

IFB Industries

10 June 2026

Operator: Ladies and gentlemen, good day and welcome to the IFB Industries Limited Q4 FY26 earnings conference call. As a reminder, all participant 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 star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ravindranath Nayak from Nirmal Bang Institutional Equities Private Limited. Thank you and over to you, sir.

Ravindranath Nayak – Nirmal Bang Institutional Equities: Thank you. On behalf of Nirmal Bang Institutional Equities, I welcome you all to the Q4 FY26 earnings call of IFB Industries Limited. I thank the management team for giving us the opportunity to host this call. From the management side, we have with us Mr. Sandeep Joseph Abraham, Managing Director and CEO, Home Appliances Division; Mr. C. S. Govindrajan, Executive Director, Manufacturing, Home Appliances Division; Mr. Soumitra Goswami, Chief Financial Officer; Mr. Jayanta Chanda, CFO, Engineering Business; Mr. Shantanu Chakraborty, Plant Head, Engineering Business; Mr. Karthik Putchanthi, Head Finance and Accounts, Home Appliances Division; and Mr. Ranjan Mohan, National Sales Head, Home Appliances Division. Without taking much time, I would now like to hand over the call to the management for their opening remarks. Following the management commentary, we will open the floor for a question-and-answer session. Over to you, sir. Thank you.

Management: Good afternoon, everybody. I am Soumitra Goswami. I welcome you all to the IFB Industries Limited investor call for the fourth quarter of FY26. Firstly, I will be informing you about the Q4 results. Revenue for the quarter was 1,456 crores against last year's 1,312 crores, which is a growth of 11.03%. PBDIT for the period was 80.7 crores, and its percentage to revenue is 5.5% as compared to last year's 69.4 crores, which was 5.3% on revenue. There is an increase in the PBDIT amount by 11.3 crores, which is a growth over last year of 16.3%. Fixed expenses for the quarter were well behind budget. PBT before exceptional items for the period was 46.05 crores, which is 3.2% on revenue against last year's figure of 29.3 crores, which was 2.2% on revenue.

In this quarter, an incremental liability of 0.58 crores has been recognized as an exceptional item. This is in line with the labor code notified by the Government of India on November 21, 2025. This charge has reduced the PBT amount to 45.47 crores, which is 3.1% on revenue as compared to last year's 29.3 crores, which was 2.2% on revenue. Q4 PAT was 33.72 crores, which is 2.3% on revenue against last year's 22.29 crores, which was 1.7% on revenue.

Now, YTD March 2026 figures are as follows. Revenue for the period was 5,476 crores against last year's 4,977 crores, which is a growth of 10%. PBDIT for the period was 334 crores, and its percentage to revenue was 6.1% as compared to last year's 325 crores, which was 6.5% on revenue. Fixed expenditure for the quarter was well within budget. However, in the case of some of the expenditure heads, expenditure has increased over last year. PBT before exceptional items for the period was 193.57 crores, which is 3.5% on revenue against last year's figure of 171.26 crores, which was 3.4% on revenue. In the YTD period, an incremental liability of 13.96 crores has been recognized as an exceptional item. This is in line with the labor code notified by the Government of India on November 21, 2025. PBT after exceptional items for the period was 179.61 crores, which is 3.3% on revenue against last year's figure of 171.26 crores, which was 3.4% on revenue. PAT for the

Report is AI-generated and may contain inaccuracies.

year was 133.34 crores, which is 2.4% on revenue against last year's 128.79 crores, which was 2.6% on revenue.

Before we start the question-and-answer session, I would like to introduce Mr. Sandeep Joseph Abraham, MD and CEO of our Home Appliance Division, who recently joined the company on April 8. He will take the questions today pertaining to the Home Appliance Division. Our chairman, Mr. Vikramjit Nag, is unwell today and is not joining the call. With this, I request to start the question-and-answer session.

Operator: Thank you, sir. We will now begin the question-and-answer session. The first question is from the line of Naitik with NVR Alpha Fund. Please go ahead.

Naitik - NVR Alpha Fund: Hi, sir. Thanks for taking my question. My first question is regarding the sales breakup for the quarter from air conditioners, front load washers, and top load washers.

