

# Q4

## Financial Report

Quarter ended 31st March, 2014



### Total Income

₹279.53 crore (YoY growth of 27%)

### EBDITA (From operation)

₹19.34 crore

**EBDITA Margin** 6.9%

**EPS (Annualised)** ₹8.96

**RONW (Annualised)** 22.3%

**ROCE (Annualised)** 10.8%

### Market Capitalisation

₹320.76 crore (As on 31.03.14/NSE)

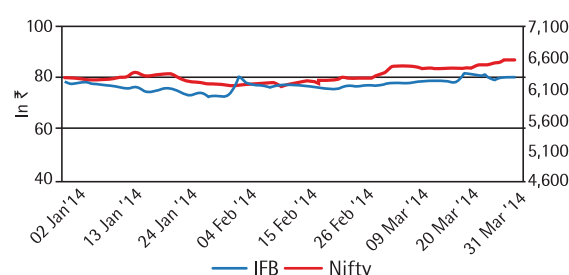
### Cash & Equivalents (Net)

₹57.71 crore (As on 31.03.14)

**EV** ₹263.05 crore

**EV/EBDITA** 3.40

**Market Capitalisation/Net Sales** 0.29



IFB vs Nifty—Daily price movement chart

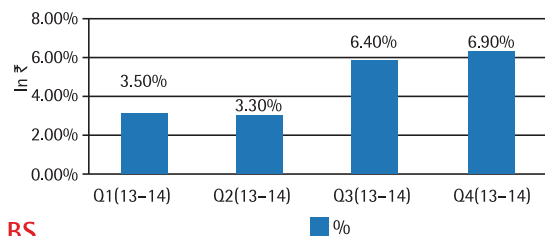
IFB Industries Limited's operations consist of two divisions, Fine Blanking and Appliances. The Fine Blanking Division has two manufacturing facilities, one each at Kolkata and Bangalore. The Appliances Division has its manufacturing facility at Goa and imports some of its products from various countries around the globe.

### FINANCIAL REVIEW

#### P&L

For the quarter ended Mar'14, IFB Industries Limited has reported net sales of ₹279.53 crore, a good growth of 27% over the corresponding quarter of last year.

EBDITA margin continued its improvement as reported from the 3rd Quarter of the current year and during 4th Quarter; IFB Industries has reported its highest ever quarterly PBDIT margin during 2013–14. Depreciation expenses have increased by 19% during the quarter ended Mar'14, compared to the corresponding period of last year, owing to the ongoing capital expenditure programme. The improvement in operating profit margin, coupled with stable interest and depreciation outgo, has helped PBT to grow by 163% in the 4th Quarter of 2013–14 as compared to the same quarter of the previous year.



### BS

IFB Industries Limited has continued to remain debt free on a net basis as on 31st March, 2014. Buyer's credit will be repaid to a great extent during 2014–15. The ROCE and RONW have improved in the 4th Quarter of 2013–14 as compared to the previous year.

### Cash flow

During the quarter ended Mar'14, cash generated from operations increased over 6-fold as compared to the same quarter of the previous year, mainly due to the substantial improvement in the working capital. The improvement in working capital is noteworthy considering the increase in sales in the 4th Quarter as compared to the previous year. Capital expenditure to the tune of ₹4.12 crore was incurred during the quarter ended Mar'14 and an amount of ₹57.81 crore was incurred during the year ended Mar'14.

### Outlook

During the 4th Quarter of the current year, the Indian Rupee steadied gradually due to the sharp improvement in the current account deficit. The current account deficit (CAD) narrowed sharply in the three months ended 31st March, 2014, significantly easing pressure on the external front.

CAD has improved significantly to 0.2% of the GDP during the 4th Quarter of the current year as compared to 3.6% of GDP, in the year-ago period. Despite the gradual tapering off by US\$10 billion from Jan'14, currencies of almost all the emerging markets, including India, improved due to the increased flow of funds from foreign institutional investors.

We shall discuss in detail the operating performances of our two divisions later, but it much be understood that they are completely different from each other with respect to capital requirements. We shall try to improve our capital allocation going forward, keeping in mind the capital requirement of each division.

