

Inflame

Inspired cooking.

Investor Presentation

January 2024





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About Us



Company Profile





Mission



Inspiring Better Living

The kitchen is the heart of every home. For all gastronomical delights, we look up to the kitchen.

Inflame believes if the kitchen is smart, living becomes better. As one of the leading kitchen appliances manufacturers, Inflame has been constantly innovating to inspire healthy and safe cooking, which can transpire into better living .

By blending safety in modern kitchen appliances, we have been able to deliver to the changing needs and lifestyles of our customers, in a way, changing their lives with healthy and safe cooking.



Key Management



Mr. Amit Kaushik
CEO & CFO

He has a cumulative experience of 28 years in the field of business promotion and has held various management positions. Along with developing & monitoring strategies to ensure long-term financial viability of the organization, he is also responsible for the identification and design of products & suppliers, sales & marketing activities and overseas operations.



Mr. Aditya Kaushik
Chairman & Managing Director

He is associated with appliances industry since beginning of this millennium. He has an entrepreneur experience of over 18 years and possesses a great insight of appliances trade in India. He has the understanding of all commercial & technical aspects of appliances. He is responsible for operational and logistics functions of the company.



Mr. Ashwani Kumar Goel
Whole Time Director

He is a metallurgical engineer from NIT Jaipur. He has an illustrious career and has spent over 30 years in building and growing JSW. He is a pioneer in the field of supply chain management, plant operations and sales. Ever since he has taken over as a Director with Inflamm, he has played a vital role in the turnaround of the company.



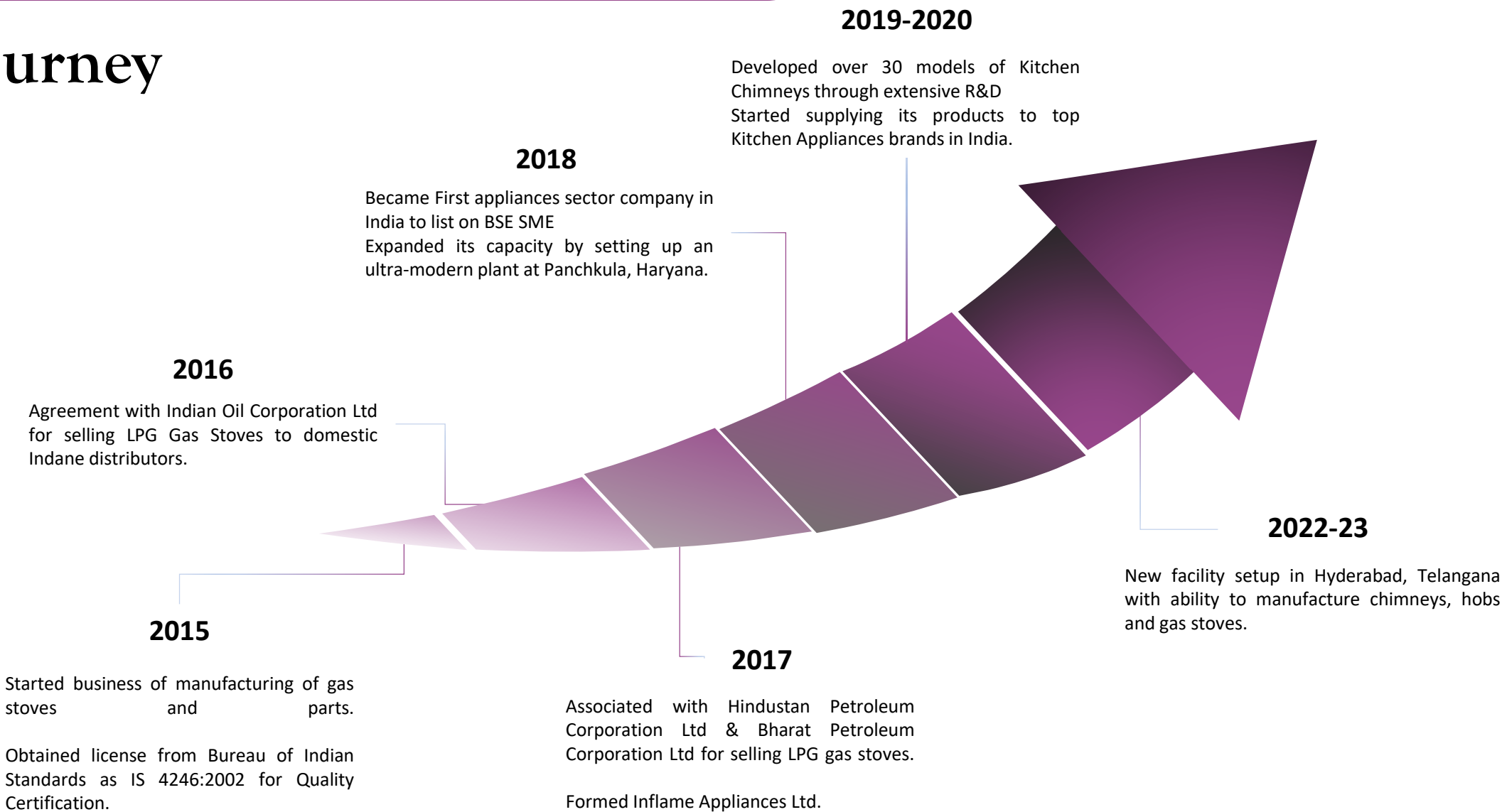
Mr. Anusheel Kaushik
Director* & Head - Hyderabad Unit

He is a Mechanical engineer with a masters degree in International Business Management. He holds experience in PLM, project management and data analysis. Mr. Kaushik is in-charge for implementing new manufacturing project at Maheshwaram, Hyderabad. Using his experience, the Company expects to implement European systems at this new facility.

* - w.e.f. 1st April, 2023



Our Journey





Change Beckons Us

Phase 1 (2015-2018)

The phase where we reinvented ourselves

- Started manufacturing of gas stoves.
- Empanelled with IOCL, BPCL, HPCL to manufacture & supply gas stoves under the PM Ujjwal Yojna (PMUY).
- IPO in 2018.
- Pause to PMUY in late 2018 due to Lok Sabha Elections general code of conduct.
- Further impacted due to factory shutdown of component suppliers on account of farmer protests thereby impacting component supplies to our mother plant.

