

12th November, 2025

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, 2025

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in furtherance to our letter dated 7th November, 2025 regarding the audio recording of the investor's earnings call for the quarter and half year ended 30th September, 2025, please find enclosed herewith the transcript of the said call.

The said 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
Company Secretary



“IFB Industries Limited Q2 FY ’26 Earnings Conference Call”

November 07, 2025



MANAGEMENT: **MR. BIKRAMJIT NAG – CHAIRMAN**
MR. P. H. NARAYANAN – MANAGING DIRECTOR,
ENGINEERING DIVISION
MR. C. S. GOVINDARAJ – EXECUTIVE DIRECTOR –
MANUFACTURING (HOME APPLIANCES)
MR. SOUMITRA GOSWAMI – CHIEF FINANCIAL
OFFICER
MR. JAYANTA CHANDA – CHIEF FINANCIAL OFFICER
(ENGINEERING DIVISION)
MR. KARTIK MUCHANDI – HEAD -FINANCE &
ACCOUNTS (HOME APPLIANCES)
MR. RANJAN MOHAN – NATIONAL SALES HEAD
(HOME APPLIANCES)
MODERATOR: **MR. ARSHIA KHOSLA – NIRMAL BANG EQUITIES**

Moderator: Ladies and gentlemen, good day, and welcome to IFB Industries' Q2 FY '26 Earnings Call.

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

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees for future performance and involves risks and uncertainties that are difficult to predict.

I now hand the conference call over to Arshia Khosla from Nirmal Bang Equities. Please go ahead.

Arshia Khosla: Thank you, Anjali. I, Arshia Khosla, on behalf of Nirmal Bang Institutional Equities, welcome you all to the 2nd Quarter FY '26 earnings conference call of IFB Industries Limited.

From the management today we have Mr. Bikramjit Nag – Chairman; Mr. P. H. Narayanan – MD (Engineering Division); Mr. C. S. Govindaraj – ED (Manufacturing); Mr. Soumitra Goswami – CFO; Mr. Jayanta Chanda – CFO (Engineering); Mr. Kartik – Head (Finance & Accounts); Mr. Ranjan Mohan – National Sales Head (Home Appliances).

I would now request the management to give their opening remarks, post which we shall open the floor for Q&A. Thank you, and over to you, sir.

Soumitra Goswami: I am Soumitra Goswami, the Chief Financial Officer of IFB Industries Limited. I welcome you all for IFB Industries Limited Investors Call for Q2 of FY '25-'26.

Now, I will inform you about the Q2 Result:

Revenue for the quarter was Rs. 1,327 crores against last year's Rs. 1,189 crores, which is a growth of 11.5%. PBDIT for the period was Rs. 102.5 crores and its percentage to revenue is 7.7% as compared to last year's Rs. 79.04 crores, which was 6.6% on revenue. PBDIT amount came across a growth of 30% year-on-year. Fixed expenditures for the quarter were well within budget. PBT for the period was Rs. 68.3 crores, which is 5.2% on revenue against last year's figure of Rs. 44.6 crores, which is 3.8% on revenue. Q2 PAT was Rs. 50 crores which is 3.8% on revenue against last year's Rs. 33 crores which was 2.77% on revenue.

YTD September 2020 figures are like this. Revenue for the period was Rs. 2,637 crores against last year's Rs. 2,434 crores which is a growth of 8.4%. PBDIT for the period was Rs. 172.45 crores, its percentage to revenue is 6.5% as compared to last year's Rs. 165.57 crores which is 6.8% on revenue. Performance for the YTD period was impacted due to subdued Q1 results,

which impacted the overall growth momentum for the six-month period. Fixed expenditures like Q2 were well within budget. PBT for the period was Rs. 102.25 crores against last year's figures of Rs. 97.04 crores. Half-year PAT was Rs. 75.11 crores which is 2.8% on revenue against last year's Rs. 72.14 crores which is 2.9% on revenue.

Before we move to the question-and-answer session, I would like to highlight briefly on some important points where we intend to focus on for driving our future improvement. Those points are; ongoing material cost reduction initiatives are expected to deliver annualized savings of Rs. 200 crores.

Soumitra Goswami: It is for appliances division only. All the initiatives what I am talking now it is for appliances division only. Material cost reduction initiative are expected to deliver annualized savings of Rs. 200 crores. Out of that, Rs. 14 crores we have realized already in first half and balance amount of around Rs. 60 crores to Rs. 70 crores will be realized in second half of the year. On fixed cost reduction, we did not do well in this area. The team has been prepared, the team is focusing now to address this area, and initial results are expected to materialize from Q4 of the current fiscal.

Soumitra Goswami: We are working with Alvarez & Marsal only. On logistic cost of approximately Rs. 154 crores, a cost optimization project targeting a 10% reduction has been initiated. A&M and our team are working together on the same. Efforts are underway to improve counter-sales representative productivity and optimize market coverage.

We are improving the efficiency of scheme payout. Up to 30th September 2025, we have reversed Rs. 28 crores from dealers who did not achieve their volume target as part of the tie-up letter. The annual scheme payout, including consumer finance and scheme of service stands at Rs. 1,500 crores up to 31 March 2025. We continue to identify additional inefficiencies in this area, and further action will be taken in the second half of this year.

Our intent is to achieve double-digit margin by addressing all the five points which I have spoken now along with the enhancing counter-level extraction and expanding the market share on each individual product category.

