



“IFB Industries Limited Q4 & FY '25 Earnings Conference Call”

June 09, 2025



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MR. KARTIK MUCHANDI – HEAD, FINANCE AND
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MR. RANJAN MOHAN – NATIONAL SALES HEAD,
HOME APPLIANCES
MODERATOR: **MS. TERESA JOHN – NIRMAL BANG EQUITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY '25 Earnings Conference Call of IFB Industries Limited.

As a reminder, all participants' lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*,” then “0” on your touchtone phone. Please note, this call is being recorded.

I now hand the conference over to Ms. Teresa John. Thank you and over to you.

Teresa John: Thank you, Harshi. On behalf of Nirmal Bang Institutional Equities, I would like to welcome you all to the 4Q FY '25 Earnings Call of IFB Industries Limited.

The Management today is represented by Mr. Bikramjit Nag – Chairman; Mr. P. H. Narayanan – MD, Engineering Division; Mr. C. S. Govindaraj – ED, Manufacturing of the Home Appliances Division; Mr. Soumitra Goswami – CFO; Mr. Jayanta Chanda – CFO of the Engineering Division; Mr. Kartik Muchandi – Head (Finance and Accounts), Home Appliance Division; and Mr. Ranjan Mohan – National Sales Head (Home Appliances).

I will now hand over to the Management for their opening remarks, after which we will open up the floor for Q&A. Thank you and over to you, sir.

Soumitra Goswami: Good afternoon, everybody. I am Soumitra Goswami – the Chief Financial Officer of IFB Industries Limited. I welcome you all for IFB Industries Limited's investor call for the 4th Quarter of the year FY '24-'25.

I have with me Mr. Bikramjit Nag – Chairman of IFB Industries Ltd., Mr. P. H. Narayanan – Managing Director and Chief Executive of our Engineering Division; Mr. J. Chanda – CFO of our Engineering Division; Mr. C. S. Govindaraj – Executive Director, Manufacturing of Home Appliances Division; Mr. Kartik Muchandi – Head of Finance, Home Appliance Division; Mr. Ranjan Mohan Mathur, Head of Sales of Home Appliance Division.

Now, I will inform you about the Q4 Results:

Revenue for the quarter was Rs. 1,312 crores against last year's Rs. 1,067 crores with a growth of 23%, and in value term the growth amount is Rs. 245 crores over last year. PBDIT for the period was Rs. 69 crores, and its percentage to revenue was 5.28% as compared to last year's Rs. 54 crores, which was 5.10% of revenue.

PBDIT amount came across a growth of 28% year-on-year. Fixed expenditure for the quarter was well behind budget. PBT for the period was Rs. 29 crores against last year's figure of Rs. 16 crores, growth of 81%. Q4 PAT was Rs. 22 crores as compared to last year's Rs. 14 crores, which is a growth of 57% over last year.

Figures of YTD March '25 period are the following:

Revenue for the YTD period is Rs. 4,977 crores against last year's Rs. 4,344 crores, with a growth of 14%. In terms of value, revenue growth for YTD period was Rs. 633 crores. PBDIT for the period was Rs. 325 crores, and its percentage to revenue was 6.5% as compared to last year's Rs. 240 crores, which was 5.5% on revenue.

PBDIT amount came across a growth of Rs. 84 crores, which is a growth of 35% year-on-year. PBDIT growth is attributable to higher revenue, with fixed expenditure maintained behind budget. PBT for YTD period was Rs. 171 crores, which was 3.4% on revenue as compared to last year's Rs. 90 crores, which was 2.1% on revenue.

Growth in PBT was Rs. 81 crores, and in terms of percentage, the growth was 90%. PAT for the period was Rs. 129 crores, which was 2.6% on revenue in comparison with last year's Rs. 69 crores, which was 1.6% on revenue. Growth in PAT was 87%, and value growth was Rs. 60 crores over last year.

With this, I will request to start the question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have a first question from the line of Shreyans Jain from Svan Investments. Please go ahead.

Shreyans Jain: Yes. So, my first question is, sir, when I look at your washing machine business, that has been a little tad weaker than RAC. So, just want some sense on how are we looking at that product category, sir, how is the industry doing? Just some sense on that.

Ranjan Mohan Mathur: So, the industry in front loaders has been stagnant. And overall, if you see, in the addressable market we have gained a share of around 1.5% to 2%. But the fact of the matter is the industry has not been growing. And particularly up to 10 kg there was a degrowth observed, so there is a shift towards high-end. But overall, if you see, the industry growth in terms of front-loader has not been there.