How did we counter this?

- Decided to start manufacturing major components inhouse.
- Glass and fabrication also taken up inhouse to be cost competitive to China
- Glass bending machines & CNC machines installed
- Decided to expand beyond gas stoves into other kitchen appliances (exited PMUY scheme) like hobs & chimneys.

Phase 2 (2018-2022)

The phase where we consolidated & expanded

- Started the process of setting up inhouse manufacturing for hobs & chimneys.
- Sars-Covid Pandemic hit us causing major labour migration issues & hence non availability of labour.
- Focus was on topline. Margins were impacted.

How did we counter this?

- Showcased our inhouse manufacturing to large brands in kitchen appliances, thereby offering an able replacement to Chinese imports.
- Manufactured the critical parts inhouse & outsourced non-critical parts
- Became a leading supplier to Hindware, Sunflame, Kaff, Wonderchef, Inalsa, Pigeon, Gilma, Pureflame, Flipkart.
- Started the process of setting up in Hyderabad, Telangana facility to increase share and maintain margins for South based customers/suppliers.

Phase 3 (2023 & Beyond)

The phase where we aim to become the Market Leader

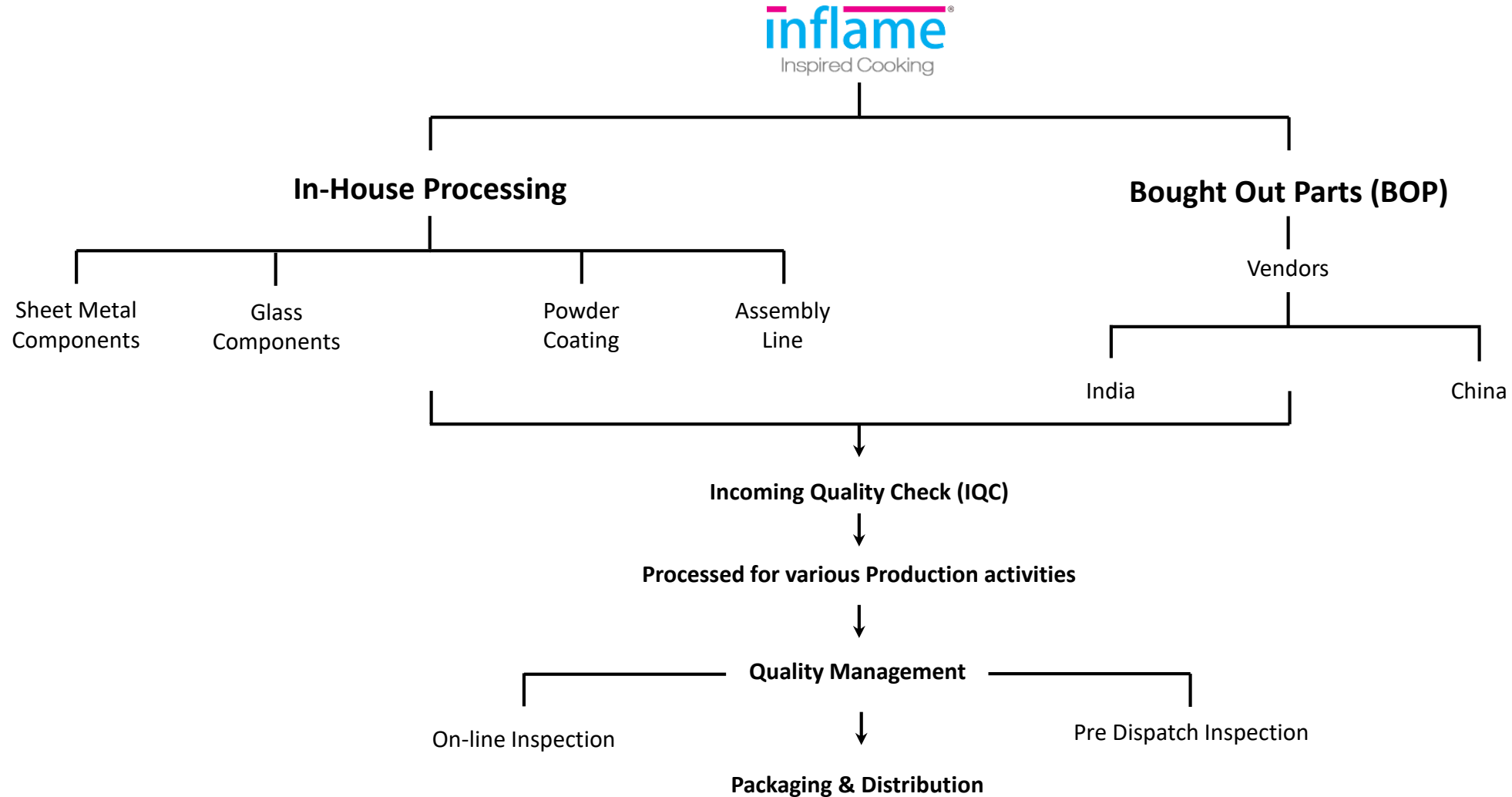
- Chimney will become a big market – India to become a 5 mn market in next 5-7 years. Expected to grow at 15% CAGR.
- Overall kitchen appliances market expected to explode over the next 5-10 years with growing need for key and aspirational products.
- Several Indian and global brands establishing their base in India looking to outsource manufacturing over and above their own manufacturing (if present).
- New product developments and launches to continue. Become a one stop solution in kitchen appliances across full product range.
- Investing in niche products like OTG, Dishwashers, Built in oven, wine chillers amongst others.
- Multi locational manufacturing facilities to cater to domestic and global demand as well as reduce logistics cost.
- Continue further Backward integration to reduce dependence on external suppliers. Eg Motors.
- Scale up our R&D efforts.
- Expand teams across sales and marketing



BUSINESS OVERVIEW



Business Structure





Business Model

The process of manufacturing involves an in house manufacturing processes as well as procurement of key components from external vendors. These components are majorly sourced from our dedicated vendors in India & China.

The company is aiming to move towards 100% in house manufacturing.

Once the material is received in store, Incoming Quality Check (IQC) is done for both BOP & In-house components, upon clearance from IQC, the material is processed for various production activities.

