IFB Industries Limited

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10th November, 2026

The Manager
Department of Corporate Services
BSE Limited,
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai- 400001

The Manager
The National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No-C/1, G Block,
Bandra Kurla Complex
Mumbai - 400051

NSE Symbol: **IFBIND** | BSE Scrip Code: **505726**

Sub: Transcript of the earnings conference call for the Quarter and Half Year ended 30th September, 2026

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in furtherance to our letter dated 5th November, 2026 regarding the audio recording of the investor's earnings call for the Quarter and Half Year ended 30th September, 2026, please find enclosed herewith the call transcript. The call transcript is also available on the Company's website i.e., https://www.ifbindustries.com/financial.php.

This is for your information and record.

Yours Faithfully,

For IFB Industries Limited

RITESH AGARWAL
Digitally signed by RITESH AGARWAL
Date: 2026.11.10 18:18:42 +05'30'

Ritesh Agarwal
Company Secretary

"IFB Industries Limited

Q2 FY27 Earnings Conference Call"

November 05, 2026

MANAGEMENT: **MR. SANDEEP JOSEPH ABRAHAM – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, HOME APPLIANCES DIVISION – IFB INDUSTRIES LIMITED**
MR. SOUMITRA GOSWAMI – CHIEF FINANCIAL OFFICER – IFB INDUSTRIES LIMITED
MR. C.S. GOVINDARAJ – EXECUTIVE DIRECTOR, MANUFACTURING, HOME APPLIANCES DIVISION – IFB INDUSTRIES LIMITED
MR. AMAR SINGH NEGI – EXECUTIVE DIRECTOR, SERVICE, HOME APPLIANCES DIVISION – IFB INDUSTRIES LIMITED
MR. ARUP DAS – EXECUTIVE DIRECTOR, ENGINEERING BUSINESS – IFB INDUSTRIES LIMITED
MR. RAJEEV MUNDHRA – HEAD, FINANCE AND ACCOUNTS, ENGINEERING – IFB INDUSTRIES LIMITED
MR. KARTIK MUCHANDI – HEAD, FINANCE AND ACCOUNTS, HOME APPLIANCES DIVISION – IFB INDUSTRIES LIMITED
MR. RANJAN MOHAN MATHUR – NATIONAL SALES HEAD, HOME APPLIANCES – IFB INDUSTRIES LIMITED

MODERATOR: **MR. RABINDRANATH NAYAK – NIRMAL BANG EQUITIES PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the IFB Industries Limited Q2 FY27 Earnings Conference Call hosted by Nirmal Bang Institutional Equities. 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 this 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. Rabindranath Nayak from Nirmal Bang Institutional Equities. Thank you, and over to you, sir.

Rabindranath Nayak: Thank you, Alaric. On behalf of Nirmal Bang Institutional Equities, I would like to welcome everyone to the Q2 FY 2027 earnings call of IFB Industries Limited. 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, MD and CEO, Home Appliances Division; Mr. Soumitra Goswami, CFO; Mr. C.S. Govindaraj, ED, Manufacturing, Home Appliances Division; Mr. Amar Singh Negi, ED, Service, Home Appliances Division; Mr. Arup Das, ED, Engineering Business; Mr. Rajeev Mundhra, Head, Finance and Accounts, Engineering; Mr. Kartik Muchandi, Head, Finance and Accounts, Home Appliances Division; Mr. Ranjan Mohan, National Sales Head, Home Appliances Division. Please note that today's discussions may contain forward-looking statements based on current expectation, which involve risks and uncertainties that could cause actual result may differ materially.

The management assumes no obligation to update these statements in light of new information or future developments. Without taking much of your time, I would now like to hand over the call to the management for their opening remarks. Following the management's commentary, we will open the floor for the question and answer session. Over to you, sir, and thank you.

Soumitra Goswami: Good afternoon, everybody. I am Soumitra Goswami from IFB Industries Limited. I welcome you all to IFB Industries Limited investors call for second quarter of FY 2026/2027. Now, I will inform you about quarter two result. Revenue for the quarter was INR1,512 crores against last year INR1,327 crores, which is a growth of 14.04%. PBDIT for the period was INR90.92 crores, and its percentage to revenue is 6.01% as compared to last year's INR102.50 crores, which was 7.73% on revenue.

There is a decline in PBDIT amount by INR11.6 crores, which is a de-growth over last year by 11.3%. The decline in PBDIT was primarily driven by an increase in material cost due to hike in commodity price and adverse forex impact. Staff costs remained lower as compared to last year. However, other expenses increased due to higher payout in office expenditure.

PBT for the quarter stood at INR53.86 crores, which was 3.56% on revenue as against INR68.32 crores in the corresponding period last year, which is 5.16% on revenue. Quarter two PAT was INR39.56 crores, which was 2.62% on revenue against last year INR49.75 crores, which is 3.75% on revenue. Figures for YTD September 2026 are as follows.

Revenue for the period was INR3,042 crores against last year INR2,637 crores, which is a growth of 15.34%. PBDIT for the period was INR179.38 crores, its percentage to revenue is 5.9% as compared to last year INR172.45 crores, which is 6.5% on revenue. Like quarter two, material cost for the YTD period also remained elevated as compared to last year. Staff cost

decreased marginally during the year. However, operating expenses again increased like quarter two in the area of office expenditure.