Shreyans Jain: Okay. And sir, from what we understand, 50% of the market and about 15%, 20% is about semi-automatic and top load. And I think we do not do semi-automatic, and we are slightly weaker on the top-load side. So, I am trying to understand, do we going forward plan to enter semi-automatic in a big way? And top load as a category has been growing at 15%, 20% is what we understand from the channel, and we were largely a late entrant in that category. So, do you think we would need some kind of push to actually capture market share in those two categories?

Ranjan Mohan Mathur: So, in top-loaders, after the launch of the new series which we launched last year, our growth in, say, 4th Quarter was around 27% against the industry's growth of, as rightly said by you, of 15% to 16%. And we have again gained around 1.5% to 2% market share in that category. And for us, the range of top-loaders, fully automatic, has started moving. And month-on-month, we are

able to sustain reasonably good volumes. But there is a lot of scope in this and we intend to tap that market. With regards to semi-automatic, we do not have any intent to get into that market, that segment.

Shreyans Jain:

And sir, there is a comment in your presentation where we are saying, customers are upgrading to higher-capacity machines and companies are actually offering higher-capacity machines at similar price points, right. So, I am just trying to understand this whole comment and your hiring of A&M for cost-cutting. So, do we envisage a situation where gross margins now will actually tend to be lower versus historical gross margins? Because I think in one of your previous calls you had also mentioned that our products are over-engineered slightly versus competition. So, seen all of this, how do we look at gross margins for the washing machines bit going forward?

Bikramjit Nag:

Kartik, you can answer that.

Kartik Muchandi:

Yes. So, gross margins are similar to what it was earlier, it has not reduced, in spite of the pricing issues. But as far as A&M is concerned, our project is on track. We started on 15th February. The idea banks have increased substantially. And what we expect is that out of total Rs. 200 crores cost reduction in material cost, approximately Rs. 80 crores will come in our P&L in FY '26.

Shreyans Jain:

How much? Sorry, I lost you.

Kartik Muchandi:

Rs. 60 crores to Rs. 80 crores out of total Rs. 200 crores cost innovation in material cost which will come over next 18 months, Rs. 70 crores to Rs. 80 crores will come in P&L in FY '26.

Bikramjit Nag:

Kartik his question is, what are you doing to increase GP?

Kartik Muchandi:

Yes, okay. To increase the gross margin, we are working on two fronts. One is sales volume increase which is being already done by the sales team. Second, we are trying to increase the MOP in the market. There are areas where there is an opportunity to increase the market price, which is the sales price. We are also working on reducing the scheme payout. And third thing is, we are working towards reducing bill of material cost.

Shreyans Jain:

Okay. And so all of this Rs. 200 crores actually should come from COGS or do you think there is some bit of leverage on the employee cost and the other expenses line item?

Bikramjit Nag:

Kartik, can you please explain to him. We have discussed this point. You have only presented it to me. There are various items you are working on, right, one of which is material cost. Please tell him clearly. The figure is minimum Rs. 200 crores. We expect much more. This is being worked on with Alvarez & Marsal. One of the investors itself has told us, why aren't you giving it to an outsider, why try and do it internally? The internal project, we have actually wasted time by not going to an outsider after.

Now that we have gone to Alvarez & Marsal, things are being clearly laid out by them and our team, which is working as a joint team. Minimum Rs. 200 crores we expect to get. I think we will get much, much more. Out of the Rs. 200 crores, around Rs. 80 crores should come in by 31st of March. This is on material cost. Then Kartik, can you inform them what are you doing on fixed cost? What are you doing on other costs? Explain to them item-wise so that they are clear.

Kartik Muchandi: Okay. The second point is on indirect cost. We are working on freight and warehouse cost optimization. Today freight is almost 3% of our cost. We are working on route optimization, reducing the number of warehouses, space reduction, through this --

Bikramjit Nag: Just tell him how much, how much are you expecting from each point? Just list that.

Kartik Muchandi: Yes. Through this project we are expecting to reduce the cost by almost Rs. 20 crores. And apart from that, we have made a team to reduce the fixed cost. The way we have made a material cost reduction team along with A&M, so now we will have an internal team to work on fixed cost. And our aim is to reduce fixed cost by Rs. 6 crores per month. Currently our fixed cost is around Rs. 75 crores per month, our aim is to reduce it by Rs. 6 crores per month, which will start coming in by end of Quarter 2.

