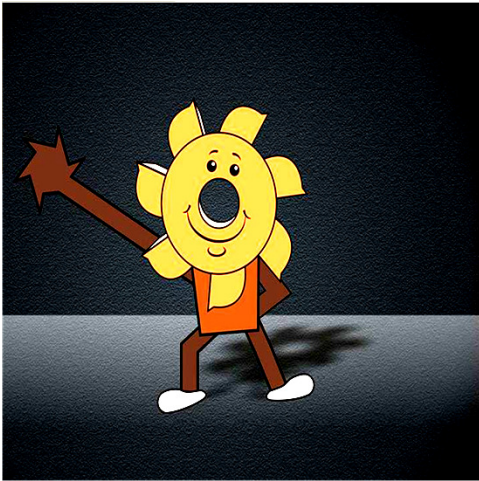




July 31, 2012



◉ Group Restructuring and Consolidation Of MHE & PT Businesses



Making material handling problems, immaterial



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Objectives of Restructuring

Consolidation of Group's MHE and PT businesses

Creation of focussed and separate MHE and PT entities

Eliminates majority of intra-group transactions by Elecon Engineering and thereby enhancing value to minority shareholders

Deleverage Balance Sheet by raising funds at appropriate valuations for both the businesses

Management focus enhancing operational and managerial efficiency; Greater visibility on the performance of individual businesses

Cost saving in terms of economies of scale, standardization and simplification of business processes and productivity improvements

Business integration, stronger financial position to enhance capabilities to face competition more effectively

* MHE refers to "Material Handling Equipment"; and PT refers to "Power Transmission Equipment"



Transaction Highlights

Group Restructuring

Process

- The Boards of Directors of Elecon Engineering Company Ltd., Prayas Engineering Ltd., EMTICI Engineering Ltd. and Aakaaish Projects Ltd. have approved the scheme of arrangement and the swap ratio
- The scheme is subject to shareholders, creditors and regulatory approvals
- Process expected to complete during FY 2013

Swap Ratios

- Elecon Engineering Company Limited (Elecon)
 - 49 shares of Elecon (FV INR 2/-) for 4 shares of Prayas Engineering
 - 39 shares of Elecon (FV INR 2/-) for 4 shares of EMTICI Engineering
- Aakaaish Projects Limited (Aakaaish) [100% subsidiary of Elecon]
 - 14 shares of Aakaaish for 143 shares of Prayas Engineering
 - 3 shares of Aakaaish for 19 shares of EMTICI Engineering

** The face value of shares of Prayas Engineering, EMTICI Engineering and Aakaaish is INR 10/- each*

Financials

- Proforma Consolidated Financials* (FY 2012)
 - Revenues – INR 1,788 crores
 - EBITDA – INR 284 crores
 - PBT – INR 148 crores
- Transaction is EPS neutral for FY13, and is expected to be EPS accretive from FY14; Further, potential synergy benefits of ~INR 10 crores p.a.

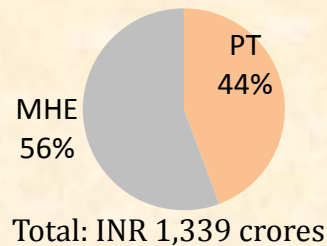
** Elecon Engineering post-restructuring, unadjusted for minority interest in Aakaaish Projects*



Elecon Engineering

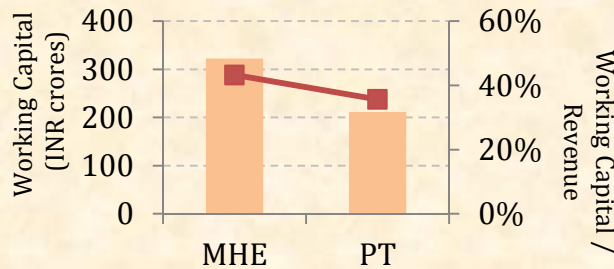
- Comprises of two different (MHE & PT) Businesses

