has remained flat. IFB's microwave cooking class programme, under the brand name 'Spice Secrets', educates customers on how to optimise microwave oven usage post purchase and remains a key focus area for the Company. We are at a level of ~800 classes per month across the country, meeting ~18,000 customers every month through these classes. The Company has introduced new cooking programs in the microwave ovens that enable cooking with healthy ingredients like olive oil and it expects the new range to drive health as a platform for customer connect.

• Modular Kitchens

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

This is a category that the Company seeks to grow significantly, which requires us to strengthen the organisational structure in areas such as product and retail design. The issues to be fixed in this category include sales manning at each store, which has been concluded in the 1st Quarter. The product proposition is a range of modular kitchens with appliances (stand alone and built-in) in line with global trends. The Company will first make the three stores currently open fully successful in terms of sales and customer contact processes by the end of the 3rd Quarter. We will then target an additional ~10 stores by

the year end with the complete modular kitchen range displayed. In addition, the existing and future network of IFB Points will also promote the modular kitchen range to customers, by the 4th Quarter, to drive growth.

• Built-in Ovens, Chimneys and Hobs

We are increasing our presence in all markets with products displayed in ~450 stores across the country at the end of the 1st Quarter. There is a special focus on promotions and sales from our IFB Point channel. The channel continues to be a key driver for growth in this category and currently ~50% of sales of this set of products is from this exclusive store network. The Company has ~5-6% market share as of the 1st Quarter, which will continue to expand in subsequent Quarters as market placements increase according to plan.

Cooling Category

• Air Conditioners

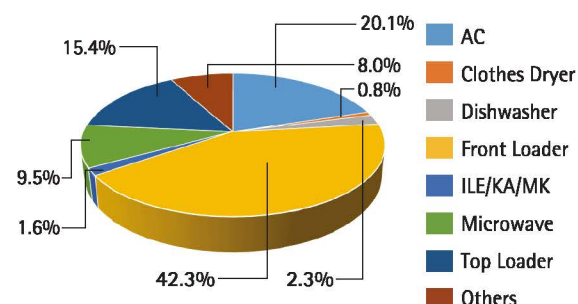
Our product range has high quality performance featuring high energy efficiency better than market performance at high ambient temperatures. The range includes features such as 52°C compliant compressors across all models, green gas and copper piping, all of which are designed for high end performance. IFB is also unique in terms of a complete green range, at par with the best in the market.

The sales performance for the Quarter is as per the expected levels and this category will have a positive impact on the revenue and profitability growth in the current fiscal year. The market shares for IFB remain low and this is a category that needs work on the distribution front, which is the key focus for the Company for the 2nd Quarter and 3rd Quarter of the current fiscal year.



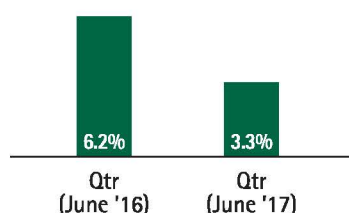
For the Quarter ended June, 2017

The Appliances Division reported net revenues from operations of ₹437.84 crore for the Quarter ended June '17, a growth of 17.6% as compared to the same period of the previous year. Washing machines contributed 57.7% of sales.

Q1 Product-wise spread in the Appliances Division**Summarised Financial Performance of the Appliances Division**

₹ in crore

	Q1 ('17-'18)	Q1 ('16-'17)
Revenue from Operations	437.84	372.43
EBDITA	14.47	23.18
EBDITA (%) on Revenue	3.3	6.2
EBIT	6.75	16.66
EBIT (%) on Revenue	1.5	4.5
Capital Employed	275.17	261.57
ROCE (Annualised) %	9.8	25.5

Trend in Operating margin

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

1. Multi-brand stores

- These include large format (modern retail) chain stores that operate on a pan-India basis.
- The regional/town level single stores, inclusive of regional and geography specific chain stores.

The above channels contributed ~59% by volume of IFB's sales this Quarter.

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. Both generate a significant amount of visitors who also later buy offline and from other stores.

- IFB Points contribute ~16% of sales by volume as of the 1st Quarter of this year.
- The IFB website and related eCommerce sites contribute ~10% of sales by volume.
- The Company has a target of ~500+ exclusive stores of approximate size not exceeding ~500 sq ft in the first phase. We expect to achieve this number by the 4th Quarter. This will also include Company Owned Company Operated (CoCo) stores. As on date, the Company has ~402 IFB Points across India, of which ~100 are CoCo stores. There are an additional ~30 stores under construction as of the end of the 1st Quarter.

3. The CSD/Defence Canteens, Institutions etc

These customers buy directly from the Company, including industrial products. These channels contribute ~1% 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 the institutional sales of products like air conditioners.