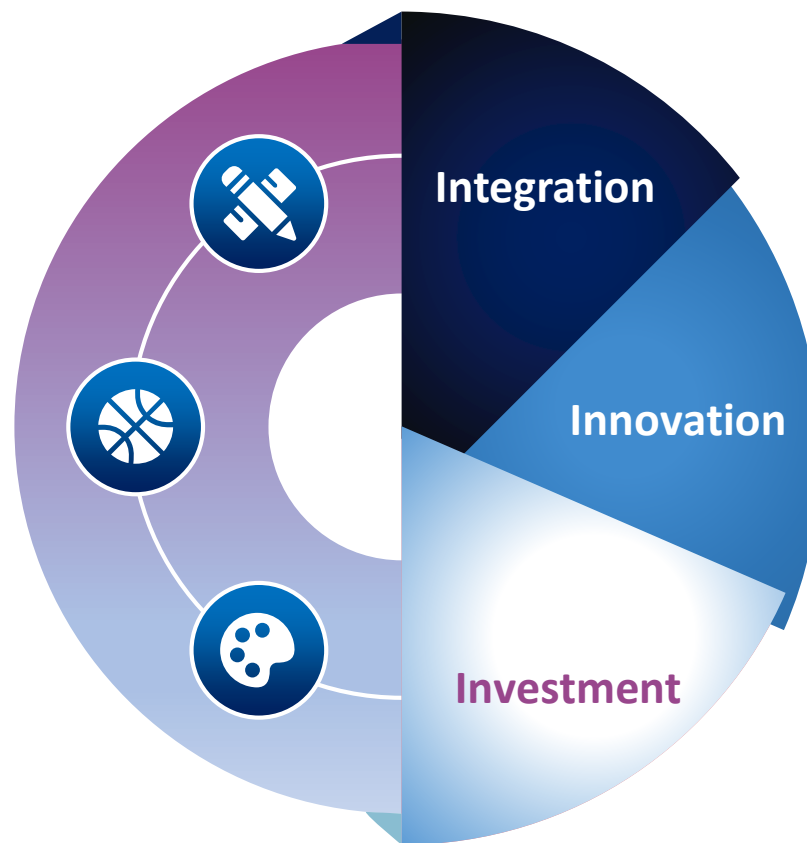
Aiming for < 1% rejection rate and warranty claims.

Quality management plays an essential role in determining and meeting customer requirements, preventing defects and improving our products. On-line inspection & Pre Dispatch Inspection are conducted as per Quality parameters/policy. Once product is ready, we pack them as per packing standards.

Moving to adoption of 100% environment friendly & recycled packaging

Once packaged, the products are then despatched to the brand for whom we are manufacturing the kitchen appliances range of products.

One stop kitchen appliance manufacturer (solution provider) for partner brands.



Integration

Our backward integrated business model and a near zero dependence on imports grants us the ability to manufacture best quality products and offer them at competitive prices.

Innovation

We aspire to produce innovative products by addressing customer requirements and boost our revenues by manufacturing products for the clients who are currently Import dependent.

Investment

We have invested significant resources, and intend to further invest in our activities to develop customized systems and processes to ensure effective management control and optimal utilization of resources to curtail our costs.



Manufacturing Facilities

Panchkula Plant



The present manufacturing facility in Panchkula, Haryana (225kms from Delhi), has built-up area of 45000 SqFt. and additional 18000 SqFt. is under construction.

A state of the art fully integrated glass toughening, bending and processing plant.

Hyderabad Plant



The new manufacturing facility in Hyderabad, Telangana has built-up area of 40000 SqFt. Facilitated with technology that only a few manufacturers in India have in the appliances sector.

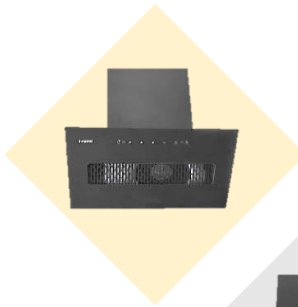
CNC machines imported from Trumf (Germany).



Product Profile

- Inflame specializes in OEM & ODM
- Being a leading manufacturer of Range Hoods (Electrical Chimneys) in India today, Inflame is catering to the requirements of other big appliances brands who were sourcing these range hoods from overseas producers previously.
- Also, the company plans to further increase its capacity by establishing one more Plant in the State of Telangana

Inclined Chimneys



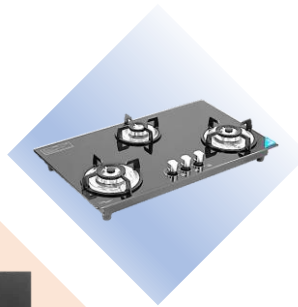
Designer Chimneys



Island Chimneys



Hobs & Cooktops



Glass Curved Chimneys

Top Products:

- **Metal Cooktops**
- **Glass Cooktops**
- **Built-in Hobs**
- **Cooker Hoods (Chimneys)**

Revenue Breakup (FY23)

90-95%

Chimneys

5-10%

Other Products



Why Inflame?

Import Substitution

- 1.6 Mn chimneys imported every year
- Post Covid, imports impacted, thereby creating need for local manufacturing
- Brands sales impacted due to erratic supplies and high freight costs.
- Government impetus to local manufacturing.
- Company is the largest outsourced manufacturer of chimneys in India today.

Wide Product Portfolio

- India's 1st integrated facility.
- Produce wide variety of appliances
 - Chimneys
 - Hobs
 - Gas stoves.
 - New Products in pipeline
 - Dishwashers
 - Cooking Ranges
 - Built in Oven
 - Oven, Toaster, Griller (OTG)



Regional presence

- Manufacturing facility at
 - Panchkula, Haryana (NORTH INDIA)
 - Hyderabad, Telangana (SOUTH INDIA)
- Helps reduce supply timelines, move towards just in time inventory, reduce freight cost allowing the company to continue to be competitive to local manufacturers.
- A major facility in the WESTERN REGION would enable company to target export markets.