Management: Mr. Mathur, can you please take this question? You wanted to know the percentage of sales to total sales or the physical numbers?

Management: We do not provide product-wise volume numbers. However, I can tell you that in front loaders, we had good double-digit growth this quarter. Top loaders have been good for us, and we have been able to improve our market share, again seeing very good double-digit growth. In microwaves, the growth was also in double digits in Q4, showing a very good increase over last year.

Moving on to air conditioners, growth was muted. In Q4, we were able to recover somewhat from the first quarter when early monsoons caused a major dip in the AC industry. We recovered a bit in Q4, but the growth was not exceptional.

Additionally, we have re-looked at our product portfolio. There has been a considerable amount of simplification of our product portfolio. We have reduced the number of models in each category as a conscious effort to simplify the entire process. As a result, our revenue growth is significantly higher than our volume growth in most segments. We initiated this toward the end of Q4 and are continuing it in Q1; it will be an ongoing process. The idea is to simplify the portfolio and make it easier for everyone, including the dealers who carry our products.

Naitik - NVR Alpha Fund: Specifically, where should we see this simplification reflected in the numbers? Will inventory reduce, will revenue contribution grow, or will we see cost savings? How will this flow into the numbers?

Management: Multiple things will happen. First, because the portfolio is simplified, it should help our numbers from a dealer, stocking, and forecasting perspective. The chances of models going out of stock are reduced. Simplification of the product portfolio will definitely help sales. It also means the sales system, all the way down to the outlet level, can provide more focus because there are fewer products to detail.

From a manufacturing perspective, simplification means the factory gets a benefit because there are fewer SKUs to produce, which positively impacts changeover times. We are also able to push premiumization because with fewer SKUs, we can better ensure that necessary incentives are

Report is AI-generated and may contain inaccuracies.

provided through the sales system to drive that premiumization. In my opinion, rationalization of the product portfolio will impact everything: sales, factory production, and raw materials.

Naitik – NVR Alpha Fund: One clarification. On slide 13 of the presentation, it mentions that front load unit sales increased from 1.46 lakh to 2 lakh. Is that our specific number? If I calculate a 50,000-unit addition quarter-over-quarter at a 40,000 realization, that would be roughly a 200 crore revenue delta, whereas Home Appliances revenue increased by only 50 or 60 crores. Is my understanding of that number correct?

Management: The volume growth in front loaders is 7% for the entire year and 20% for the quarter. Revenue growth in front loaders is 11% for the full year.

Management: I would like to clarify that the numbers provided are industry numbers for the 12 kg and above segment. They are not our specific company numbers.

Management: The 12 kg segment is a new emerging segment. For FY26, it contributes to almost 13% of the overall market. This segment has really grown in the last couple of years.

Naitik – NVR Alpha Fund: Understood. And you mentioned 11% year-over-year revenue growth for front loaders in FY26?

Management: For the quarter, we grew by 21%, and the year-over-year growth for the full year was around 17%.

Naitik – NVR Alpha Fund: We have spent close to 500 crores on capex in the last 6 years, with the last 2 years specifically being about 100 crores per year. Which categories have seen this 500 crore spend, and what is the expected revenue from this capex?

Management: This is C. S. Govindrajan. In home appliances, about 50% of our investment is in new platforms, such as the higher capacity machines Mr. Abraham mentioned. We are investing in the 13 kg and 14 kg segments for front loaders. Secondly, we are putting about 20 to 30 crores into capacity expansion for front loader, top loader, and air conditioner lines.

Management: Regarding the 12 kg segment, we do not currently operate there. As Mr. Govindrajan said, we will be launching 13 kg and 14 kg front loaders later this year.

Naitik – NVR Alpha Fund: How much was spent specifically on home appliances over the last 5 years out of that 500 crore total capex?

Management: This is Soumitra Goswami. I will give you the figures for the current year. The total company-wide capex was 89 crores, or 88.69 crores to be precise. Out of that, the home appliances division was around 46 crores. The rest was for the automotive, engineering, motor, and steel divisions, as well as branches in Kolkata and Bangalore.

Naitik – NVR Alpha Fund: If not for the volatile forex movement where we lost roughly 53 crores, is it safe to assume our margins would have been higher by that amount?