Shreyans Jain: Okay. That helps, sir. Thanks a lot. Sir, my second question is on the AC business, now that we have hit about Rs. 900 crores odd of annual run rate in AC, what kind of traction, I mean, what kind of confidence you have in the category for ourselves? And for the next two, three years should we actually look at strong double digits and Rs. 1,200 crores to Rs. 1,500 crores kind of a target? And second is, can you help us with the volumes that we would have done in Q4 or for the full year just in our AC business, sir?

Bikramjit Nag: Mr. Mathur, can you please take this question?

Ranjan Mohan Mathur: What is the question again?

Bikramjit Nag: They are asking the volume of AC of Quarter 4, and what are --

Kartik Muchandi: On volume, I will answer. During the quarter, in IFB brand, our sales was 1,30,000 and in OEM our volume was 53,000. So, in IFB brand as far as volume is concerned there was a 52% growth and in brand since the base was low so in OEM the growth was high.

Bikramjit Nag: Kartik, tell again, Q4 figure.

Kartik Muchandi: Okay.

- Ranjan Mohan Mathur:** Q4, we grew by 52% and in Q4 we sold 1,30,000 plus ACs in brand and around 52,000 in OEM, with a growth of almost 100% because the base was low. So, that is what it is. And we were able to gain some percentage of share in the market.
- Shreyans Jain:** And sir, how much volumes would we have done for the year? Because I think we were targeting about 4.5 lakh to 5 lakh AC sales in 2025, so how much have we ended the year with?
- Ranjan Mohan Mathur:** So, we have touched the volumes which we were targeting.
- Shreyans Jain:** Okay. And so now what is the outlook for the next two years for this business?
- Bikramjit Nag:** One minute. Ranjan, he asked a question, what is the volume you got in 25, why do not you answer the question? Till 31 March how much did we do brand? How much did we do OEM? Just answer, it's a simple question.
- Kartik Muchandi:** Sir, we have done 3,42,000 AC IFB brand, and 61,000 OEM.
- Bikramjit Nag:** What is the total, Kartik?
- Kartik Muchandi:** Yes, 400,000.
- Ranjan Mohan Mathur:** Sir, total was 4 lakhs total. We did 4 lakhs.
- Bikramjit Nag:** We do not give any like guidance. So, we cannot give target for the year. But we are expecting robust growth for this year also.
- Shreyans Jain:** Okay. And sir, last question is on the refrigeration bit. So, in the presentation we are targeting, we said about 7.3 lakh units for the year. So, ideally, that is about a 50,000, 60,000 run rate for the month.
- Bikramjit Nag:** 7.3 lakhs when have we said?
- Shreyans Jain:** In the presentation, from 2.5 lakhs, we target 7.3 lakhs.
- Bikramjit Nag:** Okay.
- Shreyans Jain:** So, I am just trying to understand that's a run rate of about 50,000, 60,000 a month. And historically, we have been able to do 35,000 a month. So, how confident are we --
- Bikramjit Nag:** Historically, we have done less than 35,000 a month. But if you see, I think from the month of Feb, March, April, and May, we have done more than 35,000 a month. And we touched close to 50,000 in a few months, and we are by and large confident of this.
- Shreyans Jain:** Okay, sir. All right. That helps. Thank you. And all the best.

- Bikramjit Nag:** Our problem, if you see, is that AC is doing better, refrigerator is doing better, but the FL sale's stagnated, that has become the problem.
- Moderator:** Thank you. We take our next question from the line of Anand Mundhra from Soar Wealth. Please go ahead.
- Anand Mundhra:** Yes. Good evening, sir. Sir, I wanted to understand this Rs. 180 crores or Rs. 200 crores of cost reduction, why cannot it be done only in FY '26, any specific reason for that?
- Bikramjit Nag:** Yes. Because what happens is when you go for material cost down, certain things need time for validation. So, certain validation takes a lot of time. So, we cannot just replace something with something else without a proper engineering process, and that takes time. So, it will happen slowly.
- Anand Mundhra:** And on run rate basis, it may be much higher by Q4 of FY '26 in terms of savings?
- Bikramjit Nag:** By the run rate, yes, it should be higher.
- Anand Mundhra:** Okay. And sir, what is the profit and loss of our AC segment for FY '25?
- Bikramjit Nag:** FY '25 AC has made, Kartik, I think you can give the figures because it's all out now, it's EBITDA positive.
- Kartik Muchandi:** Yes. It is EBITDA positive 1.7 --
- Bikramjit Nag:** But in FY '25-'26 our expectation is we will do much-much better. Now that we have turned the corner from loss to marginal profit, we now need to take it to a much-much better financial level.
- Anand Mundhra:** Okay. Sir, if I remember correctly, in FY '24 the losses were much more than Rs. 70 crores to Rs. 80 crores annually?
- Bikramjit Nag:** In FY '24 loss in AC?
- Anand Mundhra:** Yes, correct.
- Bikramjit Nag:** Yes, AC loss was significant.
- Anand Mundhra:** Yes. So, if I adjust that, our profitability in other home appliances segment has really reduced in FY '25, is that a right assumption?
- Bikramjit Nag:** Yes. Because in FY '25 what has happened is material cost went up in FL, etc., which sort of took us by surprise. And FL volume did not rise to the desired extent. So, FL volume did not go up, AC volume went up, which is a lower margin thing. And there we got into a problem.