Our Appliances Division has performed well during the 4th Quarter of the current year. Sales were improved by 30% as compared to the comparative period of the previous year. Notwithstanding, a difficult economic environment prevailed during 2013–14, sales revenue increased by 11% as compared to 2012–13. Operating margins could have been much better but for the sharp depreciation of the Indian Rupee against all our importing currencies during 2013–14. Corrective steps have been taken and it is expected that margins will show good improvements in the coming quarter.

It may be mentioned that as per IMRB's survey, IFB's washing machines were ranked No 1 in terms of quality, value for money, service and



other parameters. Our newly launched refrigerator range was also ranked No 1 in terms of those parameters. These accolades will do well for us in terms of further increasing the sales and launches of new appliance ranges.

The Fine Blanking Division could increase its sales revenue during 2013–14, despite the continued slump in the automobile sector. The focus on the two-wheeler segment helped.

With its continued focus on the two-wheeler segment, is expected to perform well going forward. The only concern is the intensity of the monsoon during the current year. As informed in the previous quarter, we started focusing on the non-auto segment and the Fine Blanking Division has received new orders from some major non-auto customers.

**Two major achievements during 2013–14:**

- Crossed ₹1,000 crore sales
- Wiped out the accumulated losses

**Appliances Division**

The Appliances Division sells a wide range of domestic and industrial appliances such as washing machines (domestic and industrial), including dry cleaning and other finishing equipment (like ironers etc), microwave ovens, dishwashers (industrial and domestic), clothes dryers, modular kitchens, kitchen appliances (hobs, cooker hoods and built-in ovens), water purifiers, refrigerators and air conditioners etc.

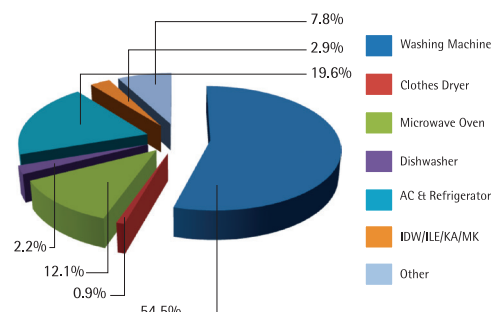
The manufacturing facility at Goa makes washing machines and clothes dryers, while the rest of the products are imported from various quality suppliers around the globe to specifications defined by IFB Industries Limited as required for its brand, Indian usage and operating conditions.

Despite the difficult economic situation, the Appliances Division was able to maintain its revenue compared to the comparative quarter of the previous year. IFB Industries Limited continued to be the market leader in front loader washing machines.

The EBDITA margin during the 4th Quarter of 2013–14 was 6.9% and this is the highest PBDIT margin reported during 2013–14. The margin improvement is due to work done to improve material cost and operating margin indices and also a stronger INR as against US\$/Euro. Our hedging strategy has helped to drive stability in margins. The current stable foreign exchange rate augurs well for the future.

**For the Quarter ended Mar'14**

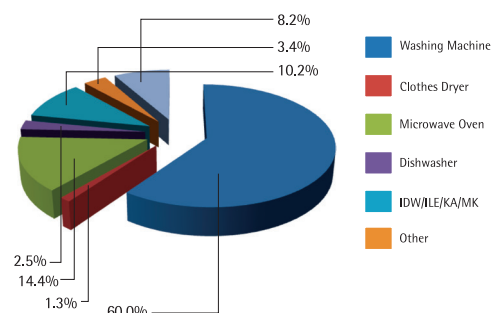
The Appliances Division posted net revenue of ₹223.65 crore for the quarter ended Mar '14. Washing machines continued to be the leading contributor to sales at approx 54.5% of total sales. The newly launched AC/refrigerator segment contributed 19.6% of net sales.



Product-wise spread in the Appliances Division

**For YTD Mar'14**

Net sales posted during the year ended Mar'14 were ₹844 crore. Washing machines and microwaves jointly contributed 74.4% of total sales.



