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19th August, 2026

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

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

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

Sub: Transcript of the earnings conference call for the quarter ended 30th June, 2026

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in furtherance to our letter dated 14th August, 2026 regarding the audio recording of the investor's earnings call for the quarter ended 30th June, 2026, 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
Digitally signed by RITESH AGARWAL
Date: 2026.08.19 17:33:03 +05'30'

Ritesh Agarwal
Company Secretary

"IFB Industries Limited
Q1 FY27 Earnings Conference Call"
August 14, 2026

MANAGEMENT:	**MR. SANDEEP JOSEPH ABRAHAM – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – HOME APPLIANCES DIVISION** **MR. C.S. GOVINDARAJ – EXECUTIVE DIRECTOR, MANUFACTURING – HOME APPLIANCES DIVISION** **MR. SOUMITRA GOSWAMI – CHIEF FINANCIAL OFFICER** **MR. ARUP DAS – EXECUTIVE DIRECTOR – ENGINEERING BUSINESS** **MR. AMAR SINGH NEGI – EXECUTIVE DIRECTOR – SERVICE BUSINESS (HAD)** **MR. JAYANTA CHANDA – CHIEF FINANCIAL OFFICER – ENGINEERING BUSINESS** **MR. RAJEEV MUNDHRA – HEAD, FINANCE AND ACCOUNTS – ENGINEERING, STEEL AND EAST REGION (HAD)** **MR. KARTIK MUCHANDI – HEAD, FINANCE AND ACCOUNTS – HOME APPLIANCES DIVISION** **MR. RANJAN MOHAN – NATIONAL SALES HEAD – HOME APPLIANCES DIVISION**
MODERATOR:	**MR. RABINDRA NATH NAYAK – NIRMAL BANG EQUITIES PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the IFB Industries Limited Q1 FY27 Earnings Call, hosted by Nirmal Bang Equities Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone.

I now hand the conference over to Mr. Rabindra Nath Nayak. Thank you, and over to you, sir.

Rabindra Nath Nayak: Thank you, Saniya. On behalf of Nirmal Bang Equities, I would like to welcome everyone to the Q1 FY27 earnings call of IFB Industries Limited. We thank the management of IFB Industries for giving us the opportunity to host this call.

From the management team, we have with us, Mr. Sandeep Joseph Abraham, Managing Director and CEO, Home Appliances Division; Mr. C.S. Govindaraj, Executive Director, Manufacturing, Home Appliances Division; Mr. Amar Singh Negi, Executive Director – Service Business, Home Appliances Division, Mr. Soumitra Goswami, Chief Financial Officer; Mr. Arup Das, Executive Director, Engineering Business; Mr. Jayanta Chanda, CFO, Engineering Business; Mr Rajeev Mundhra, Head- Finance and Accounts, Engineering and Steel, Mr. Kartik Muchandi, Head, Finance and Accounts, Home Appliances Division; and Mr. Ranjan Mohan, National Sales Head, Home Appliances Division.

Please note that today's discussion may contain forward-looking statements based on current expectations, which involve risks and uncertainties that could cause actual results to differ materially. The management assumes no obligation to update these statements in light of new information or future developments.

Without taking much of your time, I would now like to hand over the call to the management for their opening remarks. Following the management commentary, we will open the floor for the question-and-answer session. Over to you, sir. Thank you.

Soumitra Goswami: I am Soumitra Goswami. I welcome you all for IFB Industries Limited investor call for first quarter FY27. Let me tell you about the quarter 1 results now. Revenue for the quarter was INR 1,529 crores against last year's INR 1,311 crores, which is a growth of 16.65%. PBDIT for the period was INR 88.46 crores, and its percentage to revenue is 5.79%, as compared to last year's INR 69.95 crores, which was 5.34% on revenue.

There's an increase in PBDIT by INR 18.51 crores, which is a growth over last year by 26.46%. Fixed expenses for the quarter were well within budget. However, in case of some of the expenditure, expenses has increased over last year. PBT for the period was INR 51.54 crores, which is 3.3% on revenue, against last year's figure of INR 33.93 crores, which was 2.59% on revenue. Q1 PAT was INR38.06 crores, which is 2.5% on revenue, against last year's INR25.36 crores, which is 1.9% on revenue.

With this, I would like to request to start the question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Lakshminarayanan from Tunga Investments.

Lakshminarayanan: Two questions. If I look at the commodity increase in Q1 and Q4, which you had actually mentioned, it totals to almost INR90 crores, and the Forex also totals to around INR81 crores. So it's almost INR170 crores of impact on both the things, right? Now, while the cost savings, if I just total, it comes to maybe around INR110 crores or maybe INR120 crores. My question is that whether the commodity increase, is it behind us?

And do you think this can -- either it is behind us or can we actually pass through the entire commodity increase so that the cost savings are actually permanent in the next few quarters? And how do you think about the Forex impact that you have got? And what has been the -- what is the prognosis for the year ahead? That is my first question.

Second, I see that room air conditioners' growth has been close to 10%. What I gather is that the industry grew almost at 20% plus in the same period. Is it kind of a choice of not matching the growth -- I mean not matching the industry growth? Or there has been some kind of a disadvantage we had in terms of growth in the room air conditioners? So these are the 2 questions.

