

21st July, 2022

To,

The Manager (Listing), The BSE Ltd. Mumbai	The Manager (Listing), National Stock Exchange of India Ltd. Mumbai
Company's Scrip Code: 505700	Company's Scrip Code: ELECON

Sub : Presentation of the Investor Call to be held on 22nd July, 2022

Ref : Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

With reference to the above referred Regulation and in continuation of our letter dated 19th July, 2022 regarding schedule of Investor Call, please find attached herewith the Investor Presentation for Q1 for the Financial Year 2022-23. The same is also available on the website of the Company at <https://www.elecon.com/investors/financial-reports>.

You are requested to take the same on your records.

Thanking you.

Yours faithfully,
For Elecon Engineering Company Limited,



Bharti Isarani
Company Secretary & Compliance Officer



Encl.: As above



Cranes



Rubber Industry



Marine Industry



Plastic Industry



Power Industry



Steel Industry



Sugar Industry



Mining



Cement Industry

Gearing industries. Gearing economies.



ELECON ENGINEERING

Investor Presentation | Q1 FY23





Safe Harbor



Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements", These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.



ELECON ENGINEERING

Company Overview



About Us



- Established in 1951, Elecon is an ISO 9001:2015; 14001:2015; OHSAS 18001:2007 certified Company having a global presence. The Company is the one of the largest Industrial Gear manufacturer in Asia having widest range of products.
- First in India to manufacture sophisticated equipment for bulk Material Handling and a product range that caters to almost every industrial sector in India.
- Expertise in the manufacturing of custom-made Gearboxes for Steel/Cement/Rubber/Sugar Mills, High Speed Turbines, Defence Applications, Plastic Extrusions, etc.

Key Segment

Power Transmission



Helical/Bevel Helical Gearboxes



Worm Gearboxes



Couplings



High Speed Gearboxes



Planetary Gearboxes



Wind Turbine Gearboxes



Marine Gearboxes



Custom Built Gearboxes



Loose Gears

- Largest gearbox manufacturer in Indian subcontinent.
- State of the art manufacturing facility with product portfolios like EON / EOS Series Standard Gearbox, Vertical Rolling Mill (VRM) Gearbox, Marine Gearbox for Warships, Sugar Mill Planetary gearbox, Rolling Mill Pinion Stands etc.