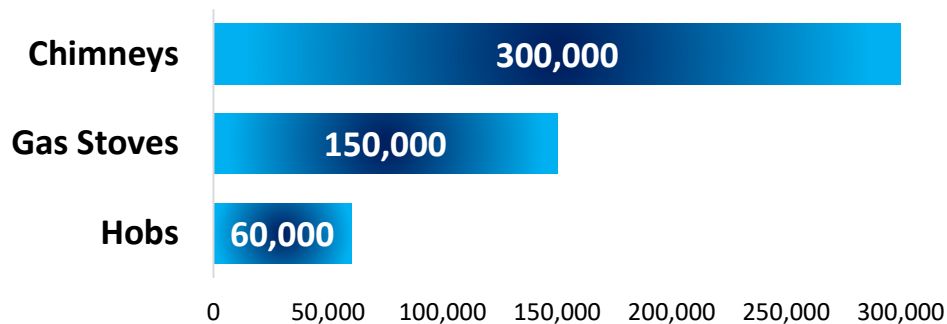
World-class Infrastructure

- Backward integrated
- Modern tool rooms, Laser CNC machines
- Ability to make chimney with noise levels below 55 db
- With ready infrastructure, upgradation to world-class technology, backward integration and development of variety of models, Inflamm is all set to become the largest kitchen appliances manufacturers in India.



Hyderabad Manufacturing Facility (new)

Annual Capacity




Facilities

- CNC Laser Cutting
- CNC Punching
- CNC Bending
- Press Shop
- Powder Coating
- Assembly Lines for:
 - Chimneys
 - Hobs
 - Gas Stoves

Trial Production started in
Q4 FY 2023
Commercial Production to
commence in
Q1 FY 2023

**100% Indian
Products** 

Land Area 
10,000 Sq. Meter
Construction Area
40,000 Sq. Ft.



Panchkula R&D Centre

Aim:

- Focus On Innovation
- Development Of New Technologies
- Reduction Of Noise Levels In Chimneys Below 55db



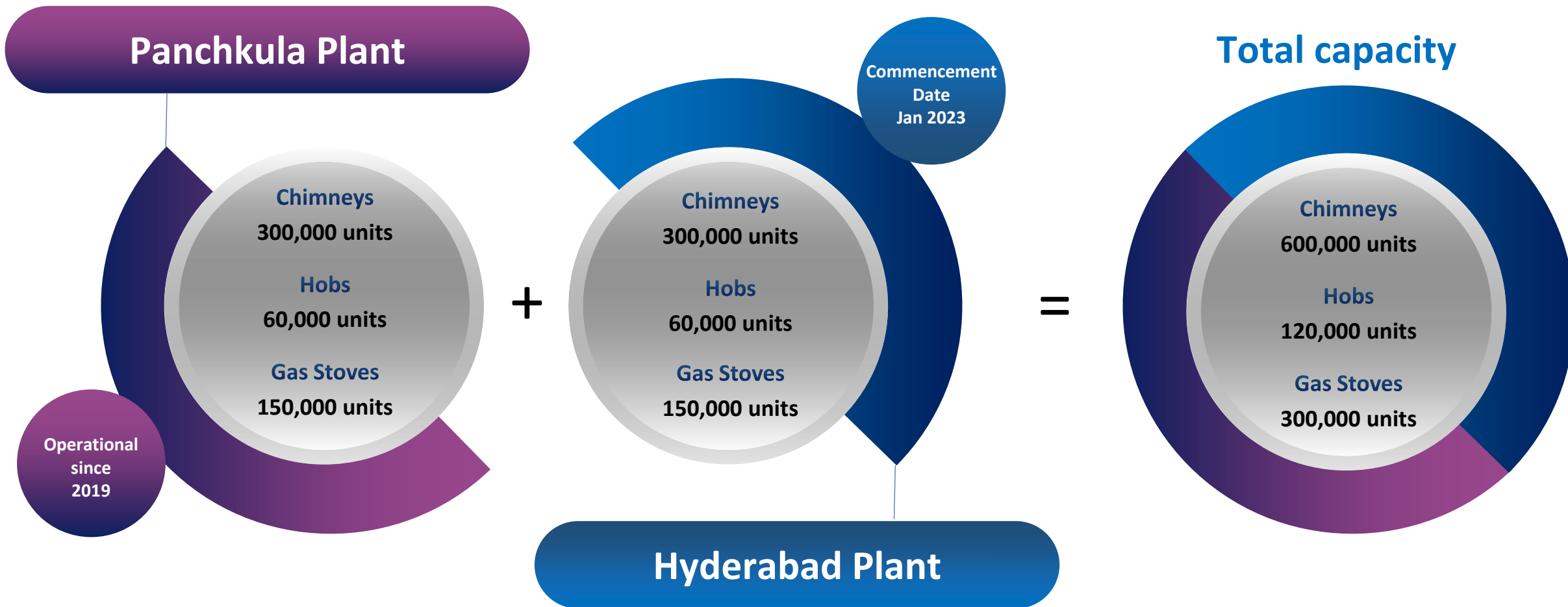
Facilities:

- Modern Tool Room
- Laser CNC - 1kw
- CNC Turning Centre
- Bending Machines
- Injection Molding
- Power Presses

Complete Testing Facility For Electrical, Mechanical, Electronic & Critical Parts Like Motors



Total Capacity (Post Expansion)

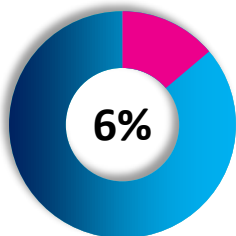




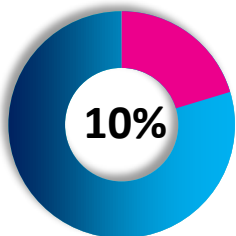
Market Share & Penetration

Market Share

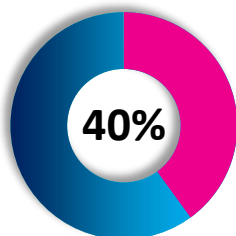
2021



2022



2026/27



INFLAME'S MARKET SHARE

Customer Share

Revenue Break-up

50%
hindware

20%



15%
KAFF



WONDERCHEF
Cook with Pride



pureflame



INALSA
HOME APPLIANCES

15% (Others)

Market Penetration

- Inflamm successfully localised over 65 chimney models and replaced Chinese manufacturers during the last three years.
- This has enabled us to become the preferred manufacturing partner to brands as a reliable, cost competitive supplier.

- 90% of the total production process are in-house thereby reducing depending on imports and external suppliers.
- Our ability to provide a high quality product at competitive prices has enabled us the preferred partner for brands vs Chinese suppliers.

