

52nd Annual Report 2011-12

ELECON 

let's preserve our environment

About cover



We at Elecon, firmly believe, that saving the nature has become a scientific movement, embodying the leadership of going beyond the traditional scope of nature conservancy, of protecting the land, water and biodiversity. This has helped in facing the toughest environmental challenge. Knowing the value of nature of what it offers, we are directed towards protecting it.

Here, we commit ourselves in creating a well defined approach, by identifying the conservation issues and finding the tools and resources and resolving them. Each one of us at Elecon, have become a part of perseverance, in assisting the efforts made around the globe, in saving the mother earth. We consider this, to be critical to the vision of healthy and prosperous planet earth. We are sure of making a positive impact around the world.

“Let’s Preserve Our Environment”.....

And the Environment Will Preserve Us.....

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Elecon at a glance

Elecon Engineering is a leader in industrial gears with a market share of approx. 25% and it also has a dominant presence in the MHE space. Elecon has also proved as leading manufacturer of Material Handling Equipment (MHE) and Power Transmission Solutions for Power, Mining, Steel, Plastic, Sugar, Defense and Cement sectors. With an established set-up and a strong and diversified product portfolio, the company is amongst the key manufacturer of various products that are offered to various industries including Power, Chemicals, Steel, Plastic, Elevators, Palm Oil, Marine Engineering, Cement, Sugar, Mining, Petroleum, Coal Handling and Fertilizers; this helps the company distribute risk well.

Elecon Engineering also has presence in the high-growth wind energy segment. It manufactures and sells wind mills up to 600kw. It is currently involved only in manufacture of the windmill gearbox and outsources the rest of the components required for a wind mill.

In MHE, Elecon Engineering procures orders based on both projects and products. Its gears are considered among the most modern ones in the industry.

Elecon has always kept its finger on the pulse which in turn has converted its challenges into opportunities. This has also help to meet the changing requirement of the industry.

Elecon has proved as one of the major players in the Competitive market over the period of 5 decades. With gained experience and specialization, the Company successfully satisfies all its customers.

Elecon has explored all avenues to use modern technologies and industrial proficiency which inspires the Company to set itself as a milestone for other Companies.

Board of Directors



Shri Prayasvin Patel
Chairman and Managing Director



Shri Prashant Amin
Executive Director



Shri Pradip M. Patel



Shri Chirayu R. Amin



Shri Hasmukhlal Parikh



Late Dr. Amritlal C. Shah
(Upto 16.01.2012)



Shri Jal Patel
(w.e.f 12.05.2012)

Chief Financial Officer

Shri Hemendra C. Shah

Company Secretary

Shri Paresh M. Shukla

Auditors

Thacker Butala Desai
Chartered Accountants
Navsari

Bankers

State Bank of India
Bank of Baroda
EXIM Bank of India
Axis Bank Limited
HDFC Bank Limited
IDBI Bank Limited
Standard Chartered Bank

Registered Office

Anand Sojitra Road
Vallabh Vidyanagar-388120
Gujarat, India

Five years at a glance

(₹ in Mn.)

	Consolidated#		Standalone#		Consolidated#	Standalone#	Standalone	Standalone	Standalone
PARTICULARS	2011-2012		2011-2012		2010-2011		2009-10	2008-09	2007-08
	US \$ Mn.	₹ Mn.	US \$ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.
TURNOVER	315.4	16,132	260.3	13,317	12,843	11,739	10,464	9,551	8,264
TOTAL INCOME	316.9	16,212	261.8	13,391	13,129	12,024	10,711	9,646	8,362
EARNING BEFORE DEPRECIATION, INTEREST & TAX	39.1	1,999	39.2	2,004	1,843	1,771	1,496	1,490	1,305
DEPRECIATION & AMORTISATION EXPENSES	9.5	486	8.3	424	416	394	331	221	142
PROFIT AFTER TAX	11.9	611	13.6	696	900	879	662	575	672
EQUITY DIVIDEND	3.3	171	3.3	167	167	167	139	139	139
DIVIDEND%	-		-	90%		90%	75%	75%	75%
EQUITY SHARE CAPITAL	3.6	186	3.6	186	186	186	186	186	186
RESERVE & SURPLUS	86.0	4,401	83.3	4,262	3,998	3,760	3,075	2,568	2,181
NET WORTH	89.7	4,587	87.0	4,448	4,184	3,946	3,235	2,737	2,358
GROSS FIXED ASSETS	162.1	8,291	135.1	6,912	6,997	5,762	5,273	4,559	3,165
NET FIXED ASSETS	102.1	5,222	87.4	4,469	4,386	3,719	3,622	3,110	1,931
TOTAL ASSETS	375.3	19,198	328.3	16,794	16,968	14,674	12,968	13,320	10,131
NUMBER OF EMPLOYEES(Nos.)				1,290		1,197	1,069	889	801

