



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

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## Result Update @ Dalal & Broacha

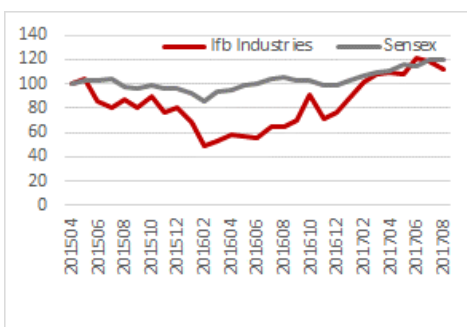
### HOLD

Current Price	664
Target Price	695
Upside	5%
52 Week Range	Rs 281/625

### Key Share Data

Market Cap (Rs.bn)	26.8
Market Cap (US\$ mn)	421
No of o/s shares (mn)	41.3
Face Value	10
Monthly Avg. vol(BSE+NSE) Nos'000	24
BSE Code	505726
NSE Code	IFBIND
Bloomberg	IFBI IN

### Price performance



### % Shareholding

	Mar-17	Dec-16
Promoters	74.96	74.96
Institutions	11.74	10.64
Others	13.30	14.40
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### IFB Q1FY18 Results were below expectations

Q1FY18 Revenues (excluding excise duty) rose 19% YoY to Rs 4917.1mn. The management mentioned that Sales loss was ~400mn due to de-stocking on account of GST. This negative effect is expected to be neutralized by additional sales in Q2FY18.

EBIDTA declined 20% YoY to Rs 209.2mn. EBIDTA Margins stood at 4.3% as against 6.3% last year this was mainly on account of rise in employee cost and other expenses. Employee cost increased by 33.7% YoY to Rs 516.3mn, and as percentage to revenues it was up 130bps YoY on account of wage hike, addition of people in key areas and R&D division. Other Expenses as percentage to Revenues stood at 26.9% as against 26% last year. Raw materials to Revenues stood at 58.4% as against 58.5% last year.

Other Income increased by 92.1% YoY to Rs 34.2mn and Interest Cost increased by 61.4% YoY to Rs 11.3mn. Tax Rate 31.3% as against 7% last year. PAT declined by 52.7% YoY to Rs 73.8mn.

### SEGMENT WISE :

**Home Appliance:** Gross Revenues increased by 17.6% YoY to Rs 4378.4mn PBIT Margins stood at 1.5% as against 4.5% last year.

**Engineering:** Gross Revenue increased by 14.7% YoY to Rs 931.8mn. PBIT Margins stood at 7.8% v/s 6.3% last year. In-case of Engineering division during the pre-GST regime OEM tried to control their pipeline stocks leading to growth of 6.12% ( in case of 4-wheeler) and 8.56% (in case of 2-wheeler) against these IFB grew at 9% and 14% respectively.

The company plans to diversify in to non-auto sectors such as Electrical, Railways, Cycle Industry, Defence etc.

### Conference Call KTA's

**Home Appliance Volume growth:** -Front Loading washing Machine up 16.7% YoY at 82400 units / Top Loading Washing Machines up 14.3% YoY to 44428 units /Microwave Oven up 44.3% YoY to 50475 units /AC's up 12% YoY at 32649 units

-New range of Front Loaders would be introduced in Q2 and Q3FY18

- Market Shares: Front Loaders ~44-45%, Top Loaders (fully automatic range) 18-19%, A/C's 2-3%, Microwave Ovens ~18-19%

- Company is keenly working on the distribution of AC's where the market share remains low. Company also plans to rollout refrigerators by Q4FY18

- IFB points contributed 16% of Sales by volumes as of Q1FY18. The company has a total of 402 IFB points across India and 30 new are under construction and would reach the target of 500 points by FY18 end.

-IFB website and other online platforms contributed ~10% of Sales volumes.

-IFB currently has ~780 service franchisee across India which it plans to expand to ~900 by end of fiscal IFB Points 400 reach 500 by Q2FY18.

-**Localization** program is on track in case of washing machines and the impact would be visible from Q4FY18.