- The company is providing Kitchen Hoods to Indian companies in their own brands & in direct competition to Chinese suppliers.
- 2nd plant at Hyderabad will enable to supply to the southern market thereby allowing us to be more competitive.

We are the only “Made in India” outsourced manufacturer of kitchen appliances in India.

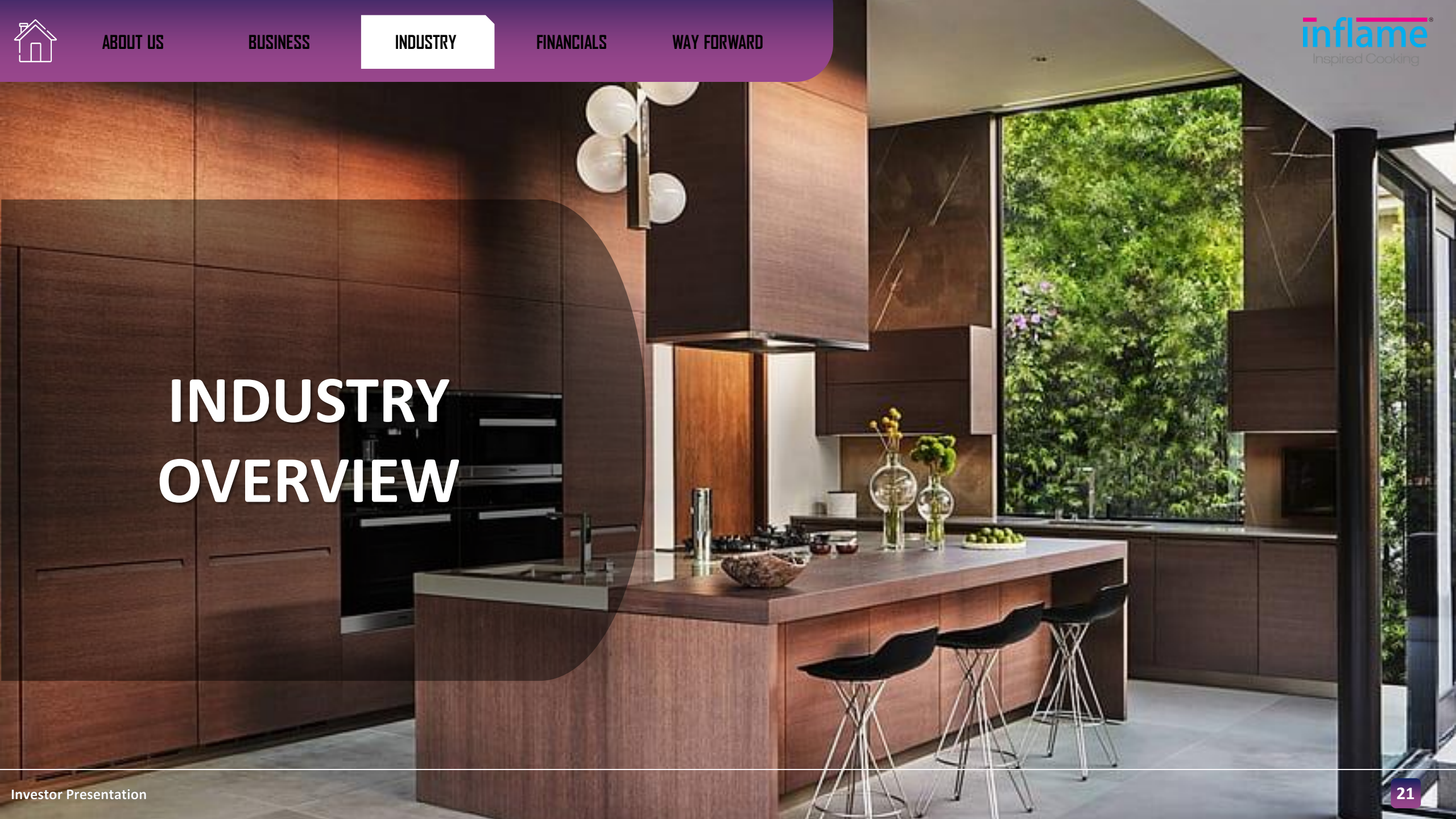


STRENGTHS

- ❖ Presence in North & South (Competitive Cost Advantage).
- ❖ One of the largest manufacturer of chimneys in India with a capacity of 0.6 mn vs imports of 1.6 mn p.a.
- ❖ Experienced Senior Management Team.
- ❖ 1st Integrated Facility to produce a Wide Range of Kitchen Appliances.
- ❖ Grants for Innovative Solutions from Government of Telangana.
- ❖ Low rejections rates and warranty claims.

STRATEGIES

- ❖ Expanding manufacturing facilities in strategic locations and creating a Pan India Supply Network
- ❖ New Facility in South to reduce Logistics Costs.
- ❖ A facilitated design and R&D department enables a continuous study of the customer feedback and related technology to make the necessary upgradation.
- ❖ Leveraging employee skills for higher sales.
- ❖ Target more and large brands for kitchen appliances.



INDUSTRY OVERVIEW



Indian Market



Electrical Kitchen Appliances Market Size

INR 472.2 Billion
2021



Est. CAGR (%)

6.66%
2021-2027

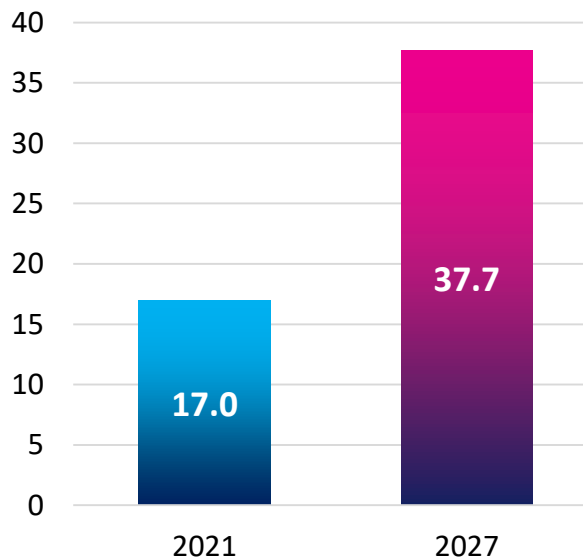


Electrical Kitchen Appliances Market Size

INR 686.6 Billion
2027

Current vs Projected

Chimney & Built-in Hobs Market Size (INR Billion)



CAGR: **14.07%**

Volume share of Electrical Kitchen Appliances

31.43%
North Region

Electric Kitchen market in the forecasted period and will achieve **9+ Million units sales** in the year 2025-26. The unpenetrated **East region is growing with the highest CAGR** among all the regions.