Now, with this, I will be requesting you to start the question-and-answer session, please.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Vivek Kumar from Bestpals Research and Advisory LLP. Please go ahead.

Vivek Kumar: Sir, my general question on the Home Appliances division, like, we are having good market share in front loaders, top loaders, and microwave ovens, we are now concentrating on refrigerators and air conditioners. But if you go to any big retail mart, you see lots of competition. So, how should we think? I am not saying you will not be able to make it or you will be able to make it. How should we think, are you going to concentrate in a few subjects, few new locations,

locations for states? Why do you see you can go to 15% market share that you are seeing in ACs? Why do you think you can go there in?

I am not even saying this timeline, but there should be some assumptions, right, that you put up your own plant. You are doing everything in-house, which is very commendable. So, there should be some assumptions on the management side why we will get to that market share in both refrigeration. Because if you see there are like Korean companies, Japanese companies, Chinese companies, and also some Indian companies across all these categories. I am not undermining IFB. I am just saying what are the assumptions that you think this AC and refrigeration you will get from market share over the next four, five years?

Bikramjit Nag: I think Ranjan Mathur will answer this question, he is the Sales Head. Hi, this is Bikram Nag, I would like to say, I do not think anywhere we have said AC will get 15% market share. I do not think we have said anywhere.

Vivek Kumar: Okay. So, sir, my point is you want to get established.

Bikramjit Nag: However, I think the fact is if you are in the business, in the business you have to aspire to do well. And to do well, many things you have to do well. One is your design has to be good, the look of the products has to be good, durability has to be good, your sales structure has to be good, your overall cost structure including material cost, etc., has to be good, logistics and warehousing has to be very good.

Even if you take a company like Panasonic, which is a global company, with everything being very good by and large, they have failed in a lot of product categories and they have decided to exit. We feel, however, that in many of the product categories we are in, we can do much, much better than we are doing today. That is our belief. And however, from here, Ranjan will take over.

Ranjan Mathur: So, with regard to ACs and ref, the initial response, both for refrigerator and ACs in the market is very encouraging. And today, we call it modern trade. We are being placed across and the overall, the secondary movements are reasonably good. So, we are quite confident that we will be able to get our rightful position in both the categories.

Vivek Kumar: Okay. So, is there any target, sir, like growth rate targets you have on the Home Appliances division over the next two to three years because we have now undertaken cost initiatives with the sales extraction. And now that I think, I am not saying there will be no new products but it's good, solid product across cooking and cleaning. So, any growth rate you can give target over the three, four years? I am not asking this year or next year. Home Appliances division target, growth targets, revenue targets?

- Ranjan Mathur:** So, basically, we do not give any forward guidance but what we envisage is, overall the growth which we could feel or we could assess, we will be growing at a far rapid pace than the industry and we will be gaining our market share.
- Vivek Kumar:** So, can we assume a 20% growth over the next four years, sir? Now that like lots of investments have gone over the last six, seven years. So, there's not much growth. So, I am not asking you to give guidance but there should be some assumptions that, okay, 20% should not be difficult or 10% should not be difficult, like that. I am not saying you should grow only at 20% or 10%, but some growth rate should not be difficult that we have done so many investments over the last four, five years.
- Ranjan Mathur:** Look, all this will depend on industry, but we are quite confident of going at a much rapid pace.
- Vivek Kumar:** So, much rapid pace can be double-digit, at least 20%, north of 20% or north of 10%?
- Ranjan Mathur:** Yes, it has to be more than that. It has to be around double-digit. It will be more than double-digit.
- Vivek Kumar:** Thank you, sir. Thank you very much, sir. All the best, sir.
- Moderator:** Thank you. The next question comes from the line of Lakshminarayanan from Tunga Investments. Please go ahead.
- L. Ganapathi:** Yes. Thank you. I just want to understand your cost saving things which you are actually talking about. I want to understand whatever tax you are saving, how thinking whether it would actually be passed on to the consumer or it will directly come to our bottom-line? Or it will be earnings, or it will be spent on advertising and things like that? How are you thinking about the cost savings?
- Bikramjit Nag:** So, cost saving has nothing to do with saving on tax. They are two different things. Saving on tax as to on the GST saving, etc., everything goes back to consumer.
- L. Ganapathi:** No, no, no. I am not talking about that. Sorry, I am talking about the cost saving initiatives which you have taken, which is in variable cost saving and the fixed cost saving, which you have actually envisaged as a project. I am talking about that.
- Bikramjit Nag:** That will go to the bottom-line.
- L. Ganapathi:** And in terms of the variable cost savings, among the Rs. 200 crores plan which we had, how much you think would actually would get affected for this year?
- Bikramjit Nag:** I think we just answered that. We just answered that, that about Rs. 70 crores to Rs. 80 crores will come this year, and the balance will come next year, which is as per our last Q3.

