

IFB Industries

14 August 2026

Operator: Ladies and gentlemen, good day and welcome to the IFB Industries Ltd. Q1 FY27 earnings call, hosted by Nirmal Bang Equities Private Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and zero on your touchtone phone. I now hand the conference over to Mr. Rabindranath Nayak. Thank you, and over to you, sir.

Rabindranath Nayak – Nirmal Bang Equities: Thanks, Sanya. On behalf of Nirmal Bang Equities, I would like to welcome everyone to the IFB Industries Ltd. Q1 FY27 earnings call. We thank the management of IFB Industries for giving us the opportunity to host this call. From the management team, we have with us Mr. Sandeep Joseph Abraham, Managing Director and CEO, Home Appliances Division; Mr. C.S. Govindarajan, Executive Director, Manufacturing, Home Appliances Division; Mr. Soumitro Goswami, Chief Financial Officer; Mr. Arup Das, Executive Director, Engineering Business; Mr. Jayanta Chanda, CFO, Engineering Business; Mr. Karthik Mutchardi, Head Finance and Accounts, Home Appliances Division; and Mr. Ranjan Mohan, National Sales Head, Home Appliances Division. Please note that today's discussion may contain forward-looking statements based on current expectations, which involve risks and uncertainties that could cause actual results to differ materially. The management assumes no obligation to update these statements in light of new information or future developments. 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 the question-and-answer session. Over to you, sir. Thank you.

Soumitro Goswami – CFO: I am Soumitro Goswami. I welcome you all to the IFB Industries Ltd. investors' call for the first quarter of FY27. Let me tell you about the Q1 results now. Revenue for the quarter was 1,529 crores against last year's 1,311 crores, which is a growth of 16.65%. EBITDA for the period was 88.46 crores, and its percentage of revenue was 5.79%, as compared to last year's 69.95 crores, which was 5.34% of revenue. There was an increase in the EBITDA amount of 18.51 crores, which represents growth over last year of 26.46%. Fixed expenses for the quarter were well within budget. However, in the case of some expenditure heads, expenses increased over last year. PBT for the period was 51.54 crores, which was 3.3% of revenue, against last year's figure of 33.93 crores, which was 2.59% of revenue. Q1 PAT was 38.06 crores, which was 2.5% of revenue, against last year's 25.36 crores, which was 1.9% of revenue. With this, I would like to request that we start the question-and-answer session.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Lakshmi Narayana from Tunga Investments. Please proceed.

Lakshmi Narayana – Tunga Investments: Thank you. I have two questions. If I look at the commodity increase in Q1 and Q4, which you actually mentioned, it totals almost 90 crores, and forex also totals around 81 crores. So, it is almost 170 crores of impact on both things, correct? Now, if I total the

Report is AI-generated and may contain inaccuracies.

IFB Industries

14 August 2026

cost savings, it comes to maybe around 110 crores or perhaps 120 crores. My question is whether this commodity increase is behind us, and whether you think it can either be considered behind us or whether we can actually pass on this entire commodity increase so that the cost savings are actually permanent in the next few quarters. Also, how do you think about the forex impact that you have experienced, and what is the prognosis for the year ahead? That is my first question.

Second, I see that room air conditioner growth has been close to 10%. What I gather is that the industry grew almost 20% or more during the same period. Is it a choice not to match the growth, meaning not to match the industry growth, or has there been some kind of disadvantage in terms of growth in the improved conditions? These are the two questions.

Sandeep: Okay. As far as commodities are concerned, commodity and forex continue to be an issue. Even when you look at Q1, we have an issue as far as commodity and forex are concerned. Whether it is behind us as of now? No. We are still seeing commodity increases, as well as forex-related pressure. There has not been much change as far as forex is concerned. Is it behind us as of now? It does not look like it is behind us, and we continue to be under strain when it comes to both commodity and forex.

Lakshmi Narayana – Tunga Investments: How much of the commodity increase have you passed on? If you take the last two quarters, it comes to almost 90 crores of commodity increase. Has it been passed on, or when do you think it can be passed on?

Sandeep: We are trying to pass on whatever is possible, but we also need to be competitively priced in the market. Therefore, have we been able to pass on the commodity and forex impact? No, we have not been able to pass on the commodity and forex impact to the market.

We have been able to implement some cost initiatives. We completed them in the first month itself. By around January, we had completed them, and we moved into the new rating as far as ACs are concerned. The new rating, as you might realize, is about 10–15% more expensive in the market. Therefore, we did not have the advantage of older-rated products with a price advantage in the market. We consciously decided that we would not carry that forward. From that point of view, we had that disadvantage when it came to operations. However, we are concentrating on some of the higher-capacity models where we are seeing good growth, and we will continue to focus on them.