Management: Definitely. This is Sandeep Joseph Abraham. To look at the full year, the impact of both commodities and forex was approximately 59 crores. We were able to make up 67 crores

Report is AI-generated and may contain inaccuracies.

through our ongoing cost optimization program out of a total impact of 84 crores. There were other initiatives like price increases as well. A large portion of the commodity and forex impact was mitigated through these activities. If we had not run the cost optimization program, the P&L would have been hit very badly by about 84 crores.

Naitik – NVR Alpha Fund: So you have mitigated the 84 crore impact. If things stay as they are, should that 84 crores return to profitability in the next year, provided commodity prices and forex do not increase?

Management: There are two factors. Ideally, we would like to pass everything on to the customer, but competitive pressure and our market position make that difficult. We are looking for opportunities to increase prices where possible. We did so in Q4, and in Q1 of this year, we have already taken price increases across almost all categories. Some of the impact will be recovered through price increases and continued cost optimization. For example, in April and May, we have already realized about 29 crores from cost optimization. For the full year last year, it was 67 crores. We believe that in the next 10 months, another 120 crores could come through our Continuous Improvement (CI) program.

That combination should help us handle further impacts from commodities and forex. If commodities and forex stay stable or improve, those cost benefits will flow into the P&L because the CI programs are horizontally deployed and the benefits continue.

Naitik – NVR Alpha Fund: You are expecting 150 crores of cost optimization this year then?

Management: Yes, that is our expectation. Approximately 30 crores has already been realized in the P&L, and we believe another 120 crores will come in over the next 10 months. It depends on the season because CI programs vary by category. For instance, the AC season is largely over and will return in Q4. How much flows into the P&L depends on how forex and commodities move.

Naitik – NVR Alpha Fund: In terms of air conditioners, has OEM sales dropped? In Q4 FY25, it was nearly 100 crores.

Management: It has not completely dropped off; we are still supplying a few OEMs. However, a couple of large OEMs who used to take large volumes have stopped and are pursuing other options.

Management: This is Karthik Putchanthi. During last year, there was a 5% de-growth in OEM in Q4 FY26. It was not a substantial drop.

Operator: The next question is from the line of Vinod Krishna with Aventis Wealth. Please go ahead.

Vinod Krishna – Aventis Wealth: Can you share the market shares for top load and front load washers? Also, what stage are we in regarding filling product gaps? We have discussed filling gaps in the washer segment over the last 3 years.

Management: Our front loader market share is about 23%. This is despite not operating in the 12 kg category, which is 13% of the market. If you exclude that 12 kg segment, our share would be about 25.5% to 26%. We will be plugging that gap this year by launching 13 kg and 14 kg products. In top loaders, we currently have a 9% market share. Our top loader share has gone up, and our full-year

Report is AI-generated and may contain inaccuracies.

IFB Industries

10 June 2026

volume growth there was about 19%.

Vinod Krishna – Aventis Wealth: Regarding the journey of filling product gaps, is it near completion or is it a continuous process? And for front loaders, who are the other major competitors?

Management: There are several major players at different levels; we are currently number 2 in this category. Three or four are major players, while others are fringe players. Regarding product gaps, it is a continuous process. For example, the 12 kg segment did not previously exist and now represents 13% of the volume. There is a clear customer movement toward larger capacities. There will always be new gaps to fill, whether for higher capacity or newer features that customers desire.

Vinod Krishna – Aventis Wealth: You mentioned 150 crores of cost savings. Is there a limit to how much cost can be reduced before it affects product quality and the brand? Previously, the goal was mentioned as 20% growth. How far are we from achieving that growth consistently in home appliances now that we have invested in ACs and refrigerators?

Management: This is Sandeep Joseph Abraham. It is a continuous process. We are now moving to 13 kg and 14 kg. We may eventually need even larger machines or new features. Regarding cost optimization, there is a limit. IFB is a strong brand, and cost optimization cannot come at the expense of features or quality, as that would damage the brand. However, there are continuous process improvements.

Regarding distribution, we have identified approximately 10,000 outlets that contribute 80% of the market volume. We are concentrating all efforts on placement and extraction from these specific outlets. Some of this has started kicking in, and the first 2 months of the year have looked very good, with growth close to the 20% target mentioned.

