

10<sup>th</sup> February, 2026

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

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

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

**Sub: Transcript of the earnings conference call for the quarter and nine months ended 31<sup>st</sup> December, 2025**

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in furtherance to our letter dated 4<sup>th</sup> February, 2026 regarding the audio recording of the investor's earnings call for the quarter and nine months ended 31<sup>st</sup> December, 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  
Q3 FY '26 Earnings Conference Call”

February 04, 2026



**MANAGEMENT:** **MR. BIKRAMJIT NAG – CHAIRMAN – IFB INDUSTRIES LIMITED**  
**MR. P.H. NARAYANAN – MANAGING DIRECTOR, ENGINEERING DIVISION – IFB INDUSTRIES LIMITED**  
**MR. C.S. GOVINDARAJ – EXECUTIVE DIRECTOR, MANUFACTURING – IFB INDUSTRIES LIMITED**  
**MR. SOUMITRA GOSWAMI – CHIEF FINANCIAL OFFICER – IFB INDUSTRIES LIMITED**  
**MR. JAYANTA CHANDA: – CHIEF FINANCIAL OFFICER, ENGINEERING – IFB INDUSTRIES LIMITED**  
**MR. KARTIK MUCHANDI – HEAD, FINANCE AND ACCOUNTS – IFB INDUSTRIES LIMITED**  
**MR. RANJAN MOHAN – NATIONAL SALES HEAD, HOME APPLIANCES – IFB INDUSTRIES LIMITED**

**MODERATOR:** **MS. ARSHIA KHOSLA – NIRMAL BANG INSTITUTIONAL EQUITIES**

**Moderator:** Ladies and gentlemen, good day, and welcome to IFB Industries Limited Q3 FY '26 Earnings Conference Call hosted by Nirmal Bang Equities. As a reminder, all participant lines will be in the lesson-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.

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 of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Ms. Arshia Khosla from Nirmal Bang Equities. Thank you, and over to you, ma'am.

**Arshia Khosla:** Thank you, Bhumi. I, Arshia Khosla, on behalf of Nirmal Bang Institutional Equities, welcome you all to the third quarter FY '26 Earnings 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, EV Manufacturing; Mr. Soumitra Goswami, CFO; Mr. Jayanta Chanda, CFO, Engineering; Mr. Kartik, Head, Finance and Accounts; and 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:** Good afternoon, everybody. I am Soumitra Goswami, the Chief Financial Officer of IFB Industries Limited. I welcome you all for IFB Industries Limited investor call for third quarter financial year FY '25-'26.

Now I will inform you about the quarter three results. Revenue from the quarter was INR1,382 crores against last INR1,232 crores, which is a growth of 12%. PBDIT for the period INR80.9 crores and its percentage to revenue was 5.8% as compared to last year's INR89.6 crores which was 7.3% on revenue. There is decline PBDIT amount by INR8.7 crores, which is a de-growth over last year by 9.8%.

Fixed expenditure for the quarter were well behind budget. However, in case of some expenditure rate, expenditure increased over last year. PBT for the period is INR45.3 crores, which is 3.3% on revenue against last year figure of INR44.9 crores.

In this quarter, an incremental liability of INR13.38 crores have been recognized as an exceptional item, which is in line with Labour Code notified by the Government of India on November 21, 2025. This charge resumes the PBT amount to reach INR31.9 crores against last year's INR44.9 crores.

Q3 PAT was INR24.51 crores, which is 1.8% on revenue against last year's INR34.36 crores which is 2.8% on revenue. YTD December figures are like this. Revenue for the period was INR4,020 crores against last year's INR3,666 crores, which is a growth of 12%. PBDIT for the

period was INR253.35 crores and its percentage to revenue is 6.3% as compared to last year's INR255.22 crores, which was 6.9% on revenue.

Fixed expenditure from the quarter were well within budget. However, in case of some expenditure like service expenditure, CSR costs, office expenditure, expenditures increase over last year.

PBT before exceptional item for the period was INR147.52 crores, which is 3.7% on revenue against last year's INR141.92 crores, which is 3.9% on revenue. PBT after exceptional item for the period was INR134.14 crores, which is 3.3% on revenue against last year's INR141.92 crores. PAT for a 9-month period was INR99.62 crores, which is 2.5% on revenue against last year's INR106.50 crores, which is 2.9% on revenue.

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

**Moderator:** Thank you very much. We will now begin the question and answer session. Our first question comes from the line of Lakshminarayanan K from Tunga Investments.

**Lakshminarayanan K:** With respect to the Appliances division, it was mentioned that there was a cost benefit that actually had to come in. But the -- but if I actually look at it on a 9-month basis, that doesn't show up in terms of your year-on-year growth in PBDIT or even PBT. Can you just explain if the cost benefit has come, where exactly it has actually gone?

**Kartik Muchandi:** Yes, Kartik here from Appliance Division. The cost innovation, what has come in P&L on a YTD basis was INR35 crores. But what has happened is during the same period, forex has depreciated by around 6%. The impact of that on material cost was INR29 crores negative. Also the commodity, mainly copper and GP has increased. So this negative impact was another INR18 crores. So this negative impact in commodity and forex has eaten into the cost innovation.

**Lakshminarayanan K:** So is there a way which we normally do some hedging because I thought we would hedge it prudently. Or -- I mean, why would this forex loss even happen?

**Kartik Muchandi:** Yes. Hedging, we have a hedging policy where we hedge 100% of the forex exposure against the underlying, okay? But this forex negative is with respect to last year. Last year, dollar was around \$86. And this year, our average buy is at dollar around \$89. So that 6% negative impact is increasing the material cost.

**Lakshminarayanan K:** You talked about INR18 crores of forex and the copper-related stuff, right? So that is only in Q3 it happened or it is actually, 9 months it's actually -- it spill over 2 quarters or 3 quarters?