Sandeep Joseph Abraham: So, as far as commodity is concerned, commodity and Forex -- I'm Sandeep here. Commodity and Forex continues to be an issue. So even when you look at Q1, we have an issue as far as commodity and Forex is concerned. And whether it is behind us, as of now, no. So we are still seeing commodity increases that are there, as well as Forex.

There is not much of a change as far as Forex is concerned. So is it behind us? As of now, it doesn't look like it is behind us, and we continue to be under strain when it comes to both commodity and Forex.

Lakshminarayanan: And how much of commodity you have passed on, sir? Because, for example, if you just take the last 2 quarters, it comes to almost INR90 crores of commodity increase. So has it been passed on? Or when do you think it can be passed on?

Sandeep Joseph Abraham: We are trying to pass on whatever is possible, but we need to be competitively priced in the market. And therefore, have we been able to pass on commodity? No, we have not been able to pass on commodity and Forex to the market. We've been able to get some cost initiatives that are there, which is basically to improve efficiencies in our operation. So, that has helped us as far as our P&L is concerned. But no, we have not been able to pass on the commodity and Forex to the customer in the form of a price increase.

Lakshminarayanan: Got it. And my second question is on the RAC.

Sandeep Joseph Abraham: Yes. As far as AC is concerned, see, the quarter 1, when you look at it, every couple of years, 2 years or 3 years, the government changes its -- the ratings that are there. And we had taken a conscious call that we will not build up stock of the older-rating AC products. And therefore, our old-rated AC products, actually, we completed it in the first month itself. By about January itself, we have completed it, and we moved into the new rating as far as AC is concerned.

The new rating, as you might realize, is about 10% to 15% more expensive than the market. And therefore, we did not have the advantage of the older-rated products with a price advantage in the market. We consciously said that we would not carry it forward. So from that point of view, yes, we had that disadvantage when it came to the operation is concerned. However, we are concentrating on some of the higher-capacity models, where we are seeing good growth, and we'll continue to focus on that.

Lakshminarayanan: And in terms of capacity of RACs, can you just tell me how many shifts are going on? And what is the current capacity and how much you can actually enhance without adding more capacity just by enhancing the shift?

Sandeep Joseph Abraham: Mr. Govindaraj, do you...

C.S. Govindaraj: Yes. This is Govindaraj here. Right now, our capacity in air conditioner is about 75,000. And in the peak month, we are using about 85%. At the same time, we are working on improving the capacity through debottlenecking and some automation. So there is no need for us to increase the number of shifts, etcetera. We will be able to achieve 75,000 to 80,000, when it is required, per month.

Moderator: The next question is from the line of Vivek Kumar from Geometric Securities.

Vivek Kumar: Sir, am I audible?

Sandeep Joseph Abraham: Yes, you are.

Vivek Kumar: Sir, this question -- like if you can help us understand how -- because like you're not able to pass on the cost to stay competitive, at least, are we seeing growth then in sales? Like are we not even having sales growth? Because we are not able to pass on -- because you have told in the last con call that 20% growth we are seeing. Is it continuing? Or even that has slowed down?

Sandeep Joseph Abraham: No, that's not slowed down. In fact, if you look at the P&L, you would find that our revenues -- the HAD division revenues went up by 18% for the quarter. And therefore, while we have said 20% growth, we are definitely moving in that direction. So we've been able to get an 18% growth as far as our net revenues are concerned.

Vivek Kumar: So, you are able to at least have a growth 0f 18% even in this quarter?

Sandeep Joseph Abraham: Yes, definitely.

Vivek Kumar: Sir, second question is around the same thing. So how are you looking at this opportunity -- because now that you have washer, cooling and cleaning, all -- most of the categories you have covered, and you are -- can you explain us, is there even competition facing the same issue of not able to pass on? Or is it just for us? Or we are able to pass on in a few categories and not in other? And then, why are we then persisting -- or you will be able to pass on over the next 2, 3 years?

How are you thinking? Because this has been a persistent issue if you see. Then -- because if there's such a high competition, then why are we putting up our own capacities instead of doing an outsourcing? So if you can please make us understand the assumptions the management is thinking over the long run of being present in all categories, if we have such -- do not have the pricing power in the long run?

Sandeep Joseph Abraham: So pricing, as I said, wherever there was an opportunity, we have actually taken the price increase. But then, these are, I think, tough times where the commodity and Forex are unprecedented increases that are there. We hope that it doesn't last. And if it doesn't last, then all the benefits that we have done to tide over the difficult conditions in the form of whatever cost on activities and all those activities that we have done to improve our efficiencies, that continues. And we are hoping that the commodity and Forex negatives that is happening now will ease out over a period of time.

So if that element comes down, then I don't know how much -- how many people will then look at the pricing and stuff like that. But if we -- if the commodity and ForEx actually eases out, then all our parameters will look much better. And as far as others are concerned, I'm not sure. I think you should check out their results also. But we are not seeing -- beyond a certain stage, we are not seeing increase in prices.

Vivek Kumar: And how should we think about IFB's presence across in the long run? And can we expect this 20% growth at least in sales to continue for 2, 3 years? And because Bikram sir used to tell us that the channel extraction, and is the work at least over there?