Material Handling Equipment



Feeders



Crushers



Stackers/Reclaimers



Cable Reeling Drum



Raw Material Handling System



Magnet/Weighers/Metal Detectors



Specialized Conveyors



Idlers/Pulleys



Wagon Tippler & Associated Equipment

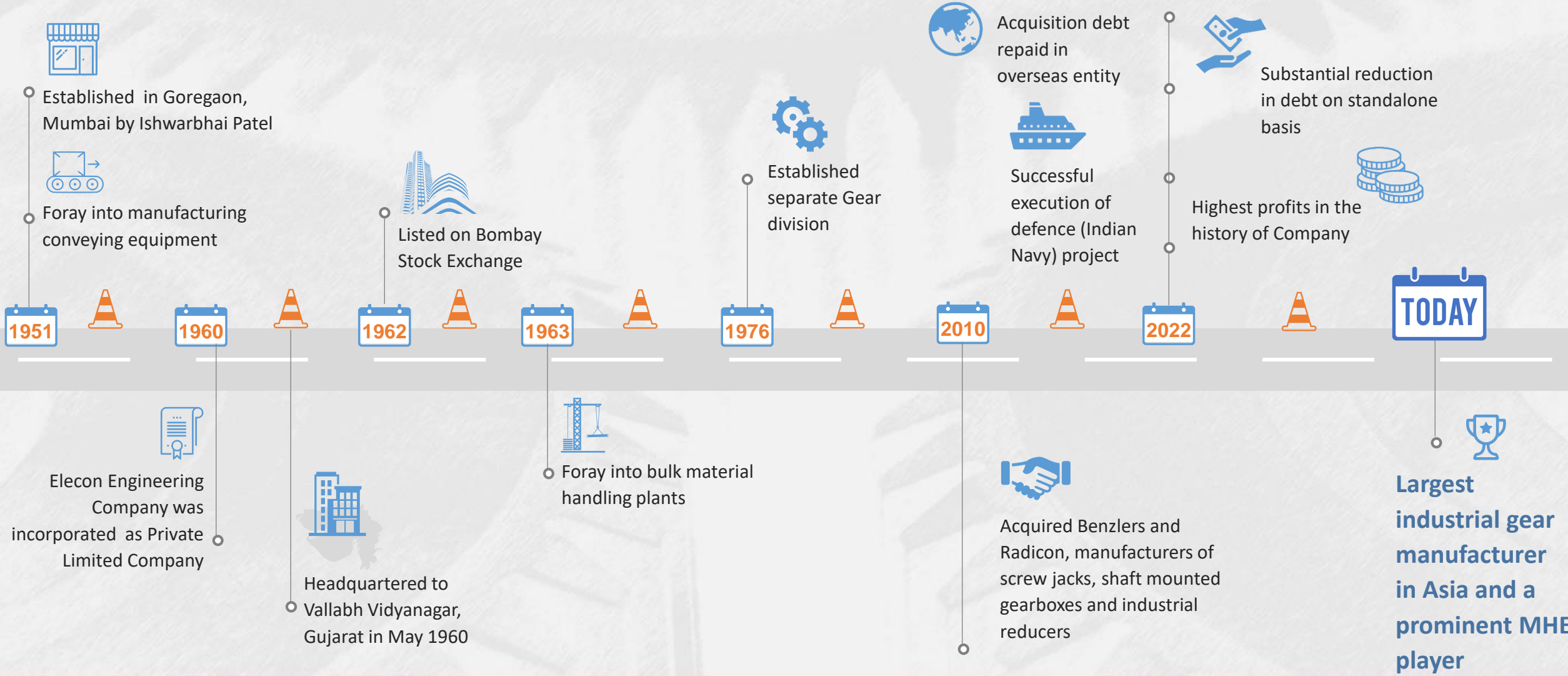


Port Equipment

- Expertise in Bulk Material Handling equipment and systems
- Successfully completed Design, engineering, manufacturing, supply and commissioning of various projects



History





Elecon Gears Power the Carrier



Proud & historic for ELECON ENGINEERING as reincarnated #INS Vikrant (Indigenous Aircraft Carrier or 'IAC') will be commissioned in Indian Navy as India celebrates "75 Years – Azadi Ka Amrit Mahotsav".

Wishing # Indian Navy & # Cochin Shipyard "The Best" for achievement of this.

With the commissioning of INS Vikrant, India would join a select group of nations with the capability to indigenously design and build an aircraft carrier. It will also provide thrust to Government's 'Make in India' initiative. Delivery of IAC would also strengthen India's position in the Indian Ocean Region (IOR) and its quest for a blue water Navy.



Elecon is manufacturing assembly and completed no load testing of one of the Biggest “VERTICAL ROLLER MILL DRIVE” for one of the Indian’s reputed cement manufacturer.





ELECON ENGINEERING

Financial Performance – Q1 FY23



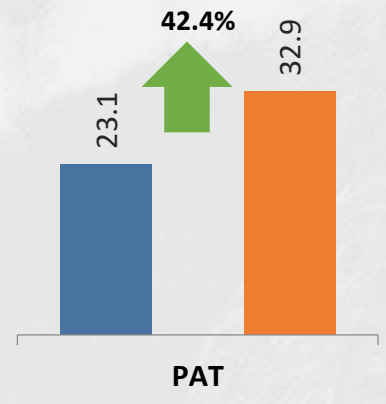
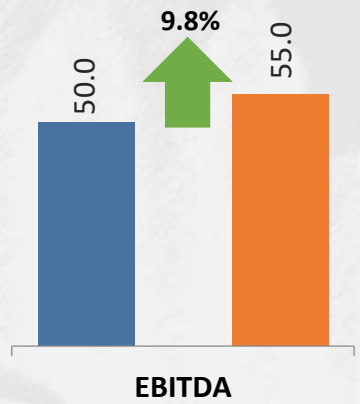
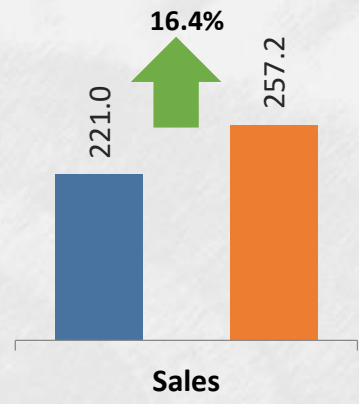
Strong Quarterly Performance