PBT for the period was INR105.40 crores, which is 3.3% on revenue against last year figure of INR102.25 crores, which is 3.9% on revenue. Profit after tax for six months period was INR77.62 crores, which is 2.5% on revenue against last year INR75.11 crores, which is 2.9% on revenue. With this, I would request to start the question- and- answer session, please.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Lakshminarayan K.G. with Tunga Investments. Please go ahead.

Lakshminarayan K.G.: Yes, thank you. I just want to understand the Engineering business. There has been a strong traction in terms of growth. Can you just outline which subdivision is actually leading to this kind of a growth and what is the plan over the next couple of years? Because I see that there is a strong order book as well as you're making some investments on that front, that on the Engineering division. The second is I want to understand what has been the progress on the BLDC motors in terms of growth, either captive as well as an external.

Then third is in terms of the motors in general, I mean, which is outside the BLDC for the automotive motors, what kind of capacity utilization or plan you have? These are the questions related to the motor division as well as Engineering division. I also have a question related to the steel division in terms of, are you planning to add more capacity into the steel division and where the steel division, who are the customers of steel division, and is it more captive or is it external? These are the questions related to the non-home appliances division. Thank you.

Arup Das: This is Arup. I will take the question related to engineering division. As far as engineering division is concerned, we have achieved the budget in terms of top-line revenue as well as bottom line. This we expect to continue because we do not give guidance, but we expect to continue in the same fashion going forward if the market does not behave erratically or there is a sudden drop. We expect to continue the same growth pattern going forward.

Your question related to other areas which we have focused and which is the area which has given us the growth. As far as our growth is concerned, it was mainly concentrated around fine blanking, stampings. These are the two areas where our growth came from. As regards diversification, because we feel that disruption is on the cards with the advent of EVs.

We need to prepare ourselves adequately so that we are not taken by surprise when the numbers of EVs really climb up. In order to do so, we have orders from EV segment, as a result of which we have acquired land in Gujarat for the EV products that is absolutely 100% EV product. It is under construction now and expect manufacturing to commence by 2027, September, October onwards.

That is one part of it. Then we are setting up our new chain plant because there are certain government guidelines for which we were unable to import chain. As a result, our businesses were affected. What we decided is we go for our own chain plant. This not only adds to the existing bottom line, as well as our top line will also get considerably increased from present level. It will be advantageous situation for us. Even OEMs that are-

Moderator: Hello?

Lakshminarayan K.G.: Hello, I'm there. Yes, we're all there, but I think...

Moderator: Sir, Arup sir is not audible.

Lakshminarayan K.G.: I think you need to reconnect him.

Moderator: Okay. Ladies and gentlemen, please stay connected while I reconnect the management. Thank you. Ladies and gentlemen, the management is reconnected. Please go ahead, Arup sir.

Arup Das: Mr. Lakshminarayan K.G., can you tell me till where have you heard from me?

Lakshminarayan K.G.: I think, sir, you are talking about the EV thing and the Gujarat, and you said that growth is coming from the OEs, that I kind of didn't hear you after that. Can you just elaborate on what is the business mix of this business? Is it highly indexed towards two-wheelers, or what is the-

Arup Das: Two-wheelers, four-wheeler EV.

Lakshminarayan K.G.: Sorry, sir, your voice is not clear.

Arup Das: Four-wheeler EV.

Lakshminarayan K.G.: Okay. Sir, the engineering business, which the growth we have seen in the last two quarters, what is the business mix of the engineering business?

Arup Das: It is fine blanking and stamping, which has generated-

Lakshminarayan K.G.: My question is from the end application. I am asking from whether and how much is two-wheeler-

Arup Das: As far as end application is concerned, it is two-wheeler, four-wheeler, three-wheeler, electrical.

Lakshminarayan K.G.: Can you just give me the mix, sir? How much is towards two-wheelers and how much is towards the aftermarket?

Arup Das: As far as two-wheelers are concerned, it is around 50% As far as four-wheelers is concerned, it is around 40%. Electrical and three-wheelers all put together are another 10%.

Lakshminarayan K.G.: Are you seeing compression in margins? We see that a lot of auto component companies are facing difficulty in passing the gross margins through to the thing because the OEMs are asking them for margin, right? How are you seeing that? Are you able to pass on your cost increases?

Arup Das: See, it is an absolutely very good question. There is tremendous pressure from the OE side of reducing cost. That is why, if you have seen our presentation, you will find we have set up an engineering technology excellence center in Switzerland. The basic idea of forming this technology center was to ensure that we create a value to the product, make it more cost-efficient, reduce operations, thereby we become cost-efficient and we stay competitive at the same time

earn margins. This transfer of technologies from our company in Switzerland to our plants has really added mileage to our product cost, and we are benefiting out of it.

Lakshminarayan K.G.: Got it. Yes, sir. There are few more questions related to the others also.

Arup Das: As far as you talked about the Steel division, I will reply to the Steel division. The Steel division has gone for a capex and increased the furnace annealing capacity. So from a level of 1,500-1,700 tons, we have moved to 2,800 tons per month. So, that capacity buildup has already happened. We are trying to stabilize that process so that we can get the benefit out of the capex which we have invested.

This is number one. Number two, you talked about the customer base. One is internal customer, that is IFB, different plants having requirements of steel. That is one. Parallelly, we are also scouting for orders which are for outside customers. So, it is a mixed bag. You can say it is around 60/40.

