

7th February, 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 : Investor Presentation of the Investor Call to be held on 8th February, 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 3rd February, 2022 regarding schedule of Investor Call, please find attached herewith the Investor Presentation for Q3 for the Financial Year 2021-22. 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



www.elecon.com | BSE: 505700 | NSE: ELECON | Bloomberg: ELCN:IN | Reuters: ELCN.NS

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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 the year 1951, Elecon is one of the largest manufacturers of Industrial Gears and Material Handling Equipments in Asia.
- 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, Marine Applications, Plastic Extrusions, Satellites for ISRO, Naval Aircraft carrier, 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



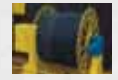
Feeders



Crushers



Stackers/Reclaimers



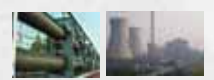
Cable Reeling Drum



Raw Material Handling System



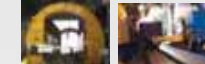
Magnet/Weighers/Metal Detectors



Specialized Conveyors



Idlers/Pulleys



Wagon Tippler & Associated Equipment



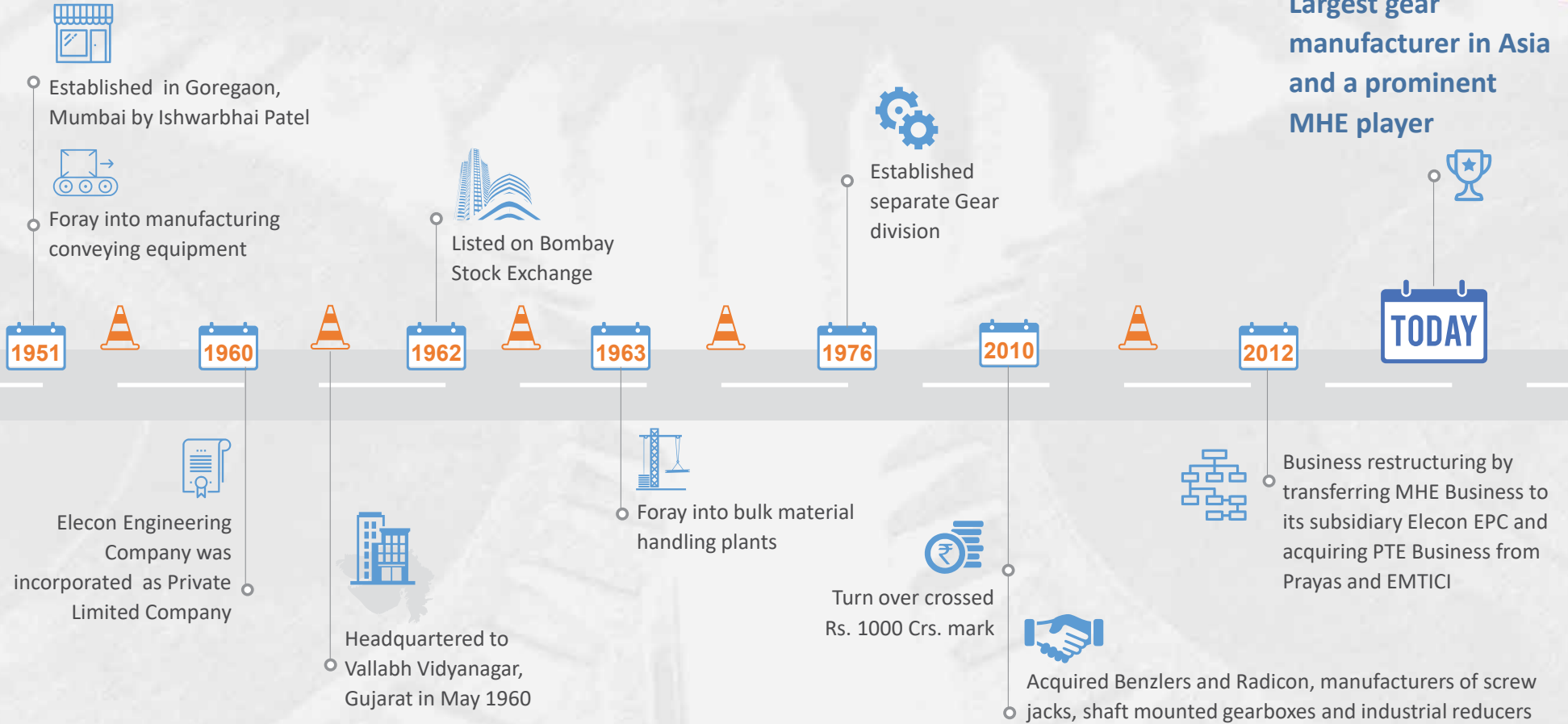
Port Equipment

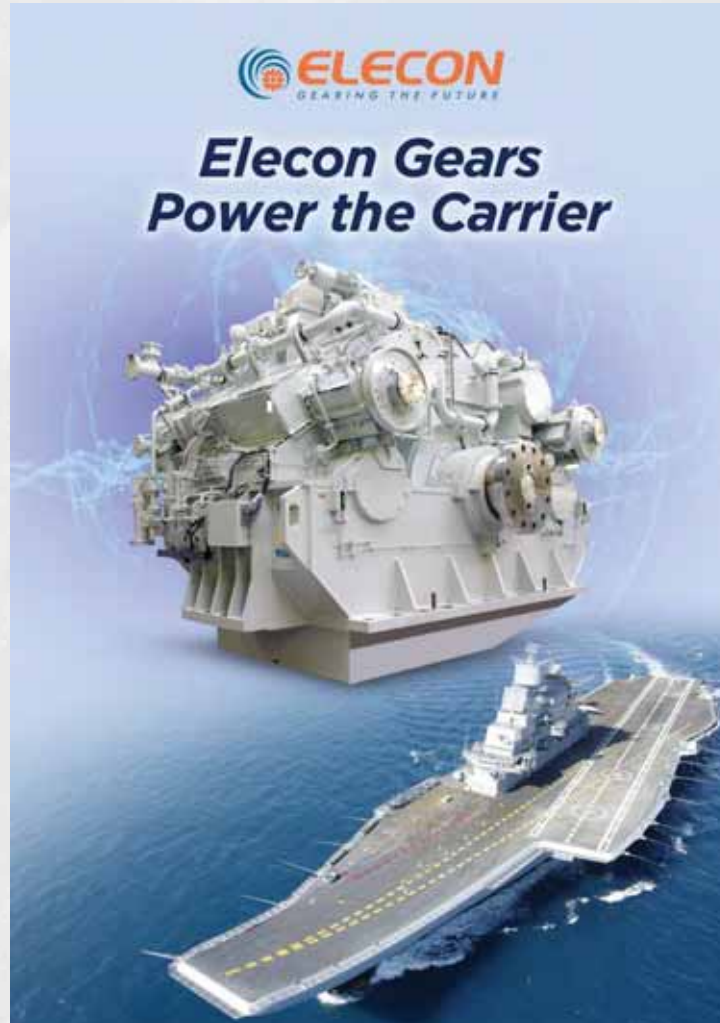
- Expertise in Bulk Material Handling equipment and systems
- Successfully completed Design, engineering, manufacturing, supply and commissioning of various projects

History



Largest gear manufacturer in Asia and a prominent MHE player





August 2021 - Proud & historic for ELECON ENGINEERING as reincarnated #Vikrant (Indigenous Aircraft Carrier or 'IAC') returned after sea trials. Wishing # Indian Navy & # CSL "The Best" for achievement of this.

With the delivery of 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.