4. The Channel of Dealers Who Are Also Service Providers

This segment, largely catering to air conditioning customers, contributes ~1% of sales by volume as of the 1st Quarter of this fiscal year. It will grow to drive expansion in the air conditioner business. This is an area that needs more ground level work to grow the business and will be a focus area for the 2nd Quarter and 3rd Quarter this year.

5. The Channel of Distributors

This is a channel on which significant work has happened in the last three Quarters, which will drive volume gains going forward. The channel accounts for ~12% of sales as of the 1st Quarter and as IFB continues to expand its channel reach, this segment is growing. This channel is delivering expansion of IFB's reach into small towns and up-country areas across India. Over the last three Quarters, this channel has added ~7,000 retailers to the IFB network and this will be a key lever to the growth plans for the future.

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

As of the 1st Quarter, we have a total of ~780 service franchisees across India, with a plan to increase the numbers of franchisees to ~900+ by the end of the new fiscal year. Currently, we have 29 service training centres, which are fully

equipped to train in all aspects of assembly, dismantling, installation and troubleshooting of our products.

Sales of additives and accessories, as reported earlier as well, remain a key focus area. The Company's four million plus customer base has a high potential for the Company 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 and customer feedback/cross selling initiatives with a total manning of ~90 people as on date. IFB has also 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 focussed data tracking.

In the Company's Customer Connect Program, we continue to contact customers directly and then visit them. This increases customer satisfaction and also enables higher revenues from our customer visits.

Fine Blanking Division

The Fine Blanking Division mainly caters to the automobile sector, both the 2-wheeler and 4-wheeler segments. We are also focussing 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 14.7% revenue growth in the 1st Quarter of the current year as compared to the corresponding period of the previous year. On account of the implementation of GST in July, OEMs (both 2-wheeler and 4-wheeler) controlled their pipeline stocks. EBDITA for the Quarter is at ₹11.9 crore with a growth of 32.4% as compared to the comparative period of the previous year.

The Revenue of FBD Division is as Given Below

₹ in crore

	Q1 ('17-'18)	Q1 ('16-'17)
Revenue from Operations	85.8	73.6

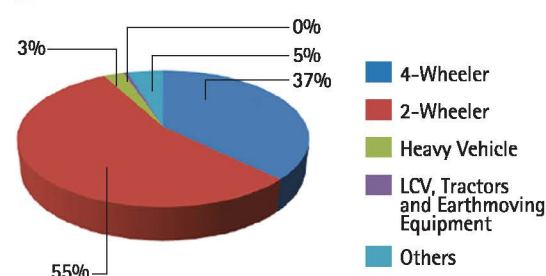
The Revenue of AFM Division is as Given Below

₹ in crore

	Q1 ('17-'18)	Q1 ('16-'17)
Revenue from Operations	7.38	7.65

The After Market Vertical achieved a turnover of ₹7.38 crore in the 1st Quarter. This is a degrowth of 3.5% from the corresponding Quarter in the previous fiscal year. The AFM sales were severely impacted due to the implementation of GST. The dealers were not willing to hold pre-GST stocks. This vertical is expected to improve its sales in the 2nd Quarter.

Segment-wise sales—Q1 2017-18



Summarised Financial Performance of the Fine Blanking Division (incl AFM)

₹ in crore

	Q1 ('17-'18)	Q1 ('16-'17)
Revenue from Operations	93.18	81.25
EBDITA	11.9	8.99
EBDITA (%) on Revenue	12.8	11.1
EBIT	7.25	5.09
EBIT (%) on Revenue	7.8	6.3
Capital Employed	142.14	121.77
ROCE (Annualised) %	20.4	16.7

Future Outlook & Strategy

The Fine Blanking Division is expecting an increase in automotive demand in the FY '17-'18. We are also working on increasing the customer base and product line. To meet the increased market demand, we are strengthening the supply chain.

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

INCOME STATEMENT

	Q1 (₹ in crore)	
	30 June, '17	30 June, '16
Gross Sales	633.29	536.83
Less: Trade Scheme	124.36	101.83
Net Sales	508.93	435.00
Service Income	15.44	13.29
Other Operating Revenue	6.65	5.39
Revenue from Operations	531.02	453.68
Other Income	3.42	1.78
Total Income	534.44	455.46
EBDITA	24.34	28.01
EBDITA Margin (%)	4.6	6.1
Depreciation	12.47	10.53
Interest	1.13	0.70
PBT	10.74	16.78
PAT	7.38	15.60
PAT Margin (%)	1.4	3.4
Total Other Comprehensive Income (OCI)	6.00	14.96
Total OCI Margin (%)	1.1	3.3
No of Shares (In crores)	4.05	4.05
Earnings Per Share (In ₹) (Not annualised)	1.82	3.85

BALANCE SHEET

(₹ in crore)