Lakshminarayan K.G.: Got it. Yes, sir.

Moderator: The next question comes from the line of Srishti Jain with Monarch AIF. Please go ahead.

Srishti Jain: Thank you for the opportunity. Sir, in your earlier quarters, you had named a few actionables for the home appliances division: market share gains, sales force productivity, pricing position, and scheme discipline. This is ex of cost reduction. Could you probably score in each of these as to where we are and in which of these we are behind?

Sandeep Abraham: So, if you look at market shares on the washer, we have maintained our market shares or perhaps slightly gone up. On refrigerator and AC also, it is more or less a similar kind of situation. We have increased as far as microwave and dishwasher is concerned. As far as our various activities on the ground is concerned, when you look at it, there are multiple activities that are there.

One is this entire program which is on cost innovation and how do we bring our costs down, considering the negative impact of commodity and forex. To be fair, we have not been able to recover whatever was the increase in commodity and forex, but we have done a reasonably good job out there, and that is a continuous process that is happening.

A lot of work, as you rightly pointed out, is happening on the field, when it comes to getting our in-store promoters in place, getting our visibilities up, our displays up, and all those things. That is one of the things which is resulting in the growth that we are seeing in the business. All these places, I would presume that it is a continuous process, and therefore, we continuously need to work on it. There is no end game in it. It is a process that we will have to continuously work on.

Srishti Jain: And sir, specifically on the scheme and incentive rationalization or rejig that we were trying, right? How has the channel reaction been? Have we lost any share or shelf presence anywhere?

Sandeep Abraham: We are not necessarily saying that we are going to cut down and things like that. There are two things that we are saying. Our schemes should be able to deliver the volumes that we are looking

at. In that unlikely event of not delivering, then there has to be some, for that inefficiency that is there, we should be able to take back or not pay what is not due.

Therefore, I would not say it is a cost-cutting or a scheme reduction program. It is just a thing saying that there is a volume that you are supposed to do. You do the volume, please take the money. We would love it if you do the volume because we do not want to save money. We would like you to do the volumes.

But if you do not do the volumes, then basis whatever is your achievement, there would be a graded payout that is there. That is fair. I believe that as long as we are fair to trade and we are not doing anything which is not fair, the trade is also fair to us, saying that, "Okay, fine, I have given a commitment of a volume. If I have not done the volume for whatever reason, then it is fair that you do not give me the full payout." I think as long as we are fair to each other, the system will go on properly.

Srishti Jain: Got it. Last one, right? How much headroom do we have in our cost innovation program? Once it is there in our base, right, what are the two, three levers that you are looking for, that will probably take us from the 6% margins that we have to double-digit margin that we want?

Sandeep Abraham: Yes. One thing that is really there is that the current scenario has obviously made us look inwards and see that what are those places where inefficiencies are there, and how do we take care of that. The good thing about these is that whenever you do these inward things, then they are there to stay.

Once the external factors ease out, a lot of the work that we have done internally are there to stay, and hopefully the external factors will ease out, and therefore we will start getting the benefits of that. Again, as I said in the previous case also, this is also a continuous process. We had certain numbers in our mind. We have been able to get those kind of cost savings that are there.

Yes, it is a continuous process because commodity and forex is not easing out, and therefore, we have to now keep on looking at better ways of doing things. However, as a company, we said that whatever we are doing, it should not be compromising on customer experience. So whether it be the quality of our products or the features that we offer, there cannot be any compromise on that, because that would have been the easiest thing, to take off some features or reduce the quality of our products.

But as a company, we believe that our customer experience is something that we have built over years, and that is not something that the current scenario can allow us to liquidate. Therefore, we continue to provide the same quality products with the same kind of features that are there, but looking at inward things. We will have to continue to look at it till the external factors ease out.

Srishti Jain: Perfect, sir. I will join back the queue.

Moderator: The next question comes from the line of Vivek Kumar with Geometric Securities. Please go ahead.

Vivek Kumar: Sir, am I audible?

Moderator: Yes, you are.

Vivek Kumar: Sir, thanks for the opportunity, sir. You have been guiding of 20% growth in appliances, but not just this year, but if you see over the last few years, I know you were not there, sir, but. Is it more of competitive pressures or is it more of I am not talking about the margins, I am talking about the sales growth.

Are we losing market share somewhere? Because you have just mentioned in the previous question that market shares also you were not losing. So how should we understand, is the market growth low or what are the This 20% growth, Bikramjit Nag sir also used to say that minimum should be 20% growth because we have so much room in distribution and product. If you can little bit diagnose and please help us understand things better, sir.

Sandeep Abraham: Yes. If you look at quarter one, we grew 18%. At that point of time when I was asked the same question, I said we have already grown 18% and therefore 20% is definitely on. Second quarter, we grew 10.5%, and one of the reasons that you need to understand is that this year, there is a shift in Diwali. Diwali last year was on 20th of October, and this year it is on the 8th of November, and therefore there is a shift in Diwali and all other related things, whether it be Dhanteras and all those things.

That has got shifted to the next quarter. So Q3 is when Diwali happens, and then all of us run Diwali-specific schemes and all. Last year, it would have got over in Q2, but this year, it gets over only in the first month of Q3. Therefore, the 10.5% looks muted, but I do not think there is anything wrong in what we are doing. Yes, so we will stick to that 20%.