Standalone

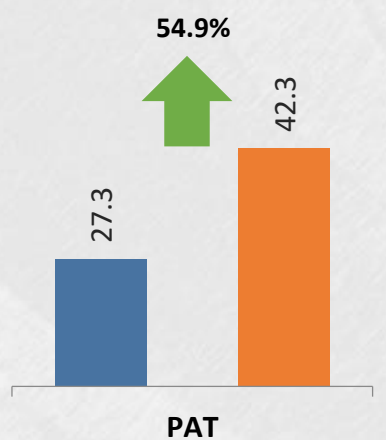
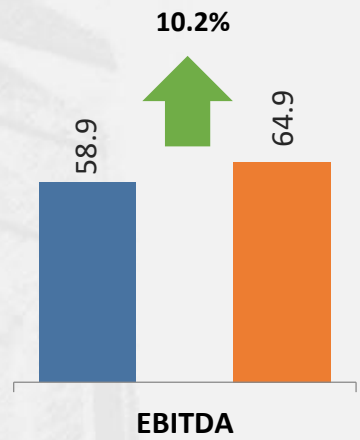
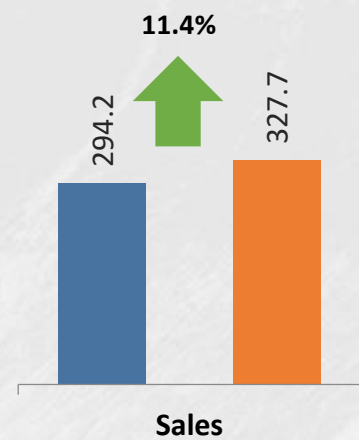
In Rs. Cr

Q1 FY22 Q1 FY23



Consolidated

In Rs. Cr





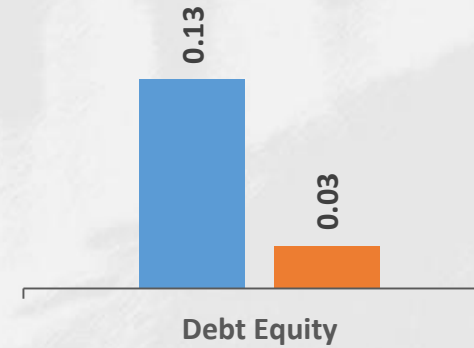
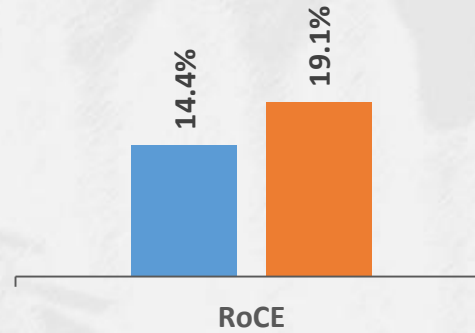
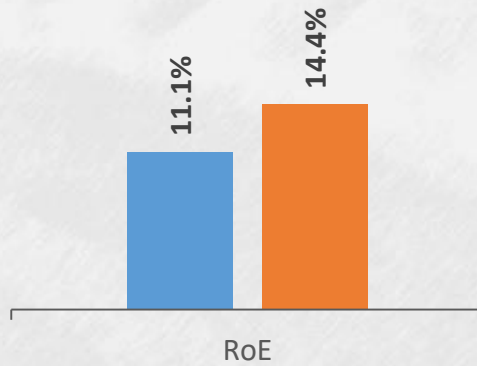
Consistent Improvement in Key Ratios