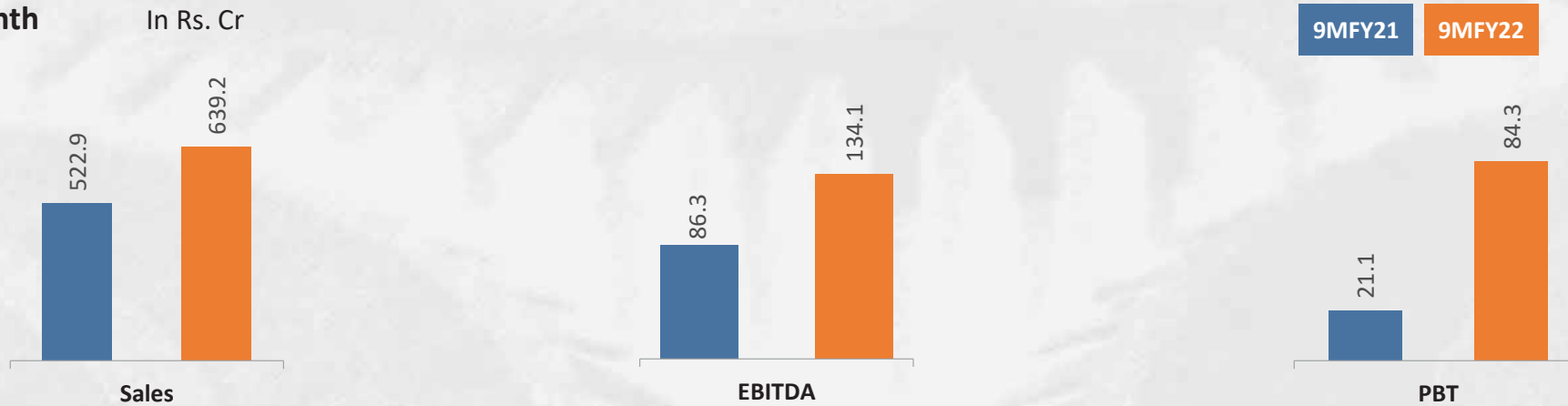


Elecon Engineering

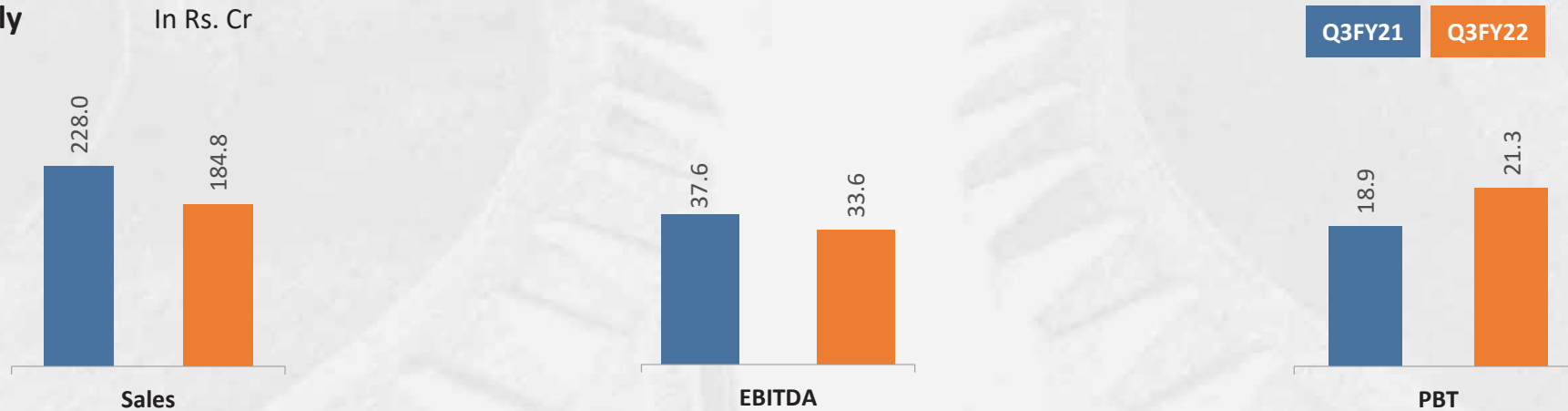
Financial Performance
Q3 & 9M FY22

Standalone Performance

Nine Month In Rs. Cr



Quarterly In Rs. Cr





Consolidated Performance

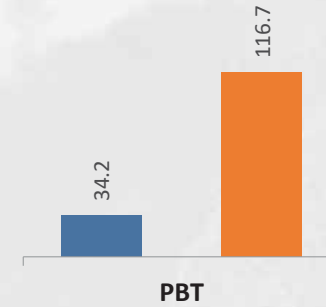
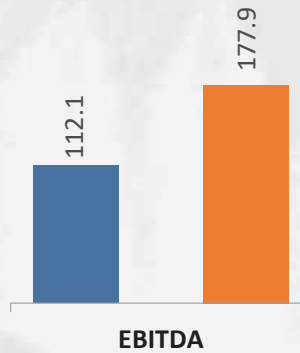
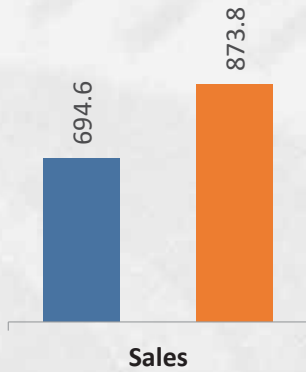


Nine Month

In Rs. Cr

9MFY21

9MFY22

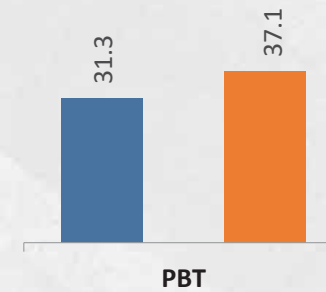
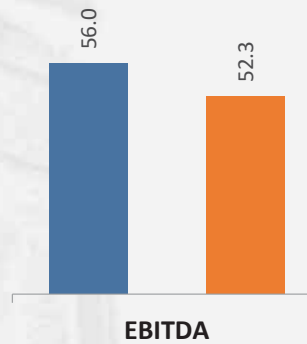
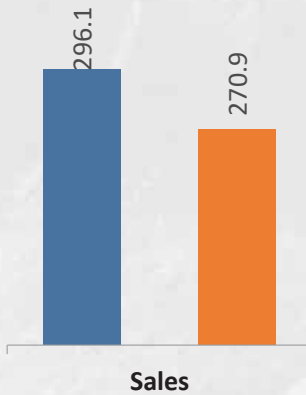


Quarterly

In Rs. Cr

Q3FY21

Q3FY22





Elecon Engineering

Operational Highlights
Q3 & 9M FY22



Gear Business – Standalone



Synopsis

- ✓ Largest gear manufacturer in Asia