Sandeep Joseph Abraham: Yes. So the 20%, as I said, that is definitely what we are working towards. And Q1 has been at 18% growth, as far as revenue is concerned. That becomes critical because that is going to power our entire growth story. And as you mentioned, a lot of things are being done at the channel level to ensure our placements are improved, our extraction is better.

We are ensuring that we have got people on the ground at the counters, manning the counters and things like that. So a lot of work is happening on the harder things, which is getting our distribution up and running. And that is what has actually got us this growth. Is it a done deal? No. Obviously, all these things keep constantly getting improved, but we are on the right path. And the good thing is that we grew 18% in Q1.

Vivek Kumar: So we should be able to grow at the same rate, sir, in the coming quarters and years?

Sandeep Joseph Abraham: Yes, we should.

Moderator: We take the next question from the line of Saket Kapoor from Kapoor Company.

Saket Kapoor: I'm Saket Kapoor from Kapoor Company. Firstly, sir, as you were mentioning that we are anticipating that the current run rate of growth to continue for the ensuing year. So firstly, if you could give us some more color on our Engineering segment and our capex plan, when can we expect fructifying of the same and the business environment for the home appliances? Some more color of how things have shaped up for the previous quarter and how are things currently playing? The dynamics -- the business environment would suffice.

Arup Das: I will take the Engineering question. The home appliance will be answered by the concerned person. This is Arup Das. As far as Engineering last quarter is concerned, we -- as sales is concerned, we have exceeded the budget, and we have grown by 17%. EBITDA level was what was budgeted.

So in all terms, Engineering division met all the KPIs related to budget. And we expect that we will continue in the same fashion going forward until otherwise, there are certain dips due to global scenarios, etcetera, where we have no control on. But still, we will try to manage as much as possible. But -- as far as present situation goes with the festive season arriving, we should be in the same line.

Saket Kapoor: Okay. Sir, because we have also outlined some targets for, I think, a higher top line -- I think, INR2,000 crores-plus and with some acquisition -- some land acquisition has also been done. Some product introduction is also there. So I wanted to understand where are we in midst of closing on those aspects. What can be expected going ahead?

Arup Das: Okay. As far as new projects are concerned, it's -- as you know, EV is penetrating the Indian market, and we wanted to be a part of that growth story. In order to do so, we had bagged LOI from Tata, which is about INR150-odd crores. But you might have seen that yesterday, in the newspaper, news related to Tata, Agratas and others, there are issues. Probably the Tata Group Chairman is resigning, and you have -- Noel Tata has expressed his concern about the battery project.

We are -- however, we are in touch with them. If they drop the project -- because we have already acquired the land in Gujarat. But other investments, we have machine, etcetera, we have not done yet because this change of situation, we wanted to understand because the project is a go-ahead from our side.

But now, under the revised scenario, we are reviewing the situation. Then we will take a call as things progresses. But that particular piece of land, which we have acquired, will not only be for EV project, it will be for stamping project as well. So, that is also being pursued. We are in discussion with customers.

We have zeroed in lot of businesses where OEMs have confirmed. So there are capex planned. It all will move in with the receipt of LOI. Once we receive the same from the customers, we will move ahead with the capex.

Saket Kapoor: So you mentioned about INR150 crores battery project. I missed your comment there, sir.

Arup Das: Yes. So, that project under -- if you have seen the newspaper yesterday, there was a big news that this project -- we do not know what decision finally the Tata Group will take. We are holding back, but we are okay with this. It's through from our side. Once we understand -- we are in continuous touch with them. We are ready for it. But all depends on the decision from Tata.

Saket Kapoor: Okay. And on the existing set of product profile, what kind of volume expansion are we expecting for the current year or...

Arup Das: We expect a similar sort of growth what we achieved in the first quarter. So our growth story will remain, both in terms of top line and bottom line.

Saket Kapoor: Right, sir. Now, for the home appliance part, sir, if some light can be thrown?

Sandeep Joseph Abraham: Yes. So Sandeep here. So if you see quarter 1, we have actually grown in all the lines. There was a question that we are in multiple lines. We have seen a growth in all the lines that are there. And I'm presuming with what we are doing at the ground level, that should continue to be growing, if not becoming better. Also, we are seeing some opportunities when it comes to certain capacities, certain kind of models which are there. So, that is something that we will be investing in.

And over the next 3 to 6 months, we would have -- capacities which are currently not being served by us, we would have products there also, which should be giving us an additional pillar as far as our growths are concerned. So at this point of time, we are seeing growth in all the categories that we are operating in, and we believe that we should be able to continue with that.

Saket Kapoor: So there will be capacity augmentation also, sir? I missed your comment.

Sandeep Joseph Abraham: Capacity -- as Mr. Govindaraj said, capacity is there, so we don't have to augment capacity. And at the same time, the manufacturing side is looking at ways by which debottlenecking can be done. So without any additional investment, if required, the capacity can be augmented. Currently, we don't have a capacity constraint.