Vinod Krishna – Aventis Wealth: What is your market share in ACs? How are you looking at ACs and refrigerators going forward in terms of growth and positioning?

Management: For refrigerators, it is a fragmented market. We are currently at about 3% to 3.5% market share. We need to grow that significantly; our aspiration is to reach double digits.

Vinod Krishna – Aventis Wealth: By when do you expect to hit double digits?

Management: Our aspiration is to reach that this year, but it will be a difficult task. We are working toward it.

Vinod Krishna – Aventis Wealth: What gives you the confidence that you can reach an 8% to 10% market share in these segments?

Management: The biggest factor is the IFB brand. In categories where we have entered, we have achieved significant share because our products are well-received. The IFB umbrella brand stands for quality products and service, which is our biggest asset. Secondly, because we are strong in other categories, we already have established relationships with outlets. It is now a matter of ensuring placement and extraction. If we have succeeded in washing machines, microwaves, and dishwashers, we believe customers will see an IFB AC as a great investment.

Report is AI-generated and may contain inaccuracies.

IFB Industries

10 June 2026

Vinod Krishna – Aventis Wealth: For the engineering division, can you provide a 3-year outlook? You are currently at about 1,000 crores in revenue.

Management: This is Jayanto Patnaik. Over the last 5 years, the Engineering division has had a revenue CAGR of about 13%. Over the next 2 to 3 years, we plan for 20% to 25% growth in existing business. We are also adding new revenue streams like EV battery packs, motorcycle chains, and brake discs, which have become mandatory under new legislation. Combined, we forecast 20% to 25% growth over the next 2 to 3 years.

On the existing business specifically, we expect 20% growth. We have added capacity to both plants in the last 2 years and are adding more this year. As a B2B business, our schedules look good and we are confident.

Vinod Krishna – Aventis Wealth: What is the target EBITDA margin for the engineering business?

Management: We are currently at approximately 15%, and we are targeting 17% to 18%.

Operator: The next question is from the line of Chirag Gandhi with Astrolite Investment. Please go ahead.

Chirag Gandhi – Astrolite Investment: On the Home Appliances division, we had a negative impact from raw material inflation and forex in the second half of last year. Do you see further impact in Q1 FY27?

Management: This is Sandeep Joseph Abraham. Raw material costs are increasing further, including both commodities and forex. April and May are seeing a negative impact that has not yet been fully offset by our cost initiatives.

Chirag Gandhi – Astrolite Investment: Can you quantify that negative impact on margins?

Management: For April and May, the cumulative negative impact from commodities and forex was approximately 49 crores.

Chirag Gandhi – Astrolite Investment: Of that, how much was offset by cost measures?

Management: We offset about 29 crores in April and May through cost measures. We now have to see how much we can recover through price increases. We have taken price increases in Q1 and should see the benefit in the coming months. We will constantly look for ways to make up the difference depending on our market position. We cannot pass the entire cost increase to the customer.

Chirag Gandhi – Astrolite Investment: Within cost measures, which key areas are you targeting for the 120 crores of savings over the next 10 months?

Management: This is C. S. Govindrajan. We will not specify exactly, but it involves design-to-value and cost innovation in electronics.

Management: We are also looking at tightening our cost to serve and better management of trade schemes to bring benefits to the P&L.

Report is AI-generated and may contain inaccuracies.

Chirag Gandhi – Astrolite Investment: What is the share of imports in your overall raw material costs?

Management: For our manufacturing, the import content is about 30%. However, we also import some finished units. Including everything, the overall import content is approximately 39%. Some of those items are being indigenized, so we expect the 30% manufacturing import content to drop to about 25%, and the 39% overall content to drop to around 32–33%.

Chirag Gandhi – Astrolite Investment: Regarding the Engineering business, the presentation mentions missing the order win target for FY26. We achieved about 153 crores versus a 250 crore target. Why was there a miss?

Management: This is Jayanto Patnaik. Order maturity in the Engineering business takes time. Supplies only start after a 7 to 8-month validation period for drawings and samples. While marketing is working on a large RFQ base, the actual conclusion of orders was 153 crores. The pipeline is active, and we hope to close those orders in Q1 or early Q2.