Vivek Kumar: Overall yearly growth would be 20%, is what you are saying?

Sandeep Abraham: Yes. Currently, we are at 14.2%, - 14 .5% percentage is what we are currently growing at because of the first quarter of 18%. We should have a good Q3. I mean, we cannot give you a forward guidance, but I am presuming that we should have a good Q3. Yes 20% growth isaspirational, but we would like to be somewhere close to that.

Vivek Kumar: The second question is, in the presentation, you have mentioned that front loaders have grown at 40%. Are we also maintaining that growth, or are we seeing some competition and losing market share there?

Sandeep Abraham: Across, no, we have not lost market share. When you look at the overall category, we have not lost market share. But yes, competition is stiff. In front loader, one of the things that is happening is the higher capacity is becoming bigger and bigger, the 12 kg and above. We are seeing it in all our categories also. People seem to be migrating to the higher capacity. There was a time when people used to be buying 6.5 kg and 7 kg. That is slowly shifting and is moving to 8 kg and above.

There is a new segment which is 12 kg and above, which is there, which is a significant portion of our market. At this point of time, we do not have a 12 kg. We got a 11 kg product, and that is

a small product gap which we will be trying to rectify. Competition is there, and we are trying to play in the 12 kg market with an 11 kg offering.

Vivek Kumar: Have we lost market share in front loaders or no? Like you mentioned, we don't-

Sandeep Abraham: No, we have maintained. We are maintaining our market shares.

Vivek Kumar: 20% would be aspirational even in the medium-term basis, sir? Because Bikramjit Nag sir used to say it like 20% would be minimum. How should we think? What are the levers available for us to-

Sandeep Abraham: Let me see where Q3 ends, then I think, yes. But 20% definitely, going by what we did in Q1 and considering that Q3 should have Diwali in it, we should definitely pull up some numbers. But at this point, as I said, we are at about 14.5%, which is, if you look at it, last year we grew by 9.8% for the full year. So H1, we are at 14.5%. So we are significantly more than what we did in the entirety of last year.

Vivek Kumar: No, sure. That I understand. But you are guiding us for before. Last question is, on ACs and refrigerators, sir, any guidance on market share and how are we looking at product profile? Where are we positioned in these two, AC and refrigeration?

Sandeep Abraham: Market share are too small at this point of time, and we are making some inroads, but market shares are too small. But we are definitely making some inroads as far as AC and refrigerators are concerned.

Vivek Kumar: Any idea on positioning, sir? Where are we positioning in those segments, like the premium or?

Sandeep Abraham: All our products are basically on quality, and therefore, we would like to be on the premium side of the segment. And there also, when you look at it, if you are looking at AC, we would definitely like to work on the higher 1.5 ton, five-star, 2-ton, and those kind of products. When you look at refrigerator, in fact, the presentation also talks that our focus has been on the frost-free segment. Therefore, while the market is lesser as far as frost-free is concerned, we would like to take it to at least one-third of our business to come from frost-free, which is the more premium of the offerings.

Vivek Kumar: Sir, on the Engineering division side, there was uncertainty regarding Tata's project in Sanand. How is it going? Any update on it?

Arup Das: This is Arup here. We are going ahead with the project. We have got the LOI, and construction of the factory is commenced.

Vivek Kumar: Thank you. Sir, we should assume 20% growth rate to continue in the medium term, right? That is what you were saying before, earlier also, sir.

Arup Das: I said, we would like to continue in the same fashion, provided the market doesn't slump due to economic condition or something of that sort. If it happens, then it's a different story. Otherwise, we should be in the same level as we are.

Vivek Kumar: Thank you, sir. Thank you very much.

Moderator: The next question comes from the line of Madhur Rathi with Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Firstly, I wanted to understand how come our rental expense in the cash flow statement has increased from INR26 crores to INR64 crores for the first half. Due to that, our H1 standalone EBITDA has fallen from INR134 crores to INR105 crores.

Soumitra Goswami: Soumitra here. In case of rental expenditure, why this thing has gone up it was due to addition of ROU asset? I mean the leased asset had increased in the first half as compared to last year. That is why it is affecting the cash flow also.

Madhur Rathi: Sir, since basically rent is not a part of EBITDA, I think about it logically. Basically, our H1 EBITDA has actually fallen due to the increase in rent outgo despite the increase in revenues.

Soumitra Goswami: Are you talking about P&L or you are talking about cash flow?

Madhur Rathi: I am talking about our EBITDA.

Soumitra Goswami: EBITDA percentage is not affected by rent expenditure because rent is coming below PBDIT, Rent is not considered before calculating EBITDA.

Madhur Rathi: Sir, no matter what the accounting standard is, logically speaking, operating profit cannot include rent. Operating profit will be arrived at after subtracting the rent, no matter what the accounting standard might say. If we look at our cash-

Soumitra Goswami: Just a minute. You are looking at our P&L, right? Company P&L.

Madhur Rathi: I am looking at your cash flow statement, which says operating profit before working capital changes is INR169 crores versus INR160 crores year before for H1, standalone.

Soumitra Goswami: Are you talking about cash flow? Are you asking cash flow?

Madhur Rathi: Cash flow statement.

Soumitra Goswami: Okay, let me see once. You again come back in the queue, I will be giving you the reply.

