

AARON INDUSTRIES LIMITED

H1FY20 EARNINGS PRESENTATION

NOVEMBER 2019

NSE: AARON | BLOOMBERG: AARON:IN | CIN: L31908GJ2013PLC077306



COMPANY OVERVIEW

1 FOUNDATION

Aaron Industries Limited was founded by Mr. Amar Doshi in 2013, involved in the Elevator and ancillary products manufacturing business. With Mr. Amar Doshi's level of expertise, skills, and experience in elevator industry Aaron manufactures value-added elevator solutions.

2 UNIQUE PRODUCT

Ever since inception, we have been mainly focused on value-added products. Our most promising product offering is the uniquely designed elevator cabins. The sole reason behind the success of this product is our exclusivity addition, giving mundane spaces a changed appearance.

3 LISTING ON NSE

Aaron Industries Limited recently got listed on NSE Emerge (SME exchange) with an IPO of Rs. 4.78 Cr. in 2018, post which the company has commenced its new manufacturing unit for SS Sheet Polishing at Kosamba, Gujarat.

COMPANY SNAPSHOT



Elevator Manufacturing Company based out of Gujarat



88 Team Strength



Strong and Growing Distribution network **350+ Installers and Channel Partners**



Listed on **NSE Emerge**



Backward Integrated for **Elevator Cabins & Doors**



Revenue Growth **3 Year CAGR- 75%**

PRODUCT PORTFOLIO

Primarily Involved in Manufacturing of -

- Elevator Doors
- Elevator Cabins
- Elevator Headers
- Small Portfolio of Electrical Products

Flagship Product

Our flagship product is 'uniquely designed elevator cabins' which enhance the ambience of each of our project. Our elevator cabins are an axis for customer appeal and anticipation.

Apart from singular products we are also involved in selling of complete elevator kits which includes traction machine, DGB, LOP - COP and Sensors.

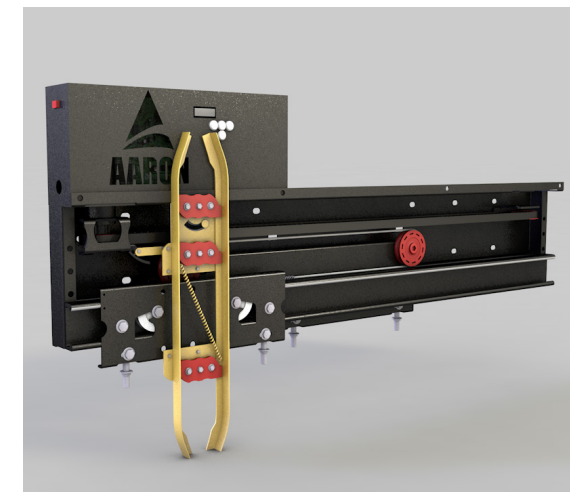
ELEVATOR DOORS



ELEVATOR CABINS



CABIN CEILING

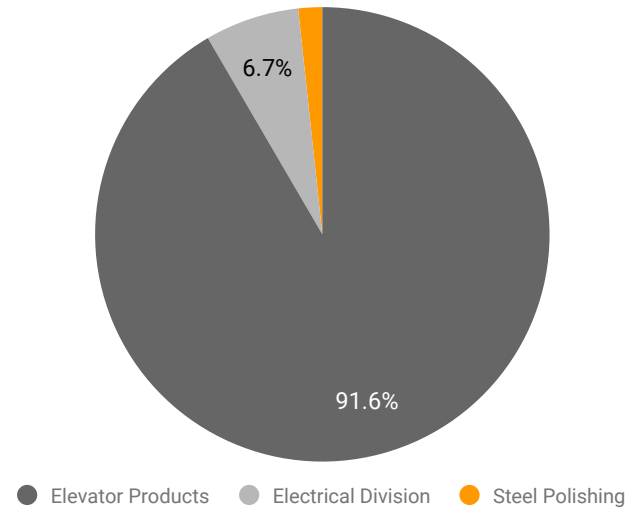


ELEVATOR HEADERS



HALF-YEARLY HIGHLIGHTS

Product wise Revenue Contribution H1FY20



Elevator Cabins

235 sold in H1FY20

Elevator Door Sets

5603 sold in H1FY20

Elevator Kits

18 sold in H1FY20

FINANCIAL HIGHLIGHTS

Summary of Profit & Loss (half-yearly)