Lakshmi Narayana – Tunga Investments: In terms of RAC capacity, can you tell me how many shifts are operating, what the current capacity is, and how much you can enhance without adding more capacity, simply by increasing the number of shifts?

Govindraj: This is Govindraj here. Right now, our capacity in air conditioners is about 75,000, and in the peak month we are using about 85%. At the same time, we are working on improving capacity through debottlenecking and some automation. Therefore, there is no need for us to increase the number of shifts. We will be able to achieve 75,000 to 80,000 units per month when required.

Lakshmi Narayana – Tunga Investments: Understood. I will step back into the queue.

Operator: Thank you. The next question is from the line of Vivek Kumar from Geometric Securities. Please go ahead.

Report is AI-generated and may contain inaccuracies.

IFB Industries

14 August 2026

Vivek Kumar – Geometric Securities: Sir, am I audible?

Sandeep: Yes, you are.

Vivek Kumar – Geometric Securities: Can you help us understand this? Since you are not able to pass on the cost in order to remain competitive, are we at least seeing growth in sales? Are we not even having sales growth? You mentioned in the last conference call that we were seeing 20% growth. Is that continuing, or has even that slowed down?

Sandeep: No, it has not slowed down. In fact, if you look at the P&L, you would find that the HOD division revenues went up by 18% for the quarter. Therefore, while we had said 20% growth, we are definitely moving in that direction. We have achieved 18% growth in our net revenues.

Vivek Kumar – Geometric Securities: So you have been able to achieve growth even in this quarter.

Sandeep: Yes, definitely.

Vivek Kumar – Geometric Securities: My second question is on the same issue. How are you looking at this opportunity? Now that you have covered most categories, including washing, cooling, and cleaning, and you are putting up capacities, can you explain whether the competition is also facing the same issue of not being able to pass on costs, or whether it is specific to us? Are we able to pass on costs in some categories and not in others? Why are we continuing with this approach, and will we be able to pass on costs over the next 2–3 years? How are you thinking about this? This has been a persistent issue. If there is such high competition, why are we putting up our own capacities instead of outsourcing? Please help us understand the assumptions that management is considering over the long term regarding our presence across all categories if we do not have pricing power in the long run.

Sandeep: As I said, wherever there was an opportunity, we actually took a price increase. However, these are tough times, with unprecedented increases in commodities and forex. We hope that this does not last. If it does not last, all the benefits from the cost-oriented activities we have undertaken to tide over this difficult condition, along with all the activities we have carried out to improve our efficiencies, will continue. We hope that the negative impact of commodities and forex that is happening now will ease over a period of time.

If that element comes down, then I do not know how many people will look at pricing and related matters. However, if commodity and forex pressures ease, all our parameters will look much better. As far as other companies are concerned, I am not sure; we should also look at their results. But beyond a certain stage, we are not seeing the ability to increase prices.

Vivek Kumar – Geometric Securities: How should we think about IFB's presence in the long run? Can we expect this 20% growth in sales to continue for the next 2–3 years? Vikram sir used to tell us that the channel execution work was at least underway. Has that work been completed?

Sandeep: The 20%, as I said, is definitely what we are working toward, and Q1 has delivered 18% growth in revenue. That becomes critical because it is going to power our entire growth story.

Report is AI-generated and may contain inaccuracies.

IFB Industries

14 August 2026

As you mentioned, a lot of work is being done at the channel level to ensure that our placements improve and that our execution is better. We are ensuring that we have people on the ground at the counters, manning the counters, and taking care of related activities. A lot of work is happening on the harder aspects, such as getting our distribution up and running, and that is what has delivered this growth.

Is it a done deal? No. Obviously, all these things continue to be improved, but we are on the right path. The good thing is that we grew 18% in Q1.

Vivek Kumar – Geometric Securities: So we should be able to grow at the same rate in the coming quarters and years?

Sandeep: Yes, we should. We should be able to.

Vivek Kumar – Geometric Securities: Thank you, and all the best.

Sandeep: Thank you.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. Reminder for all participants: please press star and one to ask a question. We take the next question from the line of Saket Kumar from KAPO. Please go ahead.

Saket Kapoor – Kapoor Company: Greetings, sir. I am Saket Kapoor from Kapoor Company. Firstly, as you were mentioning that we anticipate the current growth rate to continue in the coming years, could you give us some more detail on our engineering segment and our capex plan? When can we expect the strengthening of this segment, and what is the business environment for home appliances? Some more detail on how things shaped up in the previous quarter and how things are currently placed would be helpful. An overview of the business environment would suffice.