Chirag Gandhi – Astrolite Investment: Any target for FY27?

Management: This is Amit Ghosh. For FY27, we have a 350 crore target for new orders. Many are already in the validation stage. Once parameters are closed, we will receive POs from the OEMs or Tier 1 suppliers.

Chirag Gandhi – Astrolite Investment: Regarding BLDC motors and the challenges in the AC motor segment, any updates?

Management: This is C. S. Govindrajan. We have resumed large-scale supplies of washing machine motors. The AC motor is still undergoing trials as it is not fully resolved yet, but we are close to a solution.

Chirag Gandhi – Astrolite Investment: Is the AC motor sale entirely internal right now?

Management: Up to now, yes. There is an active hunt for external customers as well.

Operator: The next question is from the line of Saket Kapoor with Kapoor and Co. Please go ahead.

Saket Kapoor – Kapoor and Co: Greetings. Welcome, Mr. Abraham. Regarding the Engineering segment and the expected 25% revenue growth, what are the current capacity utilization levels? What is the capex for ramping up volumes?

Management: This is Amit Ghosh. Last year, the engineering division received approval for nearly 100 crores of capex. We implemented 63 crores by March, and the rest is being carried over. Some projects took time to finalize due to manufacturing site identification. Out of that 100 crores, we added capacity in our stamping division with three new presses. That added approximately 40 to 50 crores of capacity in stamping. Plants in Kolkata and Bangalore both added a high blanking press, which should add 30 to 40 crores each. We also added auxiliary machines and furnaces to balance the lines. Our revenue target for this year is about 23% above last year.

Report is AI-generated and may contain inaccuracies.

IFB Industries

10 June 2026

Saket Kapoor – Kapoor and Co: What exactly goes into the consolidation of revenues? Standalone was 1,447 crores for the quarter, but consolidated was 1,498 crores.

Management: This is Soumitra Goswami. We have subsidiaries in Thailand and Singapore. Their revenues are added to our standalone divisions (home appliances, engineering, motors, steel), which is why the consolidated revenue is marginally higher.

Saket Kapoor – Kapoor and Co: Could you explain the new subsidiary in Switzerland focused on automotive tooling?

Management: This is Jayanto Patnaik. Tooling is core to our engineering business. A good tool produces components efficiently by improving press strokes and reducing the need for secondary processes. Switzerland is home to Feintool, which is a leader in fine blanking. There is significant tooling talent there. We set up the company to focus on tool design, complex tools, and feasibility studies. The company was incorporated in December and has already started operations, including work for a Spanish company. It will not be dependent only on IFB requirements.

Saket Kapoor – Kapoor and Co: So it is both a technology R&D unit and a revenue-contributing unit?

Management: It is an independent company from which we will source tool design.

Saket Kapoor – Kapoor and Co: How much investment has been allocated for this unit?

Management: It is a design unit with no heavy equipment, so the investment is not very much.

Saket Kapoor – Kapoor and Co: Regarding the current market environment and supply chain issues, how are you looking at the current year for the home appliances category?

Management: This is Sandeep Joseph Abraham. From a revenue perspective, the first 2 months have been very good. We are on track for our 20% growth target. However, our cost optimization has not yet fully recovered the negative impact of commodities and forex. We are constantly looking at tightening operations, trade schemes, and manpower productivity. We are bullish on revenue, and if commodities and forex ease, our P&L will be much stronger.

Saket Kapoor – Kapoor and Co: The share of profit from associates, which I believe is the refrigeration business, contributed 4 crores for the quarter. What is the outlook for that segment?

Management: Volume growth has been good. Value growth in refrigeration and AC has also been good, but it is not yet where we want to be. The washer segment is our primary driver for the bottom line.

Management: This is Soumitra Goswami. The share of loss for the year was 1.4 crores. IFB Refrigeration is a separate company. We will only talk about the refrigeration products sold by IFB Industries.

Operator: The next question is from the line of Lakshmi Narayan with Tunga Investments. Please go ahead.

Report is AI-generated and may contain inaccuracies.