- L. Ganapathi:** Got it. And in terms of the fixed cost savings which you talked about, I think it was mentioned that there is some kind of a delay in fixed cost savings, can you just talk about that?
- Bikramjit Nag:** Yes. Now that project has been given to Alvarez & Marsal as well. We now have a team full time with Alvarez & Marsal and ourselves to look into this. In this, there has been no movement at all, sadly. A lot of movement on material cost and other things.
- L. Ganapathi:** Got it. And sir, moving on to your BLDC motors, can you just help me understand, because there has been some mention that you have started not only producing but also been having some orders in hand. Can you just talk about the BLDC plan for now?
- Bikramjit Nag:** BLDC plan for which one, washing machine or for AC?
- L. Ganapathi:** For both, sir. How many we are manufacturing?
- Bikramjit Nag:** Washing machine supplies have started full-strength to IFB Industries Goa plant. We do not have any other customers though. We are only supplying internally now, and AC has also supplied now. I think we supplied in October certain dates, certain number, and November I think we will do about 20,000 or 30,000 numbers. And for the OEM for AC, the OEMs have already started putting our motors, are working on the development program with us. So, that has started. So, AC production has started also, I am revealing that.
- L. Ganapathi:** Got it. Sir, when I look at your refrigerators' volume and I see that the realization has actually gone up by around 5% when compared to the last quarter. So, can you just help me understand what is the mix, is it because of the no frost also coming in? Or is it for any other changes you have done?
- Bikramjit Nag:** I think, no frost has come in, and as soon as volumes increase, I think you get better economies of spill across the board. However, in refrigerator overall if you see, we are still unhappy with the volumes. And as a percentage if you see, there has been sizable increase, but compared to our internal target we are still about 30% short.
- L. Ganapathi:** Got it. Sir, can you just give a volume number of front load, top load machines for this quarter?
- Bikramjit Nag:** Kartik, take over please. You are talking Q3 or Q2?
- L. Ganapathi:** Yes, the current, I mean, I think Q2.
- Bikramjit Nag:** I do not think we gave volumes, but I think if you see for whatever we have done so far, I think July, August, September and October have been good. And for top loader, it's been very good. And for top loader, it's been very good.
- L. Ganapathi:** Okay. And in terms of our capacity for front loading and top loading, what has been our capacity right now and where do you think you will actually end in terms of utilization for the year?

- Bikramjit Nag:** Kartik? I think capacity, we still have a lot to do in the front. But top load, I think we are using sizable capacity, but Kartik will answer this.
- C.S. Govindaraj:** Sir, can I answer, sir? Govindaraj here.
- Bikramjit Nag:** Yes, please.
- C.S. Govindaraj:** As far as the front load is concerned, our capacity has been 85,000 per month. And in the month of September and October, we are almost used to 92% to 93%. And going forward, we are doing activities which we want to enhance the capacity by another 10% to 15%. As far as top loader is concerned, our capacity is 60,000, and in September, we have almost achieved 95% utilization. Same way, we are looking forward to about 10% increase in our capacity.
- L. Ganapathi:** Got it, sir. Sir, and as we grow forward in the next couple of years, is it optimally used?
- Bikramjit Nag:** Mr. Govindaraj, there is a question, exactly what he is asking, for two or three months if capacity utilization is good, the question is to balance nine months, so when you look at it overall, then optimization is not good, that's his point. So, if you just increase capacity, does it make sense? And let us say, if you increase substantially, it will only help us in the better.
- L. Ganapathi:** Sir, my question is that, for the full-year, I assume your capacity, you are talking about all the shifts included, my question is that, from a full-year point of view what is the total capacity you can actually do, is it 85,000 into 12, and 60,000 into 12, and three shifts a day is what I assume. Now, as we go forward, maybe in the next one, two years, how can we add capacity? Do we have a place to add the assembly line? Or how do we think about it, because --
- Bikramjit Nag:** Yes, we have all that. There is no issue with space per se, for the next two to three years. By and large we are okay. But if sales grow by that amount, by a huge amount, then we may need to add tools, etc.
- L. Ganapathi:** Got it. And we are working three shifts a day, sir, on both the things?
- Bikramjit Nag:** Not for 365 days, and in certain sections, we are working three shifts throughout the year, like in the plastic molding section, etc., but certain sections, we are not.
- L. Ganapathi:** Got it. There was a mention regarding having McKinsey for a consulting engagement. Can you just help me understand what would be the duration or what are the things you are expecting out of that as an outcome?
- Bikramjit Nag:** It's about a 12-month thing basically on e-commerce. We realize that the processes, etc., we may need to update, or the better word is modernize that we have internally vis-à-vis the best practices followed by other leading firms. So, we realize we need an outside firm to just help us speed up on this. And hence, it's about a one-year assignment. And along with that, we give it them a

target of marketing cost optimization at the same thing, so that the project cost is cost-neutral. That's our agreement. Its marketing cost optimization as well as e-commerce.

L. Ganapathi: Okay. Thank you, sir. I will get back in queue.

Bikramjit Nag: Thank you.

Moderator: Thank you. The next question comes from the line of Udit Bokaria from Catamaran. Please go ahead.

Udit Bokaria: Yes. Thanks for taking my question. So, just wanted to understand historically despite being a market leader in front-load washing machine as well as microwave ovens, right, why were our margins low? And what was the like rationale or what was the thought process then what is the stabilized margin? That's the first question.

And the second question would be, if you can just break up that Rs. 200 crores how much is due to fixed cost reduction and how much is material cost reduction and what are the other things? Yes, these are the two questions.

Bikramjit Nag: I think the major thing on margin if you see, you will see a material cost is high and fixed costs are high by and large. I mean that has to be fixed and any good company works on double-digit margin plus. Double-digit plus margin. So, we have to get there. We are very, very clear on that internally.