Saket Kapoor: Okay. And lastly, on the cost reduction exercise and the benefits that were outlined to us, what have we achieved, sir, there, both in the variable as well as the fixed cost component? And earlier, sir, there have been -- you people have given us the idea that you have outlined what are the issues. So how are we going to address them?

And where are we in terms of putting things into place in terms of -- some manning issues also were there at counters and so that our growth were affected. These were the figures given to investors 2 or 3 quarters back. So what are the updates currently on the same?

Sandeep Joseph Abraham: So, as far as cost is concerned, what you said is right, we are looking at INR150 crores to come in this year in the form of various cost initiatives that are there. In the first quarter, we have already got -- about INR42 crores, INR43 crores has already flowed in. We are definitely on track as far as the INR150 crores cost initiatives are concerned. We are not cutting down anything that can impact our presence in the market when it comes to the number of counters, which are manned and things like that. We are not cutting anything out there.

In fact, we are increasing the number of counters which are going to be covered by our in-store promoters. Therefore, while cost is important, we also believe that what we are seeing in the Q1 should continue, and therefore, we'll continue to invest in activities which will generate revenues for us.

Saket Kapoor: Right. And lastly, sir, on the performance of our associate and I think the refrigeration unit, if you could just share some color how have that performed, the contribution rate?

Sandeep Joseph Abraham: That's a different company. So I think we should not be discussing that.

Saket Kapoor: That gets consolidated, I think so, for our numbers. Correct me there.

Soumitra Goswami: Yes. Soumitra here. That is getting consolidated in our consolidated account statement. We are taking our 41.40% share of the profit or loss. But IFB Refrigeration Limited is a separate company.

We will not be discussing in IFB Industries' call. If Mr. Abraham wants to talk about how the IFB Industries branches have performed in case of selling IFB refrigerator, he can discuss. But for IFB Refrigeration company as a whole, we will not discuss in this call.

Saket Kapoor: Okay. I was just referring to the INR0.33 lakh -- INR33 lakh contribution. That was the reason why the contribution has gone down.

Soumitra Goswami: Yes. Their PBT for the quarter is INR80 lakhs. Out of that, we are taking our share of 41.40% in our consolidated statement, which is INR0.33 crores. That means INR33 lakhs.

Saket Kapoor: Yes. I was only looking for why the numbers have gone down quarter-on-quarter, sir, from INR4 crores to INR33 lakhs. That was my question.

Soumitra Goswami: No. Last quarter, it was a loss.

Saket Kapoor: I was comparing March quarter. I was comparing with the March quarter.

Soumitra Goswami: March quarter, there was a different story. In March quarter, they recognized the deferred tax. So the profit was more. But in case of corresponding quarter of last year, there was a loss. And this time, there is a profit. However we will not be discussing the IFB Refrigeration company performance as a whole in this call.

Moderator: The next question is from the line of Vivek Kumar from Geometric Securities.

Vivek Kumar: Sir, am I audible?

Sandeep Joseph Abraham: Yes, you are.

Vivek Kumar: Sir, can you share your market shares in top-loaders and front-loaders and how it has been moving in the last 3 years? And where do you see -- is it stabilizing in the next 1 to 3 years? Like top-loaders and washer category -- like top-loader and front-loaders?

Sandeep Joseph Abraham: See there is no consolidated place where you get the market shares because obviously, there is an online business. There's an offline business. So there is no consolidated place where you -- where I would be able to say what is my market share and how it is growing and things like that. However, we believe that our market shares are improving because the volume growth that we are seeing, we believe that our market shares are growing, both in front-loader as well as in top-loaders.

Vivek Kumar: So you can say we'll be in the top 2 or top 1 in both the categories, sir?

Sandeep Joseph Abraham: Difficult to say. But yes, front-loader, we would be definitely in the top 2. And top-loader could be a little -- would be less.

Vivek Kumar: Top 4 at least, or there, we have to...

Sandeep Joseph Abraham: Yes, we should. I'm not able to give you a number per se because there is no published market share data that is available.

Vivek Kumar: And we see these market shares improving because we are growing faster than the market?

Sandeep Joseph Abraham: Yes, we do. We do. And front-loader, as I said, some of the segments that we are not there, once we get a product there, apart from the growth that we are seeing now, we should get the benefit of that also.

Vivek Kumar: Sir, if you can elaborate more on AC because there are so many players, how do you expect to garner the 10% to 15% market share that Bikram sir was saying and you were also alluding in last con call? Because -- what is your strategy or the outline on where we are? And there are so many people -- I don't know, maybe there are not many. But in my -- whenever we go and visit -- in the channel, we see so many brands. So what is your strategy to go ahead and take the -- and what factors are helping us to really achieve that market share?

Sandeep Joseph Abraham: Yes. There are -- as you said, there are multiple players as far as AC is concerned. Our focus has been on strengthening our execution, which is basically, as I said, getting more counters where our products are placed, getting the right displays in, ensuring that there is a promoter out there who is retailing our products and things like that.

So I think there is no substitute to that. No matter how many players are there, if you get all those acts right, then you will do well. So we do not comment on what others are doing and things like that. But we believe that, yes, in a multiplayer market, we should get our rightful share.

Vivek Kumar: So your comment -- you will go to 10% by when, sir? And what would be our current market share?