- Anand Mundhra:** Okay. Noted, sir. And sir, what is your profit and loss of refrigerator segment in FY '25?
- Bikramjit Nag:** FY '25 refrigerator EBITDA?
- Soumitra Goswami:** In FY '24-'25, the refrigerator was EBITDA positive as compared to last year's loss. I am not giving the figure here, but it is EBITDA positive, FY '24-'25.
- Anand Mundhra:** Okay. That is nice to know. So, sir, given the fact that both the new segments have become profitable and overall, we expect to do some cost saving in FY '26, do you think there is a possibility we may hit 10% EBITDA margin sometimes in next year?
- Bikramjit Nag:** This is Bikram Nag here, as I had said quite some time back and we are not at all happy that we are not able to achieve the double digit margin as yet. But the cost reduction programs we have taken across various heads leading with material cost, fixed cost, logistics and warehouse and other costs, our total saving from all of these should exceed, our belief is Rs. 350 crores.
- Now, a significant portion, a lot of it should come in this year, but a lot of it will also come in the first six months of next year. All of this will help us to move towards double-digit, which includes fixing pricing in the market, which means reducing discounting and getting better outcome of our schemes. All of this should lead to margin, required margin.
- Anand Mundhra:** Noted sir. Sir, last question on CAPEX. What is our guidance on CAPEX for FY '26? And there are no new products which you are planning to enter I guess, because you have already entered all the large four segments.
- Bikramjit Nag:** Yes. But the main CAPEX will be on areas such as washing machine for 12 kilogram and 13-kilogram washer. Maybe we go for 14 kilograms also, we are not sure as yet. But in the appliance division CAPEX is between Rs. 100 crores to Rs. 130 crores to be spread out. And in the engineering division, CAPEX is also quite high. Normal CAPEX would be around Rs. 45 crores.
- And then for new projects, for example, chain, chain as a project for motorcycles which we used to import from China. Now with these China BIS issues etc., chain as a project will need to be brought into India. We have one year time to do this. Maybe we will get some extension also. But assuming we have to do this, that will entail about Rs. 40 crores to Rs. 50 crores at the most.
- And then we have the electronics manufacturing, which is with Titan. We will do some things with Titan. Titan, as you know, is doing projects for some global mobile phone companies, etc. So, we have got some contracts from there that will entail some CAPEX. So, overall, CAPEX for engineering as a result of this chain, etc., has also gone up.
- Anand Mundhra:** Okay. So, I missed one item. Rs. 120 crores for which segment for white goods?