The fact that it is taking so much time is bothering us, and hence we got in external firms to help us. In fact, in one of the investor calls long time back one of the investors said to me that look, it is much better you work with an outside firm because it will help you move faster rather than trying to do this internally.

I had resisted that, and we wasted a lot of time and we have corrected that. So, we are very clear on the margin objective and various corrections need to be done, including material cost, logistics cost, fixed cost, etc., schemes, optimization of schemes which Kartik spoke about, all of this has to be done, we are clear on that.

Udit Bokaria: And is there any quantum which you can share, like of that Rs. 200 crores, how much is material cost, how much is fixed cost?

Bikramjit Nag: I think as we have said, in this year, our target was Rs. 100 crores, but I think we will end up with material cost of anything between Rs. 70 crores to Rs. 80 crores. And the balance will come between April and September, October of next year, significantly. The reason for this thing is, material cost, etc., a lot of validation, etc. has to take place. When you go for alternate material and all of that. So, all that project is on, so this is significantly material cost, some of it will be logistics cost. Fixed cost is over and above this.

Udit Bokaria: And the material cost reduction is just that you have found a supplier who is able to give you the same quality parts at a cheaper rate, or what is it? Yes.

Bikramjit Nag: No. We are able to renegotiate better with zero-based cost structures, etc., zero-based costing in place, etc. In certain cases, we are replacing, in certain cases there is design optimization, etc. So, I think a lot of different, different levers are being looked into. We now have, in fact, six, seven people from our team full-time pulled out of operations into this. And about five, six people from Alvarez & Marsal side. So, it's a 12 or 14 member team, which is full-time working on this. And that is helping actually.

Udit Bokaria: Got it. And just on your engineering division, right? So, it seems like there is a renowned focus and a lot of capital, like because you have planned of acquisitions as well as there is an organic CapEx going, right? So, what is the reason for excitement or higher capital allocation towards this division?

Bikramjit Nag: Firstly, acquisition, nothing has happened. We bid for a company recently; it was significantly into the railway segment. We bid for a company, but we were outbid by others. The company had sales of close to about Rs. 300-odd crores. But we were outbid by others.

We think this is a good, stable business, engineering business for the long-term. And India becoming a good manufacturing haven in this China plus one thing, we thought we should expand capacity of our own and look at others we can acquire, other things we can acquire in order to really grow. However, we have looked at approximately up to last week, I think, we have looked at 60 targets, 60, which was 48 till last quarter, I think, 48 or 50.

We looked at 60 targets, out of which formal bids we put in is, I think, about three or four, four I think, the last one being this railway thing. But none of them materialized mainly on valuation of the Japanese company that we had bid for, because they told us they will exit and then come back into India on their own after selling to us. We then backed out of the transaction. So, it's really taking us a lot of time. But we think this is futuristic for us.

Udit Bokaria: And any organic plans like where you are seeing good traction, like where you can put good amount of capital in customer, and you have found some customers?

Bikramjit Nag: Yes. So, if you see, our growth this quarter has been very, very rooted in Engineering. Our internal target was much, much more. But many customer schedules dropped. And I think marketing has not done what they are supposed to do, because our internal thing was much, much better, but it's not happened. However, even at these lower sales, they could control costs and keep the margins intact.

Internally, we are expanding capacity in the stamping business, which is in Bangalore. In Fine Blanking, there's marginal, there's some CapEx going in, but a lot of work is going into productivity improvement, including making tools with newer technology, which will free up

existing capacity and all. So, a lot of debottlenecking work. And in stamping business, we will put in CapEx.

Also, we are looking for expansion in Gujarat. Stamping facilities to be put up in Gujarat. We are applying to the Government of Gujarat to set up a greenfield plant there for stamping and a few other things for that market, where customers have asked us to put up a plant. We are doing that.

Udit Bokaria: Got it, got it. And what stage of commercialization are we in the Advanced Electronics division? I think you mentioned the same in your

Bikramjit Nag: Advanced Electronics venture has started. We supply to Titan. We are doing work for Titan. So, that has started. And it has started slowly. I think we will have a lot more to say about this in the January quarter.

Udit Bokaria: What is the part that you are supplying there?

Bikramjit Nag: We are only doing machining work now, high-end machining work. And we are talking about parts still, but the discussion on parts is still on. But machining has started.

Udit Bokaria: And this is for the TEAL division or like which division of Titan?

Bikramjit Nag: Titan for their Advanced Electronic division. But I cannot name the customer. End customer, we are not allowed to name.

Udit Bokaria: Got it. Understood. Thanks a lot, sir.

Bikramjit Nag: Thank you.

Moderator: Thank you. The next question comes from the line of Naitik from NV Alpha Fund. Please go ahead.

Naitik Mutha: Yes. Hi, sir. Congrats on a good set of numbers, and thanks for taking my question. So, my first question is, we have seen very decent momentum in demand and in numbers both -- in the washing machine segment this quarter. So, my first question is, do we expect this demand momentum to sustain? And what sort of growth can we see in this division?

Ranjan Mathur: Yes. So, what we feel is the momentum is still continuing. And October was good. And November also, if we see the secondary sales, it's on track. So, we expect the momentum to continue in both the categories.

Naitik Mutha: Right. And any sort of numbers that you would like to sort of give in terms of growth, how we see this washing machine growing this year and next year?