(in crores)

Particulars	H1FY20	H2FY19	H1FY19	Q-0-Q%
Revenue from Operations	9.76	9.28	8.27	18.0%
Total Income	9.77	9.31	8.28	18.0%
Total Operating Expenses	8.63	8.21	7.32	17.8%
EBITDA (Excluding OI)	1.13	1.08	0.95	18.5%
EBITDA (Excluding OI) %	11.6%	11.6%	11.5%	0.4%
Interest Cost	0.29	0.12	0.17	71.0%
Depreciation & Ammortisation	0.27	0.11	0.09	198.0%
Profit Before Taxes	0.58	0.87	0.70	-17.7%
Profit After Taxes	0.41	0.57	0.49	-16.1%

FINANCIAL HIGHLIGHTS

Summary of Balance Sheet (half-yearly)

(in crores)

Particulars	H1FY20	H2FY19	H1FY19	Q-Q-Q%
Shareholders Fund	9.78	9.37	8.80	11.1%
Non-Current Liabilities	4.61	3.80	1.44	220.1%
Current Liabilities	4.51	4.33	3.26	38.0%
Total	18.90	17.51	13.50	40.0%
Non-Current Assets	9.80	9.06	4.37	124.2%
Current Assets	9.10	8.45	8.99	1.22%
Miscellaneous Expenditure (to the extent not written off)	0.00	0.00	0.14	NA
Total	18.90	17.51	13.50	40.0%

FINANCIAL HIGHLIGHTS

Summary of Profit & Loss



(in crores)

Particulars	2015	2016	2017	2018	2019
Revenue from Operations	2.37	3.31	4.80	11.77	17.55
Total Income	2.38	3.32	4.80	11.79	17.59
Total Operating Expenses	2.30	3.17	4.54	10.19	15.49
EBITDA (Excluding OI)	0.08	0.14	0.26	1.58	2.06
EBITDA (Excluding OI) %	3.2%	4.3%	5.3%	13.4%	11.7%
Interest Cost	0.02	0.08	0.17	0.14	0.29
Depreciation & Ammortisation	0.00	0.01	0.01	0.10	0.20
Profit Before Taxes	0.05	0.06	0.07	1.34	1.57
Profit After Taxes	0.04	0.04	0.05	0.93	1.06

FINANCIAL HIGHLIGHTS

Summary of Balance Sheet



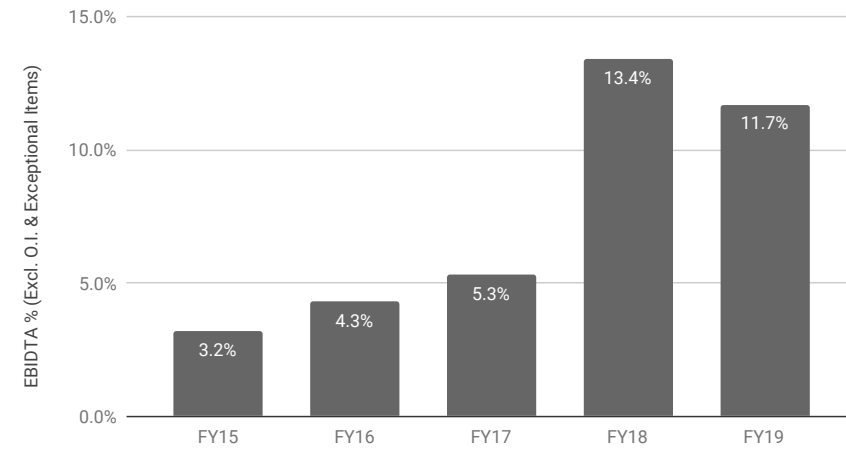
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Particulars	2015	2016	2017	2018	2019
Shareholders Fund	0.06	0.24	0.29	3.54	9.37
Non-Current Liabilities	0.23	1.02	1.04	0.49	3.80
Current Liabilities	0.77	0.93	1.21	2.94	4.33
Total	1.06	2.20	2.54	6.96	17.51
Non-Current Assets	0.08	0.09	0.11	1.50	9.06
Current Assets	0.98	2.11	2.43	5.46	8.45
Total	1.06	2.20	2.54	6.96	17.51