- Bikramjit Nag:** Some for AC. About Rs. 20 crores, Rs. 25 crores, for AC. I think Mr. Govindaraj, for Rs. 20 crores, Rs. 30 crores for AC, balance for washing machine, right? And some routine CAPEX is there.
- C. S. Govindaraj:** Correct, sir. yes. Rs. 50 crores for washing machine and then Rs. 35 crores for air conditioner.
- Bikramjit Nag:** And the balance for routine CAPEX, right?
- C. S. Govindaraj:** Yes, sir.
- Anand Mundhra:** Noted, sir. Thank you, sir. Thanks a lot.
- Bikramjit Nag:** Thank you.
- Moderator:** Thank you. We will take our next question from the line of Vivek Kumar from Bestpals Advisory LLP. Please go ahead.
- Vivek Kumar:** Sir, I was just thinking about your company from competition perspective. Because you, as a promoter, would be having some assumptions before introducing so many products when so many other companies are trying to get the same market. So, how do we plan to achieve market shares in AC and refrigerator where we are already not the forefront, and how do you get the market share in the distribution, so if you can help us understand your assumptions of why, I understand you have done very well in washing machines and micro-ovens. So, how should we think that you will be able to --
- Bikramjit Nag:** Actually, if you see from the volume perspective, what has surprised us is the traction we are getting now in refrigerator, which is more than AC in some ways. We expect very, very shortly refrigerator to stabilize at 55,000, 60,000 a month. And in refrigerator, we are now only playing up to 285 liters, and soon we launch the 326 liter or something. So, at the higher end, we are still not there. So, refrigerator, we really see very good potential. But our CAPEXs are only done up to 326 liter. And we expect that this thing of around 60,000 a month, we should be able to do very soon, which will make the financials of the company strong.
- More importantly, in AC, we believe our market share is still very low, and therefore, your question on how do we increase market share, sorry, it is only by ensuring that our people in every town are selling to every dealer in that town, there is no other way to do this business. It's a town-by-town business, dealer-by-dealer business. And the dealer counter has to be manned very well. Our overall effort to man a counter properly, to sell washing machine, AC, refrigerator, microwave, this whole management effort to get this done is not as good as what it should be.
- It's not as efficient, sorry, it's not as efficient as it should be. In LG, Samsung is very-very efficiently done, they are the only two companies which really do it well, and they are the

companies we should actually benchmark in terms of efficiency of management. This is something we need to work on. And we see that wherever the refrigerator and AC is being placed, a counter where it's placed and manned properly, we are able to do well.

Now suppose in a counter, instead of four or five ACs we have only put in two ACs and two refrigerators, neither the two ACs sell, neither the two refrigerators sell. You have-to-have the whole, the entire range or at least a substantial part of the range for the customer to get attracted. This process is weak in IFB. This process has to be strengthened, and a lot of time is going into manning properly in order to do this. Now I know we have said this quarter-after-quarter, year-after-year, but it has not happened the way it should happen.

Vivek Kumar: Yes. So, my question is exactly that, let's say, you get the whole range and you man, but there are other companies also doing, so what is that, in your assumption, which is giving you confidence, is it market is so big for many players that we have --

Bikramjit Nag: The market is big. I think the market is big. But I think IFB's history of being known for quality is helping. Wherever we are able to place, and the person is good in the counter, the dealer is supportive because of quality. And the counter salesperson is able to explain IFB's quality proposition, value proposition to the customer also, and that is helping.

Vivek Kumar: Is it any regions that you are doing well and any regions you are not doing well, or is it across the same, or at least there are a few regions where you have got this manning and range correct, and you want to replicate it?

Bikramjit Nag: Yes. I think the region where we were historically strong but now weak because of manning issues is South. And South is the largest market, we need to do a lot, lot better in South. And now I think it will take another two to three months to fix South. I think South is looking at some issues.

Vivek Kumar: South is at least per capita wise 50% higher than the rest of India, so if you neglect South it will be a big market.

Bikramjit Nag: Yes. So, in the South we had some management issues where we execute some people etc., etc. We have got some vacancies there, those need to be filled up faster.

Vivek Kumar: Got it. And is there any area where you are very strong and doing well sir, where the growth is coming from?

Bikramjit Nag: I think we are doing much-much better in the North, compared to the South, for example. But in North, for example if you take UP as a market, the ways we should be doing refrigerator, AC and all in UP which is a very large state, etc., where distribution really plays the key role. We have not done well in UP but we have done much better in Haryana and Rajasthan and parts of

Delhi and we have done better in Chandigarh region, which is Chandigarh, Punjab. We have done well there, but we have not done well in UP.

Vivek Kumar: Sorry, but you are saying the same problem, you have only been mentioning that this problem we have for a few years, so is it surmountable or are you facing some structural issues that this is getting prolonged for us, this manning and does it --

Bikramjit Nag: No, there's no structural issue per se. I think we have not got the manning that we need. And what we have realized is, wherever we are able to put in our own home-grown trained people, we are doing better. Whenever we are taking people from outside, we are having issues. But so many people internally also we do not have to take up leadership roles. So, we are having an issue there, to match this.

Vivek Kumar: And you think it will get solved for a year or so or it will take more time, it will take a few years before we solve it?

Bikramjit Nag: No. I mean, honestly, I hope this does not take too much time, we cannot afford this time. We are already delayed. So, we are for example now uplifting people to leadership roles, even some within a state, let's say, instead of the state head. Some people we are giving part of a state etc., who have been with us for a while. These decisions we are moving faster on now, I would say that. And I think this will have a long term very-very beneficial effect on the company to grow its own life talent pool.