Inflame envisage to capture **40% market share in the next 5 years** by expanding its manufacturing facilities to multiple strategic locations covering major regions of India

Source: https://www.marketwatch.com/press-release/india-chimneys-built-in-hobs-market-share-size-growth-trends-and-forecast-2027-2023-02-01?mod=search_headline



Market Drivers



Consumer Awareness

1

The growing popularity of premium kitchen appliances on account of rising consumer awareness about high quality and durability represents one of the key factors positively influencing the market in India.

Low Logistics Cost

2

Businesses today are hugely affected due to high logistics cost, badly delayed shipments & commodity price hikes, manufacturing in India is way viable than imports.

Low Penetration

3

The present penetration for this product is very less & thus scope for growth is tremendous. Urban customers are now considering appliances as lifestyle products and are open to pay increased prices for products that are ergonomically designed and offer multiple features.

Reduce import dependence

4

Positive trends in demographics have further helped to enhance growth. Factors such as the increasing number of nuclear families have led to a rise in the volumes of appliances sold.



The Pandemic Effect

Crisis



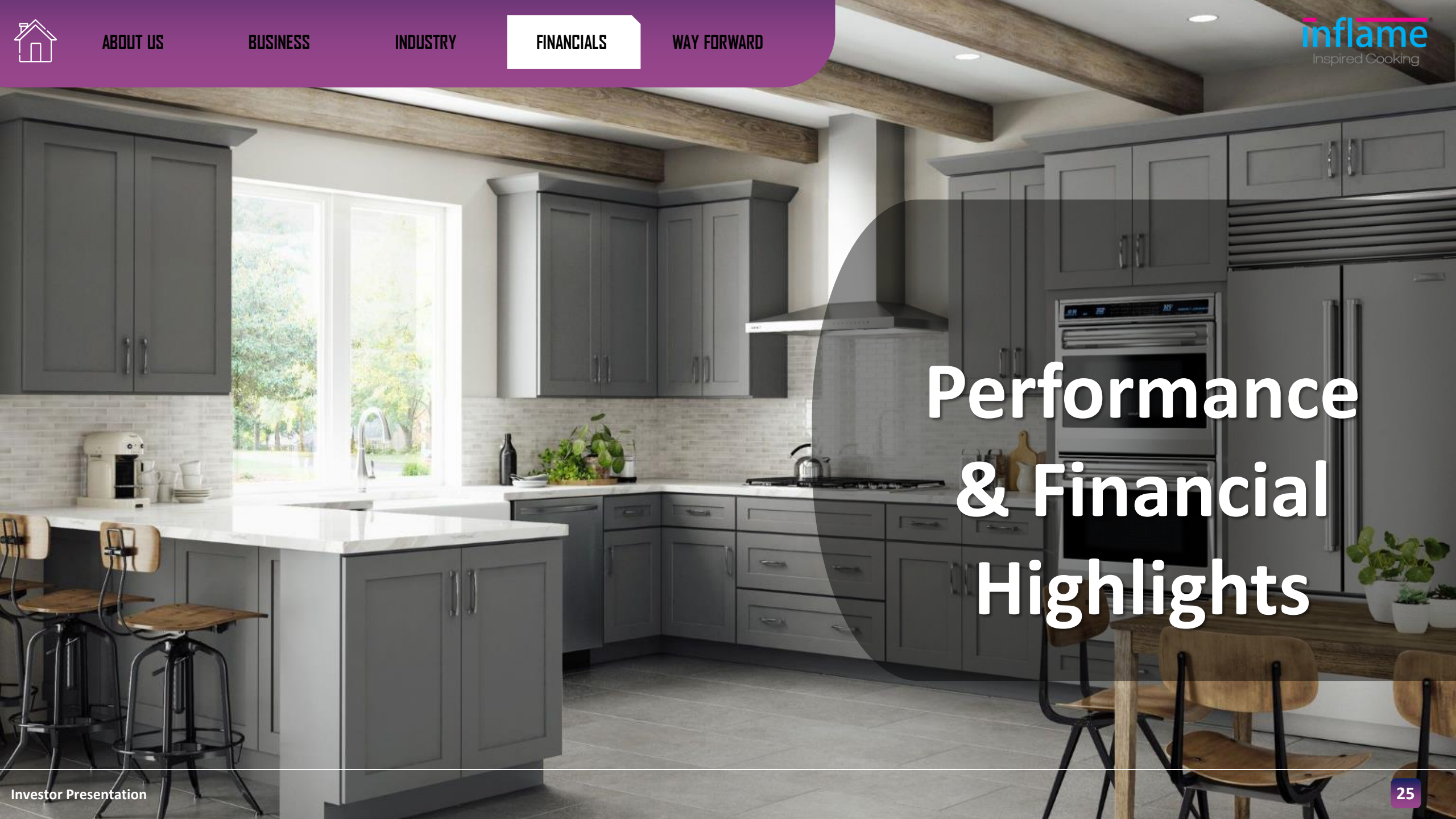
The Covid-19 pandemic changed the human life in every extend possible, affecting businesses severely.



Solution

- Inflamm took it as an opportunity by developing all components in India and preparing for the worst circumstances by eliminating dependence on China.
- Today, Inflamm has almost zero dependence on China, sourcing only PCB switches from China and that too just to minimize the costs.