FY12 Revenues



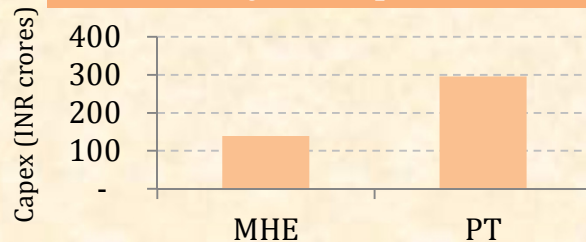
- Power Transmission business manufactures transmission equipment and is the largest manufacturer of Industrial Gears in Asia and commands the largest market share in India
- MHE business is involved in manufacturing Bulk MHE and executing turnkey projects primarily in Steel, Power, Cement and Mining industries; It is the 3rd largest branded player in Indian MHE sector

Working Capital Intensity



- MHE business is working capital intensive with working capital / revenue ratio of 43% in FY12,
- PT business has working capital / revenue ratio of 36 %
- Separation of the two business undertakings will shield PT business from the heavy working capital requirements of MHE business

5 year Capex



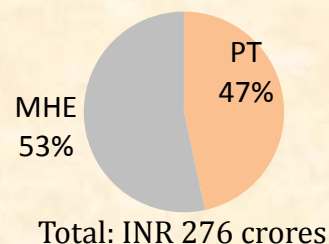
- Capex requirements of PT business is ~ double of MHE business
- Separation of the two businesses will attract focused investors for the two businesses and increase ability to raise funds



Prayas Engineering

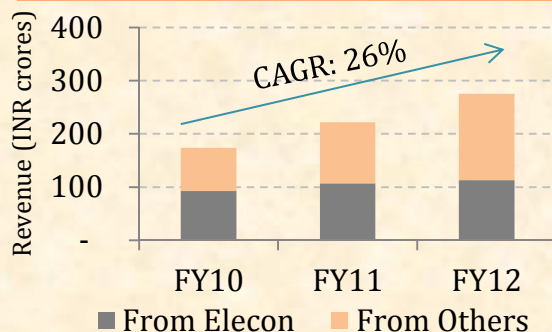
Group Restructuring

FY12 Revenues



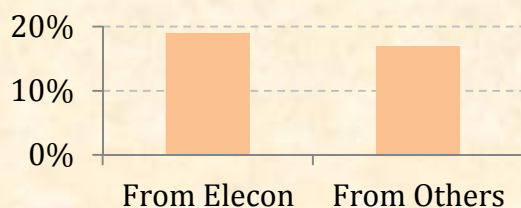
- Power Transmission business includes ferrous, non-ferrous & steel foundry, coupling & machining shops which primarily derive their revenues from Power Transmission division of Elecon Engineering
- MHE business is involved in manufacturing and fabrication of MHE products like Idler, Pulley, automatic weighing, bagging machines etc, servicing both Elecon and external customers

Revenue Growth



- Healthy 3 year revenue CAGR of 26%, primarily driven by Sale to external customers growing at a CAGR of 41%
- Sales to Elecon grew at a CAGR of 11%

3 Yr Avg. EBITDA margin



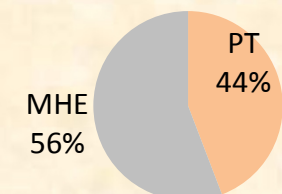
- Strong manufacturing business leading to average 3 year EBITDA margin of ~18%
- Derives similar margins from Elecon and external customers

The above information pertains to the portion of Prayas Engineering Ltd. that is transferring via the restructuring



EMTICI Engineering

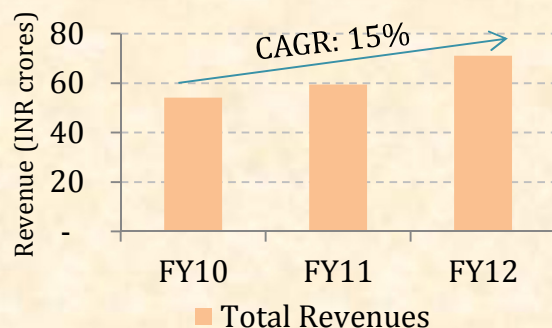
FY12 Revenues



Total: INR 71 crores

- PT and MHE business primarily involves the sales, marketing and services business, of the Elecon Engineering Company
- PT business also includes the service-center business unit located at Madurai and Investment in the Elecon Group's foreign marketing entities Elecon Middle East and Elecon Singapore pte.