Standalone

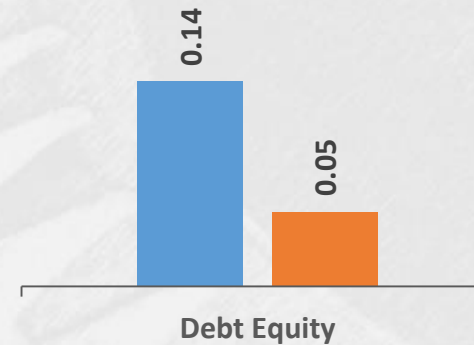
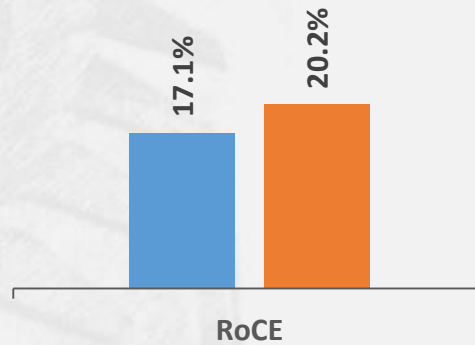
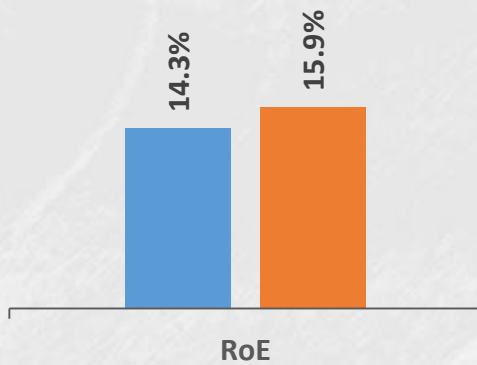
FY22

Q1 FY23



Consolidated

In Rs. Cr



Note: Quarterly numbers have been annualized in the calculation of RoE and RoCE



Key Highlights



Financials - Consolidated

- ✓ Total Operating income is Rs. 327.7 Crores for Q1FY23 as compared to Rs. 294.2 Crores in Q1FY22, an increase of 11.4% YoY.
- ✓ EBITDA stands at Rs. 64.9 Crores as compared to Rs. 58.9 Crores in Q1FY22, an increase of 10.2% YoY.
- ✓ EBITDA Margin at 19.8% for Q1FY23 as against 20.0% in Q1FY22.
- ✓ Profit Before Tax stood at Rs. 53.6 Crores for Q1FY23 as compared to Rs. 35.2 Crores in Q1FY22, an increase of 52.3% YoY.
- ✓ Net Profit stood at Rs. 42.3 Crores for Q1FY23 as compared to Rs. 27.3 Crores in Q1FY22, an increase of 54.9% YoY.
- ✓ The Company has become net debt free.

Operational

- ✓ Improvement in External Credit Ratings: Long term: [ICRA] A+ (Stable) ; Short term: [ICRA] A1 against BWR A- (Stable).
- ✓ Successfully executed and full proceeds realized for Marine Project.



Gear Business – Standalone



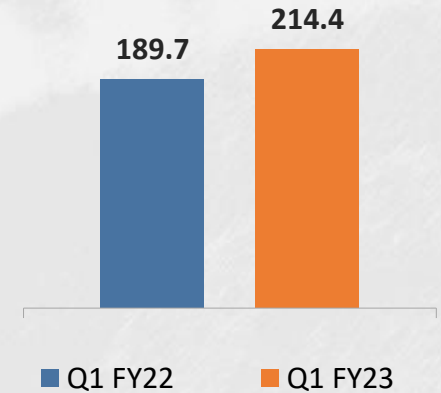
Synopsis

- ✓ One of the largest Industrial gear manufacturer in Asia
- ✓ Most comprehensive range of industrial gears under one roof in the world
- ✓ Market Share for Industrial Gears in India ~36%
- ✓ Successfully completed one of the most complex & sophisticated defence gear box, as a part of “Make in India” initiative
- ✓ In Gear business, the orders on hand is Rs. 400 Crores
- ✓ The orders inflow during the quarter was Rs. 282 Crores