Madhur Rathi: Yes, sure. I'll move on to my next question. Sir, so now we had planned since past over two years to reach 10% EBITDA margin in our appliances business. So how near or how far are we from that? And of course, in the light of the increase in the commodity prices and the forex depreciation. Sir, so despite this, is that target intact of 10% EBITDA margin in appliances business?

Sandeep Abraham: No, we are not. In fact, Sandeep here, if you look at it, the increase in material cost itself is about four odd percentage. Therefore, that has really hit us as far as our gross margins and all those things are concerned. This is despite all the cost initiatives and all those things that we have done. Despite that, our BOM cost has gone up by about 4.3%. If that had got added and if that

had not happened, that's a very theoretical thing, but if that would not have been, then we would have been still not at 10%, but somewhere close to 10%.

Madhur Rathi: Sir, so what kind of price hike have we taken and what price hike is the industry on the whole taking because the rupee depreciation and the commodity inflation is for everybody?

Sandeep Abraham: Yes. The price hikes are happening, but are the price hikes the industry price? And we definitely look at every opportunity that is available to take a price hike without being uncompetitive in the market. So the industry has also taken price hikes, but the price hikes from the industry has not been good enough to manage the BOM that is there. And that I think is a phenomenon across the industry. While I wouldn't want to comment on other companies' performance, but I'm sure you would have read that it's a phenomenon across. So our price hikes have not been in line with what was required to pass on the commodity increases.

Madhur Rathi: Sir, like you quantified that 4% is the increase in the commodity and the forex hit. Similarly, what is the price hike that we have been able to take in the appliances division, the weighted average price hike?

Sandeep Abraham: The commodity increase is not 4%. I said the BOM increase. If you look at the percentage of net revenue of BOM, was about four odd percentage that is there. And we are nowhere close to that when it comes to our price setting figure.

Madhur Rathi: Sir, and sir, also we had plans to decrease our fixed cost by INR3 crores, INR4 crores per month. Are we near? Has some part already happened or it is still to take place?

Sandeep Abraham: We have had some reduction as far as our staff cost is concerned. When you look at staff cost, there are two things that are happening. There are people who are leaving, and then you have an option of either filling it up or not filling. We are close to about 100 odd positions we did not fill up. And then you also get the benefit of when somebody new is being brought in, you can bring in a more experienced person. If he's being replaced with a less experienced person, you get that benefit also.

As a result of it, as a combination of this, the number going down by an X number, and because of initiatives that we have taken as far as salaries are concerned, despite giving the annual increment, we've been able to reduce our staff cost in Q2. Some of the others have continued to increase, because they are all seeing EVs and all those things are things that keep increasing. There is some impact as far as the staff cost is concerned.

Madhur Rathi: Now, sir, we had mentioned in our annual report that we had plans to decrease our trade scheme and discounts, which were approximately INR1,800 crores, which is a very significant number. It is 25% of our appliances division revenue. Have we seen any progress on that count?

Sandeep Abraham: As I said, the idea is not to reduce the schemes per se. The schemes have to be effective enough to deliver what it is supposed to deliver. What we have now done is that because there are these commitments that our partners do with us, we have been able to put in a factor wherein we say that if you do not do what you are supposed to do, then your payout will be accordingly adjusted. The idea, I do not think, is to reduce things.

We would rather have that our trade schemes actually deliver the targets that the partner has agreed with us. We will continue to do that. We will put our initiatives in such a way that it is attractive enough to top our partners to deliver what they are committing to us. However, if they are not able to, which is only fair, if they are not able to do it, then their payout will be graded.

Madhur Rathi: Understood. Now, sir, our engineering division is a star performer and a consistent one at that. Sir, the revenue last year of this division exceeded INR1,000 crores also. Sir, why don't we just demerge the engineering division, which is mature enough to stand on its own feet, so there can be enormous value unlocking?

Arup Das: Soumitra.

Soumitra Goswami: Arup take the question please.

Arup Das: See, at this juncture, we don't want to demerge because we have our focus on many things. You might have seen that there are many projects which are already in pipeline, so we want to focus on that, streamline those, and then maybe in future, as we find it right, we will definitely think about your proposal. But at this juncture, no such proposal is on the cards.

Madhur Rathi: Now, sir, we have 10 manufacturing facilities, and I can see that many of them are at the same location. For example, we have three in Goa, three or four in Bangalore, again, three, I believe, in Kolkata or Howrah. Sir, any plans to consolidate these facilities to basically streamline operations and reduce costs?

Arup Das: I will-

Soumitra Goswami: Soumitra here. As of now, there is no such planning to consolidate all the plants.

Madhur Rathi: Understood. And sir, lastly, sir, in the industrial washing machine segment, the commercial washing machine segment, sir, what would be the market size, and are we the industry leader over there, or over there also, there is some competition of maybe Chinese imports or something like that?

C.S. Govindaraj: Hello, this is Govindaraj here. I will take this question. According to the information, whatever we have, we are number one in that segment. Approximately about 20%-25% is the market share. And there are players who manufacture in India, as well there are imports coming from Europe and U.S.

Madhur Rathi: Sir, so last year, this division did a INR104 crores revenue. So, if we are 25%, then broadly the industry, the market size is around INR400 crores for the whole segment?

C.S. Govindaraj: Yes, it is about INR400 crore-INR500 crores. Because there is no one agency which is giving the total market size. This is based on the information what we get in the market, as well as the import data.