Product-wise spread in the Appliances Division

## Summarised financial performance of the Appliances Division

₹ in Crores

	Q4 ('13-'14)	Q4 ('12-'13)	YTD ('13-'14)	YTD ('12-'13)
Revenue	223.65	174.57	843.98	759.95
EBDITA	15.42	5.80	43.09	49.15
EBDITA (%)	6.9%	3.3%	5.1%	6.5%
EBIT	11.76	2.76	29.52	37.83
Capital Employed	167.15	152.69	167.15	152.69
ROCE (%)	28.1%	7.2%	17.7%	24.8%

## Future outlook and strategy

IFB Points, our exclusive franchise-run retail stores, were started around 30 months ago. Additions to the IFB Points were not up to expectation during the current year, mainly because of non-availability of quality spaces and our own focus on ensuring that we spend resources on making the existing IFB Points fully viable for franchisees, especially with the addition of the high potential categories like air conditioners and refrigerators. We added focus on working with existing IFB Points to increase customer traffic and conversions and went slow on opening new IFB Points for the quarter. It may be mentioned that so far 35 IFB Points were closed owing mainly to bad selection of locations. These IFB Points cater to tier 1, tier 2 and tier 3 cities. It is important to note that during the 4th Quarter of the current year approximately 16% of total sales came from these IFB Points. In comparison, during the FY 2012-13, these IFB Points had contributed to only 8% of the total net sales. The strategy of having IFB Points is working well as sales from these outlets are increasing and will increase further owing to the strong demand coming from the smaller cities. Sales from IFB Points are more profitable compared with sales through normal retail channels. IFB Points are run by franchisees and IFB Industries Limited reimburses part of the initial operating costs, such as rental etc. We also invested in the initial branding and promotion of the stores. The entire initial support costs of IFB Points are being charged to the P&L. Our efforts in increasing the numbers of IFB Points on a sustained basis during 2013-14 have not been fulfilled and a concerted all-out effort shall be made during 2014-15.

Sales through our website were also strong during Apr'13-Mar'14 of this fiscal year and the number of visitors has significantly increased compared to last year. In fact, in Mar'14, the number reached its highest ever and stood at 166,988. Web sales touched a figure of ₹8.9 crore during 2013-14 as against ₹5.5 crore in the previous fiscal year, a jump of 62%.

Sales of additives and accessories have now become a focus area and these are expected to contribute well both to the topline and bottomline in the coming months.

In order to push sales further, 1385 new dealers were added during the year 2013-14, which has brought sales amounting ₹165 crore.

As on 31st March 2014, we had a total of 535 service franchisees across India with a plan to increase the number of franchisees to over 555 by 30th June, 2014.

Currently, we have 22 training centres with a plan to add 4 more during 2014-15.

Our own call centre (we call it a Service Centre) at Goa has been fully operational since Nov'12. We also have outsourced call centres at Munnar and Hyderabad. The service centre at Goa focuses on outbound calls to gauge customer satisfaction and also reduce pending customer issues through focused data analytics.

Through our service network, we have been focusing on post sales contact—dedicated business franchisees and mandatory calls for customer satisfaction.



OEM exports to developed countries are taking time but we are getting a good response. In order to put our focus to exports, we have appointed people in countries such as South Africa and Nigeria. All product related certifications for the environment, energy, wash quality and also product safety related certifications are in place. Exports to France are expected to result in a good volume during the current year. As reported earlier, our discussion with a Japanese major with respect to exports is still going on.

EBDITA margin expansion is our primary focus area for the FY 14–15. EBDITA margin expanded the most in the 4th Quarter of the current year and we are making all-out efforts to increase it further. A stable exchange rate regime will help us protect and enhance the margin. The focus on localisations of components helped to reduce the raw material consumption as a percentage of sales during the financial year ended 31st March, 2014. We are also focusing on service revenues such as sales from additives, spares and accessories. Service incomes such as incomes from AMCs, extended warranties and service charges are being given greater focus through dedicated field teams and service franchisees.

We are placing a strong focus on customer contact and have initiated 100% customer contact in major cities. This will help in mandatory customer satisfaction and increase in sales of additives.

**Fine Blanking Division**

The Fine Blanking Division mainly caters to the automobile sector and its growth is linked to it.