Arijit Das: I will take the engineering question. The home appliance question will be answered by the concerned person. This is Arijit Das. As far as engineering is concerned, in the last quarter, our sales exceeded the budget and grew by 17%. EBITDA was at the budgeted level. In all respects, the engineering division met all the budget-related KPIs. We expect to continue in the same manner going forward, unless there are certain dips due to global scenarios over which we have no control. Nevertheless, we will try to manage as much as possible. Given the present situation and the arrival of the festive season, we should remain on the same trajectory.

Saket Kapoor – Kapoor Company: We have also outlined some targets for achieving a higher top line of more than 2,000 crores. Some acquisitions, including land acquisition, have also been completed, and some product introductions are planned. I wanted to understand where we are in terms of closing these aspects and what can be expected going forward.

Arijit Das: As far as new projects are concerned, as you know, EVs are penetrating the Indian market, and we wanted to be part of that growth story. To do so, we secured an LOI from Tata worth about 150 crores. However, you might have seen yesterday's newspaper reports related to Tata Agratas and other matters. There are issues, and probably the Tata Group Chairman is resigning. Tata has now expressed concern about the battery project.

Report is AI-generated and may contain inaccuracies.

IFB Industries

14 August 2026

We are, however, in touch with them. If they drop the project, we have already acquired the land in Gujarat, but we have not yet made the other investments in machinery and so on because, given this change in the situation, we wanted to understand the position. The project had a go-ahead from our side. Under the revised scenario, we are reviewing the situation and will then take a call as things progress.

That particular piece of land that we acquired will not only be for the EV project; it will also be used for the stamping project. That is also being pursued. We are in discussions with customers, and we have identified a number of businesses where OEMs have confirmed their interest. There is a capex plan, and everything will move forward upon receipt of the LOI. Once we receive the same from the customers, we will proceed with the capex.

Saket Kapoor – Kapoor Company: You mentioned a 150-crore battery project. I missed your comment there, sir.

Arijit Das: That project, as you may have seen in yesterday's newspaper, was the subject of significant news. We do not know what decision the Tata Group will ultimately take. We are holding back, but we are comfortable with the project. Once we understand the situation, we will continue to remain in touch with them. We are ready from our side, but everything depends on Tata's decision.

Saket Kapoor – Kapoor Company: On the existing product profile, what kind of volume expansion are we expecting for the current year?

Arijit Das: We expect a similar kind of growth to what we achieved in the first quarter. Our growth story will continue in terms of both the top line and the bottom line.

Saket Kapoor – Kapoor Company: Understood. Now, regarding the home appliance segment, could you provide some insight?

Sandeep: This is Sandeep. In Q1, we actually grew across all the lines. There was a question about our presence across multiple lines. We have seen growth in all the lines, and I assume that, based on what we are doing at the ground level, this should continue to grow, if not improve.

We are also seeing some opportunities in certain capacities and certain kinds of...

Management: ...models. That is something that we will be investing in, and over the next 3–6 months, we will have capacities and products in areas that are currently not being served by us. These products should provide us with an additional fillip to our growth. At this point, we are seeing growth in all the categories in which we operate, and we believe that we should be able to continue that growth.

Saket Kapoor – Kapoor Company: There will be capacity augmentation as well, sir? I missed that.

Management: [overlap] Capacity, as Mr. Govindarajan said, is available, so we do not have to augment capacity. At the same time, the manufacturing side is looking at ways to carry out debottlenecking. Therefore, without any additional investment, if required, capacity can be augmented. Currently, we do not have a capacity constraint.

Report is AI-generated and may contain inaccuracies.

IFB Industries

14 August 2026

Saket Kapoor – Kapoor Company: Lastly, regarding the cost-reduction exercise and the benefits that were outlined to us, what have we achieved in both the variable-cost and fixed-cost components? Earlier, you had given us an understanding of the issues that you had identified. How are we addressing them, and where are we in terms of putting things in place?

There were also some manning issues at counters, which affected our growth. These were the pillars presented to investors 2–3 quarters ago. What are the current updates on these matters?

Management: As far as costs are concerned, what you said is right. We are looking at 150 crores coming in this year in the form of various cost initiatives. In the first quarter, we have already achieved a significant impact in terms of our presence in the market, particularly the number of counters that are manned and related activities.

We are not cutting anything in that area. In fact, we are increasing the number of counters that will be covered by our in-store promoters. Therefore, while cost is important, we also believe that what we are seeing in Q1 should continue. We will therefore continue to invest in activities that will generate revenues for us.

Saket Kapoor – Kapoor Company: Lastly, regarding the performance of our associate, particularly the refrigeration unit, could you share some details on how it performed and what its contribution was?