**Kartik Muchandi:** Yes. I'll again repeat. This impact was for the year YTD. So again, I'll repeat INR29 crores is the impact of forex and INR18 crores is the impact of commodity. So forex is still at an elevated level. If you see dollar is still around INR90 and commodity like copper is breached 12000. So this impact will -- we cannot predict the currency and the commodity. But as of now, this impact is...

- Lakshminarayanan K:** Sir if that's the case, do you think this will continue for how many quarters this issue will be there?
- Kartik Muchandi:** Yes. As of now, commodity is at this level.
- Lakshminarayanan K:** No, my question is that for the full year, you have any kind of a number in mind in terms of what will be this impact of forex and the other one you talked about, right? So it's a INR28 crores plus INR19 crores. For the full year, how much you think it would be or whether it would actually - - would set right after the Q4?
- Kartik Muchandi:** Yes, we cannot -- we will not be able to give a forward statement in terms of what will be the impact for next quarter as far as dollar and currency will be there.
- Lakshminarayanan K:** My question is slightly different, sir. Whether this is actually behind us or this will continue. I mean I'm not asking for quantification also, but do you think this will continue or how...
- Kartik Muchandi:** If you look at January, the rupee, except the last 2 days, it has again appreciated. But rupee was still around INR90 and copper was in excess of 12,000 LME. So there was not much change in January with respect to quarter 3.
- Lakshminarayanan K:** Fair enough. So the cost benefit, which you actually mentioned January to March, that will continue -- that is on track and that will happen in Q3 and Q4. And in addition to it, there are some other costs that -- some variable cost reduction was also there. Can you just explain how much it is and when you would actually start getting the benefits of that?
- Then also last call, you have mentioned that there was a McKinsey project that is going on in terms of improving our e-commerce channel. Can you just let me know what is the total outlay of cost you have given for that particular project? And what will be the total benefit you will get from that initiative also?
- Kartik Muchandi:** Yes. As far as the material cost project with A&M is concerned, -- so in the first quarter, we had cost INR4 crores; second quarter, INR12 crores; third quarter INR19 crores -- we are expecting INR44 crores. So we are expecting to close the year with a material cost reduction of INR79 crores.
- As far as A&M project is concerned, in quarter 4, we have got the expected increase in e-commerce sales, what we had projected, though we'll not be in a position to give the numbers. Sorry, as far as A&M is concerned, the growth in e-commerce project is in line with what we had expected.
- Lakshminarayanan K:** What is the cost outlay for that McKinsey project you have? Like what is the number you would like to spend on the project?
- Kartik Muchandi:** Sorry, we will not be able to disclose the commercial terms with McKinsey.
- Lakshminarayanan K:** Another question is related to the gross margin for the appliances. While you actually give the PBDIT, can you just elaborate what has been the gross margins of this particular thing 9 months -- as a percentage term with respect to 9 months of last year?

- Kartik Muchandi:** No, sorry, sir. We don't give gross margin indication.
- Lakshminarayanan K:** I mean, I'm just saying not the indication, but what has actually happened.
- Kartik Muchandi:** No, no, no, sir. We don't give the gross margin.
- Lakshminarayanan K:** That will help us to understand whether -- I mean, what kind of material benefit it has come, because all the things that have taken place comes after that, right? So that's the reason of asking this question. It will be helpful if maybe for the benefit of all the investors, we can give this information if it is appropriate.
- Another question is that what is the number of units of washing machine you have sold? And what is the market share in front load, top load, and in air conditioners? Can just give the market share numbers?
- Ranjan Mohan:** So this is Ranjan. The market share in terms of front load addressable market share is touching around 25% plus. And in top loader, it is -- it was 9.6% or 10%.
- Lakshminarayanan K:** With respect to the last year, how much was it? Like have we increased market share revenue?
- Ranjan Mohan:** So in front loader, there has been a -- I'll not say substantial, but there has been a good increase in market share. And in front load, it is almost at par, a slight increase.
- Lakshminarayanan K:** In terms of number of units, can you just give the number of units made in FY -- for the 9 month?
- Ranjan Mohan:** Sorry, we don't give the numbers. I've shared the share with you.
- Lakshminarayanan K:** What is the -- do we have enough capacity on both washing machines, the front load and top load? Going forward, as the growth comes in, do we have enough capacity, or how much more is available for us?
- C.S. Govindaraj:** Hello? Yes, I can answer this. This is Govindaraj here. As far as capacity for front loader is concerned, we have got capacity about 85,000 to 90,000, and we have used about 88%. So still we have got enough capacity to meet the market needs. Similarly, in top loader, we have got a capacity of about 65,000. There also, we are operating at around 90% in the peak months. So we have got enough capacity, and we have already started working on how to increase the capacity.
- Lakshminarayanan K:** Can you just give the market share and this number for AC also? Market share as well as capacity utilization?
- C.S. Govindaraj:** As far as AC capacity utilization is concerned, we are in the peak months, we are touching about 80% to 85%. And as far as market share, Ranjan, can you please answer?
- Ranjan Mohan:** Yes, please. So although there has been a growth in AC volumes, our share is right now very low, which is around 3%, 3.5%.
- Moderator:** Our next question is from the line of Shreyans Jain from Svan Investments.