Revenue Growth



- Three year revenue CAGR of 15% at an healthy average EBITDA margin of 37%
- Post consolidation businesses of EMTICI will lead to ~ 200 basis points margin expansion for Elecon Engineering

Service Center

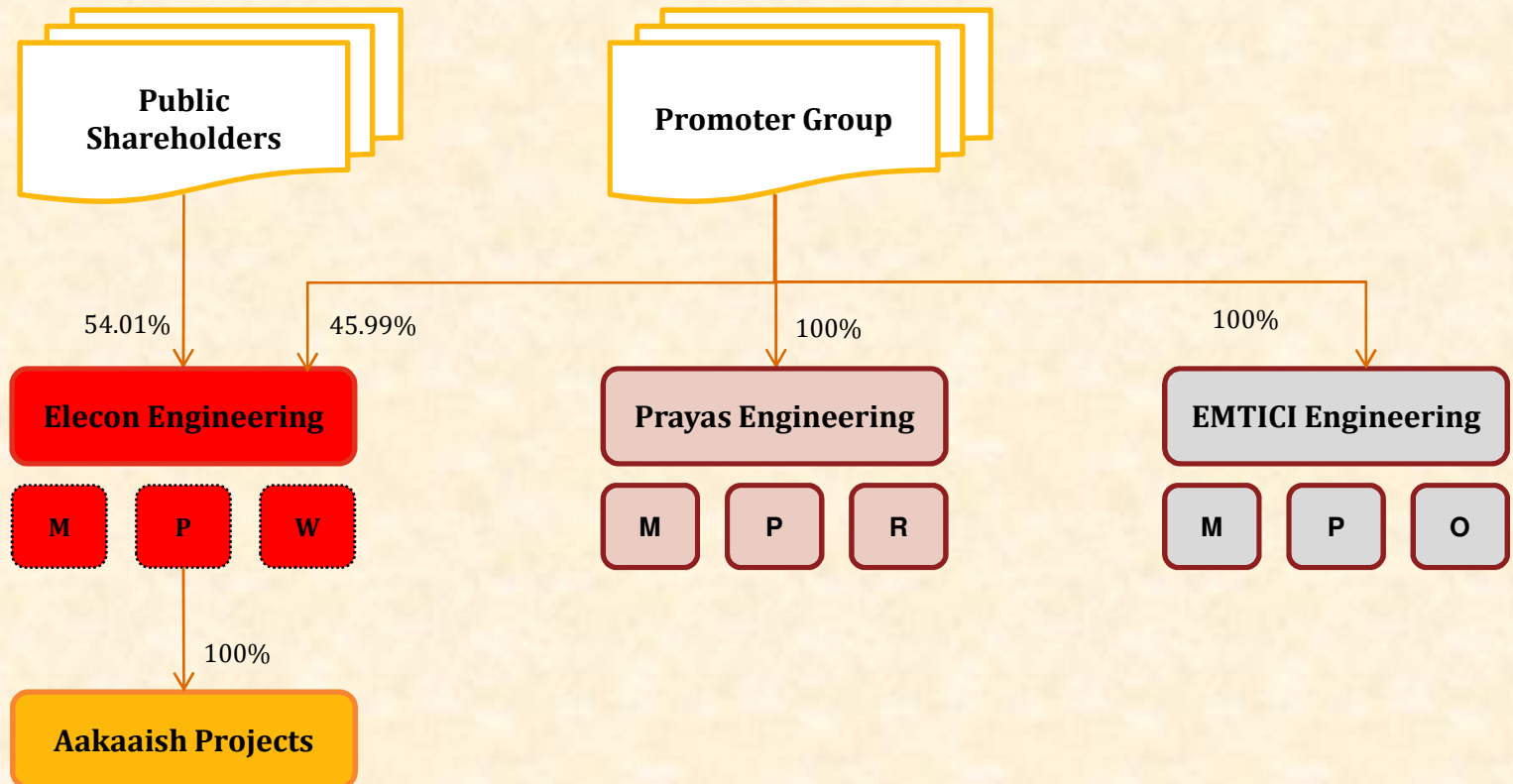


- The PT business also houses Service Center located at Madurai, Tamil Nadu, primarily involved in providing after sales and repair service to power transmission businesses
- Plans in place to start operating another service center at Mundra to cater to requirements of the Ports industry