	30 June, '17	30 June, '16
ASSETS		
I NON-CURRENT ASSETS		
Property, Plant and Equipment	286.96	263.22
Capital Work-in-progress	9.02	11.72
Other Intangible Assets	17.51	12.20
Intangible Assets under Development	6.18	12.47
Financial Assests		
– Investments	12.00	—
– Loans	11.61	9.31
– Other (To Be Specified)	0.09	0.08
Deferred Tax Assets	3.16	4.98
Current Tax Assets (Net)	6.02	3.46
Other Non-Current Assets	27.16	27.12
Total Non-Current Assets	379.71	344.56
II CURRENT ASSETS		
Inventories	260.16	228.17
Financial Assest		
– Investments	62.45	56.34
– Trade Receivables	149.63	126.05
– Derivative Instruments	0.19	0.13
– Cash And Cash Equivalents	61.28	59.83
– Other Bank Balance	1.47	1.34
– Loans	0.43	0.40
– Others	0.02	0.06
Other Current Assets	28.71	24.91
Total Current Assets	564.34	497.23
Total Assets	944.05	841.79
EQUITY AND LIABILITIES		
I EQUITY		
Equity Share Capital	41.28	41.28
Other Equity	436.19	392.90
Total Equity	477.47	434.18
II LIABILITIES		
NON-CURRENT LIABILITIES		
Financial Liabilities		
– Borrowings	15.62	25.00
– Other Financial Liabilities	0.32	0.28
Provisions	32.10	28.06
Other Non-Current Liabilities	8.61	6.88
Total Non-Current Liabilities	56.65	60.22
CURRENT LIABILITIES		
Financial Liabilities		
– Borrowings	22.93	36.84
– Trade Payables	289.58	238.01
– Other Financial Liabilities	13.89	4.40
Provisions	5.59	5.80
Other Current Liabilities	77.94	62.34
Total Current Liabilities	409.93	347.39
Total Liabilities	466.58	407.61
Total Equity and Liabilities	944.05	841.79

KEY RATIOS

YTD

	30 June, '17	30 June, '16
Earnings Per Share (In ₹) (Not annualised)	1.82	3.85
Book Value Per Share (In ₹)	117.89	107.20
Current Ratio#	1.38	1.45
Quick Ratio#	0.74	0.78
EBDITA/Total Income (%)	4.6	6.1
Net Profit Margin (%)	1.4	3.4
Net Worth (₹ in crore)	371.61	328.32
RONW (%) Annualised (On PBT)	11.6	20.4
Return on Capital Employed (%) Annualised (On PAT)	6.2	14.4
No of Equity Shares (In crore)	4.05	4.05
Closing Market Price on Period End	719.50	331.65
Market Capitalisation (₹ in crore)	2,913.98	1,343.18
PE Ratio (Annualised)	99.00	22.00
Head Count (Numbers)	1,708	1,611
Total Income per Employee (₹ in lakh)	31.29	28.27
PBT per Employee (₹ in lakh)	0.63	1.04
Fixed Asset Turnover Ratio	6.89	6.51
Days Sundry Debtors Outstanding	21	21
Inventory Holding (In days)	37	39

Includes Current Investments and Short term Working Capital Loans and Current Maturities of Long Term Loans

CASH FLOW STATEMENT

Q1 (₹ in crore)

	30 June, '17	30 June, '16
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	10.74	16.78
Adjustments for:		
Depreciation/Amortisation	12.47	10.53
Write off of Fixed Assets	0.01	—
Write off of Debts/Advances	—	0.02
Allowance for Doubtful Debts and Advances	—	0.05
Dividend from Current Investments	(0.18)	(0.19)
Net Gain on Sale of Current Investments	(0.03)	(0.21)
Write Back of Liabilities No Longer Required	—	(0.15)
Interest Income on Bank Deposits and Others	(0.63)	(0.21)
Net Gain Arising on Investments Measured at Fair Value Through Profit And Loss	(0.76)	(0.23)
Net Gain Arising on Measuring Derivative Financial Instruments at Fair Value	(1.58)	(0.44)
Finance Costs	1.13	0.70
Operating Profit Before Working Capital Changes	21.17	26.65
Movement In Working Capital	4.33	(5.99)
Cash Generated From Operations	25.50	20.66
Income Taxes Paid	(2.09)	(2.24)
Net Cash Generated from Operating Activities	23.41	18.42
(B) CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Net)	(13.94)	(12.22)
Purchase of Current Investments Assets (Net)	(10.18)	(38.32)
Increase in Other Bank Balances	(0.81)	(0.80)
Interest Received	0.63	0.22
Dividends Received	0.18	0.19
Net Cash Used in Investing Activities	(24.12)	(50.93)
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Net)	17.57	45.44
Finance Costs	(1.24)	(0.66)
Net Cash Generated from Financing Activities	16.33	44.78
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	15.62	12.27
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	45.66	47.56
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	61.28	59.83

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.

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Microwave Oven



Built in Oven



Dishwasher



Cooker Hood | Built in Hob



Top Loader



Front Loader



100% Clothes Dryer



Air Conditioner