Sandeep Joseph Abraham: It will be -- as I said, market share, I can't give you a number. But yes, 7% to 10% is what our aspiration is.

Vivek Kumar: So how many years it will take, sir, for that?

Sandeep Joseph Abraham: I wish I could tell you that.

Vivek Kumar: Second question -- but you are confident that you are seeing AC segment growing above the market growth?

Sandeep Joseph Abraham: Yes.

Vivek Kumar: Second question is on the -- no, I was asking that you are confident that our AC growth can be above the market growth.

Sandeep Joseph Abraham: Yes, that's right.

Vivek Kumar: And second question is on the cost. There is a limit to the extent we can cut cost. So if you can explain us at what point we will be forced to increase the prices even -- like is there a point where this keeps increasing? And do you think competition also will be forced? Or we have -- industry has not reached the point?

How should -- we are not as competitive in cost with respect to our competition. So we will lose out the moment we start increasing prices. How should we look at this, price increase, losing sales to competition because they are more cost competitive than us?

Sandeep Joseph Abraham: No. So if you look at cost, there will always be opportunities to debottleneck and look at your processes and make it tighter and things like that. So there are definitely -- I don't think we can ever say that we are at 100% of optimal cost kind of a thing. There will always be opportunities for -- we, as a company, have said that we would not reduce cost at the cost of quality or customer experience. So we are not diluting our product.

We continue to maintain the high standards that IFB is well known for. We will not dilute that. And therefore, all our cost initiatives are to ensure that whatever debottlenecking or inefficiencies or leakages that are there, how do we work on that. And that, I believe, is a constant process. Even when you look at your manufacturing processes, there are more and more technologies that are coming in.

So with the same capacity, how can you deliver more? These are activities that we will continue to invest in. So answering your question, cost -- I'm saying that we will continue to look at how is it that we can take that extra bit out of efficiencies being built. As far as prices are concerned, we were not -- we could not pass on the entire thing. However, that has not stopped us from increasing our prices.

We have taken price increases in the last quarter across all our categories. It is not enough to cover the commodity and ForEx, but wherever there's an opportunity, we have been able to take that. In certain cases, we have decided to lead that also and take a price increase even if the market is not taking that kind of a price increase. So we have taken some bold steps wherever it is required.

Vivek Kumar: So you don't see -- because if this continues, the whole industry will be forced to pass on the price, right? No, nothing like that would happen. It would be.

Sandeep Joseph Abraham: No, I'm not too sure about others, but we don't want to be competitively disadvantaged. And therefore, we'll have to constantly watch it. However, the good thing is that when all these things happen, you are forced to look inwards also and say that what is it that you can do? And that is also making us work doubly on relooking at our processes and bringing in efficiencies. So while cost is negative, but it is also giving us an opportunity to look at all our processes with a magnifying glass and try and see whether there is any opportunity of improving efficiencies and cutting down our leakages.

Vivek Kumar: So at least we can see same margins maintained, sir, because the sales growth rate is more or less -- you're saying we can maintain so the better or same margins at EBITDA level we can maintain in the next few quarters?

Sandeep Joseph Abraham: Yes. So a lot of it depends on the revenue growth. So that becomes important. If you look at our gross margin, our gross margin came down. But if you look at the absolute value, it went up because of the revenue growth.

But as a percentage, our gross margin came down. However, because of the other initiatives that are there, we have been able to keep the PBDIT at a slightly better level than what we were last year. And so I think a lot of it will depend upon the kind of revenue growth that we are able to bring in.

Vivek Kumar: But currently, we are running at the same rate, at least till date?

Sandeep Joseph Abraham: PBDIT?

Vivek Kumar: No, no. On the sales growth, at least currently, we are doing well.

Sandeep Joseph Abraham: 18% we have grown in Q1.

Vivek Kumar: And those -- that trend is continuing like in this quarter, mostly.

Sandeep Joseph Abraham: Yes, yes. If you look at it last year, we grew the entire year of last year, we grew only by about 9.8%, 10%. Against that, we are currently growing at 18% and July has also been good.

Vivek Kumar: Got it. Sir, second is on the question. Engineering department has a target to reach INR2,000 crores, which requires around 20%, 25% growth. So it's a high confidence, we have a very high confidence of reaching it over the next 3, 4 years, sir?

Arup Das: This is Arup Das. I will take your question. It's a two-pronged attack. One is from our existing business growing at 20% or in that range. That is one. The other is on increase by capex, we are investing in Stamping capacity enhancement in Gujarat, in Gurgaon and in Bangalore. So in these 3 places, we -- as you might be knowing, we have acquired land in Gujarat for EV project and Stamping project. So parallelly, we are discussing with customers for new businesses because we want project and the business should be aligned. It cannot happen. We have the project ready, don't have the business.

It doesn't make a business sense. So we are thinking both together in a manner that the business we are targeting around INR1,000 crores with a capex -- overall capex for the Stamping division around INR400 crores. So that takes us because we are presently in the region of INR1,000, INR1,100 crores. So what we you talking of the number should be reachable if all things fall in place and we get the businesses, we invest in the thing. So it should fall in place.

Vivek Kumar: So you already acquired the land and you're saying that the plant is not built till the business -- like can we understand.