Performance & Financial Highlights



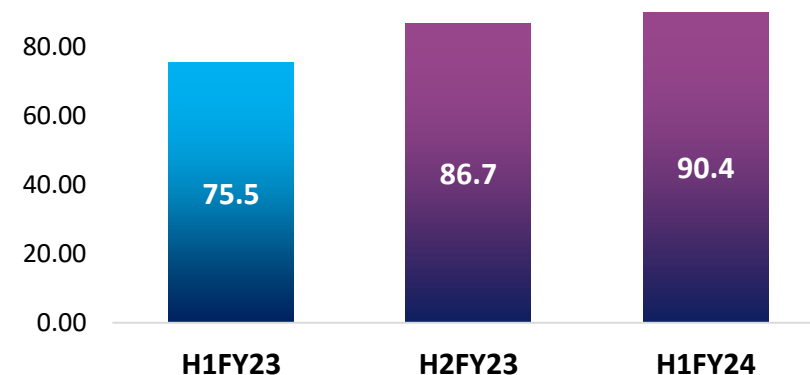
Key Performance Highlights

- **Hyderabad production kick-started – initial higher costs vs lower revenue in H1**
 - Hyderabad facility started production in the latter half of H1FY24
 - Initial higher manpower cost, manpower training period & related costs, and high operating costs versus lower production (lower revenue) led to lower profitability in the unit, thereby pulling down overall profitability.
 - High depreciation also impacted profitability in H1.
 - **Expecting significant recovery in H2 led by higher production and sales with new products and new high profile customers on boarded.**

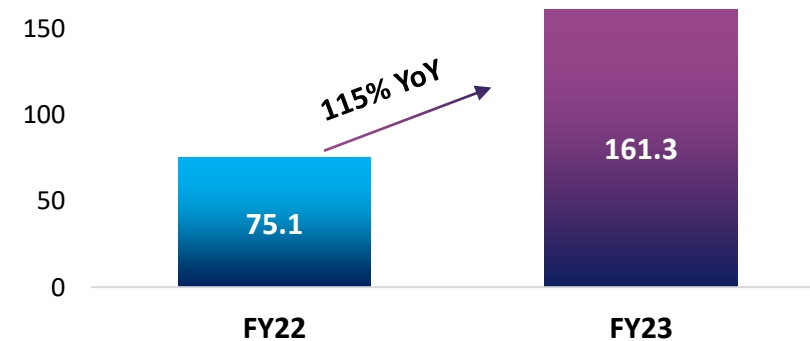
- **Panchkula facility witnessed production disruptions**
 - Significant flooding during monsoons in the region disrupted production for 1 to 2 weeks.
 - Manpower availability was also a major challenge due to the same during the period.
 - Manpower cost increased due to significant recruitment of high quality manpower for the plant in line with new categories and new customer additions.
 - Production pauses were taken in H1 for plant technical upgradation for systems and processes with an aim to target new and reputed quality focused customers.
 - Both above factors impacted incremental volume growth vis-à-vis expectations.
 - **Production and sales from Panchkula is now back to normal and expect significant uptick in H2FY24**

Chimney Sales Volume

Half Yearly Sales Volume ('000s)



Annual Sales Volume ('000s)





Performance Commentary

Commenting on the performance, Mr. Aditya Kaushik, Managing Director, Inflamm Appliances Ltd said

“H1FY24 was aspirational for us led by kick-starting of our Hyderabad facility, new marquee clients being signed up, and new product OTG (Oven Toaster Grill) introduced during the period.

However, our financial performance was tepid in H1 largely due to the following factors (a) flooding on account of heavy rains in the region around our Panchkula plant, impacting production. (b) Lower production due to new customer led technical upgradation and (c) lower profitability in our Hyderabad facility due to initial operating costs, while the revenue contribution has started only towards the end of H1FY24.

We are confident of pacing up our production, revenue and profitability in H2 in line with what we have been guiding and continue to be positive about the ramp up in both our manufacturing facilities.”



Half Yearly Income Statement

New facility

Particulars (INR mn)	H1FY24	H2FY23	H1FY23	YoY%	QoQ%
Net Sales	429.9	406.0	367.6	16.96	5.9
Other Income	4.3	3.7	2.8	54.8	16.0
Revenue from Operations	434.2	409.7	370.3	17.2	6.0
Total Expenditure	402.5	326.6	347.1	17.9	25.3
EBITDA	31.6	83.1	23.2	6.9	-70.1
EBITDA Margin (%)	7.4%	20.3%	6.3%	-54 bps	-1,468 bps
Depreciation	17.6	12.7	9.7	82.7	38.4
Profit Before Interest & Tax	14.0	70.3	13.6	-46.9	-89.7
Interest	12.3	12.5	8.5	44.8	-1.4
Profit Before Tax	1.7	57.9	5.1	-200.0	-108.8
Tax	1.7	10.8	0.8	-87.0	-99.0
Net Profit (Excl. Extraordinary)	0.05	47.0	4.2	-222.5	-111.1
PAT Margin (Excl. Extraordinary) (%)	0.01%	11.5%	1.2%	-236 bps	-1,279 bps
Extraordinary Items	-	-18.9	-	-	-
Reported PAT	0.05	28.1	4.25	-222.5	-118.5
Reported PAT Margin (%)	0.01%	6.9%	1.2%	-236 bps	-814 bps
Adjusted Earnings Per Share (Rs)	0.01	6.41	0.60	-218.1%	-118.5%
Reported Earnings Per Share (Rs)	0.01	3.83	0.60	-218.1%	-111.1%

	H1FY24	Panchkula	Hyderabad
	429.9	421.4	8.5
	4.3	3.8	0.4
	434.2	425.2	8.9
	402.5	389.6	12.9
	31.6	35.7	-4.0
	7.4%	8.4%	-44.9%
	17.6	12.5	5.1
	14.0	23.2	-9.1
	12.3	11.0	1.3
	1.7	12.2	-10.4



