



Press Release – 06/08/2012

ELGI - Results for the financial year 2012-13

Elgi Equipments Ltd, manufacturer of air compressors and automotive equipment, announced consolidated results for the first quarter of 2012-13, posting a PAT of Rs.15.4 Crores, compared to Rs.17.9 crores in the corresponding quarter in 2011-12. Sales for the quarter remained flat at Rs 228 crores at par with the corresponding quarter in the previous year.

Profitability is lower compared to the corresponding quarter of the previous year mainly on account of annual pay hikes and additional manpower resources augmented in the international markets.

The compressor business sustained at the previous year's level on the backdrop of mixed trend in the domestic industrial segments. Waterwell segment continues to be at the trough end of its cycle. In spite of slowdown in China and Europe, focus on other strategic international markets contributed to the moderate growth in exports. Going forward sustenance through the year will be a challenge in the domestic market while international market will chip in to offset the gap.

Car sales registered negative growth during this quarter. Inventory pile up at dealerships were substantial, indicating a slowdown of sales. Many car manufacturers cut back on production and also delayed activation of new dealerships during the quarter. The automotive segment of the company registered an overall sales growth of over 3% during the quarter as compared to the same period last year. Pricing pressure in a shrinking market and higher material costs impacted profitability for the quarter.

Outlook

Present economic scenario trending towards stagflation continues to impact the domestic market. However the company remains positive about the sustained growth opportunities in the medium to long term even as near term outlook remains challenging. Focus will continue on the select international markets as a part of the derisking strategy from the turbulent Indian Economic cycle.

For ELGI EQUIPMENTS LIMITED


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