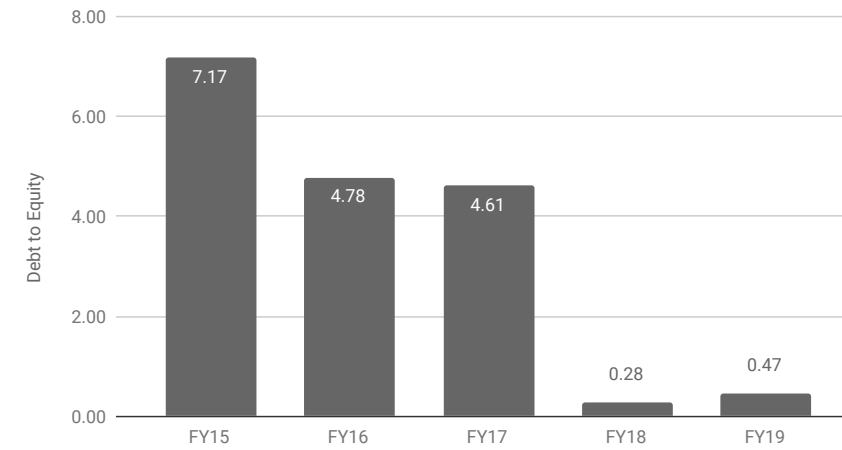
FINANCIAL RATIOS



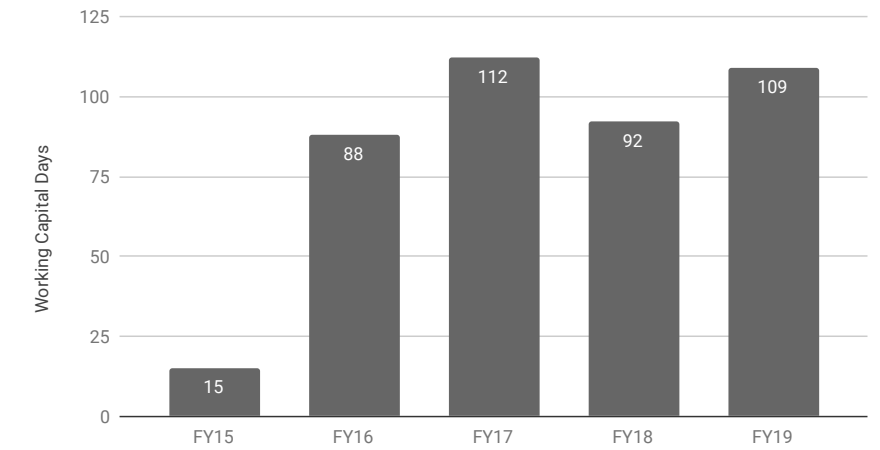
EBIDTA % (Excl. O.I. & Exceptional Items)