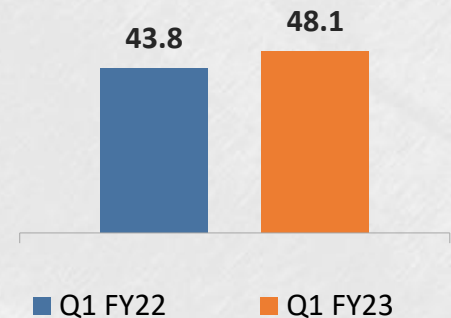
Key Financial Highlights

- ✓ Revenues increased by 13.0% to Rs. 214.4 Cr in Q1FY23 as compared to Rs. 189.7 Cr in Q1FY22.
- ✓ EBIT increased by 9.9% to Rs. 48.1 Cr in Q1FY23 as compared to Rs. 43.8 Cr in Q1FY22.
- ✓ EBIT margin at 22.4% in Q1FY23 vs 23.1% in Q1FY22.

Revenue (Rs. Cr)



EBIT (Rs. Cr)

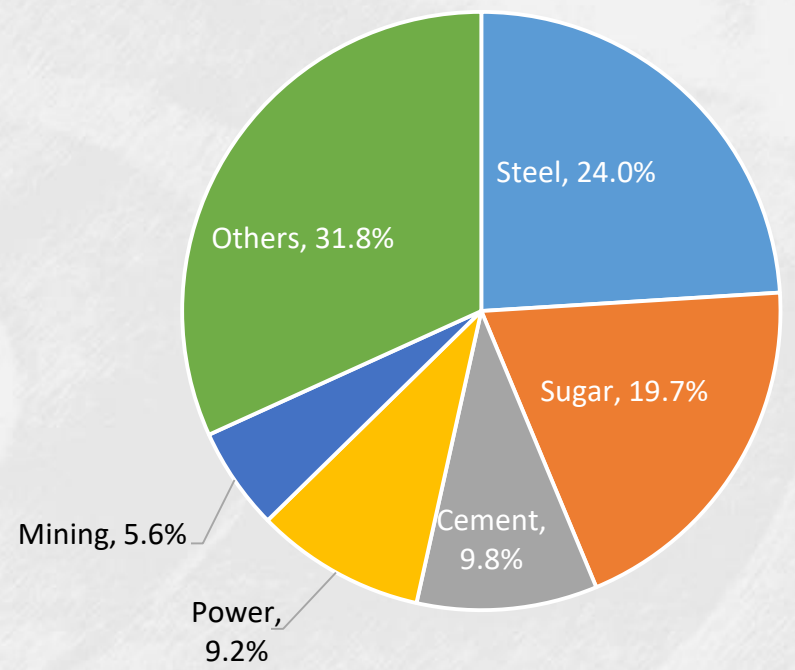




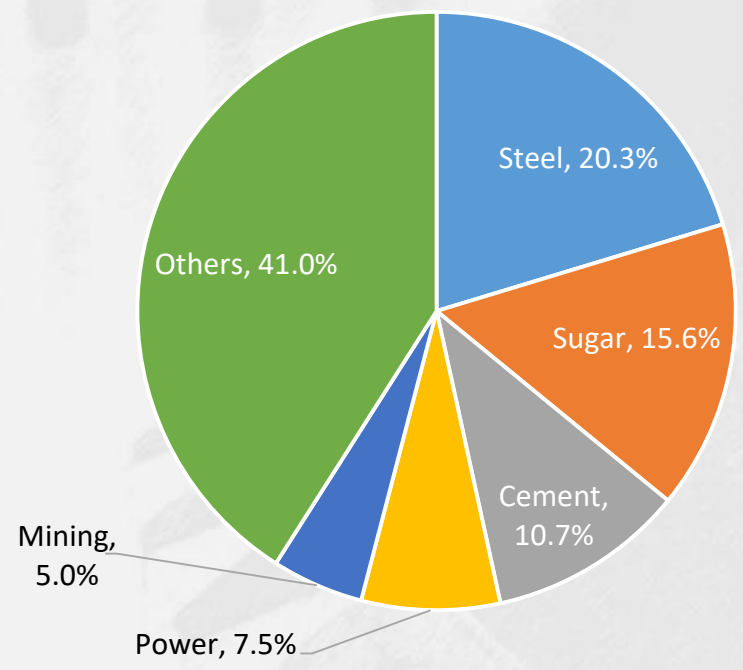
Order Book Position



Standalone



Consolidated





Material Handling (MHE) business



Synopsis

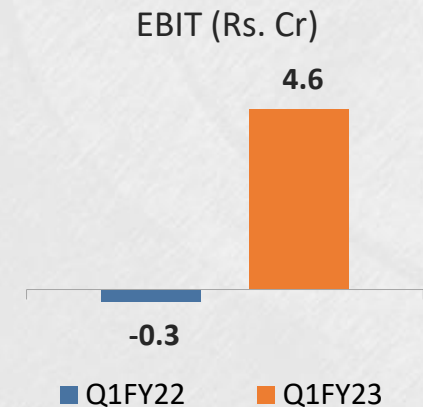
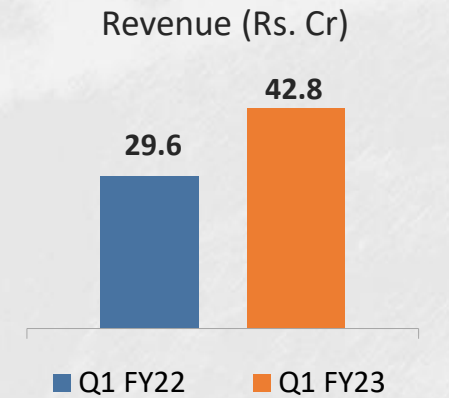
- ✓ Our strategy to focus on pursuing product & spare parts supply resulted in improved liquidity and significant reduction in losses.
- ✓ In MHE business, the orders on hand is Rs. 102 Crores
- ✓ The order inflow during the quarter was Rs. 45 Crores

Key Financial Highlights

- ✓ Revenues increased by 44.5% to Rs. 42.8 Cr in Q1FY23 as compared to Rs. 29.6 Cr in the previous year.
- ✓ EBIT stood at Rs. 4.6 Cr in Q1FY23 as compared to loss of Rs. 0.3 Cr in Q1FY22.

Key Initiatives

- ✓ Continued focus on improving profitability and liquidity
- ✓ Project completion status – Three legacy projects already executed. Of which two projects fully settled and balance one project expected to be settled by Q2FY23.
- ✓ Arbitration award worth Rs 63+ crores granted in company's favour, against which customers have pursued further appeal. Recently, the Company has received a favourable judgement by the Court for one of the appeal.





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Historical Financial Snapshot