Arup Das: We already have a business from the battery, as I told to the earlier speaker that we want -- we have the business in hand. But after yesterday's development, we are relooking into it. It was a go ahead. But seeing what Tata Sons takes decision on the battery project, we are closely watching, interacting with them and then take a decision.

Vivek Kumar: So the INR2,000 crores is contingent upon this project being successful.

Arup Das: This is -- if it doesn't happen also, there are other projects aligned, which we are scouting for. So growth story will continue.

Vivek Kumar: So 20% growth of INR1,000 crores will continue. But from where it will come is what you are saying is not.

Arup Das: No where it is -- yes, we already have a visibility of businesses from the OEMs. We are close to closing in businesses, which is around INR250 crores plus already. So to auger this capex, we must have at least INR1,000 crores. So we are working in that direction. Hopefully, we will be able to achieve that in due course of time.

Vivek Kumar: So 20% growth, you are very confident over the next 2, 3 years?

Arup Das: Yes.

Moderator: The next question is from the line of Naitik Mutha from NV Alpha Fund.

Naitik Mutha: Sir, my question [inaudible 0:38:58]

Moderator: Sorry to interrupt Mr. Naitik, your voice is not clear. We'll take the next participant. The next question is from the line of Lakshminarayanan KG, Tunga Investments.

Lakshminarayanan KG: Question is related to the Services business. Just wanted to understand what has been the growth in the Services business for us in general for this quarter, Q1 when compared to the Q1 of last year. The second question on the Services business is that does the Service business that is mentioned in the annual report, does it include the services for the refrigerator business as well? And the third question is that in the Services business in general, what is the unit of profitability? And what kind of profitability is there in the Services business? This is first on the Services business. So 3 questions.

Amar Singh Negi: On the services, we have 3 products. One is the Essentials sales and then we have Accessory sales and the service products we have. And we have -- we are growing a good percentage in terms of this, and we have almost around a growth of around 17%.

Lakshminarayanan KG: This quarter, okay?

Amar Singh Negi: Yes. Yes, yes. Last quarter, we have.

Lakshminarayanan KG: Okay. And whether it includes services for refrigerator also comes in the annual report or is it done outside?

Amar Singh Negi: Yes. It's also -- we also do the services for refrigerator, correct.

Lakshminarayanan KG: Okay. Okay. So is it 100% captured in this balance sheet or it is some proportionately? I mean how is it captured?

Amar Singh Negi: No, it is 100%. It is captured 100%. It's on approval basis.

Lakshminarayanan KG: And in general, what is the -- I mean, what kind of profitability the Services business could be, sir? What range of profitability -- I mean, at a PBT level or so?

Amar Singh Negi: See, that's -- because we have a -- it's a profitable business for us. But I think I can't disclose the number because it's part of HAD-- we only disclose the entire company -- is a part of the entire IFB.

Lakshminarayanan KG: Is it in double digits or single digits, sir, at a PBT level? That's the only question I have. Is it double digit or single digit?

Amar Singh Negi: It's a double digit.

Lakshminarayanan KG: Okay. Okay. Sir, and second and coming to the margins, sir, if you look at the margins, there are 3 levels, right? One is the gross margin. Second is the contribution margin, which is all your direct cost or the variable costs are there.

And then comes the fixed cost, right? So if you just look at the 3 levels. Now among the 3, where have we kind of -- the cost journey which we are in, where we have actually clawed back to our aspiration level? Is it at the gross margin level or at the contribution margin level or at the lowering of the fixed cost?

Sandeep Joseph Abraham: So when you look at it, as I've been mentioning, our gross margin is down because of the material cost increase. So when you look at it, our gross margin is down by about 160 basis points because of the material cost increase. However, as a percentage, when you look at it because of the good revenue growth, all of the lines, when you look at it as a percentage, it is lower than lower last year, while absolute value might be a bit this way, that way. But as a percentage, because we have got a good 18 percentage growth in revenue and a lot of the other lines, even if there is an increase, it has not increased at that kind of level. And therefore, as a percentage to net revenue, a lot of the lines are showing a decline.

And therefore, when you look at the PBT level, last year, we were at about 4-odd percentage. We are now at about 4.5-odd percentage that is it. So from that point of view, while BOM and cost in commodity and all slightly out of our, so we have been working all the other lines and not always a reduction, but as a percentage, it is coming down.

Lakshminarayanan KG: And you mentioned in the earlier calls that you are working towards increasing the cost. One is rationalization of SKUs, which you have actually achieved significantly in this quarter and also pricing. Now -- and then -- so the entire cost program, which you are in, that is to do with the variable cost outside the material cost or it includes the material cost also?

Sandeep Joseph Abraham: Cost has got all elements of it. But if you look at rationalization, more than a cost benefit, it is to try and simplify the portfolio. For example, in a front loader, we had some 55, 57 models and what we have done is we have been able to bring it down to about 24, 25. So it reduces the complications at the counter. There are lesser models that need to be briefed, inventory becomes manageable, manufacturing becomes easier and things like that.