- Shreyansh Jain:** My first question is, how are you looking at the whole washing machine growth rates for us? Because last few quarters had been weak, and we were hopeful of gaining market share. And obviously, top load as a category was something that we had just recently -- not recently, but we had entered quite late.
- And that category, we were given to understand that for us will be a high-growth category. So in that sense, how do you look at 5% growth rate in top load? And our channel check also suggests that you would have lost some market share in the offline market, at least on the front-load washing machines. So what are your comments on these two?
- Ranjan Mohan:** Yes. First of all, I don't know from where you got this information that the growth is 5%. The growth is much more. And I shared just now the kind of market share gain we have got.
- Shreyansh Jain:** It is given in your investor presentation, sir.
- Ranjan Mohan:** No, that is we are talking about the quarter. I was talking about the YT -- I was talking about the YTD growth. I was talking about the YTD growth.
- Shreyansh Jain:** I'm just talking about the quarter specific.
- Ranjan Mohan:** So quarter overall, the industry was a bit sluggish. We have been able to maintain our share, rather a slight improvement in some decimals was there in top loader also. But on a YTD basis, there has been an increase both in terms of growth as well as in terms of share also.
- Shreyansh Jain:** So when you look at some of the other players who had entered the market much later than us, they have reached about 10% market share in washing machines. So just in light of that...
- Ranjan Mohan:** You are talking about top loaders? Or you are talking about...
- Shreyansh Jain:** Washing machines, as a category, overall washing machines.
- Ranjan Mohan:** So first of all, we are into fully automatic machines. So in top loaders, the growth rate is far ahead of the industry growth rate and is far ahead of any player in the industry. That is for the top loader, I have answered. In terms of front loaders, I said that we have been able to maintain the market share. It has not increased substantially, but we have been able to retain our position.
- Shreyansh Jain:** So as per our understanding, you are saying the market would have grown below 5%, because you were saying you have outgrown the market.
- Ranjan Mohan:** In top loaders, yes.
- Shreyansh Jain:** My second question is what portion of our COGS is imported? Because the impact of forex seems to be really high. So can you help us with that? How much do we procure from out of India?
- Kartik Muchandi:** Yes, Kartik here. Product to product, it differs. It is between 20% to 30%.
- Shreyansh Jain:** 20% to 30% of my overall COGS, is it?

- Kartik Muchandi:** Yes.
- Shreyansh Jain:** How much of this would relate to Home Appliances?
- Kartik Muchandi:** Yes, this is -- I'm answering for Home Appliances, please.
- Shreyansh Jain:** For overall as a company, how much do you import?
- Soumitra Goswami:** At the company level, our import content is almost the same as whatever Kartik has told, because Home Appliance division is catering to the 80% of our company revenue. So naturally, whatever import percentage we are having at the company level, the percentage is almost same. It is around 20% to 30% only.
- Shreyansh Jain:** My next question is, when I look at your investor presentation, our channel schemes and discounts, they have gone up by 100 basis points. So from 25% of gross sales, it has gone to 26-odd percent. So can you help us understand where will this number settle at or because ACs and rest is slightly newer category for us, or this will keep on increasing? Can you help us there?
- Kartik Muchandi:** Yes. During the quarter, we had given higher promotion scheme per customer like cash back, free IFB essential kits. This has increased the cost of schemes.
- Shreyansh Jain:** Last few quarters, we were talking about rationalizing the spends that we've been doing consistently. And we had also mentioned that we will see something on the A&P front, at least on the ATL side. But I think those 2 things have not actually materialized. So where are we, sir?
- Kartik Muchandi:** We have started the process. We have put in a full-time team working on this. We expect the gains to come in subsequent quarters. We have started tying up with all the channel partners where the payout will be linked to volumes. The benefits of this will come in Q4 and starting from Q1 of next year.
- Shreyansh Jain:** Last question, the INR44 crores of cost savings that you're talking about, can you explain to us where -- which line item is this gross profit? Or is this below that? And also, we were looking at INR15 crores, INR20 crores of cost savings on the logistics front. So has that also come through in this quarter or not yet?
- Kartik Muchandi:** To answer your first question, INR44 crores is the reduction, what we're expecting in material cost. So it will be a part of gross, okay? Logistic costs, we have started the activity, but the full impact of that is yet to come.
- Moderator:** Our next question comes from the line of Vinod Krishna from Avendus Wealth.
- Vinod Krishna:** My question is on your ability to pass on the cost. Are we -- like, I understand there's an import component and also commodity prices. So how many quarters lag normally you take to pass on, or it's a function of competition and item to item or you can pass on because we have good market share in micro and washing machines or by Q4, have we already passed on at least some part of the cost to the customers?

- Ranjan Mohan:** Yes. We have planned that. This will be a judicial call based on the market scenario. And we have already planned something for the Q4.
- Vinod Krishna:** Because this is a continuous thing, right? Rupee depreciates around 3%, 4% every year. So if we -- so we have in the business model that we pass on the cost, right?
- Ranjan Mohan:** Yes.
- Vinod Krishna:** Second question is on the -- how do you look at competition, sir? Is it like there is enough room for many players or it's very -- even though there are a few players, it's very intensive. So because Vikram sir has been guiding around -- he's been saying we should grow a minimum 20% on Home Appliances.
- So when do we think we will get to a stage in terms of we have done our distribution, we have channel extraction. When do you think we will get into the flywheel of 20% growth in Home Appliances, because that's what is your organization target is what has been communicated in all the con calls.
- Ranjan Mohan:** So there were some -- last time also, there were some changes which we have brought in, in terms of manning, etc. Plus we are also working on improving our productivity through our counter sales representatives. So we expect that from quarter 4 onwards, there will be a good change, which will be visible.
- Vinod Krishna:** Normally, if you can give qualitative comments on the -- how do you look at competition? Is there enough room like because from a -- when we see -- when we go to channels and see, we just see too many players. But from your angle, maybe there's room for all of the...
- Ranjan Mohan:** In the categories we are in, we feel we have got enough room to grow and to consolidate our positions.
- Vinod Krishna:** Yes. Sir, this is not a question, sir, this is a suggestion. If you can conduct con call immediately after the result because there are 2 days, nobody knows what has happened because sometimes I understand it's -- we are not -- we are human beings, and there's a huge difference between guidance and what is happening. And we don't know and price just keep -- people just react and we have to wait for 2, 3, 4 days. Whenever you can conduct con call on that day, if you can release the results, whatever if you can match it, that there is not a big, huge time gap, it would be easier, sir.
- Soumitra Goswami:** We will keep your suggestion in mind.
- Vinod Krishna:** Last question, so we can take that we are going like in terms of distribution channel extraction and all the cost benefits and also the branding that you're planning, we can say in the next 2 to 3 years, we should deliver Home Appliances growth of 20%. We can say that given that now we have...
- Ranjan Mohan:** I think you are saying 2 to 3 years. We are saying it will be before that.