Management: That is a different company, so I think we should not discuss it.

Saket Kapoor – Kapoor Company: That gets consolidated into our numbers, correct?

Someshwar: Yes, Someshwar here. Yes, that is getting consolidated into our consolidated statement, and we are taking our 41% share of their profit or loss.

Saket Kapoor – Kapoor Company: Correct.

Abram: IFB Refrigeration Limited is a separate company. We will not discuss it on the IFB Industries call. However, if Mr. Abram wants to talk about how the IFB Industries branch has performed in selling IFB refrigerators, he can discuss that. But we will not discuss the performance of IFB Refrigeration Limited as a whole on this call.

Saket Kapoor – Kapoor Company: I was referring to the 0.33 lakh—33 lakh and 32—yes, that was the reason I referred to them as such.

Someshwar: Their PBIT, their PBT for the quarter, is 80 lakhs. Out of that, our share is 41.40, which we have taken in our consolidated statement as 0.33 crore. That means 33 lakhs.

Saket Kapoor – Kapoor Company: I was only asking why the numbers had gone down quarter-on-quarter, from 4 crores to 33 lakhs. That was my precise question.

Someshwar: Last quarter, it was a loss. Last quarter, it was a loss. I was comparing it with the March quarter. The March quarter was a different story. In the March quarter, they recognized deferred tax, so the profit was higher. We should not discuss this here.

Report is AI-generated and may contain inaccuracies.

IFB Industries

However, compared with the corresponding quarter of last year, there was a loss last year and there is a profit this year. We will not discuss the performance of IFB Refrigeration Limited as a whole on this call.

Saket Kapoor – Kapoor Company: Understood. Thank you. I will join the queue.

Operator: Thank you. The next question is from the line of Vivek Kumar from Geometric Securities. Please go ahead.

Vivek Kumar – Geometric Securities: Sir, am I audible?

Management: Yes, you are.

Vivek Kumar – Geometric Securities: Can you share your market shares in top loaders and front loaders, and how they have moved over the last 3 years? Do you see them stabilizing, or where do you see them over the next 1–3 years in the top-loader and front-loader washer categories?

Management: There is no consolidated source where you can obtain market shares because there is an online business and an offline business, but there is no consolidated source where I would be able to state what my market share is, how it is growing, and so on.

However, we believe that our market shares are improving. Based on the revenue growth that we are seeing, we believe that our market shares are growing in both front loaders and top loaders.

Vivek Kumar – Geometric Securities: So can you say that we will be among the top two, or the top one, in both categories?

Management: It is difficult to say, but front loaders would definitely be in the top two. Top loaders could be somewhat lower.

Vivek Kumar – Geometric Securities: At least in the top four, or do we have to go beyond that?

Management: We should be. However, I am not able to give you a specific number because there is no published market-share data available. We see these market shares improving because we are growing faster than the market. Yes, we do.

In top loaders, as I said, there are some segments in which we are not present. Once we introduce a product in those segments, apart from the growth we are seeing now, we should also receive the benefit of that.

Vivek Kumar – Geometric Securities: Can you elaborate further on ACs? There are so many players. How do you expect to achieve the 10–15% market share that {? Vikram-sir ?} was discussing and that you also referred to in the last conference call? What is your strategy and outline for achieving that? There are many brands in the market. What is your strategy going forward, and what factors are helping us achieve that market share?

Management: As you said, there are multiple players in the AC market. However, our focus has to be, and has been, on strengthening execution. This includes getting our products placed at more counters, ensuring the right displays are available, ensuring that there is a promoter at the counter

Report is AI-generated and may contain inaccuracies.

IFB Industries

who is retailing our products, and related activities.

There is no substitute for that. No matter how many players there are, if we get all those activities right, we will do well. We will not comment on what others are doing, but we believe that in a multi-player market, we should achieve our rightful share.

Vivek Kumar – Geometric Securities: So you are confident that you will reach 10% by when, and what would be our current market share?

Management: As I said, I cannot give you a specific market-share number, but 7-10% is our aspiration.

Vivek Kumar – Geometric Securities: How many years will it take to get there?

Management: [laughs] I wish I could tell you that. However, we are...

Vivek Kumar – Geometric Securities: A second question: are you confident that the AC segment is growing above the market growth rate?

Management: Yes.

Vivek Kumar – Geometric Securities: My second question is on costs. There is a limit to the extent to which we can cut costs. Can you explain at what point we would be forced to increase prices? Is there a point at which, if costs continue to increase, you think the competition and the industry would also be forced to increase prices? Or has the industry not reached that point? How should we look at this? Are we not as cost-competitive as our competitors, meaning that we will lose out as soon as we start increasing prices? How should we assess the risk of losing sales to competitors because they are more cost-competitive than us?