- Ranjan Mathur:** I think we answered that. We do not give any forward guidance, but it will be stable growth.
- Naitik Mutha:** Got it. So, my next question is, what percentage of our portfolio has actually been benefited from GST in date card? And have we actually seen demand increasing because of that in that part of the portfolio?
- Bikramjit Nag:** So, I think GST, the major thing was supposed to be AC and AC sales are down. There was and all. But Kartik can explain this better.
- Kartik Muchandi:** Yes. The GST reduction is in two categories: one is AC and second dishwasher. In AC, since there was an industry-level issue with regard to stock, though the benefit is there for the customer in terms of reduction in selling price because of the range. In last quarter, there was no benefit. As far as dishwasher is concerned, there is an uptick in demand. And our growth rates are also much higher than industry. We have increased on the market share also as far as dishwasher is concerned.
- Naitik Mutha:** Dishwasher and AC, I mean, this quarter and going forward, are we seeing increased demand now? Or it's still being affected because of the weather conditions?
- Bikramjit Nag:** No. But Kartik, one thing, on the dishwasher front, the GST benefit vis-a-vis the exchange rates, what has happened exactly?
- Kartik Muchandi:** Yes, the euro has appreciated which has impacted the material cost. But as far as the customer -
- Bikramjit Nag:** There is no benefit per se.
- Kartik Muchandi:** Yes, yes, yes. At the company level, what has happened is that since the inputs are denominated in euros, so the cost has gone up by 10%. So, to that extent, the price has gone up. So, after the GST increased, after passing on the benefit to the customer, there is no net benefit to IFB in terms of margins.
- Naitik Mutha:** Got it. So, my next question is the Rs. 150 crores logistics cost savings. You mentioned it's over and above the Rs. 200 crores material cost savings, one.
- Bikramjit Nag:** No, he said Rs. 150 crores is logistics cost. In Rs. 150 crores we are expecting minimum 10% savings, which is Rs. 15 crores.
- Naitik Mutha:** Okay, Rs. 150 crores is the total cost. Okay. Got it.
- Bikramjit Nag:** Yes.
- Naitik Mutha:** Got it, sir. That's it from my side. Thank you.

- Moderator:** Thank you. The next question comes from the line of Pratiti from Param Capital. Please go ahead.
- Pratiti Khara:** So, I would just like to ask around the cost savings that were mentioned here. You have guided that around Rs. 80 crores is going to be the savings for this year via the A&M cost program. How much of this is actually going to flow down to EBITDA and how much will be offset by pricing pressure and inflation? Hello?
- Kartik Muchandi:** Yes, Kartik here. As we explained earlier, in the first two quarters, we have already got Rs. 14 crores in P&L. And in Q3 and Q4, we are expecting another Rs. 60 crores to come in P&L. As far as commodity and FOREX is concerned, we cannot predict what will happen in Q3 and Q4, okay? At the same time, wherever possible, we are also increasing the selling price to recover the commodity and FOREX impact. In top-loader, we have increased the price from 1 of November. In front-loading washing machines also, we are looking at price increase, and judiciously, we will do the price increase.
- Pratiti Khara:** Okay. So, there will also be raw material cost saving as well as ESP increases quarter-on-quarter, right?
- Kartik Muchandi:** Yes.
- Pratiti Khara:** Okay. So, how much can we expect the EBITDA margins to look like, steady state?
- Kartik Muchandi:** No, madam, we will not be able to give the EBITDA forecast.
- Pratiti Khara:** Okay. All right. Okay. Thank you. That's it.
- Moderator:** Thank you. The next question comes from the line of Naveen from Nuvama Asset Management. Please go ahead.
- Naveen Baid:** Thank you. Thank you for the opportunity. I just wanted to know what's the IP point count and what's the revenue that we are doing in that all segments?
- Ranjan Mathur:** Currently, we have got 521 IP points across the country, and they contribute to around 12% of our sales.
- Naveen Baid:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Lakshminarayanan from Tunga Investments. Please go ahead.
- L. Ganapathi:** Thank you. Sir, in terms of air conditioning, what is the total capacity we have and how do we plan to expand the OE sales there?

- C.S. Govindaraj:** Okay. This is Govindaraj here. As far as the air conditioner capacity is concerned, we are about 65,000 per month. Capacity is available. And in the peak, we have touched about 55,000, about 90%. That is point number one. Point number two is as far as the OEM is concerned, our efforts are with our partners to give a competitive price, and we hope we will be able to get some orders on that.
- L. Ganapathi:** Got it. Sir, and one feedback which I have received, you may correct me if I go wrong here, is that the servicing of IFB washing machines have sometimes been a problem because the franchisee who you appoint, when they come up with the addressing the customer query, they end up selling so many other materials because they want to actually maximize their profit. If that is the case, have you corrected that particular practice? And how your customer satisfaction scores in the washing machines have been? How it has changed in the last one year? I am sure you will be measuring that score.
- Bikramjit Nag:** Is Mr. Negi there? Yes. Kartik, is Mr. Negi there?
- Kartik Muchandi:** No, Mr. Negi is not there.
- Bikramjit Nag:** Kartik, you can answer this. Otherwise, I will answer.
- Kartik Muchandi:** Sir, the customer satisfaction survey is being done. The score is above 90% and it has improved over last year.
- Bikramjit Nag:** And this is actually monitored every week on Monday. So, the customer satisfaction score as well as pending calls, these two things are actually monitored by the Director in Charge of Service, Mr. Negi, every Monday morning. And we have seen improvement. But this point on selling, it has come out before, and we are seeing how to do this in other ways. So, for example, now we are also working on, selling can be done whilst we do digital marketing and all to basically the customer. A lot of the delivery can be done by third parties, thereby reducing the strain on the service people to sell. And therefore, we have increased sales of our detergents and all via Blinkit, etc., etc. We have done that.
- L. Ganapathi:** Okay. Got it. And last time you mentioned that we are trying to improve our sales saliency through this cashback mechanism because many of our competitors have tied up with several credit card companies. So, my question to you is that what percentage of our sales happen through these EMI kind of options and what percentage goes through this cashback? Because the feedback I have received is that our tie-ups are not very strong. Therefore, in some fringes we lose market share.
- Bikramjit Nag:** Kartik?