The above information pertains to the portion of EMTICI Engineering Ltd. that is transferring via the restructuring



Current Group Structure

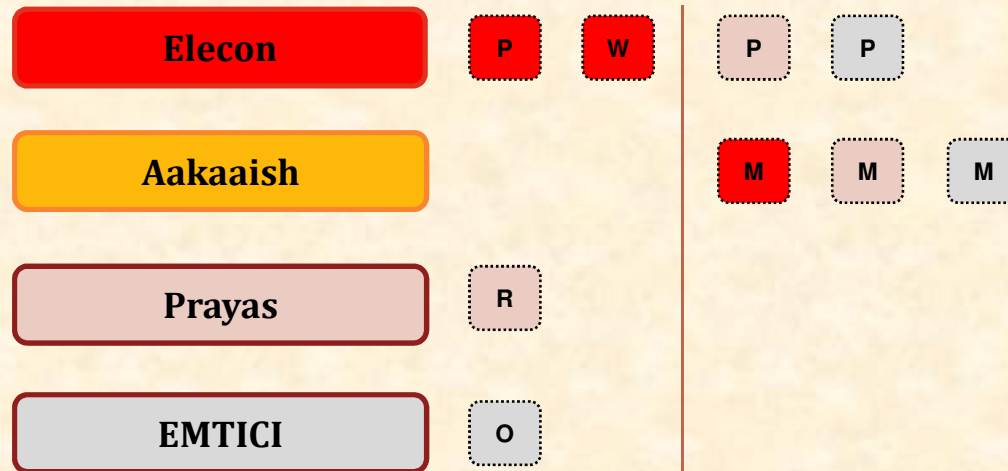


M	M	M	MHE Business
P	P	P	PT Business

W	Alternate Energy Business, Windmills, and other non-core assets
R	Investments and other non-core assets
O	Other Marketing activities and non-core assets



Proposed Group Structure (1/2)



Existing pre-restructuring

Added via restructuring

Group Restructuring and Business consolidation involves the following steps -

- Transfer of MHE business from Elecon Engineering to Aakaaish projects
- Consolidation of MHE businesses of Prayas and EMTICI in Aakaaish projects
- Consolidation of PT business of Prayas and EMTICI with the PT business of Elecon Engineering
- Both Elecon Engineering and Aakaaish Projects will issue shares to the promoters of Prayas and EMTICI for consolidating their businesses



Proposed Group Structure (2/2)