Management: If you look at costs, there are always opportunities to debottleneck, examine your processes, make them tighter, and undertake related activities. We can never say that we are at 100% or at an optimal cost level. There will always be opportunities in this area.

As a company, we have said that we would not reduce costs at the expense of quality or customer experience. We are not diluting our product. We will continue to maintain the high standards for which IFB is well known. We will not dilute those standards.

Therefore, all our cost initiatives are intended to address debottlenecks, inefficiencies, and leakages. I believe that this is a constant process. Even when you look at manufacturing processes, more and more technologies are being introduced. How can we deliver more with the same capacity? These are activities in which we will continue to invest.

To answer your question, we will continue to examine how we can extract further efficiencies. As far as prices are concerned, we could not pass on the entire cost increase. However, that has not stopped us from increasing prices. We took price increases in the last quarter across all our categories. The increases were not sufficient to cover the commodity and forex impact, but wherever there was an opportunity, we were able to increase prices.

IFB Industries

In certain cases, we decided to lead the market and take a price increase even if the market was not taking that kind of price increase. Therefore, we have taken some bold steps wherever required.

Vivek Kumar – Geometric Securities: If this continues, do you not think the entire industry would be forced to pass on the price increase? Would nothing like that happen?

Management: I am not too sure about others, but we do not want to be competitively disadvantaged. Therefore, we will have to monitor it constantly.

The positive aspect is that when all these things happen, you are also forced to look inward and ask what you can do. That is making us work doubly hard to re-examine our processes and bring in efficiencies. While cost is a negative, it is also giving us an opportunity to examine all our processes with a magnifying glass and see whether there are opportunities to improve efficiencies and reduce leakages.

Vivek Kumar – Geometric Securities: At least, can we expect the same margins to be maintained? Since you are saying that the sales growth rate can more or less be maintained, can we maintain better or similar EBITDA-level margins in the next few quarters?

Management: A lot of it depends on revenue growth, which is important. If you look at our gross margin, it declined, but in absolute value it increased because of revenue growth. As a percentage, however, our gross margin declined.

Because of the other initiatives we have undertaken, we have been able to keep PBITDA at a slightly better level than last year. Therefore, a lot will depend on the kind of revenue growth that we are able to generate.

Vivek Kumar – Geometric Securities: Currently, at least until now, are we running at the same rate in terms of PBITDA?

Management: No, in terms of sales growth, we are currently doing well. Over the last 1.5 months...

Management: Yes, 18%—we grew 18% in Q1.

Vivek Kumar – Geometric Securities: And that trend is continuing in the current quarter as well?

Management: Yes. If you look at last year, we grew by only about 9.8–10% for the full year. Against that, we are currently growing at 18%, and July has also been good.

Vivek Kumar – Geometric Securities: Understood. My second question is on the Engineering department's target of reaching 2,000 crores, which requires around 20–25% growth. Do we have high confidence in reaching that over the next 3–4 years?

Arijit Das: This is Arijit. I will take your question. It is a two-pronged approach. One is to grow the existing business by 20% or in that range. The other is to increase capacity through capex. We are investing in stamping-capacity enhancement in Gujarat, Gurgaon, and Bangalore.

At these three locations, as you may know, we have acquired land in Gujarat for an EV project and a stamping project. In parallel, we are discussing new businesses with customers because we want

Report is AI-generated and may contain inaccuracies.

IFB Industries

14 August 2026

the project and the business to be aligned. We cannot have the project ready without having the business, as that would not make business sense.

Therefore, we are synchronizing both aspects so that the business we are targeting is around 1,000 crores, with overall capex for the stamping division of around 400 crores. That takes us because we are presently in the...

Arijit Das: ...region of 1,000–1,100 crores. The number you are discussing could be achievable if all things fall into place, we secure the businesses, and we invest in the required facilities. Everything should fall into place.

Lakshminarayan KJ – Tunga Investments: You have already acquired the land, and you are saying that the plant will not be built until the business is secured. Is that correct?

Arijit Das: We already have a business opportunity from the battery project, as I told the earlier speaker. We had the business in hand. However, after yesterday's development, we are reviewing it. It had received a go-ahead. We are closely monitoring what decision Tata Sons takes on the battery project, interacting with them, and then we will take a decision.

Lakshminarayan KJ – Tunga Investments: So the 2,000 crores is contingent upon this project being successful?

Arijit Das: This project is one component. Even if it does not happen, there are other aligned projects that we are scouting for. The growth story will continue.

