

Elecon's standalone Q2FY16 Net Revenue at Rs. 111.4 Crores; Profit After Tax at Rs. 6.9 Crores, up by 156%

Vadodara, India, October 28th, 2015: Elecon Engineering Company Limited, one of the largest manufacturers of gear in Asia today announced its financial results for the second quarter (Q2FY16) and six months(H1FY16) ended September 30th, 2015.

Performance Highlights

Standalone Q2FY16 review (Y/Y %)

- Total Operating revenue was Rs. 111.4 Crores as compared to Rs. 117.8 Crores during the corresponding period of previous year.
- EBITDA stood at Rs. 27.7 Crores as compared to Rs. 19.2 Crores during the corresponding period of previous year, an increase of 44%.
- EBITDA Margin at 24.9% for Q2FY16 as against 16.3% in Q2FY15, up 858 bps.
- Net profit stood at Rs. 6.9 Crores for Q2FY16 as compared to Rs. 2.7 Crores in the corresponding period of the previous year, an increase of 156%.
- Basic EPS stood at Rs. 0.63 as against Rs. 0.25 in Q2FY15, an increase of 152%

Standalone H1FY16 review (Y/Y %)

- Total Operating revenue was Rs. 209.0 Crores as compared to Rs. 213.7 Crores during the corresponding period of previous year.
- EBITDA stood at Rs. 50.7 Crores as compared to Rs. 36.8 Crores during the corresponding period of previous year, an increase of 38%.
- EBITDA Margin at 24.2% for H1FY16 as against 17.2% in H1FY15, up 701 bps.
- Profit after taxes stood at Rs. 10.5 Crores for H1FY16 as compared to a profit of Rs. 3.9 Crores in the corresponding period of the previous year.
- Basic EPS stood at Rs. 0.96 for H1FY16

Consolidated Q2FY16 (Y/Y %)

- Total Operating revenue was Rs. 283.2 Crores as compared to Rs. 298.4 Crores during the corresponding period of previous year.
- EBITDA stood at Rs. 35.3 Crores as compared to Rs. 25.0 Crores during the corresponding period of previous year, an increase of 41%.
- EBITDA Margin at 12.5 % for Q2FY16 as against 8.4% in Q2FY15, up 410 bps.
- Consolidated Profit after taxes stood at Rs. 1.4 Crores for Q2FY16 as compared to a loss of Rs. 3.0 Crores in the corresponding period of the previous year.
- Basic EPS stood at Rs. 0.13 for Q2FY16

Consolidated H1FY16 (Y/Y %)

- Total Operating revenue was Rs. 540.3 Crores as compared to Rs. 566.2 Crores during the corresponding period of previous year.
- EBITDA stood at Rs. 66.1 Crores as compared to Rs. 51.0 Crores during the corresponding period of previous year, an increase of 30%.
- EBITDA Margin at 12.2% for H1FY16 as against 9.0 % in H1FY15, up 322 bps.
- Consolidated Profit after taxes stood at Rs. 5.5 Crores for H1FY16 as compared to a loss of Rs. 9.7 Crores in the corresponding period of the previous year.
- Basic EPS stood at Rs. 0.51 for H1FY16

Order Book Position (Gear Division)

Particulars (Rs. rCr)	Q2FY16	Q1FY16	Q4FY15	Q3FY15	Q2FY15	Q1FY15
Orders Booked	112	140	152	106	107	118
Order Pending	258	261	234	263	275	287

Commenting on the Company's performance for Q2/H1 2016, **Mr. Prayasvin Patel, CMD said** "We had a fairly decent quarter for the gears business with a significant improvement in the margin profile of the company. The topline remained flat year on year, but the performance has improved on a quarter to quarter basis. The momentum in the infrastructure activity is still to pick up and hence there has been a drop in the orders booked during the quarter, however the order book remains robust for execution in the coming quarters. We continue to encounter challenges in the MHE business with no significant uptake in the core sector. While we have orders in hand, the momentum of project execution at the customer level remains subdued". **He further added** "At the macro level, the signs of economic revival specially the RBI's rate cut and improving IIP Data is giving us hope that the long term initiatives coupled with policy decisions will bring back the capex activity thrust in coming quarters"

Financial Highlights- Q2FY16 & H1FY16 Standalone

Particulars (Rs. Cr.)	Q2FY16	Q2FY15	Y/Y%	Q1FY16	Q/Q%	H1FY16	H1FY15	Y/Y%
Income from Operations								
Net Sales/ Income from Operations	110.5	116.3		96.3		206.9	211.1	
Other Operating Income	0.9	1.5		1.3		2.2	2.6	
Total Income from Operations (Net)	111.4	117.8	-5%	97.6	14%	209.0	213.7	-2%
Expenses								
(a) Cost of Material Consumed	60.4	62.7		67.3		127.6	119.0	
(b) Purchase of stock in trade	-	-		-		-	-	
(c) Changes in inventories/WIP	(11.5)	6.9		(20.4)		(31.9)	2.5	
(d) Employee Benefit Expense	13.8	10.0		9.9		23.7	18.9	
(e) Depreciation & Amortization	11.8	10.6		11.6		23.4	24.6	
(f) Other Expenditure	21.0	19.1		17.9		38.9	36.5	
Total Expenses	95.5	109.2		86.3		181.7	201.5	
EBIT Before Other Income / Exceptional Items	15.9	8.6	85%	11.3	41%	27.3	12.2	124%
Other Income	3.2	2.4		2.3		5.6	8.2	
EBIT Before Exceptional Items	19.2	11.0	75%	13.7	40%	32.9	20.4	61%
Finance Costs	9.1	7.0		7.9		17.0	14.6	
PBT Before Exceptional Items	10.1	3.9	158%	5.7	77%	15.9	5.8	174%
Exceptional Item	-	-		-		-	-	
PBT	10.1	3.9	158%	5.7	77%	15.9	5.8	174%
Tax Expense	3.2	1.3		2.2		5.4	1.9	
PAT	6.9	2.7	156%	3.6	92%	10.5	3.9	169%
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)	0.63	0.25	152%	0.33	91%	0.96	0.36	167%
Diluted EPS (Not annualized)	0.63	0.25	152%	0.33	91%	0.96	0.36	167%