IFB Industries

10 June 2026

Lakshmi Narayan – Tunga Investments: Mr. Abraham, coming from MRF where there is aggressive cost control and tight supply chain management, what are your immediate priorities at IFB for the next 1 to 3 years?

Management: This is Sandeep Joseph Abraham. Like my previous company, IFB has a very strong brand. Acceptance is not an issue. My priority is to ensure the processes the team already put into place are tightened further. We are focusing on improving cost structures, managing the dealer network, and plugging leakages in trade schemes. I hope to apply my 31 years of experience across FMCG and my previous role to manage the ship more tightly.

Lakshmi Narayan – Tunga Investments: Qualitatively or quantitatively, what are your key priorities?

Management: First, distribution reach. We have identified approximately 10,500 outlets that contribute the most volume. Now we must maximize placement and extraction from those outlets. Second, in-store promoters are vital in this industry. We are increasing the coverage of these promoters and implementing tighter controls over their productivity. Third, product profitability. We are looking at profitability at the SKU level. We have simplified the portfolio; for example, in front loaders, we reduced models from 58 to 25. This simplifies the process for everyone. My role is to put tighter controls on the ship to get the maximum out of our strong brand, team, and products.

Lakshmi Narayan – Tunga Investments: What is the current inventory holding for the home appliance division?

Management: This is Karthik Putchanthi. Channel inventory for ACs was high in March 1 year ago, but those issues are resolved now. Inventory is at a healthy level.

Management: We are working closely to ensure old stocks do not remain in the system. Our goal is to provide the freshest possible products to customers.

Lakshmi Narayan – Tunga Investments: Regarding the fixed cost optimization plan, what has materialized so far?

Management: Very little has moved into the P&L yet, but we are looking at it closely. We are examining every cost element, from advertising to travel policies. Bigger tickets are being addressed first.

Lakshmi Narayan – Tunga Investments: What was the increase in ad spend and promoter costs from FY25 to FY26?

Management: We increased our in-store promoter count by about 400 to 500 people. This doesn't necessarily mean 400 new outlets, as some large key accounts require multiple promoters across different floors. We intend to increase this further where footfalls justify the investment. We use a variable pay structure for these promoters. We recently rolled out a new incentive policy to simplify that process and ensure premiumization happens at the outlets.

Lakshmi Narayan – Tunga Investments: Regarding credit card tie-ups and cashbacks, has that been addressed to be at par with competitors?

Report is AI-generated and may contain inaccuracies.

IFB Industries

10 June 2026

Management: This is Karthik Putchanthi. Yes, the gaps have been fixed. Our customer offers involving no-cost and low-cost EMI are now similar to the competition across most major platforms.

Management: However, cashback is a cost to us, and we must be judicious in how we manage it.

Lakshmi Narayan – Tunga Investments: Have you increased your ad spend as a percentage of revenue?

Management: It is more or less the same. We are strengthening our digital presence. We have a large base of loyal customers, and digital is a great way to reach them for cross-selling and up-selling. We are also getting external help to optimize our digital efficiency and click-through ratios.

Lakshmi Narayan – Tunga Investments: Regarding the new energy ratings effective January 1, which products were affected and what was the cost impact?

Management: The energy rating change affected air conditioners. There were two impacts: the manufacturing cost per machine increased, and we had to run a liquidation drive to ensure we didn't hold old energy rating products. The total impact was about 7 crores for the full year, with 6 crores of that hitting in Q4.

Operator: Thank you. In the interest of time, that was the last question for today. I now hand the conference over to Mr. Ravindranath Nayak for any closing comments.

Ravindranath Nayak – Nirmal Bang Institutional Equities: Thank you to the management for this call. Mr. Abraham, do you have any closing remarks?

Management: This was my first time conducting this interaction on behalf of IFB. I am very glad to answer these questions, as they show genuine interest from our investors. I hope we have provided confidence that IFB is prepared to do very well. We see buoyancy in the market and will capitalize on it. It has been a pleasure interacting with you all.

Operator: Thank you. On behalf of Nirmal Bang Institutional Equities Private Limited, that concludes this conference. Thank you for joining us. You may now disconnect.

Report is AI-generated and may contain inaccuracies.