- Vinod Krishna:** No, I'm saying in the next 2 to 3 years, if I take a CAGR, it will be 20%. I'm not saying we'll wait for 2, 3 years.
- Ranjan Mohan:** Yes, that is what we are targeting.
- Vinod Krishna:** Then this -- you are -- sorry, sir, I'm just repeating. And I can assume that there's an increase -- cost will be passed on with some time lag and market conditions.
- Ranjan Mohan:** Yes, definitely. It has to be.
- Moderator:** Our next question is from the line of Manoj Gori from Equirus Capital.
- Manoj Gori:** My question would be to Mr. Nag. So we have been talking about cost savings and margin improvement for more than a year. It has been almost -- it has been around 1.5 years or even more than that. So far, we haven't seen any improvement. This was only a quarter-related issue about RM prices going up, INR depreciation. But throughout, there are no signs of any margin improvement, which we can term as sustainable.
- Secondly, when we look at the numbers of other companies who have reported, we don't see that impact into those companies. Whether we talk about large appliances, we talk about electrical companies, even there, we are not able to see any such major impact on their COGS.
- Third, we have been talking about annual savings of roughly around INR200 crores, and we are talking about INR20 crores impact -- roughly around INR20 crores impact of INR depreciation and material increase. But still, there should have been gross margin improvement and EBITDA improvement. Rather than that, we have seen margin contraction. If you can please clarify on these three issues first?
- Bikramjit Nag:** Kartik, you first answer, then I will take it.
- Kartik Muchandi:** On the margin not improving, I had already answered that there are three things. One is commodity forex going up has eaten into cost innovation. During the quarter, we had given consumer offers like cash backs. So those had a negative impact on the P&L. We got a growth, but whatever gross margin came out of the growth, part of that was eaten out by this promo cost.
- Manoj Gori:** So probably, if you look at other companies which -- and into the category, let's say, AC is a category which has been relatively more impacted as compared to washing machine. And there, the discountings were normally higher versus the trend. Still, we haven't seen such kind of impact on the overall margins?
- Secondly, we just talked about 3%, 3.5% market share into room AC. When I look at the industry size of close to around INR1.3 crores to INR1.4 crores, it comes to close to around roughly around 5 lakh units, which is our present capacity. So how can -- so we are doing some manufacturing for brands as well. So this data, I'm not sure. Can you explain how we have derived at 3.5% in room AC on market share?

- Ranjan Mohan:** So the room split ACs, I'm talking about, you might be considering the window AC also, but I was talking about the split AC industry. In split AC industry, the share which we currently have is around 3%, 3.5%.
- Manoj Gori:** So even if we consider 10% would be window...
- Ranjan Mohan:** We are not into window ACs. Sorry, you said something, I missed out.
- Manoj Gori:** Yes. I was just saying like if we look at window AC contributes close to around 10% of the room AC market.
- Ranjan Mohan:** Around 15%.
- Manoj Gori:** Out of INR1.4 crores -- let's say, 15%, that comes to close to around 12 million units. 12 million units into 3.5% will be roughly around 4.2 lakh units. And we do some manufacturing for brands as well. That number should be around 1.5 lakh to 2 lakh kind of number. So this actually surpass...
- Ranjan Mohan:** These are not that high. Our majority of the sale is into our brand.
- Manoj Gori:** Mr. Bikramjit, if you can clarify on the cost savings, because we have been committing and we have been talking about the same for almost 1.5 years?
- Bikramjit Nag:** I think the first point I would like to state is -- I will explain this. The first point I would like to state is overall end-to-end management has not been up to the mark, which is right from looking at the entire chain, which is sourcing to sales and which we have to tighten, the 4, 5 areas to tighten, which we are doing now.
- Actually, one of the points came from one of the shareholders on one of these conference calls, and I'll repeat this point and why I'm thankful for that is, in one of the calls, one of the shareholders said, look, don't try and do everything yourself, use third-party consulting firms, etc., you move faster. And I never did that. And we delayed it. And then we brought in algorithm also. So a lot of delay happened. And that's a mistake on our part. We couldn't get it done internally to the extent desired.
- I'll tell you why this point is important for me or for us as a company. We then brought in McKinsey for a different project, which has now really given us traction in e-com. And we are expanding that to marketing cost with like McKinsey also. So profitability will come from the following. And Kartik, you should have summarized this better.
- One is good management of scheme, which is both rationalizing a scheme as well as ensuring tie-up with all those 3,000-odd accounts. 3,000-odd accounts roughly translates to about 9,000 to 10,000 counters. These tie-ups are not done.
- Now what we've done is post this McKinsey document, we have 9 points to work out account-wise or -- account-wise. Account is what? Suppose there is an account called Reliance, Reliance has 500 counters, or there could be a single owner-driven account, which has single dealer or -- sorry, single shop or you might have 2 shops, etc. These tie-ups are not done with all. The tie-

ups are only done with approximately 10% or 15% of accounts, leading to approximately, say, 30% counters or 25% counters.

We have a full-time team only to do this. This came out of the McKinsey thing. And what to do in that? So McKinsey -- and then we also agreed the team, the team, which is our team and McKinsey together came up with the document, which also said account by account, all products tie up, rationalizing of scheme, rationalizing of cash back, etc., then schemes to be done on higher priced products, etc.

So if pricing is higher, pricing is better or where our margin is better, where we see more scope, we do something extra there and tighten it in areas where the scope is -- where margins are tighter. You understand? So looking at products, etc., these tie-ups need to be done, which we've not done well. Now that work is going on full steam.