So -- and you have an opportunity to look at within a particular category, picking up the models which are better in gross margin and things like that. So all those things we have done. So it is more than a cost -- I wouldn't say it's a cost initiative. It is a simplification thing that we felt that we didn't need that many number of models. For example, in the washer, we may have close to about 9,500 different SKUs.

That's almost half now. And therefore, a lot of those complications which are there in the market has got simplified. The added benefit is manufacturing, the changeover time comes down, the raw material becomes easier, the inventory becomes easier to manage. So all those benefits flow in.

Lakshminarayanan KG: Got it. And in general, what is the comfortable margin you aspire to have, whether you talk about PBT level or what -- whichever level you like to do on the Home Appliances business? And how far you think we are in the journey? I mean, because we are actually clocking somewhere between 1% to 2.5% thereabouts, right? So it being a little volatile. So just want to check what is the aspiration for the business and how far we are -- let's say that it's all the commodity and everything is behind us. I just want to understand that.

Sandeep Joseph Abraham: So I'm saying that let's look at the gross margin itself. Currently, when you look at it, our gross margin is down by, as I said, 160 basis points when compared to last year. So if BOM costs are able to come down, then there is that 1.6 percentage which is straightaway can get into the P&L. So there are multiple of those lines that are there. So I wouldn't be able to comment on what would be a comfortable level. But obviously, the current PBDITs and all needs to be better.

Lakshminarayanan KG: No. I mean if I just -- I mean, I think you have been with MRF and MRF always enjoys the highest margins, right? And if you look at IFB, we have a lot of things to claw back compared to an LG or a Whirlpool or others, right? So in general, what is the band I think -- I mean, I'm not asking for an outlook, but what is that the organization is geared up for? Is it like -- I mean, higher margin is always better, but what is the achievable one? Is it like 3%, 4%, 5%, some kind of numbers?

Sandeep Joseph Abraham: So PBDIT should be early double digit in my opinion.

Lakshminarayanan KG: Got it. Okay. Sir, moving on to your Engineering business, right, so in Q1 '26 -- in Q1 last year, it was mentioned as INR186 crores. But in the current PPT, it is actually showing INR176 crores on the Fine Blanking business. So I just want to understand whether to take INR176 crores or INR186 crores for the Fine Blanking of Q1 '26.

Rajeev Mundhra: This is Rajeev Mundhra. Can you please repeat your question? We are talking about Q1.

Lakshminarayanan KG: Yes, yes. So if you look at this quarter's presentation and look at last year's August presentation, which is, I think August '25 presentation, in that Q1 '26 was mentioned as INR185 crores. Whereas this year, the same number has been mentioned as INR176 crores. So I just want to understand whether there has been some change in the base.

Rajeev Mundhra: This number you're talking about is PBDIT for Q1?

Lakshminarayanan KG: No, no. It is revenues of Fine Blanking. To be precise, I'm referring to the Page 25 of.

Rajeev Mundhra: Okay. So we will look into it and we'll come back to you separately on this, please.

Lakshminarayanan KG: Okay. Sir, and on the Steel business, right, in the last 10 quarters -- you can hear me. So on the Steel business, sir, if I look at the last 10 quarters, this quarter has been a loss-making quarter. So can you just help me understand why it was a loss-making quarter this quarter? And what are you trying to do to improve the performance on the Steel division?

Rajeev Mundhra: Yes. This is Rajeev. I will take this question. The loss is due to the increase in raw material prices. If you see the commodity price, which is the steel, which has increased in the last 6 months.

In this current quarter itself, the prices have increased by around INR4,125 per metric ton. So that is the way the industry works is like that this price increase gets passed on to the customers from the next quarter onwards. So it is like this, the industry works. So we expect this price increase to be recovered from customers in the coming quarters.

Lakshminarayanan KG: Okay. What kind of capital efficiency you aspire in Steel division, sir, in terms of ROCE because rest of the business, we have a strong ROCE. So what is the plan for this division?

Rajeev Mundhra: So here also the ROCE is in the similar line what we have in other divisions, which is somewhere around 20-odd percentages. That's how we continue to look into this business.

Lakshminarayanan KG: Got it, sir. And lastly, on the Motor division, can you just help me understand, there also, we have been -- I think there was a little bit of profitability. And again, there I see loss. So is it more a timing issue or is it also material-related loss in the Motor division?

Soumitra Goswami: Mr. Lakshminarayanan, Soumitra here. Regarding Motor division, we will be coming back to you separately. You can take this question to us offline, maybe on Monday because there is no representative today from Motor division in this call.

Moderator: The next question is from the line of Varun from Equitree Capital.

Varun: Sir, I just wanted one clarification on the IFB refrigeration revenue growth this quarter because you have mentioned 2% in one of the slides, and you have mentioned 14% in other slide. So just wanted to know how much was the growth in this segment?

Soumitra Goswami: Mr. Abraham, 14% growth is in IFB Industries, right?

Sandeep Joseph Abraham: Yes, yes, that's right. That's right. 14% volume growth in IFB Industry.

Soumitra Goswami: 2% growth is in the company, but we will not discuss about IFB Refrigeration Company here in this call. We have already discussed this earlier to other speakers.

Varun: And could you throw some light on what is the battery project? Is it lithium-ion battery which is on hold currently? But if you could give some details?