Vivek Kumar: So, IFB, we can say that AC, refrigerator, microwave and washer, this would be the categories, right? There will be no new categories in the short-term.

Bikramjit Nag: No new categories, no. We are not thinking any new categories now. Correct.

Vivek Kumar: So, what would be the EBITDA margin over three, four years, sir? Or you are not thinking that far as of now in your planned EBITDA margin?

Bikramjit Nag: No, we do not think that far, but our first thing is to hit double-digit EBITDA. And we would like to sell a significant part of the capacity for AC and for the refrigerator.

Vivek Kumar: At least you have any internal guidance, can you give guidance on the overall growth over three, four years, sir, not as next year's growth rate, in terms of sales, EBITDA margin?

Bikramjit Nag: No, we do not give any guidance per se, but with AC, refrigerator, etc., I think anything over 25% is a minimum for us.

Vivek Kumar: 25% sales growth, right, you are not talking about EBITDA alone?

Bikramjit Nag: 25% growth in revenue.

- Soumitra Goswami:** EBITDA, as I said, our internal thing is 10%. So, our internal thing is double-digit, and we are not moving away from that. We have not achieved it is another point.
- Vivek Kumar:** Thank you very much, sir, for the detailed answer, sir. Thank you very much. All the best, sir.
- Bikramjit Nag:** Thank you.
- Moderator:** Thank you. We will take our next question from the line of Saket Kapoor from Kapoor Company. Please go ahead.
- Saket Kapoor:** Yes. Namaskar sir. And thank you for this opportunity and thank you for a very detailed discussion. Sir, just putting the attention to the engineering segment. So, if you could just give us some understanding, what factors, firstly, attributed to the improved set of performance, Q-on-Q basis also, and also on a yearly basis for the engineering segment? And how is this going to shape up for the coming year?
- Bikramjit Nag:** If you see the engineering segment, I think what sort of surprised us is that in Q4 we never did well. In Q4, the growth was only 2%, 3%. In Q4 growth was how much?
- Kartik Muchandi:** 2%.
- Bikramjit Nag:** 2% was Q4 growth. So, in Q4, we got hit badly. Margin was still okay. We could control costs, etc. We could do some pass-through, etc. April-May has been better. Hopefully, June will be okay. But the division needs to grow by at least 20% a year, minimum, from its internal, from whatever we have now. Then we have the greenfield projects on chain and electronics supply to Titan and M&A which we have spoken about we still not been able to conclude. All these three plus the 20% growth or so that we expect because we have capacities, it's a marketing issue. I think if these are done, engineering should have robust growth going forward.
- Saket Kapoor:** Okay. Sir, what are our average utilization levels for this financial year as well as for FY '24?
- Bikramjit Nag:** FY '24, well, let me put it differently. I think for fine-blanking business as such, I think we could still grow by about 15% to 18% with existing capacities, at least. Now we need to add some capacities for the future and for safety also. Safety meaning, because if capacities are running at 90%, etc., then we need another press and all of that. Yes, so I think in the stamping division we are already at capacity, by and large. Stamping division, I think capacity is Rs. 7-odd crores a month and we are like nearly there.
- Saket Kapoor:** Right, sir. Sir, you mentioned about the Titan part of the story and the chain segment, so what kind of investment are we envisaging? And then again, what kind of asset turnover ratio would we be expecting once these two projects also go through?