So this is for -- one is material cost, other is this. Then comes logistics cost, which we are working with A&M and the logistics tower is being built. The logistics tower will have to control INR150 crores on logistics cost, INR150 crores or INR175 crores on logistics cost.

We expect approximately 15% to 20% there. All of these things together is going to give us double-digit margin. I'm confident of that. The team has not been able to execute or project manage the entire thing. That is a problem and that we are correcting.

Not having a CEO has also had its pitfalls. We found our CEO. The CEO has agreed to join by 15th of April. CEO is not from a consumer durable company. Neither is the CEO from a different industry, but very well experienced in sales and distribution and marketing. He comes with that background and comes from a company of over INR20,000 crores sales. The company is very well known and well known for consistent double-digit margin for over 20 years.

So I think we found the right person at least to lead on the volume and margin side. And this has just taken a lot of time. And we have totally seen about 476 people. And the last person who selected did not join at the last minute, but this gentleman has agreed to join and he's a better person, but I can't disclose the name now. But he sent us a letter yesterday confirming this. But he will join, we don't know.

So I think on the margin side, this point on material cost, innovation with A&M, logistics cost with A&M, e-comm with McKinsey and marketing cost with McKinsey. All of this will lead to -- and which will lead to the tie-up of all those 3,000-odd accounts, etc. All of this will lead to margin. That is my belief.

**Manoj Gori:**

No, sir. It sounds interesting.

**Bikramjit Nag:**

But project management from our side has been bad.

**Manoj Gori:**

So sounds interesting. Just to counter this...

**Bikramjit Nag:**

Your point on margin on -- when you compare us with other industries, you're absolutely correct. So before this call, we had a call. I said the same thing to my team. Even if you look at, for

example, Engineering division, Engineering division also faces price increase issues, but they manage it. But our management of this has been not up to the mark in the Appliance division. And of course, copper suddenly going up has been a thing, but these are things we have to tackle.

**Manoj Gori:** Now just lastly, when you talked about copper moving up, INR has been under pressure, though it has improved in the last few days. But if you look at copper prices continues -- yes, copper prices continues to remain at around -- already copper at 13,000. And we have not taken -- we are just planning to take price hikes. So how can we...

**Bikramjit Nag:** That would not help.

**Manoj Gori:** Yes. So how can we see probably the cost savings actually flowing in, probably not in Q4 also because yet we have not taken a price hike. But somewhere in FY '27 point of view, how can we see actually COGS positive impact because of the cost rationalization measures that you are taking, actually flowing it to P&L?

**Bikramjit Nag:** The cost rationalization thing our internal -- even though we are saying our internal target is. Point number 1. Point number 2, point number 2, we are working on certain TAV, etc., to see how we can rationalize things. See, if in AC, for example -- hypothetical, let us take a hypothetical scenario. Suppose copper goes to 16,000 -- 1600, whatever, LME.

Suppose it goes from present, suppose if it goes up by another 20%. Then what do we do? These are scenarios we have to think through. I've told the division this, Mr. Govindaraj is in charge of this. So they are now thinking through on various scenarios. If the commodity prices ABCD happen, then what can we do?

And how should we work on this beforehand? I have said that. So they have to work out scenarios and work out defensive play on what all we need to do. There's no point in the quarter passing and then just reporting the price has increased. I said exactly what you're saying. So that work is still not fully done.

And this is the same thing I have told A&M also. We have told A&M, if you're going to work on cost innovation and parallelly ABCD happens, we are not like really gaining. So we are involving them in this also to like think it through what else is possible, so that it flows into P&L in a positive manner.

**Moderator:** Our next question is from the line of Naveen Baid from Nuvama Asset Management.

**Naveen Baid:** I had a question on the Engineering division. What sort of growth are we seeing over the next couple of years? And which segment is going to be driving that growth? And just some color on the margins?

**Jayanta Chanda:** This is Jayan. If you will -- on your first question, our growth targets are in excess of 20% per annum. We intend to grow and we are pushing the order obtainment in that direction only. So regarding margins, we are currently at 14.5% PBDIT, which is slightly lower than previous quarters. This is because some start-up expenses we are doing in the electronics sector. We hope to recover that. And Engineering division margin objective is 17% to 18% EBITDA.

- Naveen Baid:** What sort of capex are we kind of envisaging?
- Jayanta Chanda:** This year, Engineering division is nearly doing INR100 crores of capex. We are modernizing our lines. We are adding new presses. There are new businesses from newer customers, which have called for.
- Bikramjit Nag:** Can I just -- can I just interject, please? Sorry. I need to interject. I think the capex plan what you're telling is not fully correct because this is only possibly Bangalore you're talking. But when you take into account Delhi as well as Gujarat proposed capex, then what is the capex?
- Jayanta Chanda:** Sir, I was talking what was approved in FY '25, '26, the Gujarat thing that is...
- Bikramjit Nag:** So that is not the question.
- Jayanta Chanda:** So we have about INR200 crores of capex plan for our new plants in Gujarat. If I may share, we are venturing we are in advanced talks for EV...
- Bikramjit Nag:** No, no, don't. We are in advanced talks with the company for a project which is not entirely something that we do now, but it's for the automotive sector. And so we are talking to government of Gujarat as well as to private parties for land, etc. And it is a project with planned sales of how much, I think INR400 crores. About INR300 crores, INR400 crores.
- Jayanta Chanda:** Phase 1 will be INR200 crores, INR200 crores going up to INR400 crores, INR500 crores in the third year.
- Naveen Baid:** So INR200 crores of investment likely to lead to peak sales of INR500 crores. Is my understanding correct?
- Bikramjit Nag:** One second. This investment, so we are now looking at, should we do a leased plant or should we buy the land and do it. So that is being worked out as we speak. If we do a leasehold plant, it has certain advantages as well as disadvantages. And of course, the capex will come down. So we are not sure as yet on that score.
- With the plant, suppose if we buy the land and do the building and all, then it comes to INR100 crores or INR120 crores, something in that like region. And without that, I think it will be a INR50 crores INR60. And other is a project in Gurgaon, which will be around the same, about INR50 crores. INR50 crores to INR75 crores, INR75 crores.
- So yes, so from that angle, these 2 alone will be INR200 crores, Delhi and Gujarat if we do land as well. And if we just lease and do it, then of course, the capex is reduced. So we are looking into this. And we will take a call on this in the next 30 days.
- Naveen Baid:** So if I just for the moment, assume that you'll do -- you'll actually buy the land, so INR200 crores of capex in Gujarat and NCR and INR100 crores in Bangalore, so INR300 crores of capex in the division. And you said this could lead to peak sales of what, INR500 crores or more peak sales?