Group Restructuring

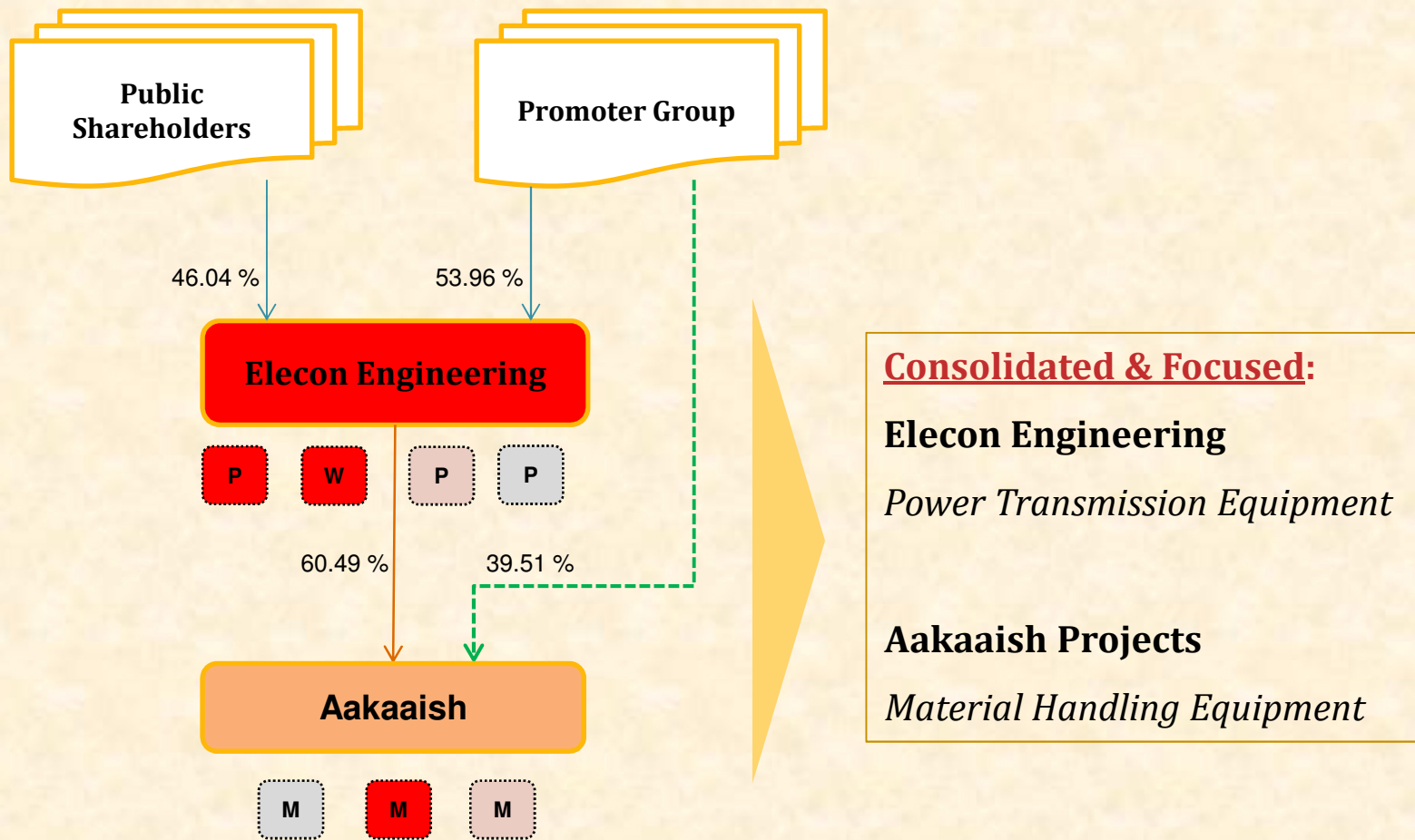




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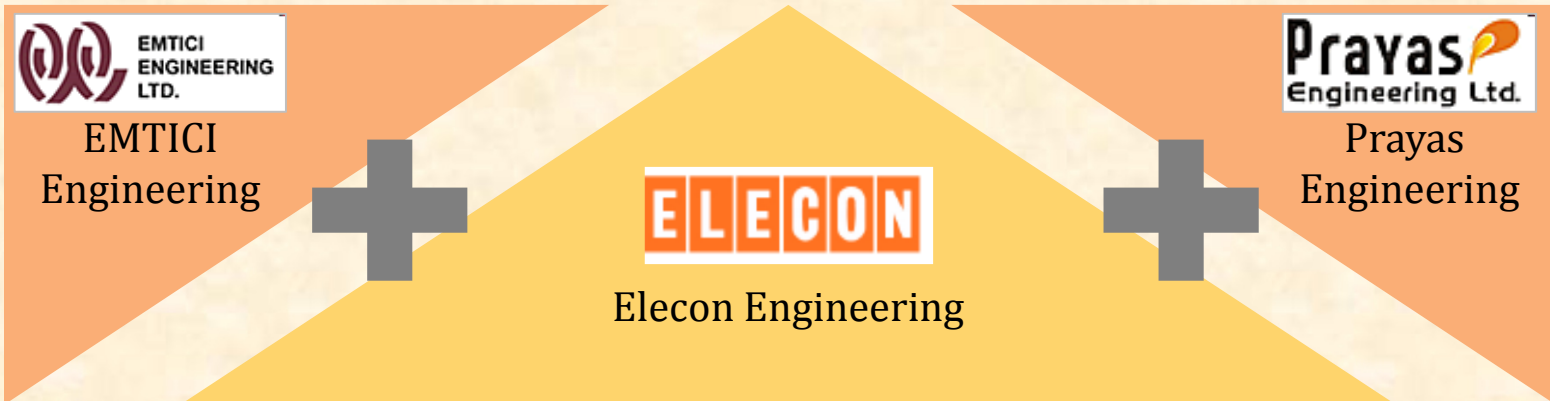
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Vertical Integration to enhance profitability