- Bikramjit Nag:** I think asset turnover ratio as per our internal guidelines should be minimum 2.5. But we expect more.
- Saket Kapoor:** Okay. And sir, total cost, how much we are going to spend? Rs. 40 crores, you said, I think so, for the chain and Titan part.
- Bikramjit Nag:** Chain, we expect Rs. 30 crores to Rs. 40 crores, something like that. It is being worked out now. We do not have the final cost as yet, but around that, we believe. And as far as the electronic project goes, I think it will be within about Rs. 20 crores to Rs. 25 crores maximum.
- Saket Kapoor:** Okay. Just to put the gear on the P&L part, sir. We find that for the loss on share of associate, that has been lowered for this year to Rs. 18 crores. So, if you could just explain how this category will move, especially the contribution from the --
- Bikramjit Nag:** I think we expect the refrigerator to be profitable. And that should fix it substantially. Correct, Soumitra and Kartik?
- Soumitra Goswami:** Yes. Share of loss was Rs. 18 crores loss, correct point, as compared to last year Rs. 24.6 crores. And refrigeration business for the FY '24-'25 has already turned EBITDA positive. So, naturally this loss amount will be going down drastically in '25-'26, we estimate.
- Bikramjit Nag:** But this is dependent on the volume, and I think if we do this in a month with the right mix, refrigerator would have turned the corner. But as I said, you see, we have made one issue is there that we need to be in higher end segment of refrigerator, so that planning is being done, whether we can do CKD, SKD, etc., etc., so those things we are looking into also, 400 liters plus.
- Saket Kapoor:** Okay. Two small points, sir, firstly this Rs. 200 crores P&L flow through on account of savings are all towards the home appliance segment only or these efficiencies are also factoring in about the engineering segment, the 350 total program that you mentioned?
- Bikramjit Nag:** It is home appliances program only. Engineering segment will embark on a different program for like cost down, but we have still not finalized that. But they will also need to do a similar thing, that point is correct. What we are discussing internally at the strategic level is whether the cost down program should be given to the same outside team which is Alvarez & Marsal, or should we look for someone else, that is the only discussion we are having internally, but we will take a view on this in the next 15-20 days.
- Saket Kapoor:** Okay. And lastly, sir, in the cash flow we have seen that we have paid higher taxes, so these are pertaining to the current year only, I think, so our tax payment and the category income tax has been closer to Rs. 45 crores for this year, so it is a higher operating profit only, yes, please?
- Bikramjit Nag:** Our tax percentage is 25.168%. If you see our P&L, the percentage stands at that level only, if you compare it with net revenue. What are the PBT amount is there, if you apply 25%, it will be

coming to Rs. 43 crores, Rs. 44 crores. We have not paid anything extra; whatever you are talking about that we have paid extra tax; it is not like that.

Saket Kapoor: Okay, sir. Thank you for all the detailed answers, sir. And all the best to the team, sir, for answering it. Thank you.

Moderator: Thank you. We will take our next question from the line of Jagvir Singh from Shade Capital. Please go ahead.

Jagvir Singh: Hello. Thanks for the opportunity, sir. Yes, so my question is related to this summer season, because now the air condition is very significant to our revenues overall in the company. So, now in the North and East, April and May month is very weak in the summers. So, what is your take on this season in two months?

Bikramjit Nag: Ranjan, answer.

Ranjan Mohan Mathur: So, for us, April, as I shared earlier, the last quarter was very good where we grew by 52%. And April also we were able to continue the momentum. For us, we were able to grow marginally in April, but we could see an impact in the month of May, where the industry has dipped to the tune of around 35% odd. But overall, if we see the secondaries for IFB, we could see the momentum is still not as bad as the industry is moving. And we anticipate that this whatever shortfall we had in the month of May, we will be able to cover it up in the next two to three months' time. And from November, that's why someone earlier asked us, are we revising our figures etc. No, we are not. We will be targeting the volumes which we have projected.

Jagvir Singh: Okay. So, you are saying for the whole year you will achieve the targeted revenues in the AC segment?

Ranjan Mohan Mathur: Yes. We are at a very small market share, we have much more to do.

Jagvir Singh: So, from which region we got the maximum sales in the AC segment?

Ranjan Mohan Mathur: For us, North was very strong. And the North also, at many places, we have even touched more than 8% to 9% market share. So, things in the North are moving well. East also did well in first quarter, but the 4th Quarter was not that good. But what we feel is North, East, West, Southern part, if you see towards Kerala, we did very well. So, this is how it was.

Jagvir Singh: So, sir, my last question related to the IFB retail exclusive stores, what is the strategy pertaining to this and how many stores right now we have in the next two to three years?

Ranjan Mohan Mathur: So, currently, we have around 487 to 500-odd stores. And our expansion plan for this financial year is to take it to around 700 plus. And this is something which we did some changes in our leadership. And if I see last three months or four months have been very good from IFB Points,

our contribution to the national scale have also gone up from IFB Points. So, our thing is that we will be touching around 750-odd IFB Points by the end of this financial year.

Jagvir Singh: So, till now what is our experience with the IFB stores like customer experience or, this is better than earlier we are doing mostly with the distribution side, through the distribution?

Ranjan Mohan Mathur: IFB Points, it's our own store and the customer is able to see the complete range in the store. So, that one thing itself gives them much more confidence. And what we feel is, when a customer walks into IFB Points we try to give him a really good experience, so that is what is giving us good results.

Jagvir Singh: The last question is, we are targeting double-digit EBITDA margin in the next two years, or it will take more time? And what type of EBITDA margin can we see in FY '26?