- Bikramjit Nag:** No. So only Gujarat will be INR200 crores in Phase 1. And INR400 crores, it will go up to in the next 3 years. The project in Gurgaon should give us INR100 crores plus. Project in Bangalore should give us INR100 crores plus.
- Jayanta Chanda:** Mr. Nag, if you count the chain...
- Bikramjit Nag:** Yes. And the chain factory, chain factory in Bangalore.
- Jayanta Chanda:** That will give us INR150 crores to INR200 crores in the beginning, going up to INR500 crores by fourth of this year.
- Naveen Baid:** Which plant are you talking about this one?
- Bikramjit Nag:** For the chain, motorcycle chain. So all of this together then could be with land and all INR300 crores to INR400 crores. And without land, of course, it comes down. But the turnover we are expecting is far, far higher. So we'll give a proper note on this in our annual thing, annual report in the quarter of May, we will give a proper -- or June.
- Moderator:** Next, we have a follow-up question from Lakshminarayanan K G from Tunga Investments.
- Lakshminarayanan K G:** From a manufacturing division, can you just explain what is the business breakup between various segments? And in terms of I think -- which are the areas where we have a distinct leadership in those different spheres? That is one thing related to manufacturing?
- Second, in terms of our motor division, can you just outline because there has been some -- you're just trying to get the motor stable. There have been some changes you have done. Can you just let us know, I mean, has the product come out well? And then what are your plans for both domestic captive as well as domestic noncaptive? What are you planning to do with that?
- Third is with respect to our distribution, how -- in the last 9 months, how we have increased our distribution footprint in the Appliances division? If you can just give answers to this, it will be helpful?
- Bikramjit Nag:** Can Mr. Anand or Mr. Khanna, please answer about motor? Which is -- or you will answer? Who's there? Anand and Mr. Khanna are there?
- Management:** No, sir.
- Bikramjit Nag:** I can answer on motor. I think as far as AC motor goes, supplies have already started to go up. And we are talking to the other companies, which is Voltas, Blue Star, etc. And with Voltas it's gone to the R&D and the discussions have started on the technicalities, etc.
- I think Blue Star thing got delayed for various reasons that Blue Star and they are now talking to us. And I think our people are visiting them around 14, 15 of this month and samples will be sent. With Voltas, the volumes are very large that we are talking on.

If you see the AC market, as you said, it's 15 million, 16 million, someone said, and split is about 90% of that, and it's all in water nowadays. So we need to break through against Chinese pricing. And government of India has still not done the BIS thing on motor as yet.

Now we started working with the ministry to impose the BIS standards also whilst that is going on, because there is no standard for this. So government is working with us on this. And I think suddenly, you will see there will be a spurt in Atmanirbhar Bharat scheme and domestic thing will go up. And we are well poised for that because we have capacities on the ground.

My view is even though this has taken so much time, the project management again has not been done as well as it should have been done. I think we may fall short of capacities in due course, especially in AC. So AC, the plan is to sell to others. In washer, we've reached out to others for plant, but we have not got any favorable thing as yet.

We are again reaching out to Bosch in India. And we have also started talking to Samsung again in India to see whether they can take it from us or not instead of importing it from wherever they're importing it now. So those discussions are on, but nothing has crucified on it. Ideal scenario should -- 40% should be sold internally, 60% should be sold to others. That's the plan set for them. So we are working on this.

**Lakshminarayanan K G:** What kind of revenue potential you can actually envisage in this particular division and -- or the addressable market?

**Bikramjit Nag:** See, the market for AC motor is 5 million or 10 million, whatever it is. And that is the market today. And our -- sorry?

**Lakshminarayanan K G:** What is the realization for motor? I'm just trying to understand.

**Bikramjit Nag:** So we are working on those numbers still. But anything less than 10% margin will not work. It's not financially feasible. So that's the target we have every year. We are not achieving it in a separate point. But that's what we need to achieve. The Chinese have done it. The Chinese are very, very good at cost innovation. So we have to compete with the Chinese, and we have to become better than them. There's no point in all Indian companies saying the Chinese prices are very low. We have to compete with them.

**Lakshminarayanan K G:** Do you have a distribution chart and business mix of motors -- sorry, not motors, the Engineering division? Because you're talking about 20% growth, trying to understand the growth would actually come from organic?

**Bikramjit Nag:** Which division?

**Lakshminarayanan K G:** There are two questions. One is on the Appliances division. I want to know how the distribution footprint has actually increased in the last 9 months to the previous year 9 months. And second in terms of the engineering business, we are talking about a 20% growth. How are you going to get that growth organically? And therefore, what is the business mix we have in the Engineering division between 2-wheelers or...