- Adds Sales & distribution network to Elecon Engg.
- Sales and marketing personnel of ~ 220 employees
- Operates 18 branch offices along with country-wide sub-dealer network
- Manages ~100 distributors, dealers and agents
- Provides Elecon and Aakaash direct access to end-customers and service and aftersales support

- Adds manufacturing capability with ~15 plant units to Elecon Engg.
- Provides in-house Iron, Aluminum and Copper foundry & heat-treatment facilities
- Capabilities include machining and fabrication
- Modern + Efficient operations
- High quality machines (Capex of INR 63 crores in the last five years)



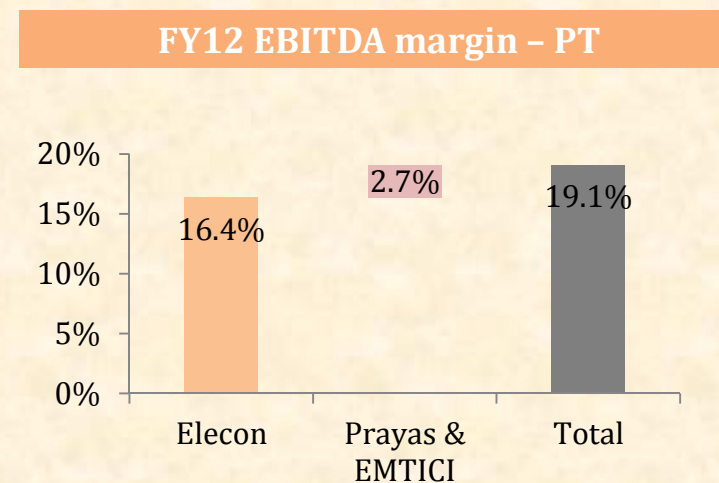
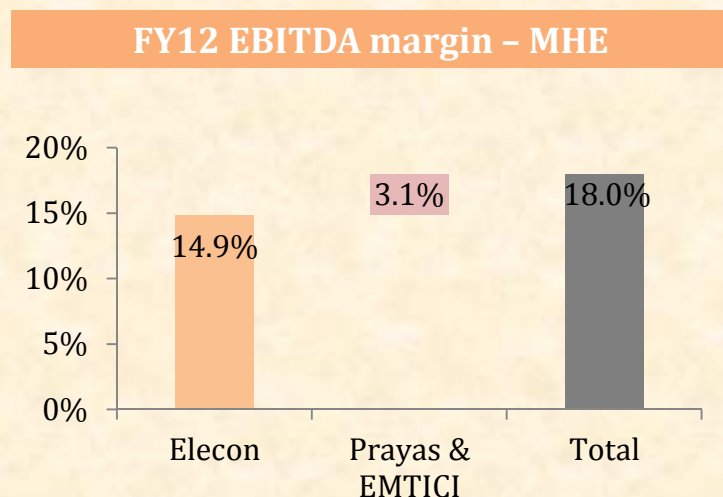
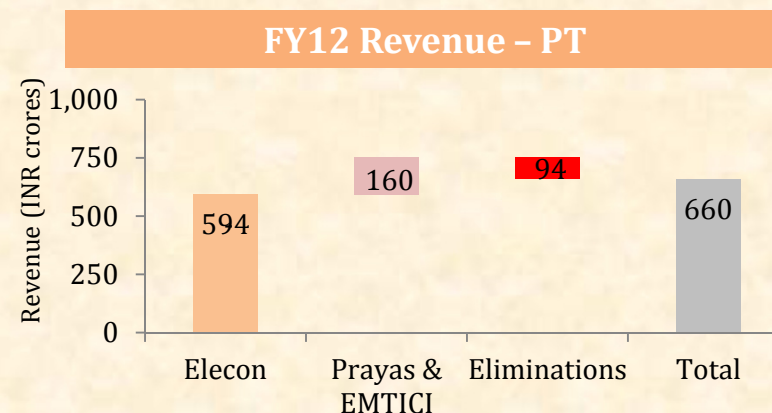
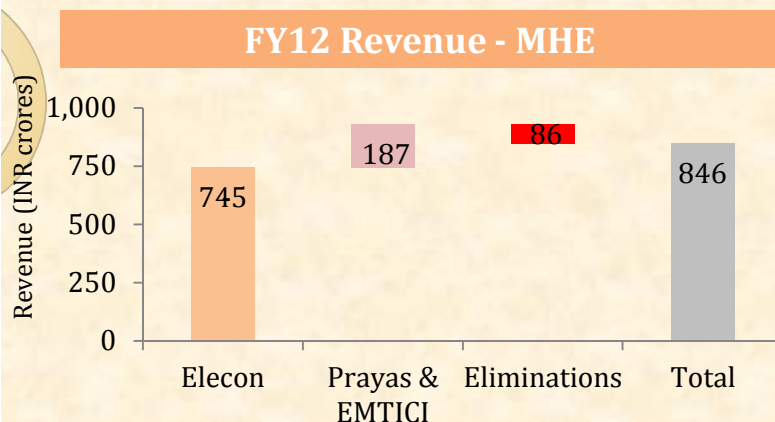
- MHE: Ranked 3rd among the Indian bulk MHE Companies
- PT: Leader in the Industrial Gears market
- Operates one of the most modern design & manufacturing facilities in MHE/PT