Arup Das: Yes. This is that we cannot disclose now because confidentiality is there. Related to the project, we got the LOI, but you might have seen in the newspaper that Tata Sons have taken some decision not to support the battery business. We are in active discussion with the management of Tata Agratas to understand whether they are going ahead with the project or not. But from our side, we were okay with the project, and we had acquired land both for the battery as well as for the Stamping. So, we have to hold a little as far as this project is concerned. Actually, this is the first time in India, this sort of project is being undertaken. So let's see how things pan out.

Varun: Understood. And what would be the capex for the full year?

Arup Das: The capex is about INR110 crores.

Moderator: The next question is from the line Shreyans Jain of Svan Investment.

Shreyans Jain: Sir, my first question is, can you help us understand what was the volume growth in front-load washing machines for us this quarter?

Sandeep Joseph Abraham: Front-load was about 9 to 10 percentage.

Shreyans Jain: 9% to 10%. And ACs and top load, sir?

Sandeep Joseph Abraham: Top load was much higher.

C.S. Govindaraj: Top load was close to in excess of 20 percentage and AC was about 6 to 8 percentage.

Shreyans Jain: Got it. Sir, my second question is we spent about INR1,800-odd crores on trade schemes and discounts. This number looks obnoxiously high versus other durable players. So what are we doing here? And why is this number so high, sir?

Sandeep Joseph Abraham: So trade scheme, actually, a lot of it is this is how the industry works because at the end of the day, a lot of the -- so I'm not too sure whether we are completely off when it comes to that. However, as you said, that's a number that we have to closely look at. We don't want to do anything which is detrimental. But at the same time, if there's any opportunity of plugging some leakages, we definitely like to look at it and bring in efficiencies in what we are expecting.

Shreyans Jain: Okay. And sir, last few quarters, Mr. Nag was guiding for, say, about INR150 crores to INR200 crores of cost savings. I think somewhere in the call, you mentioned INR120 crores to INR150 crores. So one part of the question is, are we like lowering our cost saving guidance from, say, INR200 crores to INR150 crores?

And the second bit is, sir, now across product categories, you are reducing your SKUs as well, right? So shouldn't that lead to incremental benefits on, say, COGS or and even lower the fixed cost side. So when you also do the product SKU rationalization, shouldn't that also lead to additional cost savings that should come through to you?

Sandeep Joseph Abraham: It should. It should. So if you look at our cost initiatives, last year, full year, we got about INR67-odd crores. We are getting about INR42 crores in Q1. So both put together, we are at, say, INR112 crores, INR115 crores we have already got.

So we will continue to look at that. INR120 crores to INR150 crores is what we are looking at for the year. We already got INR67 crores last year. And so that way, if you look at it, INR67 crores last year and about, say, INR120 crores to INR150 crores that is there. As you rightly said, we are constantly looking at newer ideas to bring out this thing.

And that's something that we'll continue to work on. So there are new ideas that are coming in. It goes through a process. And then after careful screening, we decide whether it can be productionalized or not. So the team constantly works on ideas.

If you look at the value of the ideas, it is significantly higher. But then some of those ideas don't go through our team and we say that some of these ideas are not -- doesn't help us as far as our consumer benefits are concerned. So a lot of those ideas get killed. So we constantly work on developing new ideas. It goes through a complete process of seeing whether we can actually go ahead with it before it is productionalized.

Shreyans Jain: Got it. And sir, last question is, previous participant asked this as well. Your ref sales -- IFB refrigeration sales are up 14%, but IFB associate sales are up only 2%. So is it a fair understanding that this incremental 12% is what inventory you would already have in IFB Industries, and that's how you were able to sell more?

Because ideally, I would have thought 14% sales growth here would also mean 14% sales growth in IFB refrigeration. So where is the disconnect, sir? I mean, 14% and 2%. So were you sitting on ref inventory earlier, which you were able to sell in this quarter?

Sandeep Joseph Abraham: I don't know about IFB refrigeration, I don't -- I can't comment on that. But when I'm talking of IFB Industry, the volume growth is 14%. I don't know -- Soumitra would be able to comment on the IFB ref.

Soumitra Goswami: I will not comment anything on the IFB refrigeration company as a whole. But whatever refrigerators IFB branches have sold in the market, and by virtue of that, we have received 14% growth and their company growth is 2%, that is separately to be seen because it cannot be linked because there are branches of IFB refrigeration also. Maybe they have sold lesser number as compared to IFB Industry branches.

Moderator: We take that as the last question for today. I now hand the conference over to the management for closing comments.

Sandeep Joseph Abraham: So Sandeep here. So as I said last time, it's wonderful to be able to attend this investor call and answer the questions that you've got. It gives a genuine feeling that the kind of questions that are coming. It makes us that we have a set of investors who are genuinely concerned about our performance. I hope with that 18 percentage growth that we have shown in quarter 1, we are close to what we are saying that we will grow at 20%.

So we will continue to put our efforts out there. We welcome your questions. We look forward to these investor calls. We welcome your questions. That makes us also look inwards and makes us nimbler and look out for more opportunities. So we really welcome these questions, and we look forward to the next quarter. We hope to be able to present to you equally exciting numbers.

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