- Kartik Muchandi:** Yes. In this current season, Diwali season, our cashbacks and schemes, they have been very competitive in line with the competition. And for the industry and also for IFP, the attachment for cashbacks, consumer finance is 40% to 50%.
- Ranjan Mathur:** Further, I said in last conference also that we are into product sales and the competition where you are just now saying we have higher cashbacks, is not the right approach. So, we sell our products on features and benefits, not on cashbacks. So, that is something how we differentiate ourselves.
- L. Ganapathi:** Thank you. Got it. Sir, on the Fine Blanking division, can you just help me understand what is the industry mix which we cater to? And even in the last call, you mentioned that there is a growth plan you actually have envisaged. So, organically, how do you intend to grow that particular business? I am just talking purely organically, organic growth in the Fine Blanking division and the industry split which we have now.
- Bikramjit Nag:** I think organically, any business should grow. I mean, we have enough within to grow by 20%, I think, 17% to 20%. And we need marketing to do a better job. In the case of stamping, however, because we are very small in stamping, we are doing about Rs. 8-odd crores a month, okay? So, when we add capacity, either in the existing plant in Bangalore or a new greenfield in Gujarat, this can, of course, grow by many more times.
- So, whilst I spoke about Gujarat greenfield, we are also looking at setting up a plant in close to Maruti, in Maruti and Hero in close to Manesar. So, two facilities to come up, one in Gujarat and one close to Manesar is what we are thinking of. And therefore, as this business from Rs. 8 crores a month, we will significantly grow it. We have not put any numbers to it as yet because we have not taken it to the Board as yet in terms of a number. But we expect it to be substantial. This will be finalized in the next 50 days and we will take it to the Board. And then we can give you this exactly.
- L. Ganapathi:** Got it. Sir, how many P&L divisions we have in our company? One is, of course, the engineering division and the Home Appliances division.
- Bikramjit Nag:** But in engineering division, the P&L is bifurcated. So, for example, fine blanking is one, stamping is another P&L. Then motor is the third P&L. So, like that we have it. And the reason we have it is so that the existing management of that line of business takes like responsibility into it.
- L. Ganapathi:** Okay. And how is it in terms of the Consumer appliances division?
- Bikramjit Nag:** And in consumer, I think we have factory head for each of the plants. But P&L is one. But service P&L is second. So, in marketing we have a P&L. Factory we have. Service we have. Ultimately consolidation is one, as appliances. But we look at it as three.

L. Ganapathi: And what is the pure advertising budget we actually have for the years? And how much we have spent on media advertising? And if you can just give me a split of whether it is in terms of print, e-commerce --

Bikramjit Nag: I do not have it now. But if you see how much we spend annually is approximately Rs. 100 crores to Rs. 120 crores. Taking everything into account including what is spent on digital. And hence one of the things given to McKinsey was help us to optimize this by 15%, 20%.

L. Ganapathi: The advertising spend also.

Bikramjit Nag: Yes. This Rs. 100 crores to Rs. 120 crores cost that we have in marketing overall, we have asked them to help us to optimize this.

L. Ganapathi: Got it. Sir, in terms of the customer sales representative of the CSR which we have, I mean how have you increased in the last six months over the last previous six months? Because one feedback which I hear from the market is that our variable structure to the CSR has to improve. And just because of it there are some attrition also. Can you just help me understand that bit, sir?

Bikramjit Nag: Yes. I think our major thing is we actually continuously benchmark. And one of the points that have come out in the benchmarking which is what you are also quoting is the difference in the variable pay structure between us and others. Namely like the bigger guys. That is because, that is because the bigger guys are working on a structure which is suitable for them which we do not think is suitable for us. But we are re-looking into it.

Whilst re-looking into it, we have found some anomalies in our existing structure. So, for example, in our existing structure, let us say that we say a person has to do a minimum of 20 before they earn incentives, okay? And whereas others talk about 30, for example. But the others have a slightly higher fixed as a result of that.

But our thing is that when you look at the 20, the 20 cannot be looked at flat because every single counter has a different throughput, meaning in a counter, if total sales is say, 200 numbers from that counter across brands, okay? And then you say, okay, your target is only 20, then we are doing less than the requirement in terms of market share in that counter.

And similarly, in some counters, suppose the throughput is only going to be maximum of 80 or maximum of 50, maybe asking for 20 is also unfair. You understood? So, the counter-by-counter proper planning is not there. Having said that, as far as the CSR would average wages, let's say, anything between Rs. 15,000 to Rs. 17,000, Rs. 18,000, depending on the city, I think we need to rationalize the structure and the incentive depending on the city rather than a flat all India.