Lakshminarayan KJ – Tunga Investments: So 20% growth on 1,000 crores will continue, but you are saying that the question is where it will come from.

Arijit Das: Yes. We already have visibility of businesses from OEMs. We are close to closing businesses worth around 250 crores or more. To support this capex, we must have at least 1,000 crores of business. We are working in that direction. Hopefully, we will be able to achieve that in due course.

Lakshminarayan KJ – Tunga Investments: So you are very confident of 20% growth for the next 2–3 years?

Arijit Das: As of now, yes.

Lakshminarayan KJ – Tunga Investments: Thank you very much, sir.

Operator: Thank you. The next question is from the line of Naitik Mutta from NV Alpha Fund. Please go ahead.

Naitik Mutta – NV Alpha Fund: Hello, sir. Thank you for taking my question. {? [unclear] ?}

Operator: Sorry to interrupt, Mr. Naitik. Your voice is not clear. We will take the next participant. The next question is from the line of Lakshminarayan KJ from Tunga Investments. Please go ahead.

Report is AI-generated and may contain inaccuracies.

IFB Industries

14 August 2026

Lakshminarayan KJ – Tunga Investments: My first question is related to the services business. I want to understand the growth in the services business for us in general during Q1, compared with Q1 of last year.

My second question on the services business is about the services business mentioned in the annual report. Does it include services for the refrigerator business as well?

My third question is: in the services business in general, what is the unit of profitability, and what kind of profitability is there in the services business? These are my 3 questions on the services business.

Management: Regarding services, we have 3 products. One is essential sales, then we have accessory sales, and then we have service products. We have been growing at a good rate in this area, with growth of around 17% this quarter.

Lakshminarayan KJ – Tunga Investments: Does that also include refrigerator services, as reported in the annual report, or is that done outside?

Management: Yes, we also provide services for refrigerators.

Lakshminarayan KJ – Tunga Investments: Is it fully captured in the balance sheet, or is only a proportion captured? How is it recorded?

Management: It is fully captured. It is 100% captured. It is all recorded on an accrual basis.

Lakshminarayan KJ – Tunga Investments: In general, what is the profitability of the services business? What is the range of profitability at the PBT level?

Management: It is a profitable business for us. However, I cannot disclose the number because it is part of the entire company, and we disclose only the entire company.

Lakshminarayan KJ – Tunga Investments: Is it double-digit or single-digit at the PBT level? That is the only question I have. Is it double-digit or single-digit?

Management: It is double-digit.

Lakshminarayan KJ – Tunga Investments: Moving on to margins, there are 3 levels, correct? One is gross margin, the second is contribution margin, which includes all direct or variable costs, and then comes fixed cost. Looking at these 3 levels, in which area of the cost journey are we? Where have we actually clawed back to our aspiration level? Is it at the gross-margin level, the contribution-margin level, or through lower fixed costs?

Management: As I said, our gross margin is down because of the increase in material costs. Our gross margin is down by about 160 basis points because of the material-cost increase.

However, when you look at the percentages, all the lines are lower than last year because of the good revenue growth. While the absolute value may be somewhat higher or lower, as a percentage, because we achieved 18% revenue growth, many of the other lines, even if they increased, did not increase at the same rate. Therefore, as a percentage of net revenue, many lines are showing a

Report is AI-generated and may contain inaccuracies.

IFB Industries

14 August 2026

decline.

At the PBT level, last year we were at about 4% or 4%, and we are now at about 4.5%. From that point of view, while BOM, commodity costs, and related costs were somewhat outside our control, we have been working on all the other lines. It has not always been a reduction in absolute terms, but as a percentage, the costs are coming down.

Lakshminarayan KJ – Tunga Investments: You mentioned in the earlier calls that you were working toward increasing costs through rationalization of SKUs, which you have achieved significantly in this quarter, as well as through pricing. The entire cost program that you are undertaking—is it related to variable costs outside material costs, or does it also include material costs?

Management: The cost program includes all elements of cost. However, rationalization is intended more to simplify the portfolio than to provide a cost benefit.

For example, in front loaders, we had approximately 55–57 models. We have brought that down to about 24–25 models. This reduces complications at the counter, reduces the number of models that need to be displayed, makes inventory more manageable, makes manufacturing easier, and provides related benefits.

It also gives us an opportunity within a particular category to select models that have better gross margins. We have done all of these things.

Therefore, it is more than a cost initiative. It is a simplification exercise because we felt that we did not need so many models. For example, in washers, we might have had close to 95–100 different SKUs. That has almost been halved now.

As a result, many of the complications in the market have been simplified. The added benefits are that manufacturing changeover time has come down, raw materials are easier to manage, inventory is easier to manage, and all those benefits flow through.