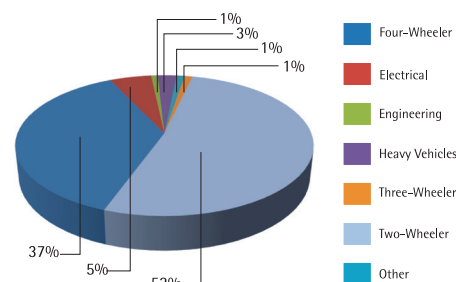
The Engineering Division has recorded a revenue growth of 14% in 2013–14 as compared to the previous year. The growth is mainly due to the increases in business in the two-wheeler segment. The EBDITA margin in 2013–14 has come down with respect to the previous year due to cost pressures and inability to get the price increases from all the customers. In Nov’13, the Engineering Division has launched its after-market business in the two-wheeler motor cycle chain and sprocket kits under the

brand name Ultramiles. This is a consumer facing business and we expect it to do reasonably well in 2014–15.

It may be worth mentioning that the Fine Blanking Division has recorded its highest ever quarterly sales during the Jan’14–Mar’14 quarter and it is expected that sales will increase further during 2014–15 due to reasonably strong order book.

**For the Quarter ended Mar’14**

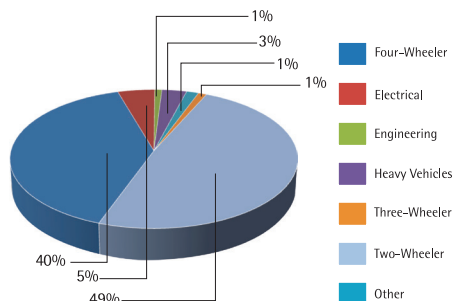
For the quarter ended Mar’14, the four-wheeler segment contributed 37% of revenue compared to 52% during the previous financial year (2012–13). The contribution of the two-wheeler segment has increased to 52% from 30% last year.



Customer segment breakdown

**For YTD Mar’14**

For the year ended Mar’14, sales to the two-wheeler segment have overtaken the sales to the four-wheeler segment.



Customer segment breakdown



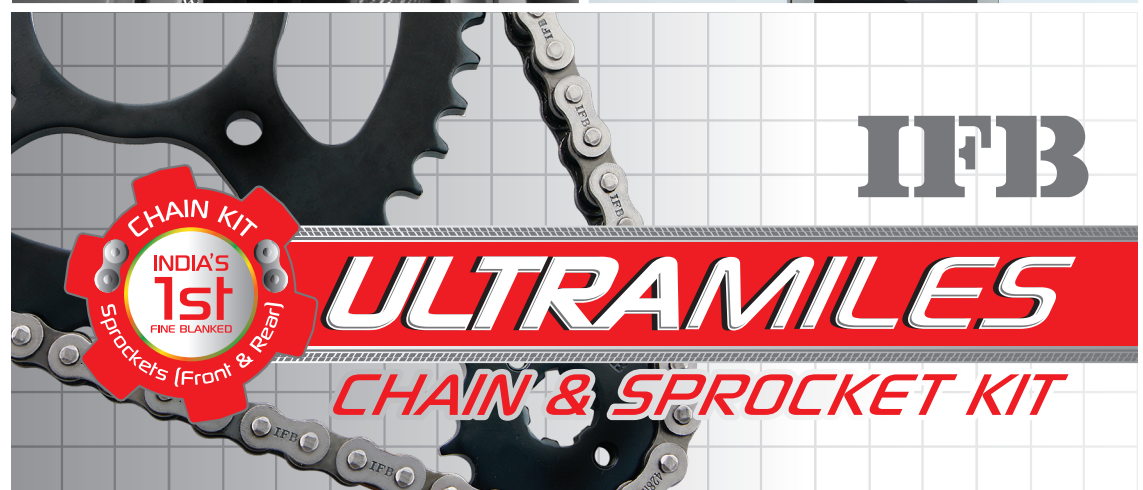
## Summarised financial performance of the Fine Blanking Division

	Q4 ('13-'14)	Q4 ('12-'13)	YTD ('13-'14)	YTD ('12-'13)
Revenue	52.79	40.80	177.49	155.96
EBDITA	5.51	4.11	17.53	17.18
EBDITA (%)	10.4%	10.1%	9.9%	11.0%
EBIT	3.37	2.36	9.72	11.49
Capital Employed	112.98	91.54	112.98	91.54
ROCE (%)	11.9%	10.3%	8.6%	12.6%

## Future outlook and strategy

Fine Blanking Division is aggressively building a profitable order book. The focuses on two-wheelers have paid off. In order to increase the margin, it is vigorously following up with its customers to avail of the price increase.