- Bikramjit Nag:** I can't understand. What are you asking because it's getting cut on network. Question on the Engineering division?
- Jayanta Chanda:** His question is that how are we going to ensure 20% growth in Engineering division and what are we...
- Bikramjit Nag:** Can you answer that, please?
- Jayanta Chanda:** So sir, we are already supplying to all the OEMs in India, whether in 2-wheelers or 4-wheelers. All of them buy from us in some way or the other. Number 2, we are also actively present in Tier 1 and Tier 2 companies also who are supplying to the OEMs. Now we are increasing our share of business.
- Our marketing is driving the increase of share of business with these companies. And also, we are venturing into newer areas. This Gujarat investment, which we talked about a few -- it's a completely new area. It's a futuristic thing that is going to get us a completely new -- about INR200 crores to start with. That will be an absolutely new revenue stream for us.
- Similarly, we are into other breakthrough projects, what we call newer products, which have become mandatory due to government legislation like brake disc etc., we are venturing into that. So these will give us additional revenue streams. So a 3-pronged approach, basically increase the share of business with each OEM and each of our customers, increase -- get into newer revenue streams through investments and just push marketing to get it.
- We are quite sure because many of the orders are right now in maturity stage, and we are also preparing ourselves for the investment that will follow. So -- we are more than confident that we will be able to deliver this target which we are talking.
- Lakshminarayanan K G:** What is the business mix between different segments in this Engineering division between 2-wheelers or non-2-wheeler with us?
- Jayanta Chanda:** Sorry, your question was what is the business that we are getting into?
- Lakshminarayanan K G:** No. Out of the business mix, how much percentage is driven by 2-wheeler OEMs and how much is driven by...
- Jayanta Chanda:** Engineering division, roughly 50% of our turnover comes from 2-wheelers and 50% comes from 4-wheelers. If you -- yes, that's it.
- Lakshminarayanan K G:** Another question on distribution, how we have done on distribution points, with respect to last year and this year in the Appliances division?
- Bikramjit Nag:** I can answer that. You see, as I said, post the McKinsey report, we are very focused and this even from before we've been trying to do, but not done a very good job at, which is the 3,000-odd accounts, which are all the Pareto counters, those need to be properly supplied with all our products.

And most of these will fall under the direct dealer route. I think only about 15%, 18% will fall under the distribution route. And we hope that all these tie-ups will be done by April -- by April end, actually. It may not be done by 31st of March. But we sincerely hope that all this tie-up will be done by April end.

If that is done, if we are able to do this, of course, it's a very big, but I'm hoping now it will get done because real focus has come into this post the McKinsey thing and the team working on this full time, you will see growth across categories.

In each account, if Reliance is an account, for example, today, say we are weak in AC or in refrigerators, or say in 1 of the 2, and we need to talk to all these accounts for all the products and even to a small dealer on all the products. And hopefully, this will get done. So I'm not calling it distribution alone. I'm calling it direct dealer sales as well as distribution.

**Lakshminarayanan K G:** Mr. Nag, one last question to you. If you just look at for the next 3 years or 5 years, what are the markers of success you have envisaged in your mind, particularly in terms of the Appliances division or the nominal division. When you look back after 5 years, we will say that we have been successful, what are the vectors we are actually taking that you would be satisfied into?

**Bikramjit Nag:** We thought of 3 years, we've not thought of 5 years. There is an internal thing for 3 years. And in no category should we be below 10% market share, point 1. In no category and especially in washer, etc., our market share should grow significantly from wherever we are today. We are already -- suppose in top loader, we are at hypothetically, whatever share we are at, we should get double the share, etc.

So I think we have an internal plan, but because we don't give guidance, I can't talk about it in that manner. But our thing internally is always talking on exponential growth. We have not delivered on that. We are very well aware of that.

But what we are doing, I'll tell you, apart from these margin factors, which you all have discussed and correctly, I mean whatever we answered, we have answered, this point of bringing in A&M as well as McKinsey, etc., the delay happened. I did not understand the importance of bringing in these firms and making a separate team work on it.

What I mean by separate team, from our operations, we have pulled out people and put them into this setup. So now, for example, McKinsey has 5 people in Goa or something like that, so as A&M. And with them, we have put in another 5, 6 people.

So you see that team working together as one and chasing impact, that is something that has taken me my surprise. And most importantly, my internal people are very, very enthused by this. And whenever corrections are needed, they are like correcting things themselves. So that has been a good thing.

Now coming back to the point on growth, we only talk on exponential growth internally, including in auto component division, for example, we thought apart from the capex, M&A is on the cards. So far, nothing has happened, but we've seen exactly 57 companies. And we could have bought many of them.

We chose not to buy out of financial prudence. Many of the companies were extremely good, but they were very expensive. And some we did the deal and then they backed out by saying other things, etc. We had to back out, sorry. So we are aggressive on both these divisions.

Especially appliances, no company can be considered to be run well if it's running at 5.5%, 6% margin. I'm very, very clear on this. And what we are doing to correct this is also, if you see at the top level, lots of people we have replaced lots of people in the regions we have replaced. We have replaced people in the branches. We are doing a correction on manning.

And this correction on manning that we are doing now aggressively based on data is helping to rectify things. It will help to rectify things in the time to come. But as a company, let me tell you also and as an individual me personally, it's very difficult when you replace people. And I have gone very, very slow on this. I don't enjoy doing it.

But then we came to the realization that we had no choice. And it's very, very painful, but the process has been slow, and we are aware of that. But we've now started doing it. And we are doing it aggressively now and lots of people will change, which we've never done. I've been in this company for 30 years, and we have never done it, but we are doing it now. And I hope and I'm sure we'll see results.

Unless we get exponential growth -- and for exponential growth in Appliances, it has to be more than 20% CAGR because it is not adequate with the capacity that we have.

**Lakshminarayanan K G:** I mean I think it's clear that despite of having such a great brand, we maybe are underutilizing it from a profitability point of view, and I hope all these initiatives will follow and this company will do wonderfully.

**Moderator:** Our next question is from the line of Vinod Krishna from Avendus Wealth.

**Vinod Krishna:** Sir, can you throw light on your -- what are the kind of feedback that you're getting on your refrigeration, how acceptance, competition, refrigeration? That's a new category for us and ACs also. Is it well accepted or any changes to be made in the product and we are doing it. So if you can throw more light on -- because these are the 2 new categories where we are having very small market share and what are the plans to increase the market share because these are the 2 where you will be having less than 10%, so?