Lakshminarayan KJ – Tunga Investments: In general, what comfortable margin do you aspire to have in the Home Appliances business, whether at the PBT level or any other level, and how far along are we in that journey? We are currently operating somewhere between 1% and 2.5%, approximately, correct? It has been somewhat volatile. I want to understand the aspiration for the business and how far along we are, assuming that commodity pressures and everything else are behind us.

Management: Let us look at the gross margin itself. Currently, our gross margin is down by 160 basis points compared with last year. If BOM costs are able to come down, that 1.6% can directly flow into the P&L. There are multiple such lines. Therefore, I would not be able to comment on what would be a comfortable level, but obviously the current PBDTs and related metrics need to improve.

Lakshminarayan KJ – Tunga Investments: You were with MRF, and MRF has always enjoyed the highest margins. If you look at IFB, we have a lot of ground to recover compared with LG, Whirlpool, and others. In general, what is the band that the organization is geared toward? I am not asking for an outlook, but what is achievable? Is it 3%, 4%, or 5%—some kind of number?

Report is AI-generated and may contain inaccuracies.

IFB Industries

14 August 2026

Management: In my opinion, PBDT should be in the early double digits.

Lakshminarayan KJ – Tunga Investments: Understood. Moving on to the engineering business, in Q1 26, or Q1 last year, it was mentioned as 186 crores, but in the current presentation it is showing 176 crores for the fine-blanking business. Should we take 176 crores or 186 crores for Q1 26?

Rajiv Mundhra: Can you please repeat your question? We are talking about Q1 of...

Lakshminarayan KJ – Tunga Investments: If you look at this quarter's presentation and last year's August presentation, which I think was the August 25 presentation, Q1 26 was mentioned as 185 crores. This year, the same number has been mentioned as 176 crores. I want to understand whether there has been some change in the base.

Rajiv Mundhra: Are you referring to PBDIT or Q1?

Lakshminarayan KJ – Tunga Investments: No, I am referring to revenues, specifically the revenues of fine blanking. To be precise, I am referring to page 25 of 41 in the presentation.

Rajiv Mundhra: We will look into it and come back to you separately on this, please.

Lakshminarayan KJ – Tunga Investments: Regarding the steel business, in the last 10 quarters, I think the current quarter has been a loss-making quarter. Can you help me understand why it was loss-making this quarter and what you are trying to do to improve performance in the steel division?

Rajiv Mundhra: This is Rajiv. I will take this question. The loss is due to the increase in raw-material prices. The commodity price, specifically steel, has increased over the last 6 months. In the current quarter itself, prices increased by around 4,125 rupees per metric ton.

The way the industry works is that this price increase is passed on to customers from the following quarter onward. That is how the industry operates. Therefore, we expect this price increase to be recovered from customers in the coming quarter.

Lakshminarayan KJ – Tunga Investments: What kind of capital efficiency do you aspire to in the steel division, in terms of ROCE? The rest of the business has a strong ROCE, so what is the plan for this division?

Rajiv Mundhra: The ROCE here is also in line with what we have in the other divisions, which is somewhere around 20% or thereabouts. That is how we continue to look at this business.

Lakshminarayan KJ – Tunga Investments: Lastly, regarding the motor division, we have seen some profitability there and now I see a loss. Is it primarily a timing issue, or is it also a material-related loss in the motor division?

Somesh: Mr. Lakshminarayan, Somesh here. Regarding the motor division, we will come back to you separately. You can...

Management: Take this question offline, perhaps on Monday. There is no representative from the motor division on this call today.

Report is AI-generated and may contain inaccuracies.

IFB Industries

14 August 2026

Operator: Thank you. The next question is from the line of Varun from Equitree Capital. Please go ahead.

Varun – Equitree Capital: I wanted one clarification on the IFB Refrigeration revenue growth this quarter. You have mentioned 2% on one of the slides and 14% on another slide. I wanted to know how much the growth in this segment was.

Management: The 14% growth is in IFB Industries, correct? Yes, that is right—14% volume growth in IFB Industries. The 2% growth is in IFB Refrigeration Limited. However, we will not discuss the performance of IFB Refrigeration Limited on this call. We have already discussed this earlier with another participant.

Varun – Equitree Capital: Could you provide some information on the battery project {? is it lithium-ion battery ?} that is currently on hold? Could you give us some details?

Management: We cannot disclose that now because the project is confidential. We received the LOI, but you might have seen in the newspaper that Tata Sons has taken a decision not to support the battery business. We are in active discussions with the management of Tata Agratas to understand whether they are going ahead with the project.

