



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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Result Update @ Dalal & Broacha

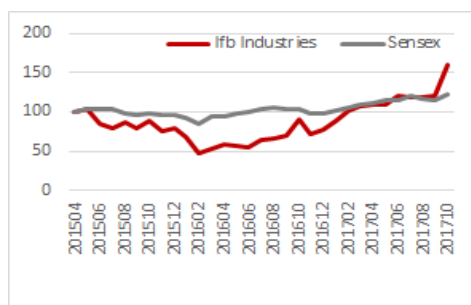
Buy on Dips

Current Price	956
52 Week Range	Rs 281/625

Key Share Data

Market Cap (Rs.bn)	38.7
Market Cap (US\$ mn)	597
No of o/s shares (mn)	41.3
Face Value	10
Monthly Avg. vol(BSE+NSE) Nos'000	84
BSE Code	505726
NSE Code	IFBIND
Bloomberg	IFBI IN

Price performance



% Shareholding

	Sept-17	June -17
Promoters	74.96	74.96
Institutions	12.25	11.74
Others	12.79	13.30
Total	100.0	100.0

IFB Industries Q2 FY18 Standalone Results

Q2FY18 results were better than expectations on both fronts Topline and EBIDTA levels.

Q2FY18 Operating Revenues (excluding GST current year and excise duty last year) increased by 37% YoY to Rs 6019.5mn mainly driven by strong volume growth in Home Appliance segment.

Q2FY18 EBIDTA in absolute terms increased by 79.6% YoY to Rs 613.2mn. The company achieved double digit EBIDTA margins that stood at 10.2% as against 7.8% YoY supported by drop in other expenses (certain fixed cost as a % of record high sales, reduced). Going forward the management is confident of achieving double digit EBIDTA margins whenever monthly average sales cross Rs 200-220crs revenues.

As percentage to Operating Income:

a) Raw Materials stood at 58.4% as against 56.8% YoY. Commodity prices have gone up and Q2FY18 sales witnessed 60% rise in Microwave Oven volumes which is basically a traded product.

b) Other Expenses stood at 22.6% as against 26.5% YoY, basically similar amount of fixed cost supported higher sales.

Q2FY18 PBT increased by 92.8% YoY to Rs 507mn. PAT increased by 91% YoY to Rs 365.7mn.

EPS H1FY18 Rs 10.6 v/s 8.4 YoY

Segment Results at gross levels (as reported by press release)

Home Appliance: Sales were up 29.6% YoY to Rs 5112.5mn. Generally Q2 and Q3 are seasonal quarter for Washing Machines which forms ~60% of IFB Gross Revenues. PBIT margins stood at 9.1% v/s 6.2%

Volumes were as follows:

Front Loaders 132912 units up 46% YoY / Top Loaders 65981 units up 41% YoY

Microwave Owen 104053 units up 60% YoY

Air Conditions 5301 units up 13% YoY

Engineering: Sales were up 4.8% YoY at Rs 915mn PBIT margins 10.6% v/s 6.9%

The demand for home appliance was very strong on account of festive season. The company was able to liquidate entire inventory.

Valuations at CMP Rs 956: 53.7x FY18e EPS of Rs 17.8 and 35.7x its FY19e EPS 26.7

In relative terms Whirlpool too trades around the same valuations, we still remain positive on the stock and would recommend Buy on Dips

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	79.4	12.9	10.9
FY16	15,009.4	19.0	694.4	4.6	313.6	(36.9)	7.6	125.8	7.5	5.5
FY17	17,406.5	16.0	973.9	5.6	509.7	62.5	12.3	77.4	10.9	11.0
FY18E	20,709.1	19.0	1,308.5	6.3	735.5	44.3	17.8	53.7	13.6	14.7
FY19E	24,230.0	17.0	1,769.2	7.3	1,104.1	50.1	26.7	35.7	16.9	18.4



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Particulars (Rs Mns) (as per Sebi filing)	Q2FY17	Q2FY18	Growth	H1FY17	H1FY18	Growth
Net Sales	4342.2	6019.50	38.6%	8470.8	10936.60	29.1%
Other OP Income	51.3	0.0	-100.0%	99.6	0.00	-100.0%
Total Op Income	4393.5	6019.5	37.0%	8570.4	10936.6	27.6%
Cost of Materials Consumed	-1870.4	-2457.5	31.4%	-3478	-4163.20	19.7%
Purchase of Stock in Trade	-607.8	-748.3	23.1%	-1514.8	-1983.40	30.9%
Changes in Inventories	-16.1	-308.4	1815.5%	56.5	-238.30	-521.8%
RAW MATERIALS	-2494.3	-3514.2	40.9%	-4936.3	-6384.9	29.3%
% of Operating Income	-56.8%	-58.4%		-57.6%	-58.4%	
Employee Benefits	-391.8	-529.7	35.2%	-778	-1046.00	34.4%
% of Operating Income	-8.9%	-8.8%		-9.1%	-9.6%	
Other Expenses	-1165.9	-1362.4	16.9%	-2252.3	-2683.30	19.1%
% of Operating Income	-26.5%	-22.6%		-26.3%	-24.5%	
EXPENDITURE	-4052	-5406.3	33.4%	-7966.6	-10114.2	27.0%
% of Operating Income	-92.2%	-89.8%		-93.0%	-92.5%	
EBIDTA	341.5	613.2	79.6%	603.8	822.4	36.2%
EBIDTA MARGINS	7.8%	10.2%		7.05%	7.52%	
Other Income	44.1	33.4	-24.3%	61.9	67.60	9.2%
EBIDTA (incl O. Income)	385.6	646.6	67.7%	665.7	890	33.7%
Depreciation	-109.1	-128.7	18.0%	-214.4	-253.40	18.2%
Financial Cost	-13.6	-11	-19.1%	-20.6	-22.30	8.3%
Exceptional Expenses						
PBT	262.9	506.9	92.8%	430.7	614.3	42.6%
TAX RATE	-27.0%	-27.9%		-19.2%	-28.5%	
PAT	191.8	365.7	90.7%	347.8	439.5	26.4%
NPM	4.3%	6.0%		4.0%	4.0%	
Equity	412.8	412.8	0.0%	412.8	412.8	0.0%
FV	10	10		10	10	
EPS	4.6	8.9	90.7%	8.4	10.6	26.4%
SEGMENTAL:						
Home Appliances	3945	5112.5	29.6% Gross level	7669.3	9490.90	23.8% Gross Level
Engineering	873.1	915.3	4.8% Gross Level	1685.6	1847.10	9.6% Gross Level
Unallocated						
Total	4818.1	6027.8	25.1%	9354.9	11338	21.2%
Less Intersegment						
Total Operating Income	4818.1	6027.8	25.1%	9354.9	11338	21.2%
PBIT						
Home Appliances	243.6	462.9	90.0%	402.8	539.40	33.9%
EBIT Margins	6.2%	9.1%		5.3%	5.7%	
Engineering	60.5	96.9	60.2%	111.4	169.40	52.1%
EBIT Margins	6.9%	10.6%		6.6%	9.2%	
Others						
Total PBIT	304.1	559.8	84.1%	514.2	708.8	37.8%



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