Bikramjit Nag: We expect a double-digit EBITDA margin, I mean, our expectation was we would have already achieved it, but we have not. So, hopefully, we will achieve it soon. It cannot be after a year or two, cannot be after two years, etc.

Jagvir Singh: Okay. Thank you, sir. And this is all from my side.

Bikramjit Nag: Thank you.

Moderator: Thank you. We will take our next question from the line of Naitik from NV Alpha Fund, please go ahead.

Naitik Mutha: Hi, sir. Thanks for taking my question. So, my first question is, when I look at our washer segment, since the past two three years we have sort of been stagnant at around Rs. 1,700 crores to Rs. 1,800 crores of revenue. Now how do we intend to sort of get out of this range and bring growth back? And can we expect this number to grow from next year?

Bikramjit Nag: We expect washer number to grow this year, and we are doing everything possible we can. And as I said, this issue of getting management right, state-by-state, is just taking too long, but there is no other way to fix this rather than getting management right, state-by-state, town-by-town. And our product range by and large is okay now. The only thing we do not have is the 12 kilogram and 13 kilogram, which will take time, that will not come in before March. But we do not see significant volume there as yet. There is volume, but it's not as much, it is not a material impact thing per se, in terms of volume. It's not materially impactful as yet, if we do the other things well.

Naitik Mutha: Right, sir. So, we expect this number to grow in FY '26?

Bikramjit Nag: Yes.

- Naitik Mutha:** Right. And sir, my second question, I needed some clarification. So, I think I heard, we were expecting a minimum of Rs. 200 crores in cost savings, but internally the target is, it can go north of Rs. 300 crores also, is it correct?
- Bikramjit Nag:** For material cost.
- Naitik Mutha:** Right. So, did I hear it correct, the number is Rs. 300 crores plus or is it Rs. 200 crores?
- Bikramjit Nag:** No, we are saying at least Rs. 200 crores plus we will get, but our internal expectation is much more but for now we are only sticking to Rs. 200 crores plus. But whatever this team, which is Alvarez & Marsal and our team, and we put some of our best people into this full-time, they are doing nothing else now. Actually, this was the point which one of the investors in one of these calls had told me that, it's much better if you do it with an outside consultant instead of trying doing everything yourself. And I thought we could do it ourselves but I was mistaken there. I think we should have moved faster on this with an outside firm.
- Naitik Mutha:** Right, sir. Got it, sir. That's it from my side. Thank you, sir.
- Bikramjit Nag:** Thank you.
- Moderator:** Thank you. We will take our next question from the line of Majid Ahamed from Pinpoint Capital. Please go ahead.
- Majid Ahamed:** Thank you sir for the opportunity. So, my first question is, sir, what is the EBITDA margin you may look in the AC segment, just can you give some sort of numbers on that, sir? Because we are breaking even any sort of EBITDA if not PBT.
- Bikramjit Nag:** I think EBITDA for AC should be much more than whatever we closed 31 March with. And as I said, for the company to achieve double digit EBITDA, AC also has to do significantly better. So, it will be much-much higher than the present level.
- Majid Ahamed:** But can you give me a range at least, any numbers or any sort of range to understand?
- Bikramjit Nag:** I wouldn't like to give a range, but I would say minimum 5% plus.
- Majid Ahamed:** Minimum 5% plus.
- Bikramjit Nag:** 5% plus we should do.
- Majid Ahamed:** Got it, sir. And for washing machine, like in terms of front load what is your strategy in particular to grow that in the coming two to three years?
- Bikramjit Nag:** I think we should significantly grow market share. We are doing the right thing, which is the basics we are trying to do it right. I think if we want to grow market share, IFB Point has to be

much more well looked after. And every town that management has to be better, which is only a function of getting management team in that town right. That's a lot of day-to-day rigorous work in terms of getting things right. And I think we need to do a better job at that, which is what we discussed, which is what we said. The processes are on, they are being implemented, rigor has to be more.

Majid Ahamed: Got it, sir. Sir, to speed up the management, restructuring and everything, do you have any sort of incentives for that to speed up any sort of internal thing that you are doing?

Bikramjit Nag: We are doing that, yes. The answer is, yes.

Majid Ahamed: Okay, sir. All the very best, sir. Thank you, sir.

Bikramjit Nag: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments. Over to you, sir.

Soumitra Goswami Thank you very much for participating in this call. And we will meet again after Q1. Thank you.

Bikramjit Nag: Thank you.

Moderator: Thank you. On behalf of IFB Industries Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.