Madhur Rathi: Sure, sir. Thank you very much and best of luck.

C.S. Govindaraj: Thank you.

Madhur Rathi: Thank you.

Moderator: The next question comes from the line of Saket Kapoor with Kapoor & Company. Please go ahead.

Saket Kapoor: Yes, sir. Firstly, in continuation to the question raised from the other participant, sir, do we have an answer for the rent part which he raised about-

Soumitra Goswami: Yes, Soumitra here. Rent I will be coming back separately. Offline, you please ask the question to me, I will be answering.

Saket Kapoor: Because what we can read from the cash flow from financing activity is there are two portions to it. The lease rent paid as principal portion and the lease rent paid as interest portion.

Soumitra Goswami: And interest portion.

Saket Kapoor: Yes, yes. Both are there, so how to account for it and yes.

Soumitra Goswami: Your point was one minute. Your point is that why the lease rent paid principal portion has increased as compared to last year?

Saket Kapoor: Yes, sir.

Soumitra Goswami: In-detail the breakup is not available with me right now. I will come back

Saket Kapoor: Okay.

Soumitra Goswami: And answer the question to you offline, not in this call.

Saket Kapoor: Okay. Sir, now coming to the first thing, the Engineering division. When we look at slide number 23, we have very well mentioned that we were looking at a new order booking to the tune of INR500 crores, wherein we have achieved as of the event date, the order booking is INR220 crores, and the RFQs and all are mentioned. If you could just give us some color, sir, how is this division going to shape up for H2? I think, sir, that you were answering about the Tata project. What is the capex that has been planned, and what kind of asset turnover or margin you can outline for us?

Arup Das: As far as H2 is concerned, as I told the earlier speaker, we don't give guidance. If there is no market downtrend or economic situation going bad, we should be round about this level, definitely. As far as the order booking is concerned, yes, sir, in INR220 crores, there are splits of ICE, EV lucrative, EV profitable. Those businesses are there. The capex in Gujarat, where we will be making products for the EV four-wheeler, has a capex of INR103 crores.

Saket Kapoor: INR110 crores, and we will be manufacturing EV? I didn't get your point clearly, sir. You are not properly audible.

Arup Das: I said it is EV car product.

Saket Kapoor: EV car product.

Arup Das: Because we are governed by NDA, we cannot disclose now. It will get disclosed once manufacturing starts.

Saket Kapoor: Okay. The capex is INR110 crores, you mentioned.

Arup Das: INR102 crores.

Saket Kapoor: INR102 crores?

Arup Das: INR102 crores, something

Saket Kapoor: Hello?

Arup Das: Yes.

Saket Kapoor: There is a lot of noise, sir. I cannot hear you clearly. There is a sound.

Arup Das: INR103 crores.

Saket Kapoor: Okay, INR103 crores. We will be doing the capex for H2 itself. When it will be commercializing the project.

Arup Das: No, no. In two phases. In two phases. It will be 2026-2027, 2027-2028.

Saket Kapoor: Okay. What kind of asset turnover should we expect from this?

Arup Das: I will check and come back. I will check and come back.

Saket Kapoor: Okay. Sir, so, and also, sir, when we look at the closing balance for CWIP, that is, capital work-in-progress was INR40 crores. For the first half, I think, so we have done INR56 crores of capex, I mean, for purchase of plant and machinery. So, if you could just segregate where have we spent the money, what kind of getting capitalized for the H2? How much we get capitalized for H2?

Arup Das: Rajeev, can you take this question, please?

Rajeev Mundhra: Hi, this is Rajeev. Sir, I think, this is, you are talking about our company as a whole, that CWIP, no?

Saket Kapoor: Correct, sir. Correct, correct. Yes.

Soumitra Goswami: Soumitra, here I am taking this question. Our total capex in the first half, quarter one was INR12.43 crores, and quarter two is INR16.15 crores, totally INR28.58 crores for the half year period. Whatever there is as capital WIP, that is basically due to various projects which are going on. The moment it will be capitalized, it will be coming within the list of capex. As of now, it is not completed, so it is lying in the capital WIP. It will come in the main capex item the moment the job will be over.

Saket Kapoor: Right, sir. That is very.

Soumitra Goswami: I am telling you another thing. You had asked me about leased rent, then principal portion, why it has increased from INR19 crores to INR57 crores. Out of that, whatever has increased, that is basically the lease rental paid for our Gujarat plant. Whatever we have paid INR37 crores, it is basically coming here. So INR18.99 crores has become INR57.45 crore.

Saket Kapoor: Okay.

Soumitra Goswami: Another participant also asked me this question.

Saket Kapoor: Yes, yes.

Soumitra Goswami: Because this is coming under cash flow under financing activity.

Saket Kapoor: Okay. This will be acting as on the asset side only. It will not flow through the P&L.

Soumitra Goswami: **Yes,** This is not coming to the P&L.

Saket Kapoor: Soumitra, when you were mentioning that when it will get capitalized, what is the timeline for this INR39.5 crore?

Soumitra Goswami: That we will have to see item by item. Suppose in the capital WIP, there are 50, 55 items. We will have to see line by line when it will be getting capitalized. Maybe by over a period of seven, eight months, it should be capitalized. But I cannot tell you right now that how much will be capitalized within three to five months, i.e within Mar 27,

Saket Kapoor: Got your point. One more point on the cash flow. I think our income tax net of refund is closer to INR23 crores. Can you give me an understanding, what have been the advance tax payment? This is because this is net of refund. How much have you paid for the first half?