Expected synergy benefit of ~INR 10 crores p.a. to Elecon Engineering



Enhanced Profitability

Group Restructuring



Group Companies will contribute 27% to Consolidated EBITDA

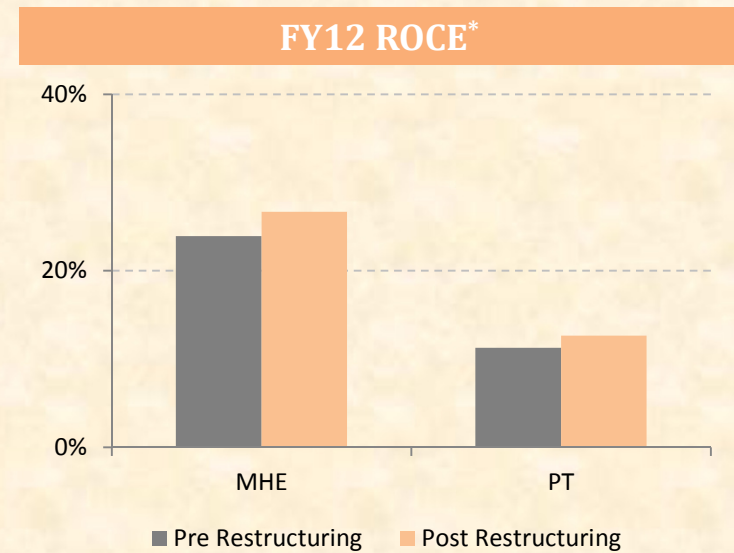
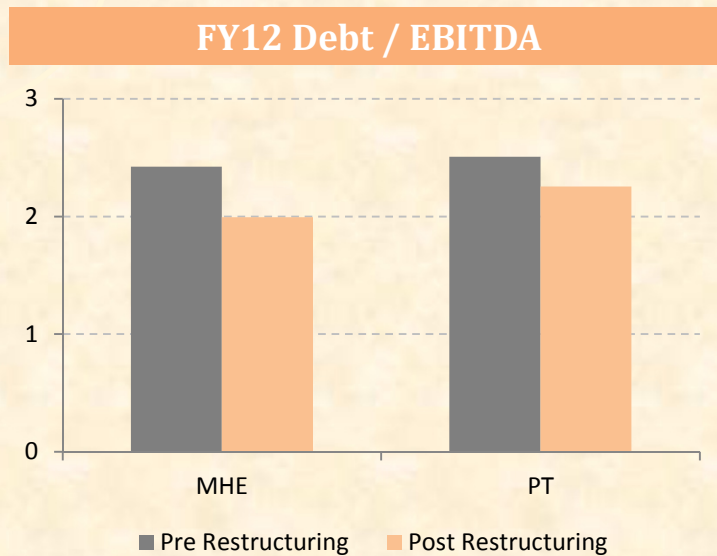
Group Companies will contribute 23% to Consolidated EBITDA

Kindly note that MHE refers to Aakaash Projects, which is a subsidiary of Elecon Engineering; and PT refers to standalone Elecon Engineering (ex MHE)



Robust Balance Sheet

Group Restructuring



Kindly note that MHE refers to Aakaash Projects, which is a subsidiary of Elecon Engineering; and PT refers to standalone Elecon Engineering (ex MHE)