Meaning the structure for Bombay cannot be the same as the structure for Amritsar. So, I think this reward is taking place. It will be done by November 15, 16 and the new thing will be rolled out.

- L. Ganapathi:** And how much we have increased our CSR people in the last six months to previous six months?
- Bikramjit Nag:** I think we have increased by about 600 numbers.
- L. Ganapathi:** 600 numbers on a base of 4,000, right?
- Bikramjit Nag:** 600 to 700 numbers. Correct, Ranjan, how much?
- Ranjan Mathur:** 700 we have increased and our current number of CSRs is 5,300 across the country.
- L. Ganapathi:** Sir, and given the kind of complicated things which we actually just mentioned, how are we structured in terms of our information systems, right from the factory to the primary sale to the secondary sale? And how do we track it, so that the right product positioning happens, the right CSR is actually put? How have we improved our --
- Bikramjit Nag:** Yes. So, I think this overall thing of connecting right up to the end in real-time, we have some issues here. We are working on this, we are working on this. And I think these are one of the points where we may need external help.
- L. Ganapathi:** Got it. Sir, right now your multiple plants, all of them are in the same information system that what you are buying in Goa versus what you are buying in other place, do we have the visibility in terms of whether the materials are correctly procured at the right price and the right inventory? Is that unified now from an information system point of view?
- Bikramjit Nag:** From an information system point of view, it is there but may not be used effectively, as effectively as it can be used. Is the information there in the system? The answer is yes. Is the information used effectively? Maybe not 100%. But to your question, is the information there? The answer is yes. So, what we have done now is supply chain across the Board has become one in terms of buying. We put one person basically in charge, we put a committee in charge of price increase to be given to suppliers, etc., etc. So, lot more control has been brought in and that is giving us benefit.
- L. Ganapathi:** Got it, sir. Thank you so much for answering all my questions.
- Bikramjit Nag:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Shreyansh Jain from Swan Investments. Please go ahead.
- Shreyansh Jain:** Hi. Thanks for the opportunity, sir. So, my first question is, when I actually break your P&L other expenses up and I am talking about FY '25, I have got these numbers from the annual report. So, there is this cost called ancillary cost which is actually doubled in the last five years. So, can you just throw some light there, Rs. 140 crores of ancillary cost. What are these costs exactly, sir?

Bikramjit Nag: You are talking about the engineering division?

Shreyansh Jain: No, I am talking about the overall consolidated profit and loss account of IFB Industries.

Soumitra Goswami: Sir, I am answering this.

Bikramjit Nag: Soumitra, ancillary is only engineering, no?

Soumitra Goswami: No, ancillary is there in Home Appliances division also. I am answering this question.

Soumitra Goswami: Apprentice allowance, which was grouped earlier under employee cost, now it has been regrouped under ancillary cost in this year. So, the cost looks higher as compared to last year, whatever he is saying is correct. There is an additional impact of Rs. 4.5 crores in the quarter and around Rs. 9 crores for the YTD period. Otherwise, there is no such additional impact in the ancillary cost.

Shreyansh Jain: Sorry, sir. So, if I am getting this right, this is employee cost, isn't it? Rs. 140 crores of --

Soumitra Goswami: No, no, no, no. This cost is pertaining actually to apprentice. We have many apprentice in the appliance factory who are actually --

Bikramjit Nag: Soumitra, please understand what he's saying. Ancillary cost of Rs. 140 crores cannot be apprentice.

Soumitra Goswami: No, I am not telling that. See, in the IFB Industries' P&L, GCR for the quarter, ancillary cost is Rs. 14 crores as compared to --

Shreyansh Jain: No. I am saying the full-year, full-year '25, sir, last year. I want to understand the expense head broadly.

Soumitra Goswami: For last year?

Shreyansh Jain: Yes. For last year, it was Rs. 140 crores. And this 140 crores has become, it was Rs. 70 crores in FY '21. So, it has doubled in the last five years. Whereas our Home Appliances division and all divisions put together, our revenues have not compounded at the rate that this expense has compounded.

Soumitra Goswami: If you talk about '24-'25, Rs. 140 crores, out of that, approximately 78% to 80% is pertaining to our engineering division. Engineering division, they are doing many ancillary jobs which are happening inside the factory, which are going outside the factory, that are being booked under ancillary cost. And in addition to that, Home Appliances division also is having ancillary cost, which is around 18% to 20% of the total ancillary cost of the company.