It is also exploring the introduction of multi-cavity tools so as to free the capacity and increase capacity utilisation.



## INCOME STATEMENT

(₹ in crore)

	4th Quarter		YTD	
	2013-14	2012-13	2013-14	2012-13
Gross Sales	331.72	254.32	1,236.13	1,097.87
Less: Excise Duty	17.38	13.07	74.41	68.65
Less: Trade Scheme	53.24	39.33	196.58	165.83
Net Sales	261.10	201.92	965.14	863.39
Service Income	9.59	8.64	36.48	33.94
Other Income	8.84	9.16	28.02	30.27
Total Income	279.53	219.72	1,029.64	927.60
EBITDA	19.34	10.03	53.35	61.93
EBITDA Margin	6.9%	4.6%	5.2%	6.7%
Depreciation	6.07	5.12	22.59	18.32
Interest	0.46	0.04	1.43	0.20
PBT	12.81	4.87	29.33	43.41
PAT	9.10	4.09	21.60	31.45
PAT Margin	3.3%	1.9%	2.1%	3.4%
No of Shares (In crore)	4.05	4.05	4.05	4.05
Earnings Per Share (₹)	2.24	1.01	5.33	7.95

## BALANCE SHEET

(₹ in crore)

	31st Mar, '14	31st Mar, '13
<b>I EQUITY AND LIABILITIES</b>		
Shareholders' Funds		
Share Capital	41.28	41.28
Reserves & Surplus	295.96	274.36
<b>II NON CURRENT LIABILITIES</b>		
Deferred Tax Liabilities (Net)	23.31	19.60
Other Long-term Liabilities	7.08	6.35
Long-term Provisions	25.24	27.29
<b>III CURRENT LIABILITIES</b>		
Short-term Borrowings	47.77	9.85
Trade Payables	142.00	119.86
Other Current Liabilities	53.35	36.11
Short-term Provisions	5.22	3.64
<b>Total</b>	<b>641.21</b>	<b>538.34</b>
<b>I ASSETS</b>		
Non-current Assets—Fixed Assets		
Tangible Assets	219.83	177.95
Intangible Assets	5.95	8.81
Capital Work-in-progress	14.60	8.27
Long-term Loans and Advances	45.77	45.22
Other Non-current Assets	0.01	0.04
<b>II CURRENT ASSETS</b>		
Current Investments	37.28	56.77
Inventories	155.46	131.95
Trade Receivables	72.29	47.90
Cash and Bank Balances	68.20	44.62
Short-term Loans and Advances	20.99	16.10
Other Current Assets	0.83	0.71
<b>Total</b>	<b>641.21</b>	<b>538.34</b>



## KEY RATIOS

	4th Quarter		YTD	
	31st Mar, '14	31st Mar, '13	31st Mar, '14	31st Mar, '13
Earnings Per Share (In ₹)	2.24	1.01	5.33	7.95
Book Value Per Share (In ₹)	83.27	77.94	83.27	77.94
Current Ratio#	1.54	1.76	1.54	1.76
Quick Ratio#	0.87	0.98	0.87	0.98
EBDIT/Total Income	6.9%	4.6%	5.2%	6.7%
Net Profit Margin as % of Total Income	3.3%	1.9%	2.1%	3.4%
Net Worth (₹ in crore)	229.40	207.80	229.40	207.80
RONW (%)—Annualised	22.3%	9.4%	12.8%	20.9%
ROCE on Gross Assets Deployed (%)	8.0%	3.6%	4.6%	8.1%
No of Equity Shares (In crore)	4.05	4.05	4.05	4.05
Average Market Price as on Quarter/Period End	74.50	96.43	67.23	86.97
Market Capitalisation (₹ in crore)	320.76	327.24	320.76	327.24
PE Ratio (Annualised)	8.84	20.00	14.86	10.16
Headcount (Numbers)	1,453	1,390	1,453	1,390
Total Income Per Employee (₹ in lakh)	19.24	15.81	70.86	66.73
PBT Per Employee (₹ in lakh)	0.88	0.35	2.02	3.12
Fixed Asset Turnover Ratio	4.63	4.32	4.27	4.62
Days Sundry Debtors Outstanding	19	17	21	15
Inventory Holding (Day sales)	43	47	46	44