Financial Highlights- Q2FY16 & H1FY16 Consolidated

Particulars (Rs.. Cr.)	Q2FY16	Q2FY15	Y/Y%	Q1FY16	Q/Q%	H1FY16	H1FY15	Y/Y%
Income from Operations								
Net Sales/ Income from Operations	280.7	294.3		253.9		534.6	559.1	
Other Operating Income	2.5	4.0		3.2		5.6	7.1	
Total Income from Operations (Net)	283.2	298.4	-5%	257.1	10%	540.3	566.2	-5%
Expenses								
(a) Cost of Material Consumed	134.1	176.4		178.4		312.5	348.8	
(b) Purchase of stock in trade	(3.0)	6.3		4.8		1.8	8.2	
(c) Changes in inventories/WIP	39.2	10.3		(30.9)		8.3	(4.5)	
(d) Employee Benefit Expense	38.7	36.5		34.9		73.6	75.4	
(e) Depreciation & Amortization	16.6	15.1		16.3		32.9	34.5	
(f) Other Expenditure	38.8	43.8		39.2		78.1	87.3	
Total Expenses	264.4	288.4		242.7		507.1	549.7	
EBIT Before Other Income / Exceptional Items	18.7	9.9	89%	14.5	29%	33.2	16.5	101%
Other Income	0.7	1.3		2.7		3.4	6.0	
EBIT Before Exceptional Items	19.4	11.2	73%	17.1	13%	36.6	22.5	62%
Finance Costs	19.2	16.5		14.2		33.4	34.3	
PBT Before Exceptional Items	0.2	(5.3)	-104%	2.9	-93%	3.1	(11.8)	-127%
Exceptional Item	-	-		-		-	-	
PBT	0.2	(5.3)	-104%	2.9	-93%	3.1	(11.8)	-127%
Tax Expense	3.7	2.0		2.2		6.0	2.8	
PAT	(3.5)	(7.3)	-52%	0.7	-500%	(2.8)	(14.6)	-81%
Share of Profit / (loss) of associates	0.2	(0.0)		(0.0)		0.1	0.0	
Minority interest	4.8	4.3		3.5		8.2	4.9	
PAT after taxes, minority interest and share of profit/ (loss) of associates	1.4	(3.0)	147%	4.1	-66%	5.5	(9.7)	157%
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)	0.13	(0.28)	147%	0.38	-66%	0.51	(0.89)	157%
Diluted EPS (Not annualized)	0.13	(0.28)	147%	0.38	-66%	0.51	(0.89)	157%

Statement of Assets and Liabilities

Particulars (Rs. Cr.)	(Standalone)		(Consolidated)	
	H1FY16	FY15	H1FY16	FY15
Equity and Liability				
(1) Shareholders' Funds				
(a) Share Capital	21.8	21.8	21.8	21.8
(b) Reserves and Surplus	499.1	488.6	517.1	513.8
	520.9	510.4	538.9	535.6
(2) Minority Interest	-	-	27.8	36.0
(3) Non - Current Liabilities				
(a) Long-term borrowings	155.9	89.3	216.0	163.2
(b) Deferred Tax Liabilities	31.2	32.8	34.6	36.1
(c) Other Long term liabilities	1.1	1.1	116.2	113.1
(d) Long-term provisions	2.1	2.4	3.6	3.2
	190.3	125.6	370.4	315.5
(4) Current liabilities				
(a) Short-term borrowings	137.2	138.4	377.5	339.6
(b) Trade payables	196.9	208.7	451.4	515.3
(c) Other current liabilities	52.4	56.3	190.4	204.3
(d) Short-term provisions	2.1	16.3	7.0	21.3
	388.5	419.7	1,026.3	1,080.5
TOTAL	1,099.7	1,055.6	1,963.4	1,967.6
Assets				
(1) Goodwill on Consolidation	-	-	52.6	52.6
(2) Non-current assets				
(a) Fixed assets	313.8	335.6	448.4	474.3
(b) Non-current investments	199.2	199.2	6.0	6.1
(c) Net Deferred Tax Assets	-	-	3.7	3.4
(d) Long-term loans and advances	41.0	15.4	24.9	17.1
(e) Other non-current assets	0.8	0.8	56.7	53.7
	554.8	551.1	592.2	607.2
(3) Current assets				
(a) Current investments	-	-	13.9	9.3
(b) Inventories	178.5	130.2	434.1	346.3
(c) Trade receivables	216.5	226.8	767.5	858.2
(d) Cash and Bank Balances	5.0	3.1	30.2	31.5
(e) Short-term loans and advances	19.5	16.9	123.4	108.8
(f) Other current assets	125.3	127.6	2.0	6.3
	544.9	504.5	1,371.2	1,360.4
Total	1,099.7	1,055.6	1,963.4	1,967.6

About Elecon Engineering Company Ltd.

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 visit: <http://elecon.com>

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

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