- Shreyansh Jain:** Okay. And my second question related to the same thing. When I just break this other expenses, Rs. 1,250 crores of total expenses. Now, if you look at the five largest expense heads, sir, one is consumption of stores and spare parts. The other is freight, octroi, carriage. The other is ancillary cost. And the fourth is advertisement, sales promotion of Rs. 285 crores.
- Now, sir as per my understanding, all these four large cost heads are largely variable in nature. So, as you increase your business, you will need a lot of these things, right? So, I am just trying to understand when you talk about Rs. 120 crores of cost savings, which will come from other expenses, which line item are we actually targeting or are we looking at getting the most out of?
- Soumitra Goswami:** Regarding the material cost reduction, whatever we are talking about for last one hour, many shareholders have asked this question.
- Shreyansh Jain:** Material cost is Rs. 60 crores to Rs. 80 crores, right?
- Soumitra Goswami:** One minute, I am just coming. Suppose you are talking about consumption of stores and spares under other expenditure, correct? Consumption of stores and spares, though it is appearing under other expenditure in Schedule 3, but it is clubbed under material cost only when we are combining the P&L Account. Understood? This is point one.
- Ancillary cost, I have already explained. Next cost is sales promotion expenditure, which we have discussed about five minutes back, where CSR expenditure and normal promotion expenditure are clubbed. Is it clear to you now?
- Shreyansh Jain:** It's not very clear. If we can take this offline.
- Soumitra Goswami:** Yes, you can come back to me offline. I will explain to you.
- Bikramjit Nag:** Kartik? Can I just interject because I like this point, Kartik?
- Kartik Muchandi:** Yes, sir.
- Bikramjit Nag:** Out of the Rs. 200 crores, whatever he said, Rs. 250-odd crores or Rs. 280-odd crores, as far as I know marketing cost is Rs. 120 crores. That is what we have given to McKinsey. Now CSR cost is about 14, 15 a month or 13 to 15 a month, correct? So, it was saying that is added to marketing cost, correct? And hence it becomes Rs. 280 crores. Am I right in assuming that?
- Kartik Muchandi:** Yes, yes, yes, yes.
- Bikramjit Nag:** Okay. So, in the question of CSR, it is an issue of getting productivity up, which is what we have been debating for the last few days. So, that's a separate exercise and you must put some numbers around it. So, how much should we get out of that exercise? Kartik, this is what we have said?
- Kartik Muchandi:** Yes, sir.

Bikramjit Nag: No, no. First you understand the question. His question is the correct question. On the CSR part, what is the productivity improvement, etc., you are expecting and there must be some numbers. Like in cost reduction of material, you are working on some numbers. Kartik, please answer yes or no.

Kartik Muchandi: Yes, yes, sir.

Bikramjit Nag: But you have no numbers for CSR.

Kartik Muchandi: Yes. So, during the fixed cost reduction project, we will --

Bikramjit Nag: I do not want fixed cost reduction in CSR. I want productivity improvement in CSR.

Kartik Muchandi: Yes. We need to work on productivity improvement and we have to set a target.

Bikramjit Nag: Yes. Like what you say, do we need to improve the structure, etc., etc. The point is the correct point. We have been discussing this for the past few days. Put some numbers to it. Okay? Like we have done for material cost, we are saying material cost will get Rs. 70, let's say, Rs. 80-odd crores or whatever to CSR. Put some numbers to CSR. What will we get out of this restructuring?

Kartik Muchandi: Understood, sir.

Bikramjit Nag: And for each of the points, the other point that he is raising also, the four or five headlines, you put some numbers to each one of them. The point is a correct point. And sir, my last question -- yes, my last question is, sir, when we talk about Rs. 100 crores to Rs. 120 crores of pure advertisement expenses, can you help us understand how much of this is above the line and how much of this is below the line?

Now, why I am asking this is, sir, when we did our channel checks, a large part of the NBO guys we met. So, what their feedback is, IFB as a product is top-notch. There's no question on that. But what the feedback was is, none of the customers actually who come in, they actually know what the product delivers, how superior is the product. So, they said the customer awareness is very low.

Bikramjit Nag: Yes. So, we are working on a campaign. We are working on a campaign with A&M for awareness building. And that campaign will come out soon. It is delayed. We have not come out because the right idea we have not been able to strategize on. But that work is going on. This cost includes a lot of digital cost also. Rs. 120 crores include a lot of digital cost. We can give you the break-up.

But the ATL as you are talking about in print, that is minimum. That point is a correct one. But we are re-looking at this. And therefore, that optimization and then recasting that and deciding

on which media, how much to put in, that whole work is being worked out with A&M as well as the media buying agency which is Initiative Media.

Shreyansh Jain: Okay. So, do we expect some ramp-up in that expense head, Rs. 120 crores?

Bikramjit Nag: Yes. No, we do not expect ramp-up just lightly. We first expect McKinsey to help us with some rationalization. And we expect EBITDA improvement to happen before ramp-up happens.

Shreyansh Jain: Okay. And sir, my last question is, if I just dial back to the last quarter where our top load and front load, front load specifically which is our major part of our washing machines, that didn't do well. So, I think last quarter we were targeting 15%, 20% kind of growth rate. So, in that light, when we have done 14% this quarter, how do you look at this number? Are you internally happy with this? Or do you think there was room for 5%, 6% kind of growth rate more? And I understand --

Bikramjit Nag: There was room for further improvement. And in some of the states where the management is not good in that state, changes are being made. So, to answer your question, yes, we were not happy because in pockets where management is weak, we have had issues.

Shreyansh Jain: Okay. And sir, would we have gained any market share?

Bikramjit Nag: Yes, I think we have gained market share.

Shreyansh Jain: Okay. All right. All right. Thanks. Thanks a lot. This helps, sir. All the best.

Bikramjit Nag: Thank you.

Moderator: Thank you. As there are no further questions, I would like to now hand the conference over to management for closing comments.

Soumitra Goswami: Thank you very much to everybody for participating in this call. We will meet again after Q3. Thank you very much.

Bikramjit Nag: Thank you.

Moderator: Thank you, sir. This brings the conference call to an end. On behalf of Nirmal Bang, we thank you all for joining us. You may now disconnect your lines. Thank you again.