# Includes investments and secured loans

## CASH FLOW STATEMENT

	YTD 31st Mar, '14 (₹ in crore)	YTD 31st Mar, '13 (₹ in crore)	Quarter ended 31st Mar, '14 (₹ in crore)	Quarter ended 31st Mar, '13 (₹ in crore)
<b>(A) CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax	29.33	43.41	12.81	4.87
Adjustments for:				
Depreciation/Amortisation	22.59	18.32	6.07	5.12
Disposal of Fixed Assets (Gain/Loss)	(0.09)	(0.60)	(0.03)	(0.59)
Write Off of Fixed Assets	0.35	1.10	0.19	1.08
Write Off of Debts/Advances	0.42	1.20	0.18	1.02
Provision for Doubtful Debts and Advances	0.33	0.23	0.04	-
Dividend from Mutual Funds	(1.58)	(2.60)	(0.27)	(1.27)
Net Gain on Sale of Mutual Funds	(1.21)	(1.27)	(0.77)	(0.28)
Provision for Diminution in Value of Mutual Funds	-	0.35	-	0.35
Reversal of Provision for Diminution in Value of Mutual Funds	(0.35)	-	(0.19)	-
Write Back of Liabilities No Longer Required	(1.10)	(3.44)	(0.59)	(2.95)
Write Back of Provisions No Longer Required	(0.10)	(0.29)	(0.02)	(0.28)
Recovery of Advance Written Off in Earlier Years	(0.01)	-	(0.01)	-
Unrealised Exchange Loss/Gain	(0.84)	(0.47)	(0.84)	(0.47)
Interest Income on Bank Deposits and Others	(0.92)	(1.10)	(0.92)	(1.10)
Financial Charges	1.43	0.20	0.46	0.04
<b>Operating Profit Before Working Capital Changes</b>	<b>48.06</b>	<b>55.04</b>	<b>15.84</b>	<b>5.54</b>
<b>Movement In Working Capital</b>	<b>(24.15)</b>	<b>(13.14)</b>	<b>(17.75)</b>	<b>(0.15)</b>
<b>Cash Generated from Operations</b>	<b>24.10</b>	<b>41.90</b>	<b>33.78</b>	<b>5.39</b>
Direct Taxes Paid	(5.58)	(9.31)	(0.58)	(0.68)
<b>Net Cash from (Used in) Operating Activities</b>	<b>18.52</b>	<b>32.59</b>	<b>33.20</b>	<b>4.71</b>
<b>(B) CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Net (Purchase)/Sale of Fixed Assets (Including intangible assets, CWIP)	(57.81)	(50.51)	(4.12)	(9.49)
Net (Purchase)/Sale of Current Investments	22.53	(43.71)	12.16	7.92
Interest Received	0.92	1.10	0.92	1.10
Dividends Received	0.53	-	0.53	-
<b>Net Cash From/(Used in) Investing Activities</b>	<b>(33.83)</b>	<b>(93.12)</b>	<b>(9.49)</b>	<b>(0.47)</b>
<b>(C) CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from Issuance of Shares	-	42.00	-	-
Proceeds From Borrowings	(38.13)	(9.97)	(21.36)	(3.00)
Financial Charges	(1.43)	(0.20)	(0.46)	(0.04)
<b>Net Cash from/(Used in) Financing Activities</b>	<b>36.70</b>	<b>51.77</b>	<b>21.82</b>	<b>(2.96)</b>
<b>Net change in Cash and Cash Equivalents (a+b+c)</b>	<b>(21.39)</b>	<b>(8.76)</b>	<b>20.87</b>	<b>7.20</b>
<b>Cash and Cash Equivalents, Beginning</b>	<b>42.50</b>	<b>51.26</b>	<b>43.02</b>	<b>35.30</b>
<b>Cash and Cash Equivalents, End</b>	<b>63.89</b>	<b>42.50</b>	<b>63.89</b>	<b>42.50</b>

## Thank You



### Disclaimer

This presentation contains statements which reflect the management's current views and estimates and could be construed as forward-looking in nature statements. The future involves certain risks and uncertainties that could 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



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