Annual Income Statement

Particulars (INR Mn)	FY18	FY19	FY20	FY21	FY22	FY23
Net Sales	89.9	551.1	153.9	198.7	396.2	773.6
Other Income	0.1	9.4	8.9	2.5	1.0	6.4
Revenue from Operations	90.0	560.5	162.8	201.2	397.2	780.0
Total Expenditure	84.7	517.3	194.2	217.9	382.2	673.7
EBITDA	5.3	43.2	-31.4	-16.7	15.0	106.3
EBITDA Margin (%)	5.9%	7.7%	-19.3%	-8.3%	3.8%	13.6%
Depreciation	1.2	12.0	19.8	17.8	18.1	22.4
PBIT	4.1	31.2	-51.2	-34.5	-3.1	83.9
Interest	0.2	2.7	6.4	10.6	17.2	21.0
PBT	3.9	28.5	-57.5	-45.2	-20.3	63.0
Tax	0.9	7.9	-15.0	-11.6	-5.6	11.7
Net Profit (Excl. Extraordinary)	3.0	20.6	-42.5	-33.6	-14.7	51.3
PAT Margin (%)	3.3%	3.7%	-26.1%	-16.7%	-3.7%	6.6%
Extraordinary Items	-	-	-	-	-1.8	-18.9
Reported PAT	3.0	20.6	-42.5	-33.6	-16.5	32.4
Reported PAT Margin (%)	3.3%	3.7%	-26.1%	-16.7%	-4.2%	4.2%
Adjusted Earnings Per Share (Rs)	0.51	3.44	-7.09	-5.60	-2.35	7.19
Reported Earnings Per Share (Rs)	0.51	3.44	-7.09	-5.60	-2.63	4.54



Annual Balance Sheet

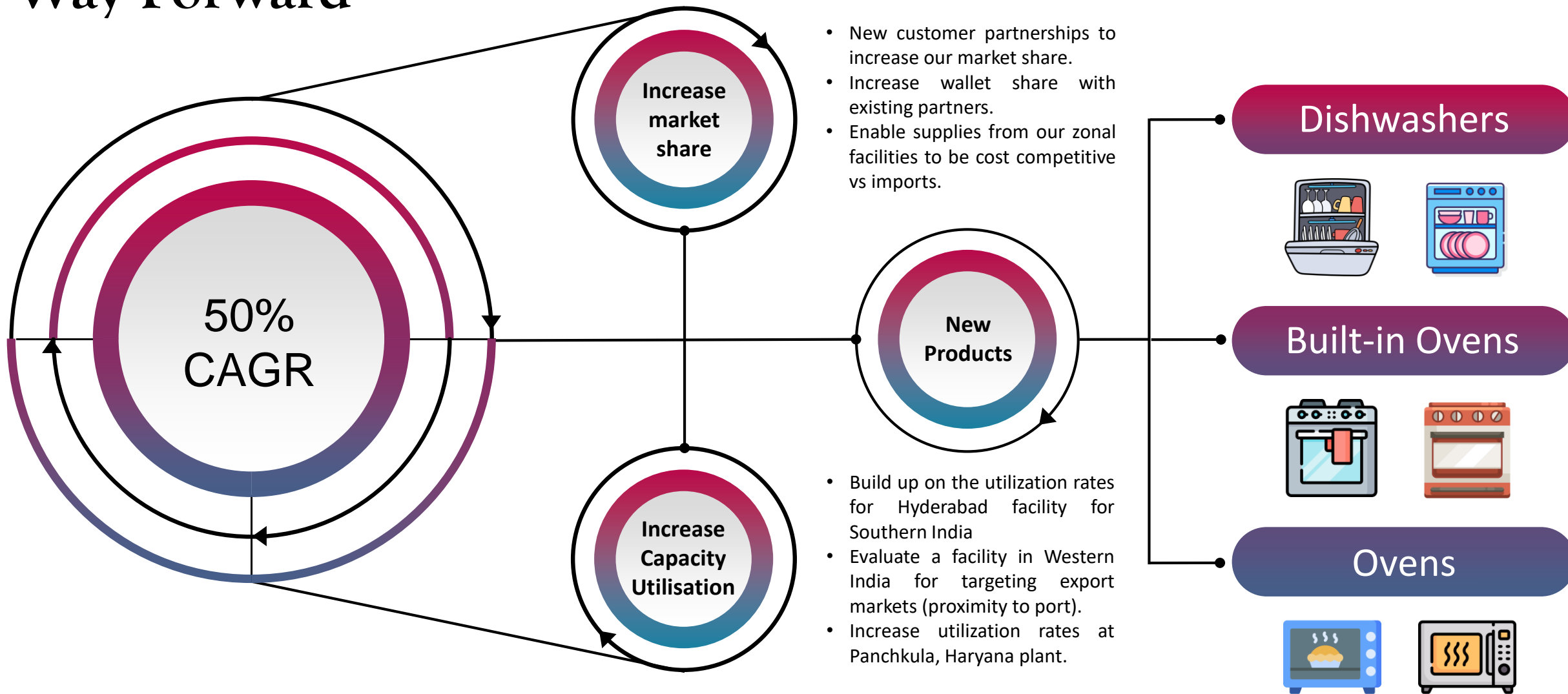
Particulars (INR mn)	FY2023	FY2022	Particulars	FY2023	FY2022
Equity and Liabilities			Assets		
Shareholder's Fund			Non-Current Assets		
Share Capital	73.4	66.5	Property, Plant, Equipment & Intangible Assets		
Reserves & Surplus	339.9	75.2	- Property, Plant & Equipments	125.1	94.8
Money received against share warrents	-	1.4	- Intangible Assets	5.7	9.6
Total Equity	413.3	143.1	- Capital Work-in-Progress	127.4	11.2
			- Intangible Assets Under Development	1.4	0.5
Share Application Pending Allotment	-	-	Non-Current Investments	-	-
			Deferred Tax Assets (Net)	19.5	30.6
Liabilities			Long-Term Loans & Advances	0.4	0.4
Non-current Liabilities			Other Non-Current Assets	1.9	3.0
Long-Term Borrowings	85.7	38.1	Total Non-Current Assets	281.5	150.1
Other Long Term Liabilities	-	-			
Long-Term Provisions	1.7	1.2	Current Assets		
Total Non-Current Liabilities	87.4	39.3	Inventories	161.1	67.2
			Trade Receivables	229.8	118.0
Current Liabilities			Cash & Cash Equivalents	87.1	5.5
Short-Term Borrowings	186.7	97.4	Short-Term Loans & Advances	32.8	2.2
Trade Payables	109.5	88.4	Other Current Assets	34.1	46.6
Other Current Liabilities	29.4	21.4	Total Current Assets	544.9	239.4
Short-Term Provisions	0.0	0.0			
Total Current Liabilities	325.6	207.2			
			Total Assets	826.4	389.6
Total Equity and Liabilities	826.4	389.6			



Way Forward



Way Forward





in flame[®]
Inspired Cooking

Thank you!

KAPTIFY [®] Consulting

Strategy & Investor Relations | Consulting

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