* ROCE: EBIT / Capital Employed; EBIT: Earnings before Interest & Tax; Capital Employed: Total Assets



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Transaction Mechanics

Group Restructuring

Step 1

- Slump sale the MHE business from Elecon to Aakaaish

Step 2

- Demerge PT & MHE business of Prayas into Elecon & Aakaaish respectively
- Elecon & Aakaaish to issue fresh equity shares to the Promoters as consideration for the PT & MHE businesses of Prayas

Step 2

- Demerge EMTICI's sales, marketing and services business, pertaining to PT and MHE business, into Elecon and Aakaaish respectively
- Elecon & Aakaaish to issue fresh equity shares to the Promoters as consideration for the PT & MHE businesses of EMTICI

Final Structure

- Elecon Promoters to hold 53.96% shareholding in Elecon Engineering
- Elecon to hold 60.49% shareholding in Aakaaish; Elecon Promoters to hold 39.51% shareholding in Aakaaish



Swap Ratios

Issued by Elecon Engineering	Issued to
49 shares of Elecon (face value INR 2/- each) for every 4 shares of Prayas (face value INR 10/- each)	Prayas Shareholders
39 shares of Elecon (face value INR 2/- each) for every 4 shares of EMTICI (face value INR 10/- each)	EMTICI Shareholders

Issued by Aakaaish Projects	Issued to
14 shares of Aakaaish (face value INR 10/- each) for every 143 shares of Prayas (face value INR 10/- each)	Prayas Shareholders
3 shares of Aakaaish (face value INR 10/- each) for every 19 shares of EMTICI (face value INR 10/- each)	EMTICI Shareholders



Transaction Approvals

- **Shareholders and Creditors of Elecon Engineering, Prayas Engineering, EMTICI Engineering and Aakaaish Projects**
- **Stock Exchanges**
- **High Courts in Gujarat, India**
- **Other regulatory authorities**



Key Advisors

- **Valuation advisor**
 - SSPA & Co. Chartered Accountants
- **Independent fairness opinion bankers**
 - Keynote Corporate Services Private Limited
- **Restructuring (Tax & Regulatory) Advisor**
 - PricewaterhouseCoopers Private Limited
- **Financial Advisor**
 - Ambit Corporate Finance Private Limited



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Proforma Financials – Elecon (PT)

Group Restructuring

FY 2011-12 (INR crores)	Pre Restructuring ²			Post Restructuring ³	
	Elecon ¹	Prayas	EMTICI	Elecon	% increase
Revenues ⁴	594	129	31	660	11.1%
EBITDA	97	24	5	126	29.5%
margin %	16.4%	18.3%	16.5%	19.1%	
PBT	37	7	4	49	30.5%
margin %	6.3%	5.5%	13.9%	7.4%	
Net Debt	258	38	1	297	15.0%
Working Capital	212	35	1	247	16.7%
% of Revenues	35.6%	26.9%	2.2%	37.4%	

¹ Proforma financials of Elecon Gears division are on a standalone basis (ex MHE)

² Refers to PT & allied divisions of the mentioned entities as indicated in slide 9 of the presentation

³ Refers to proforma standalone financials of Elecon Engineering, post restructuring

⁴ Revenues of Elecon, post-restructuring are post elimination of inter-company transactions



Proforma Financials – Aakaash (MHE)

Group Restructuring

FY 2011-12 (INR crores)	Pre Restructuring ¹			Post Restructuring	
	Elecon	Prayas	EMTICI	Elecon	% increase
Revenues ²	745	147	40	846	13.6%
EBITDA	111	20	21	152	37.3%
margin %	14.9%	13.7%	53.3%	18.0%	
PBT	73	14	21	108	48.0%
margin %	9.8%	9.5%	52.5%	12.7%	
Net Debt	269	34	0	303	12.9%
Working Capital	322	78	14	415	28.7%
% of Revenues	43.3%	52.9%	35.9%	49.0%	

¹ Refers to MHE divisions of the mentioned entities as indicated in slide 9 of the presentation

² Revenues of Elecon, post-restructuring are post elimination of inter-company transactions



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- The figures in this note have been rounded off to the nearest INR crores