

Elecon's standalone Q3FY16 Net Revenue at Rs. 120.3 Crores Profit After Tax at Rs. 17.1 Crores, up by 165%

Vallabh Vidyanagar, India, January 29, 2016: Elecon Engineering Company Limited, one of the largest manufacturers of gears in Asia today announced its financial results for the third quarter (Q3FY16) and nine months (9MFY16) ended December 31, 2015.

Performance Highlights

Standalone Q3FY16 review

- Total Operating revenue increased by **6%** to **Rs. 120.3 Crores** as compared to **Rs. 113.5 Crores** during the corresponding period of previous year. On a QoQ basis, the operating revenues were up by **8%**
- EBITDA stood at **Rs. 18.6 Crores** as compared to **Rs. 27.7 Crores** during the corresponding period of previous year, a decline of **33%** QoQ
- EBITDA Margin at **15.5%** for Q3FY16
- Net profit stood at **Rs. 17.1 Crores** for Q3FY16 as compared to **Rs. 6.5 Crores** in the corresponding period of the previous year, an increase of **165%**. On a QoQ basis, the profit went up by **148%** from **Rs. 6.9 Crores** in Q2FY16
- Basic EPS stood at **Rs. 1.57** as against **Rs. 0.59** in Q3FY15, an increase of **166%**

Standalone 9MFY16 review

- Total Operating revenue remained muted at **Rs. 329.3 Crores** as compared to **Rs. 327.2 Crores** during the corresponding period of previous year.
- EBITDA stood at **Rs. 69.3 Crores** as compared to **Rs. 64.5 Crores** during the corresponding period of previous year, an increase of **7%** YoY
- EBITDA Margin at **21.0%** for 9MFY16, up by **133bps** from 9MFY15
- Net profit stood at **Rs. 27.6 Crores** for 9MFY16 as compared to **Rs. 10.4 Crores** in the corresponding period of the previous year, an increase of **166%**.
- Basic EPS stood at **Rs. 2.53** as against **Rs. 0.95** in Q3FY15, an increase of **166%**

Consolidated Q3FY16

- Total Operating revenue increased by **8%** to **Rs. 330.4 Crores** as compared to **Rs. 305.0 Crores** during the corresponding period of previous year. On a QoQ basis, the operating revenues were up by **17%** (**Rs. 283.2 Crores in Q2FY16**)
- EBITDA stood at **Rs. 9.4 Crores** with EBITDA margins at **2.8%** for Q3FY16
- Consolidated Net profit stood at **Rs. 4.3 Crores** for Q3FY16 as compared to a loss of **Rs. 3.8 Crores** in the corresponding period of the previous year. On a QoQ basis, the profit went up by **207%** from **Rs. 1.4 Crores** in Q2FY16
- Basic EPS stood at **Rs. 0.39** as against **Rs. -0.34** in Q3FY15

Consolidated 9MFY16

- Total Operating revenue remained muted at **Rs. 870.7 Crores** as compared to **Rs. 871.2 Crores** during the corresponding period of previous year.
- EBITDA stood at **Rs. 75.5 Crores** as compared to **Rs. 89.2 Crores** during the corresponding period of previous year, a decline of **15%** YoY
- EBITDA Margin at **8.7%** for 9MFY16, down by **156bps** from 9MFY15
- Consolidated Net profit stood at **Rs. 9.8 Crores** for 9MFY16 as compared to a loss of **Rs. 13.5 Crores** in the corresponding period of the previous year.
- Basic EPS stood at **Rs. 0.90** as against **Rs. -1.24** in Q3FY15, an increase of **172%**

Commenting on the Company's performance for Q3/9M 2016, **Mr. Prayasvin Patel, CMD** said "At the standalone level, we had a challenging quarter from a margin standpoint. Our EBITDA levels came down on account of unfavorable revenue mix involving bulk of the shipments of low margins. Our end customers continue to grapple with execution challenges and the environment remains challenging in the medium to short term. From an order book perspective, we booked INR 121 Cr worth of orders, however we continue to see lackluster demand from the key sectors such as Cement & Steel. At the PAT level, we registered a record high profit of INR 17.1 Crores which also factors the "profits from sale of surplus land". Our Consolidated Topline grew 17% quarter on quarter essentially on account of performance in EPC and overseas business. The EPC business, however, remains sluggish owing to macro factors which we believe would be taken care of by the government's ongoing measures across sectors.". **He further added** "We are seeing traction in some sectors especially defense and we hope that our business would sooner than later reap the benefits of economic upturn. We remain upbeat on the long term business outlook of the Company. Given the current global economic scenario, we understand that the government has a very hard task at hand."