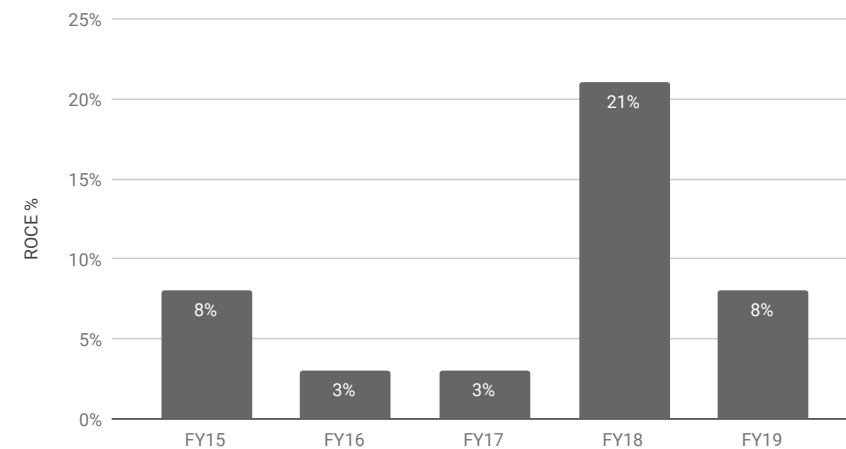
Debt to Equity



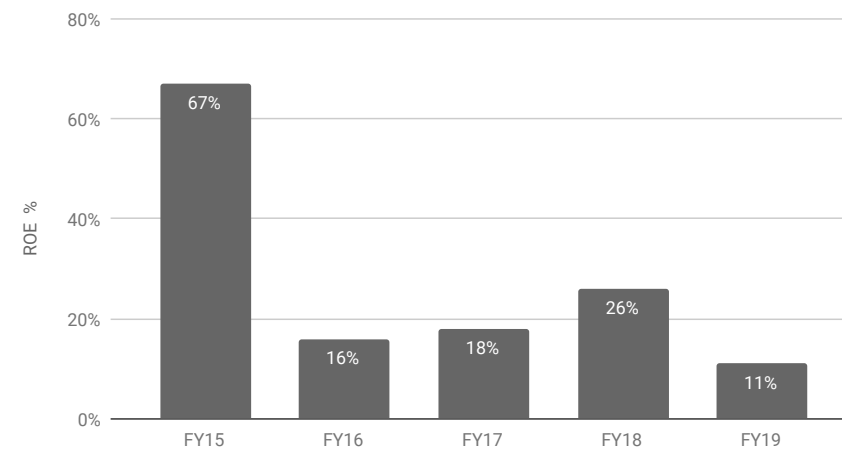
Working Capital Days



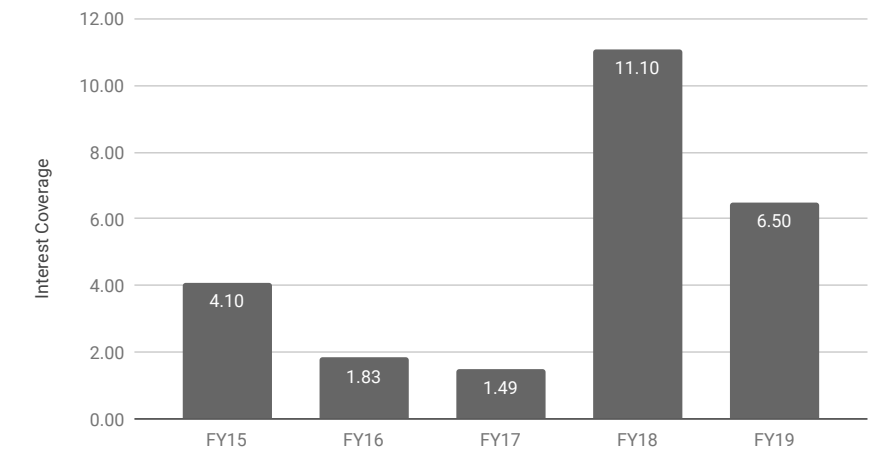
ROCE %



ROE%



Interest Coverage



MANAGEMENT COMMENTARY

FINANCIAL PERFORMANCE

- Revenue from operations increased by 18.0% to 9.28 Cr in H1FY20 as compared to 8.27 Cr in H1FY19. Although when compared on a quarterly basis, the growth was subdued at 5.3% in H1FY20 as compared to H2FY19. There are two primary reasons for subdued revenue growth i.e. a) Elevator Division saw only moderate growth because of a country-wide slowdown in the Real Estate & Construction sector b) Electric Division, a small division relatively, witnessed a de-growth of 45.2% on account of decreased volume from a major customer.
- EBITDA witnessed growth in line with the revenue from operations i.e. 1.13 Cr in H1FY20 recording a growth of 18.5% as compared to 0.95 Cr in H1FY19. EBITDA (%) remained 11.6% in H1FY20 as compared to 11.5% in H1FY19.
- Profitability, on the other hand, remained subdued in H1FY20 due to a major increase in Finance Cost and Depreciation & Amortisation, this was on account of partially debt-funded expansion in Kosamba. PAT was 0.40 Cr in H1FY20 as compared to 0.49 Cr in H1FY19, recording a de-growth of 16.1%

KOSAMBA PLANT

- Stainless Steel Sheet manufacturing plant at Kosamba has gone live in February 2019. With an investment of more than 7 Cr in building, plant & machinery, etc.
- Post commissioning, the plant has taken more than expected time for stabilization, with the procurement of good quality inputs being a major hindrance. The company had to rework its procurement and also add an additional type of machinery for cutting of stainless sheet. The plant is expected to start churning decent and regular production from Q4FY20.

OUTLOOK

- The delayed stabilization of Kosamba plant has been a drag on the profitability and balance sheet of the company for H1FY20. However, the plant possesses capabilities to take the operations of the company to an altogether different trajectory. With decent production expected to commence from Q4FY20, H2FY20 is expected to be stronger than H1FY20.

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