Soumitra Goswami: Advance tax payment, I think we have paid INR11 crores in the first quarter, and second quarter we paid around INR14 crore.

Saket Kapoor: INR25 crores is what we have paid proportional to 45% of the tax liability.

Soumitra Goswami: Yes, 45%.

Saket Kapoor: Right, sir. Lastly, sir, for this share of loss from the associate, I think it's pertaining to the refrigeration part of the story, but since it is affecting our consol number, just to understand key reasons why is our associate in red, or are we losing money on the venture? What is the thought process?

Soumitra Goswami: The associate is a separate company, IFB Refrigeration Limited. It's a call of IFB Industries Limited. We will not be discussing here. But the share of loss of the associate, I can share with you. We have taken INR6.23 crores in the first half against last year INR3.23 crores. Basically, refrigeration has increased their loss because very high material cost. Material cost has gone up by 8%-10% because basically in their case, most of the materials are oil-based.

Due to this war, all the materials price has gone up. So it has actually affected the P&L of IFB Refrigeration. I am not going into the details, but we have taken a loss of INR6.23 crores for the six-month period against last year INR3.23 crores. The loss has increased in our P&L for associate company by INR3 crores, from INR3.23 crores to INR6.23 crore.

Saket Kapoor: Right. Okay, sir. Thank you for all the reply and hope for a very prosperous recovery for IFB as an organization also and for everybody. All the best.

Soumitra Goswami: Thank you.

Moderator: The next question comes from the line of Lakshminarayan K.G. with Tunga Investments. Please go ahead.

Lakshminarayan K.G.: Yes. Sir, if I just look at the small appliances and the large appliances, and if the large appliances, I am referring to the segments which we are in, I think based on our channel checks, we see that the small appliances have taken price increases very easily. Whereas large appliances companies haven't taken any meaningful price increase. Just want to know whether that is true, that is like the industry-wide nobody's taking price increases.

Second, if I just look at the numbers which one of your large competitors have actually reported today, somehow they have maintained their margins at a gross level. Want to understand, what is holding us back in general? That is number one. Second, want to understand what kind of expenses we have incurred in advertising sales promotion in the last six months and how that compares with the previous year's six months.

Soumitra Goswami: Mr. Lakshminarayan, Soumitra here. I will be taking the last question of yours first. The sales promotion expenditure in our P&L account, actually there are two parts. One is pure advertisement and sales promotion, another is Counter Sales Representation (CSR) expenditure. Firstly, I am telling you the quarter two expenditure.

Quarter two expenditure, if you see from the company level, sales promotion expenditure has come down from INR32 crores to INR25 crores. CSR expenditure stands same, INR50 crore. Total sales promotion, including CSR, it is coming down from INR81 crores to INR75 crores. It is 4.96% on revenue this year against last year 6.13% on revenue.

For the half year period, for YTD September period, the sales promotion expenditure have gone down from INR62 crores to INR54 crores. CSR expenditure remains same, at INR95 crore. Sales promotion expenditure, including CSR expenditure, from INR156 crores has come down to INR139 crores. In terms of percentage to revenue total, it is 4.58% in the current year as compared to last year 5.92%.

Lakshminarayan K.G.: Okay.

Soumitra Goswami: The other question, Mr. Abraham can take.

Sandeep Abraham: Yes. As far as the question of small appliance and large appliance, I'm not too sure how much small appliances is taking, but because perhaps the ticket size is smaller, if I were to take a good

increase also, what would impact the customer might be low. Coming to our portion, as far as large appliances are concerned, yes, I do agree that we can definitely do with a lot more of price increases than what we have done. As a company, we would have liked to do it, but we need to be competitive, and therefore, we are being cautious when it comes to our price increases.

Also, the industry might be a little cautious because these are peak selling periods for us, and therefore, a lot of other industries, we are finding that because the products have become completely uncompetitive, there are other industries which should have also done well during this period who are reporting that their shipments are bad and the sales are bad and things like that.

I don't want to comment on the industry. But there are other industries which normally tend to do well during this period of time, who went ahead with large price increases, and the general paper reports say that the products have become completely outpriced and customers are delaying their purchases.

I think it's a little cautious approach by the industry that because they are larger value items, and therefore, during the festive period, we should not be seen as completely outpriced, where a customer would say that, "Okay, fine. Let me delay or postpone or cancel my purchase." But to your point that, yes, we could definitely do with better price increases.

Lakshminarayan K.G.: Sir, I want to understand, what is our sales mix across multiple regions in India, either by north, east, west, south, or by tier one, tier two, and also in terms of our channel mix, and how, in the last one year or so, that has changed? What kind of distributorships or dealerships or sales points you have actually increased? Any color on that?

Sandeep Abraham: I wouldn't get into too much of details, but for the industry, south will be a large market. So, south is traditionally a large market for the industry, perhaps followed by west, and then north, and then followed by east. That is how normally the industry operates in our category. As far as our counters are concerned, I think sometime back I'd said that our concentration is on the key outlets. We have identified a set of key outlets, which is where a large portion of the business is happening.

So, our entire focus is on ensuring that we give superior coverage to those key counters that we have identified. They're spread across the country, across tiers, and things like that. E-commerce is also a large player. Depending on festive periods, e-commerce does well in certain periods, and then suddenly goes quiet for the remaining portion of the period. It's a very dynamic market. Months change.