**Bikramjit Nag:** I think the first thing on the product on refrigerator is, as I said, the team -- many of our team members at the branches were just not adept at handling all the products. That took us time to understand why they are not able to do it. But we just realized some people cannot do it or will not do it. So we've replaced most of them. That's the first thing.

On the market side, the feedback has been, by and large, product is okay. There are certain areas where cost innovation has to be done. The product has been configured for far higher specs in certain cases. So there are cost innovation things there, which we have to work on in certain areas.

The one thing in refrigerator, which has come out clearly is that IFB should not have gone for DC, but should have gone for higher-end product first. And the thing with that is -- the thing with that if we had come out with the higher-end product like what Liebherr has come out with, for example, then placement would it have been difficult or not in the counters.

You see? So this call was taken then and I was party to that call surely. But clearly, it is coming up now that the channel expected higher-end products from us or not, and not what we have. And there's an issue there. But now we are -- now we have what we have, and we must sell the capacity. Now these tie-ups that I'm talking about and insisting on with my team for the 3,000-odd accounts is very, very essential to sell capacity. So first point is that.

Second point is, will we go as per market demand for capex to make more higher-end products or refrigerator? Answer is no. Today, it's no. We will not do it. We are looking at possibilities of import of CKD and all of that and seeing whether this is something we can do over the next 9 months or not. If not, we will not do it. We'll only focus on whatever we have postponed capex now till it becomes profitable. Unclear on this. So no more capex on this.

As far as AC goes, we have to push the higher tonnage ACs and the higher-end ACs instead of fighting at the lower end. And one of the things we've seen from the market is if you see pricing MOPs for one category of AC, let's say, sometimes our pricing, we are Number 8. Okay?

So we are between Number 7 and Number 9 in pricing in different markets. IFB should not be there. We have to see how to improve brand recall for AC and improve pricing. And that is something marketing needs to work on. Because that is something that we're getting into.

AC product, we have seen some issues, some technical issues we have encountered, but we are correcting those. But by and large, on cooling side, we have not seen much issue. On cooling side, we did, but some issues on fit and finish, etc., is there. Some issues with the remote we have encountered, but all of those have been fixed.

**Vinod Krishna:** So you're confident that your market share in AC will go from 3% to 10% over the next 3 years?

**Bikramjit Nag:** I'm not -- the question is not of my confidence. The question is what the company must do. The company must do it. Otherwise, company should not be in the business.

**Vinod Krishna:** When I say confidence...

**Bikramjit Nag:** Every company should have a plan. Every company should have a clear plan on what it must achieve. Your question was, by and large, what we'll have etc., correct?

**Vinod Krishna:** Yes. How do we go there, sir?

**Bikramjit Nag:** If you're not that -- how do we go there? We will go there only by fixing the team, by having a very good team, market by market as well as in the factory. There is no other way of fixing organization.

**Vinod Krishna:** You are confident -- when I say confident, I'm not saying we give the guidance, sir, sorry. But I was just saying that these are all fixable things. We are not having things that are not fixable, right? That's my question. That was my question?

**Bikramjit Nag:** Well, I can only assure you whatever question you're asking me on a lighter way, like my mother is asking me the same thing. How come the results are not improving etc.

**Vinod Krishna:** Share price is okay, but IFB is known -- is a well-known brand. So I don't -- actually, it looks like it's known for a premium positioning, so and there's so much we can actually do. So I'm just trying to understand whether the path is full of frictions or...

**Bikramjit Nag:** We will see in the next -- so, Mr. Govindaraj, if you are here on washers, the things we are coming out with right up to 14 kilo, when is that going to be done by?

**C.S. Govindaraj:** Sir, on the 14 kg we should be -- 12 kg and 13 kg will be there in September and 14 kg, we should be there in November or December.

**Bikramjit Nag:** By December, I think all the line-up will be ready, top loader also, correct?

**C.S. Govindaraj:** Yes, sir.

**Bikramjit Nag:** You will see us coming out with higher-end products, etc., internationally benchmark, if not better. The other thing I told my people is to stop benchmarking and become the benchmark yourself. I told them that. We have to do that. That's the challenge, if you ask me.

**Vinod Krishna:** Sir, if you do not mind, I just repeat my -- I'm just asking like take ACs because AC is -- you are seeing the path to become 10%, right? It's not something undoable. That was my question because in some time, we will know...

**Bikramjit Nag:** No, it is doable.

**Vinod Krishna:** So that was my question, sir.

**Bikramjit Nag:** We must do it. If we don't do it, we should exit ACs.

**Vinod Krishna:** Got it. Because other places you are entering like top loader, front loaders -- yes, because other places you are entrenched and it is more easier. Here, you're not entrenched, so that's what I was asking both refrigerators and ACs. Is a path to 10%...

**Bikramjit Nag:** Here, it's a failure -- as I'm telling you here, it's a failure to create demand for our product by marketing. And I'm strengthening overall company's marketing ability. And one of the things which I forgot to say is one of the things we are working on is we have this 10 million customer base and etc., and also direct customers, 12,000 we have B2B customers for our industrial products and all.

And how we sell to our customer base directly is a business by itself, which has a huge, huge, huge opportunity. But we don't know how to do it. We as a company, we have all the tools. No, okay. So suppose you are a customer. Let us assume you have, let's say, an IDC, for example.

But I'm not reaching out to you on a regular basis to find out what you need and for you to know what all we have, just like a bank does with you.

So if you have an HDFC account, they will tell you things on housing loan and car loan and this -- you understand? That is what we are working on now. We are strategizing this with like McKinsey itself also.

**Moderator:** Ladies and gentlemen, in the interest of time, that was the last question. I would now like to hand the conference over to management for closing comments.

**Soumitra Goswami:** Soumitra here. Thank you very much for participating in this call. We'll be meeting again after quarter 4. Thank you very much.

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