

Elecon Engineering announces Q1FY17 Results

CONSOLIDATED Q1FY17 NET REVENUE AT RS. 260.5 CRORES

Vallabh Vidyanagar, India, July 26th, 2016: Elecon Engineering Company Limited (“Elecon”), one of the largest manufacturers of gears in Asia, today announced its financial results for the first quarter of financial year 2016-17 ended June 30th, 2016.

Financial Performance

Standalone Q1FY17 Review

- Total Operating income was Rs. 111.9 crores for Q1FY17 as compared to Rs. 106.9 crores in the corresponding period of the previous year reflecting an increase of 5%
- EBITDA stood at Rs. 26.5 crores as compared to Rs. 23.2 crores during the corresponding period of previous year, an increase of 14%.
- EBITDA Margin at 23.7% for Q1FY17 as against 21.7% in Q1FY16
- Net profit stood at Rs.9.8 crores for Q1FY17 as compared to Rs. 6.5 crores in the corresponding period of the previous year
- Basic EPS stood at Rs. 0.90 as against Rs. 0.60 in the corresponding quarter of last fiscal

Consolidated Q1FY17 Review

- Total Operating income was muted at Rs. 260.5 crores for Q1FY17 as compared to the income in the corresponding period of the previous year.
- EBITDA stood at Rs. 33.0 crores as compared to Rs. 25.4 crores during the corresponding period of previous year, an increase of 30%
- EBITDA Margin at 12.7% for Q1FY17 as against 9.7% in Q1FY16
- Net profit stood at Rs. 86 Lacs for Q1FY17 as compared to Rs. 1.9 crores in the corresponding period of the previous year
- Basic EPS stood at Rs. 0.07 as against Rs. 0.18 in the corresponding quarter of last fiscal

Starting 1 April 2016, Elecon Engineering will be releasing its financial results based on the new Indian Accounting Standards (IND-AS). The transition from Indian GAAP to IND-AS applies to both our standalone and consolidated financial statements.

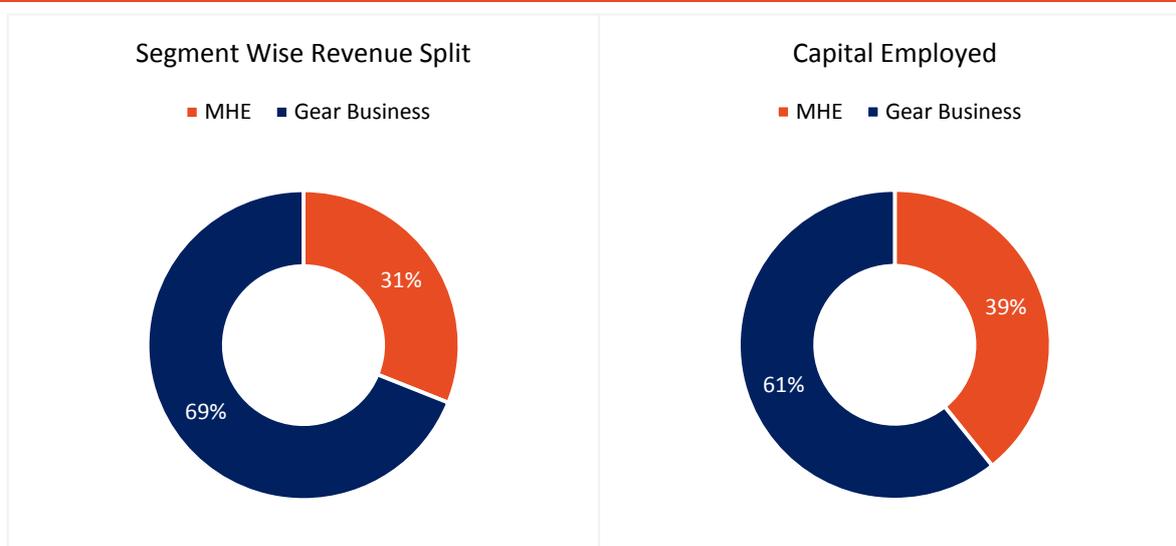
Some of the key IND-AS adjustments having impact on results include:

- *Property, plant & equipment has been valued at its fair value on the date of transition i.e. April 1, 2015. This has impact on depreciation of the current and comparative period*
- *Investments (other than investments in subsidiary, associate and joint ventures) have been restated at its fair value.*

- Preference shares of subsidiary company have been considered as financial liability by subsidiary company and restated accordingly.
- Actuarial gains and losses are reclassified to other comprehensive income
- Deferred tax recognized on IND-AS adjustments

Commenting on the Company’s performance for Q1FY17, **Mr. Prayasvin Patel, CMD** said “The first quarter of the fiscal 2017 was a mixed quarter for the business, while we have grown in the standalone gear business, the headwinds continue for our MHE business. During the quarter, the execution at the gear business remained robust and we continued to see traction in the core sectors. The economic activity remains weak; however, we are firm that our business will be a direct beneficiary to any constructive movement in the capital goods industry”

Segment wise Revenue Split



Order Book and Outlook

From an order book perspective, we booked INR 111 Cr worth of orders in gear business. This translates to an order backlog of INR 711 Cr for execution in the coming period. In the material handling business, we closed orders worth INR 43 Cr which is in line with our revisited strategy of our focus on profitable and product based projects. The pending order book for MHE business now stands at INR 889 Cr. Overall, we remain confident on the long term prospects of the business however an upside to its performance would directly correlate to the way overall economy performs.

Update on Merger Scheme

Pending the approval from shareholders, the Board of Directors of the Company unanimously recommended the proposed combination of Elecon Engineering Company Limited with Elecon EPC Projects Limited. This was to consolidate the businesses into one entity thereby creating a vertically integrated engineering company and strengthening the position of the merged entity by enabling synergies. This was also in line with global trends to achieve size, scale, integration and greater financial strength.

By Order of the Hon'ble High Court of Gujarat at Ahmedabad had directed that a Meeting of the Equity Shareholders of the Elecon Engineering Company Limited has been convened on August 19, 2016 at 11:00 A.M. for the purpose of considering and, if thought fit, approving proposed amalgamation embodied in the Scheme. The approval of Equity Shareholders of the Company can be done by way of postal ballot and e-voting pursuant to the applicable provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, Regulation 44 and other applicable provisions of the SEBI Listing Regulations, the SEBI Circular and under relevant provisions of the applicable laws.

Analyst Conference Call

The company will conduct its earnings call at 4:00 PM IST on July 27, 2016 where the senior management will discuss the company's performance and answer questions from participants. To participate in this conference call, please dial the numbers provided below ten minutes ahead of the scheduled start time. The dial-in number for this call is +91 22 3960 0644/+91 22 6746 4144. Other toll numbers are listed in the conference call invite which is posted on the company website. We will aim to post the transcript of the conference call on the company website within seven working days of the investor conference call.

About Elecon Engineering Company Limited

Elecon Engineering Company Ltd (BSE code: 505700, NSE code: ELECON) is one of Asia's largest gear manufacturing Company with vast experience of about five decades and significant business presence in India and abroad. The Company designs and manufactures worm gears; parallel shaft and right angle shaft; helical and spiral level helical gears; fluid geared and flexible couplings, as well as planetary gear boxes. The Company (Currently through Elecon EPC) also manufactures material handling equipment, mining equipment, casting processes amongst others. The company was incorporated in 1960 by Shri Ishwarbhai B Patel and has its headquarters in Vallabh Vidyanagar, Gujarat. For more info, visit: www.elecon.com

if you have any questions or require further information, please feel free to contact

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