Lakshminarayan K.G.: Is there any places that... Sir, sorry. Is there any-

Sandeep Abraham: Yes.

Lakshminarayan K.G.: Places where you are under-indexed with respect to the market, where you can actually really catch up more? I mean, how have you because sales is a mix of distribution expansion and product expansion. What kind of footprint expansion you have done? Let's say if you base it to 100, like 105 or 110, what is the kind of expansion you have done on the distribution?

Sandeep Abraham: No, here, if you look at the appliances division, it is weighted distribution that becomes important. It is not just numerical distribution that is important. It is weighted distribution that is there. Unlike in a typical FMCG, where you say that, "Okay, go and give your product to every shop and look at numerical distribution." Here, I think what is very critical is the weighted distribution. You tend to go to a certain set of counters when it comes to buying your home appliances, unlike in FMCG, where you might just walk across to the nearby shop and say that, "Okay, fine, I don't care, but I go and buy out there." So, we go by weighted distribution, and what is important, therefore, is that how do you get more out of those critical counters?

So, there, it becomes -- because this industry also operates in a way by which the large counters give you the space, but everything else is your responsibility. Therefore, getting your displays out, getting people to promote your product, ensuring that the returns per square feet, as far as the counter is concerned, how do you able to maximize it, ensure visibility is there. Those are the tricks of the game. Therefore, a lot of focus is on ensuring that we get those right.

Lakshminarayan K.G.: Got it. Thank you. Thank you, sir.

Moderator: The next question comes from the line of Pulavarthi Kiran with Pulavarthi Finserv. Please go ahead.

Pulavarthi Kiran: Yes. Hi. Thanks for taking my question. Sir, just one question on the capital allocation. As an organization, we were never, what I can say, taken debt to expand. However, you were more disciplined in terms of your capital allocation, in terms of maneuvering the growth versus the capex. Do you foresee now there are many more opportunities, both in engineering and consumer durable business, where you can use debt more effectively to improve the ROCE?

Soumitra Goswami: Soumitra here. Basically, in our company, basically, we are following a principle. Whenever some capex or project is going on, we are following a 1:1 thing, debt versus equity. But now, particularly engineering division is on expansion mode. Many things are coming in that division.

So basically, going forward, we'll be understanding the requirement, and accordingly, we'll be finalizing that how much to borrow and whether we'll be using our internal accrual also, because we have money in our balance sheet. We may use that also, or we may borrow also. Final decision has not been taken. We'll be taking it, but I told you that as a policy, we are generally following 1:1 thing, debt and equity.

Pulavarthi Kiran: But in spite of that, your net debt has always been the cash positive historically, isn't it?

Soumitra Goswami: Yes, cash positive always.

Pulavarthi Kiran: Can that change, sir, going forward?

Soumitra Goswami: Hello?

Pulavarthi Kiran: Can that change? What I mean to say is that the consolidated-

Soumitra Goswami: I am not in a position to tell you this at this point of time. I told you that going forward, based on the situation, based on the requirement, we may change our policy. As of now, generally, for Battery Can project which is coming in Gujarat, we are going to do one : one policy there.

Pulavarthi Kiran: Understood.

Soumitra Goswami: As of now, there is no change in policy.

Pulavarthi Kiran: Understood. Sir, one added question over there is that you were always suggesting that you are evaluating many potential targets to acquire. Even in the annual report, you said that you have almost evaluated 70+ companies, but were unable to proceed on that. If you can just help us understand in the last maybe six to seven months, is there any update? What has been your experience in terms of acquisitions? How do you think about it?

Arup Das: I will take this question. We have seen more than 72 companies till date. There are many more companies which are out for sale, et cetera. Our objective was always to go for a company which has synergy with our product line, number one. Number two, it should not be disruptive product line.

Means today we buy the company and seven or eight years or 10 years down the line, the product becomes obsolete. All those parameters which we are looking forward to, a good customer base, a good product line, having future growth opportunities, and not disruptive in nature, all these things we are trying to look for.

Moderator: Sorry to interrupt, sir. You are not audible.

Soumitra Goswami: Sir, he is connected or he is disconnected now?

Moderator: Sir, he is connected, but just not audible.

Soumitra Goswami: I think we can move forward to the next question.

Moderator: Sure, sir. A reminder to all the participants, please press star and one to ask a question. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for the closing remarks.

Sandeep Abraham: Okay. I am Sandeep Abraham here. As I always say, it is a pleasure to be able to interact with our investors and give them an idea of where we are and what is it that we are looking at. A lot of the questions that you ask help us sort of hone what we are doing and make things better. There were questions that came on fixed costs. There is always this question of increasing, growing at 20%.

There is this question on EBITDA being double digits. These are questions that keep coming, and these are questions that we are fully looking at how do we ensure that we deliver some of those things. We really are appreciative of the questions that you are asking and the time that you are spending with us. It will help us take IFB to the next level.

With all your help and your guidance and all your interests that are there, we are confident that we will be able to do that. Also, festive times, so on behalf of the entire IFB group, we would like to wish all our investors a happy Dhanteras and Diwali, and I hope it is going to be a very prosperous period for all of you and for us. Thank you very much, and festive greetings.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Nirmal Bang Institutional Equities, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.