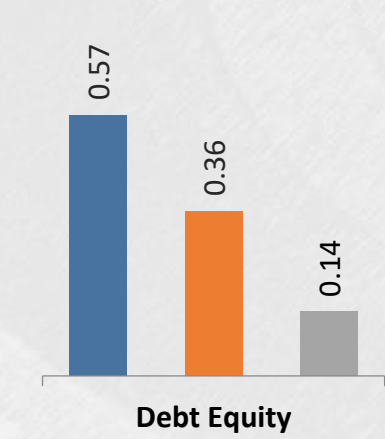
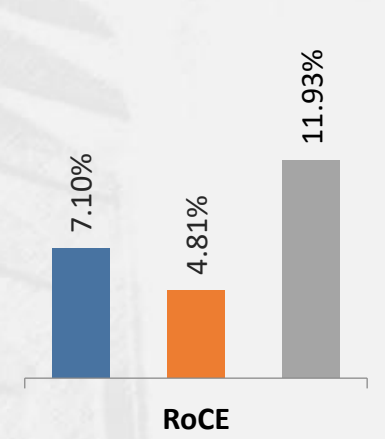
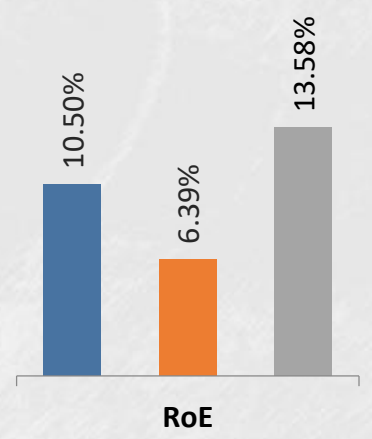
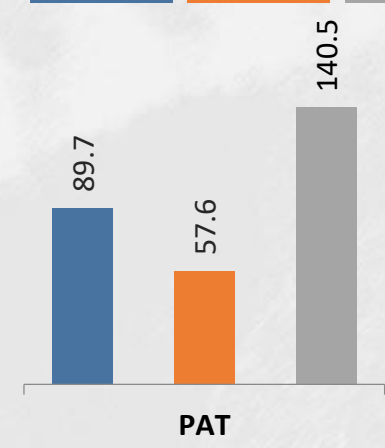
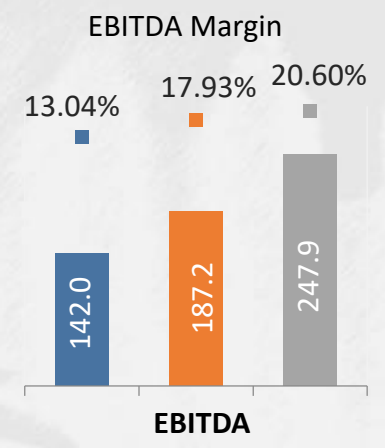
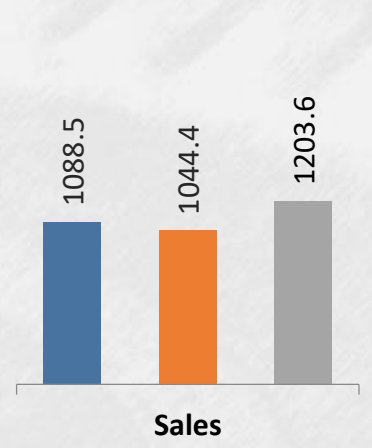
Consistent Improvement in Financials



Consolidated

In Rs. Cr

FY20 FY21 FY22



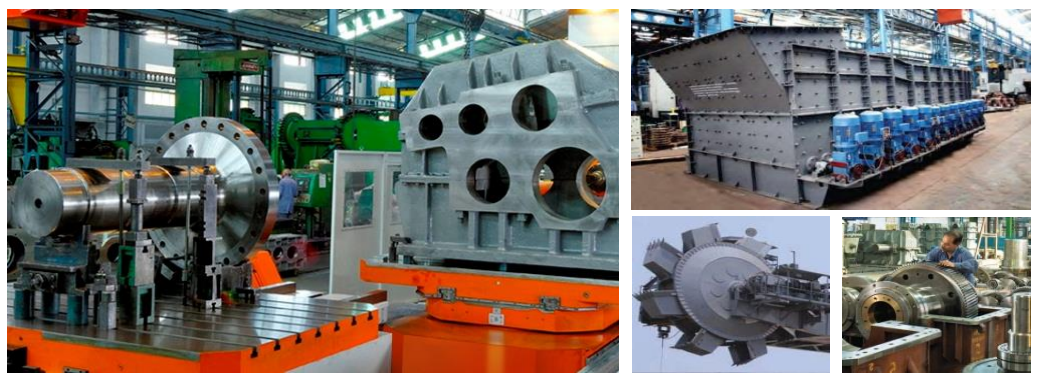


ELECON ENGINEERING

Outlook



Economy Outlook



The Indian Engineering Industry

- ✓ The Indian Engineering sector is well poised to return to its growth path supported by favourable government policies and revival in economic growth
- ✓ Investment in sectors like power, steel, mining, infrastructure, oil & gas, etc., have been driving growth in the engineering industry
- ✓ Both Gears and MHE segments are expected to gain from robust demand from mining, steel, power and other infrastructure industries.

Economy



- ✓ World Bank has cut India's FY23 GDP forecast to 7.5% amid ongoing geopolitical crisis which has aggravated supply chain issues and inflationary pressures.
- ✓ Sizable investments in infrastructure sector and core industries is likely to revive growth engine and boost demand in the long run.