Financial Highlights- Q3/9M FY16 Standalone

Particulars (Rs. Cr.)	Q3FY16	Q2FY16	Q/Q%	Q3FY15	Y/Y%	9MFY16	9MFY15	Y/Y%
Income from Operations								
Net Sales/ Income from Operations	119.4	110.5		112.1		326.3	323.2	
Other Operating Income	0.9	0.9		1.4		3.0	4.1	
Total Income from Operations (Net)	120.3	111.4	8%	113.5	6%	329.3	327.2	1%
Expenses								
(a) Cost of Material Consumed	83.7	60.4		56.2		211.3	175.3	
(b) Purchase of stock in trade								
(c) Changes in inventories/WIP	(19.2)	(11.5)		3.3		(51.1)	5.8	
(d) Employee Benefit Expense	12.0	13.8		9.9		35.7	28.7	
(e) Depreciation & Amortization	11.9	11.8		12.1		35.2	36.7	
(f) Other Expenditure	25.1	21.0		16.4		64.1	53.0	
Total Expenses	113.5	95.5		97.9		295.3	299.4	
EBIT Before Other Income / Exceptional Items	6.8	15.9	-58%	15.6	-57%	34.1	27.8	22%
Other Income	25.6	3.2		1.3		31.2	9.6	
EBIT Before Exceptional Items	32.4	19.2	69%	17.0	91%	65.3	37.4	75%
Finance Costs	9.2	9.1		7.5		26.2	22.1	
PBT Before Exceptional Items	23.2	10.1	129%	9.5	144%	39.1	15.3	156%
Exceptional Item								
PBT	23.2	10.1	129%	9.5	144%	39.1	15.3	156%
Tax Expense	6.1	3.2		3.0		11.5	4.9	
PAT	17.1	6.9	148%	6.5	165%	27.6	10.4	166%
Paid-up Equity Share Capital (Face Value of share Rs 2 each)	21.8	21.8		21.8		21.8	21.8	
Earnings Per Share								
Basic EPS (Not annualized)	1.57	0.63	149%	0.59	166%	2.53	0.95	166%
Diluted EPS (Not annualized)	1.57	0.63	149%	0.59	166%	2.53	0.95	166%

Order Book Position (Domestic Gear Business)

Particulars(INR Cr)	Q3FY16	Q2FY16	Q1FY16	Q4FY15	Q3FY15	Q2FY15
Orders Booked	121	112	140	152	106	107
Order Pending	252	258	261	234	263	275

Financial Highlights- Q3/9MFY16 Consolidated

Particulars (Rs. Cr.)	Q3FY16	Q2FY16	Q/Q%	Q3FY15	Y/Y%	9MFY16	9MFY15	Y/Y%
Income from Operations								
Net Sales/ Income from Operations	328.3	280.7		301.9		863.0	861.0	
Other Operating Income	2.0	2.5		3.1		7.7	10.2	
Total Income from Operations (Net)	330.4	283.2	17%	305.0	8%	870.7	871.2	0%
Expenses								
(a) Cost of Material Consumed	312.9	134.1		184.0		625.4	532.9	
(b) Purchase of stock in trade	0.9	(3.0)		(4.0)		2.7	4.2	
(c) Changes in inventories/WIP	(85.8)	39.2		8.1		(77.5)	3.5	
(d) Employee Benefit Expense	38.2	38.7		35.5		111.8	111.0	
(e) Depreciation & Amortization	16.7	16.6		16.9		49.6	51.4	
(f) Other Expenditure	54.8	38.8		43.1		132.9	130.4	
Total Expenses	337.6	264.4		283.7		844.7	833.3	
EBIT Before Other Income / Exceptional Items	(7.3)	18.7	-139%	21.3	-134%	25.9	37.8	-31%
Other Income	30.5	0.7		1.4		33.8	7.3	
EBIT Before Exceptional Items	23.2	19.4	19%	22.6	2%	59.7	45.2	32%
Finance Costs	20.4	19.2		25.3		53.9	59.6	
PBT Before Exceptional Items	2.7	0.2	1146%	(2.6)	-205%	5.9	(14.4)	-141%
Exceptional Item	-	-		-				
PBT	2.7	0.2	1146%	(2.6)	-205%	5.9	(14.4)	-141%
Tax Expense	6.2	3.7		3.3		12.2	6.1	
PAT	(3.5)	(3.5)	-1%	(5.9)	-41%	(6.3)	(20.5)	-69%
Share of Profit / (loss) of associates	0.1	0.2		0.1		0.2	0.2	
Minority interest	7.7	4.8		2.0		15.9	6.9	
PAT after taxes, minority interest and share of profit/ (loss) of associates	4.3	1.4	207%	(3.8)	-215%	9.8	(13.5)	-173%
Paid-up Equity Share Capital (Face Value of share Rs 2 each)	21.8	21.8		21.8		21.8	21.8	
Earnings Per Share								
Basic EPS (Not annualized)	0.39	0.13	200%	(0.34)	-215%	0.90	(1.24)	-173%
Diluted EPS (Not annualized)	0.39	0.13	200%	(0.34)	-215%	0.90	(1.24)	-173%

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 gear; parallel shaft and right angle shaft; helical and spiral level helical gear; fluid geared and flexible couplings, as well as planetary gear boxes.

The Company through its subsidiary Elecon EPC also manufacturers, material handling equipment, mining equipment, casting processes amongst other. The company was incorporated in 1960 by Shri Ishwarbhai B Patel and has its headquarter in Vallabh Vidyanagar, Gujarat.

For more info, please visit: <http://www.elecon.com>

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