From our side, we were comfortable with the project, and we had acquired land for both the battery project and the stamping project. We therefore have to hold for a while as far as this project is concerned. This is the first time this type of project is being undertaken in India. Let us see how things develop.

Varun – Equitree Capital: What will be the capex for the full year?

Management: The capex is about {? 110 crores ?}.

Varun – Equitree Capital: Thank you.

Operator: Thank you. The next question is from the line of Shreyash Jain from Svan Investment. Please go ahead.

Shreyash Jain – Svan Investment: Hello. Can you hear me?

Management: Hello.

Management: We can hear you.

Shreyash Jain – Svan Investment: My first question is: can you help us understand the volume growth in front-load washing machines this quarter?

Management: Front-load growth was about 9–10%.

Shreyash Jain – Svan Investment: And ACs and top loaders?

Management: Top-load growth was much higher. Top-load growth was close to, or in excess of, 20%, and AC growth was about 6–8%.

Report is AI-generated and may contain inaccuracies.

IFB Industries

Shreyash Jain – Svan Investment: My second question is about the approximately 1,800 crores we spent on trade schemes and discounts. This number looks excessively high compared with other durable players. What are we doing in this area, and why is the number so high?

Management: Trade schemes are, to a large extent, part of how the industry works. At the end of the day, a lot of the... I am not sure whether we are completely off in this area. However, as you said, this is a number that we have to examine closely.

We do not want to do anything detrimental, but if there is any opportunity to plug leakages, we would definitely like to examine it and bring efficiencies into our spending.

Shreyash Jain – Svan Investment: Over the last few quarters, Mr. Nag had guided for approximately 150–200 crores of cost savings. Somewhere in the call, you mentioned 120–150 crores. First, are we lowering our cost-saving guidance from 200 crores to 150 crores?

Second, across product categories, you are also reducing SKUs. Should that not lead to incremental benefits in COGS or even lower fixed costs? When you undertake product SKU rationalization, should that not also lead to additional cost savings flowing through to you?

Management: It should. If you look at our cost initiatives, we achieved about 67 crores during the full year last year. We are getting about 42 crores in Q1. Together, that puts us at approximately 112–115 crores, which we have already achieved. We will continue to examine this area.

For the year, we are looking at 120–150 crores. We achieved 67 crores last year. Therefore, if you look at it, we achieved 67 crores last year and are targeting approximately 120–150 crores this year.

As you rightly said, we are constantly looking at new ideas to generate further benefits, and we will continue to work on that. New ideas come in, go through a process, and after careful screening we decide whether they can be productionized.

The team constantly works on ideas. If you look at the value of the ideas, it is significantly higher. However, some of those ideas do not pass through our screening process because we determine that some ideas do not benefit consumers. Therefore, many of those ideas are shelved.

We constantly work on developing new ideas. They go through a complete process to determine whether we can actually proceed with them before they are productionized.

Shreyash Jain – Svan Investment: My last question is about refrigerator sales. IFB Refrigeration sales are up 14%, but IFB Associate sales are up only 2%. Is it fair to understand that the incremental 12% represents inventory that IFB Industries already had and was therefore able to sell more? Ideally, I would have thought that 14% sales growth here would also mean 14% sales growth in IFB Refrigeration. Where is the disconnect? Were you holding refrigerator inventory earlier that you were able to sell this quarter?

Management: I do not know about IFB Refrigeration, so I cannot comment on that. When I am talking about IFB Industries, the volume growth is 14%. Somnath may be able to comment on the IFB Refrigeration matter.

IFB Industries

14 August 2026

Management: We will not comment on IFB Refrigeration Limited as a whole. Regarding the refrigeration products that IFB branches sold in the market, we received 14% growth, while the company's growth was 2%. These are separate matters and cannot be linked.

There are also branches of IFB Refrigeration. Perhaps they sold fewer units compared with the IFB Industries branches. We should not discuss this point on this call.

Shreyash Jain – Svan Investment: Understood. Thank you, and all the best.

Management: Thank you.

Operator: Thank you. We will take that as the last question for today. I now hand the conference over to the management for closing comments.

Management: Thank you, everyone. As I said last time, it is wonderful to attend this investor call and answer your questions. I genuinely feel that the nature of the questions shows that we have a set of investors who are genuinely concerned about our performance.

I hope that, with the 18% growth we have shown in Q1, we are close to achieving the 20% growth that we have been discussing. We continue to put our efforts into that.

We welcome your questions, and we look forward to these investor calls. Your questions also make us look inward, become nimbler, and look for more opportunities. We genuinely welcome these questions, and we look forward to the next quarter. We hope to present equally exciting numbers to you.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.