- ✓ Most comprehensive range of industrial gears under one roof in the world
- ✓ Two broad segments of operation includes catalogue (standard) product and engineered (customized) product
- ✓ In Gear business, the Orders on hand is Rs. 345 Crores
- ✓ The Orders inflow during the quarter was Rs. 211 Crores

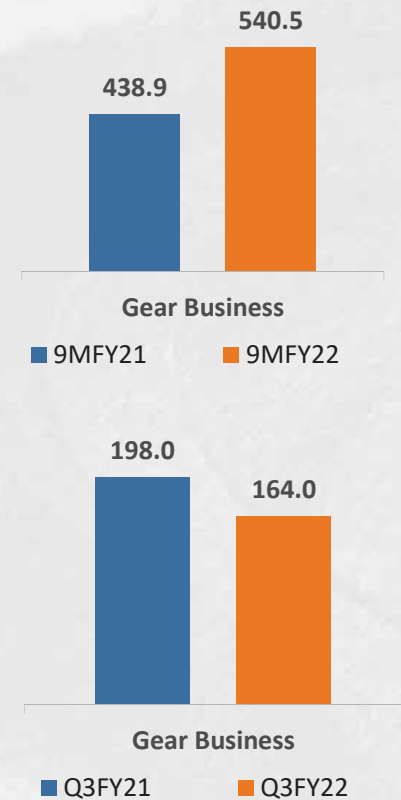
Key Financial Highlights

- ✓ Revenues declined by 17.2% to Rs. 164.0 Cr in Q3FY22 as compared to previous year. The Q1 & Q2 of FY21 was impacted due to Covid pandemic which resulted in spillover of sales to Q3FY21 resulting in a higher base.
- ✓ EBIT stood at Rs. 34.2 Cr in Q3FY22 as compared to Rs. 48.1 Cr in Q3FY21.
- ✓ EBIT margin at 20.8% in Q3FY22 vs 24.3% in Q3FY21.