Budget -

Government Initiatives



- ✓ Proposed increase in the outlay for capital expenditure by 35.4% from ₹5.54 lakh crore in the current year to ₹7.5 lakh crore in 2022-23 augurs well for the engineering industry
- ✓ The government announced Rs 1.45 trillion worth of Production Linked Incentive (PLI) scheme in manufacturing industry with an aim to make it globally competitive



Future Growth & Strategy



- ✓ The Company continues to strengthen the balance sheet by way of reducing debt and other liabilities and has become a net debt free company as on June'22 much before its target of March'23.
- ✓ The Company is taking efforts in expanding footprints like Latin America, Africa, ANZ and other countries by pursuing global branding and other marketing and business development initiatives.
- ✓ Demand environment continues to improve, and Elecon continues to focus on strategies to create long-term value for shareholders. The Company has set a revenue target of Rs. 1,500 Crores by FY24.
- ✓ The Company has formulated strategies to improve exports contribution with a target to reach 50% of the overall revenue by FY30.
- ✓ Considering the long lead time for key machineries, the Company has initiated Capex plan of Rs. 100 Crores over a period of two years.
- ✓ Enhanced capital expenditure announced in the recent budget is likely to have a multiplier effect on the core sector industries and thereby act as a growth engine for the Company.
- ✓ The PLI scheme by Government is going to boost the domestic manufacturing output and in turn provide tremendous growth opportunities to the Engineering industry. As such, the Company is confident of improved performance going forward.



Multiple Growth Drivers



Scale

Elecon is the largest manufacturer of gears in Asia,
~38% market share in India



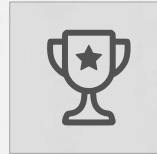
Scope

Encompasses both catalogue and engineered
products for all the core industries



Size

Its MHE business has the capacity to address cross
industry solutions



Skills

Over 7 decades of industry experience with best of
the infrastructure



Synergy

Backward and forward integration of products and
services established



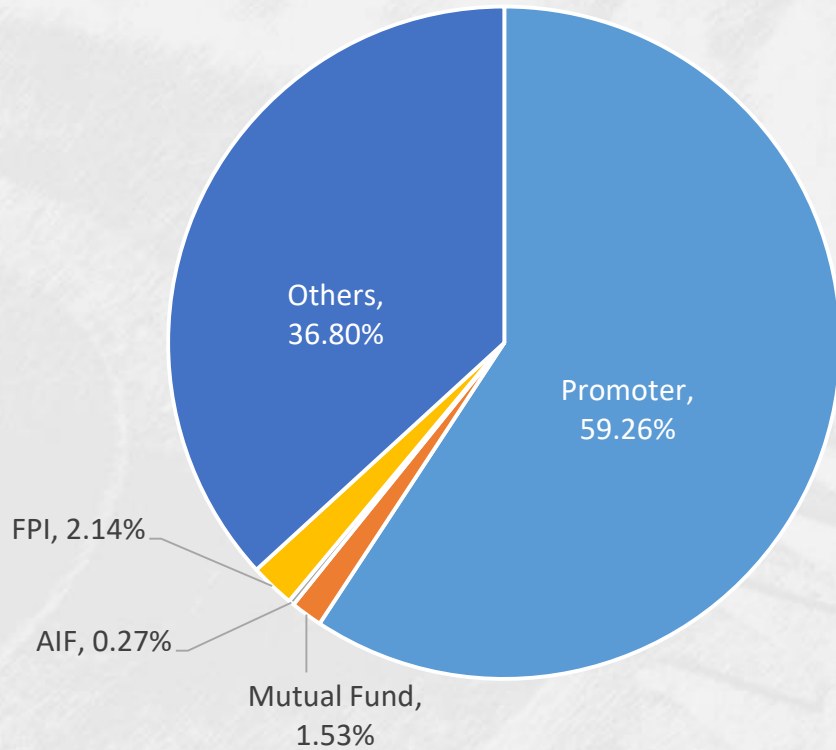
Sustainability

A sustainable business model with robust outlook
based on economic growth and scale





Shareholding Information



Stock Information (as on June 30, 2022)

BSE / NSE Scrip Code	505700 / ELECON
Shares Outstanding (Cr)	11.2
Market Cap (₹ Cr)	2,927
Industry	Industrial Equipment



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