-Outlook on Appliance division remains positive as the market pipeline stock at end of Q1FY18 at dealer level are at the minimum and customer demand remains strong.

**Valuations at Rs 663:** 37.3x FY18 E EPS of Rs 17.8 and 25x FY19 E EPS of Rs 26.7. New product introduction would drive sales and localization would improve margins. We maintain Hold for Long term.

### Key Financials ( Rs Mns)

Year	Net Sales	%growth	EBIDTA	OPM%	PAT	%growth	EPS	PE(x)	RoE%	RoCE%
FY15	12,615.0	23.6	865.7	6.9	497.3	130.2	12.0	55.1	12.9	10.9
FY16	15,009.4	19.0	694.4	4.6	313.6	(36.9)	7.6	87.4	7.5	5.5
FY17	17,406.5	16.0	973.9	5.6	509.7	62.5	12.3	53.8	10.9	11.0
FY18E	20,709.1	19.0	1,308.5	6.3	735.5	44.3	17.8	37.3	13.6	14.7
FY19E	24,230.0	17.0	1,769.2	7.3	1,104.1	50.1	26.7	24.8	16.9	18.4



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Particulars ( Rs Mns) ( as per Sebi filing)	Q1FY18	Q1FY17	Growth
Net Sales	4917.10	4128.6	19.1%
Other OP Income	0.0	48.3	-100.0%
<b>Total Op Income</b>	<b>4917.1</b>	<b>4176.9</b>	<b>17.7%</b>
Cost of Materials Consumed	-1705.7	-1607.6	6.1%
Purchase of Stock in Trade	-1235.1	-907	36.2%
Changes in Inventories	70.1	72.6	-3.4%
RAW MATERIALS	-2870.7	-2442	17.6%
<b>% of Operating Income</b>	<b>-58.4%</b>	<b>-58.5%</b>	
Employee Benefits	-516.3	-386.2	33.7%
<b>% of Operating Income</b>	<b>-10.5%</b>	<b>-9.2%</b>	
Other Expenses	-1320.9	-1086.4	21.6%
<b>% of Operating Income</b>	<b>-26.9%</b>	<b>-26.0%</b>	
EXPENDITURE	-4707.9	-3914.6	20.3%
<b>% of Operating Income</b>	<b>-95.7%</b>	<b>-93.7%</b>	
<b>EBIDTA</b>	<b>209.2</b>	<b>262.3</b>	<b>-20.2%</b>
<b>EBIDTA MARGINS</b>	<b>4.3%</b>	<b>6.3%</b>	
Other Income	34.2	17.8	92.1%
EBIDTA ( incl O. Income)	243.4	280.1	-13.1%
Depreciation	-124.7	-105.3	18.4%
Financial Cost	-11.3	-7	61.4%
Exceptional Expenses			
<b>PBT</b>	<b>107.4</b>	<b>167.8</b>	<b>-36.0%</b>
Tax	-33.6	-11.8	184.7%
<b>TAX RATE</b>	<b>-31.3%</b>	<b>-7.0%</b>	
<b>PAT</b>	<b>73.8</b>	<b>156</b>	<b>-52.7%</b>
<b>NPM</b>	<b>1.5%</b>	<b>3.7%</b>	
Equity	412.8	412.8	
FV	10	10	
EPS	1.8	3.8	

### SEGMENTAL:

Home Appliances	4378.4	3724.3	17.6% (gross levels)
Engineering	931.8	812.5	14.7% (gross levels)
Unallocated		0	
<b>Total</b>	<b>5310.2</b>	<b>4536.8</b>	<b>17.0%</b>
Less Intersegment			
<b>Total Operating Income</b>	<b>5310.2</b>	<b>4536.8</b>	<b>17.0%</b>
<b>PBIT</b>			
Home Appliances	67.5	166.6	-59.5%
<b>EBIT Margins</b>	<b>1.5%</b>	<b>4.5%</b>	
Engineering	72.5	50.9	42.4%
<b>EBIT Margins</b>	<b>7.8%</b>	<b>6.3%</b>	
<b>Total PBIT</b>	<b>140</b>	<b>217.5</b>	<b>-35.6%</b>



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