Key Initiatives

- ✓ Unexecuted Navy order worth Rs 70 crores to be completed in next 2 quarters
- ✓ Ongoing focus to increase penetration in the international market
- ✓ Taking various initiatives to reduce logistics cost in exports

Revenue (Rs. Cr)





Material Handling (MHE) business



Synopsis

- ✓ Focusing on providing product & spare parts supply
- ✓ In MHE business, the Orders on hand is Rs. 66 Crores
- ✓ The Orders inflow during the quarter was Rs. 30 Crores

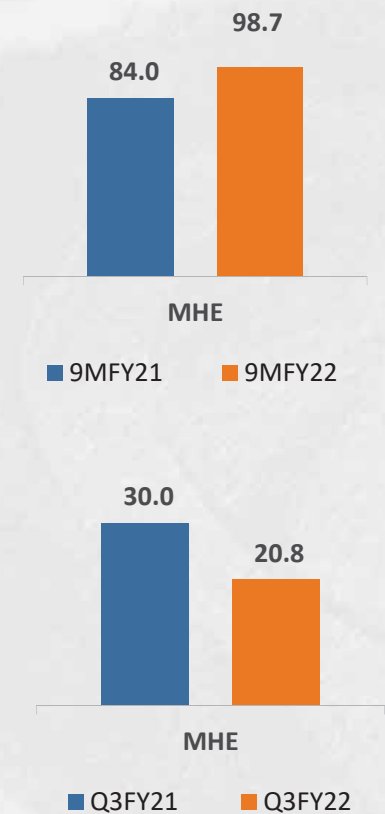
Key Financial Highlights

- ✓ Revenues declined by 30.8% to Rs. 20.8 Cr in Q3FY22 as compared to Rs. 30.0 Cr in the previous year.
- ✓ EBIT stood at Rs. -7.6 Cr in Q3FY22 as compared to Rs. -18.5 Cr in Q3FY21. Loss is due to lower sales volume and product mix.

Key Initiatives

- ✓ Increasing focus on profitable product business
- ✓ Efforts being taken towards completing the punch list item being part of the COD process to hand over legacy projects
- ✓ Arbitration award worth Rs 63+ crores granted in company's favour. While counterparties are pursuing appeal proceedings, Elecon is confident of recovering the same.
- ✓ Identifying new growth avenues to augment capacity utilization
- ✓ Project completion status - Expecting to complete major project of NTPC by Q4 FY22 and another major project is expected to close by Q1 FY23.

Revenue (Rs. Cr)





Overseas Subsidiaries



Synopsis

- ✓ Radicon is a brand name known in USA & UK and Benzlers is a brand name known in Europe for over 70 years as an expert in high quality gears.
- ✓ Paved way for globalizing its offering.
- ✓ Sales locations to cater global customers.
- ✓ Company has been experiencing good response in Latin America which has resulted in improvement in business

Key Initiatives

- ✓ Fully repaid debt and other facilities in overseas entity to the tune of Rs 95 crores
- ✓ All overseas entities have now turned profitable owing to the ongoing strategic initiatives
- ✓ Improved market reach in USA, Canada and Latin America
- ✓ Clarity in Brexit has resulted in European operations turning profitable despite impact of pandemic
- ✓ Witnessing positive momentum in the order intake and revenue in the US, Latin America and Canada operations



Elecon Engineering

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



- ✓ International Monetary Fund (IMF) has revised India's economic growth forecast to 9.0% from 9.5% due to possible impact of the new variant of Covid-19 business activities.
- ✓ 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 is working towards becoming a net debt free company by 2023.
- ✓ The Company is taking efforts in expanding footprints like Latin America, Africa and other countries.
- ✓ Continue to streamline existing operations along with reduction in debt is likely to lead in improvement in EBITDA margins and overall profitability.
- ✓ Demand environment continues to improve, and Elecon continues to focus on strategies to create long-term value for shareholders.
- ✓ 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

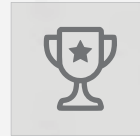
Scale

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



Size

Its MHE business has the capacity to address cross
industry solutions



Synergy

Backward and forward integration of products and
services established



Scope

Encompasses both catalogue and engineered
products for all the core industries

Skills

Over 7 decades of industry experience with best of
the infrastructure



Sustainability

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





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