KEY INDICATORS	US \$		US \$						
BASIC EARNINGS PER SHARE(₹)	0.13	6.58	0.15	7.49	9.69	9.47	7.13	6.19	7.24
DEBT EQUITY RATIO									
(TOTAL DEBT:EQUITY)	-	1.45	-	1.21	1.55	1.34	1.61	2.16	1.73
EBIDTA*/TURNOVER %	-	12.39	-	15.05	14.35	15.09	14.29	15.61	15.79
NET PROFIT MARGIN%	-	3.79	-	5.23	7.00	7.49	6.32	6.02	8.13
RETURN ON NET WORTH%	-	13.32	-	15.65	21.50	22.28	20.46	20.99	28.39
RETURN ON CAPITAL EMPLOYED%	-	5.65	-	7.23	8.68	9.81	7.52	6.47	10.13

Financial details of FY12 & FY11 are as per Revised Schedule VI format.

Exchange Rate: 1 US\$ = ₹ 51.15 (as on 31-3-2012).

* Extraordinary items and other income are not considered for calculating EBIDTA.

Figures are rounded off to nearest US \$ Mn./₹ in Mn.

Performance Indicators

Net Sales

₹ in Mn

13.44%

increase from 2011

₹ 13,317	2012
₹ 11,739	2011
₹ 10,464	2010
₹ 9,551	2009
₹ 8,264	2008

2008 - 2012

EBIDTA

₹ in Mn

13.13%

increase from 2011

₹ 2,004	2012
₹ 1,771	2011
₹ 1,496	2010
₹ 1,490	2009
₹ 1,305	2008

2008 - 2012

Dividend

in %

90%	2012
90%	2011
75%	2010
75%	2009
75%	2008

2008 - 2012

Management Insight

"Our expertise, excellence, and experience of over five decades which reflects in our logo, has given us adequate prudence to strategically consolidate and grow during this highly volatile industrial scenario in India and worldwide.

We are determined to meet these challenges by exploring new horizons with our commitment to business ethics, innovation and modernization."

- Prayasvin Patel

Chairman & Managing Director



"The acquisition of B-R group has given Elecon renewed global aspirations and in next 5 years we expect the International Operations to contribute at least GBP 100 million in the total turnover of Elecon group."

- Prashant Amin

Executive Director



"In the context of uncertain and temperamental financial markets, global economy as well as tackling economic concerns such as galloping inflation, depreciation of rupee and cost saving initiatives, it's paramount that we have been able to add more value in the most challenging times by becoming more strategically focused in our initiatives and actions through consistent turnover, operating margins and good governance practices in aligning interests of stakeholders and investors to generate sustained, long-term shareholders' value as well as maintaining traditional/conservative financial expertise."

- Hemendra Shah -Chief Financial Officer



"New technologies, higher capacity equipment are reshaping the dynamics of material handling industry. The competitive market and rising costs of inputs are reducing the operating margins and it is a major concern for Material Handling Industry. In such scenario, sustainable and profitable revenue growth is critical for meeting our strategic objectives. Power, Ports and Steel sectors are the key growth drivers that trigger demand for material handling equipment. Backed by the rich experience, we are moving towards establishing ourselves as leading OEM and EPC solution provider.

Our efforts are targeted towards institutionalizing standard operating procedures, strengthening project management capabilities, lean manufacturing, value engineering, cycle time reduction and augmenting capabilities to manufacture high capacity equipment in-house. Customer satisfaction has been the focal point of our operations and by implementing continuous improvement processes we ensure timely delivery of the projects, providing innovative and cost-effective solutions to meet their requirements."

- Phani Kumar -CEO, MHE Division



"We Indians need to prepare now for frequent recessions, like western world and also be ready for counter measures such as more and more exports and for that Quality, Fast turn around and good customer relations. Secondly we are Power and Infrastructure hungry nation but early realisation of these needs in to actual work and it's execution should also be our look out, let it be Govt. or Pvt. Sector our motivating efforts can only bring the early fruits, may be for that some political and social intervention by many of us shall be essential.

This only bring us up and increase our rate of growth and economical position which automatically polish our image in the world."

- Vilas Kalyankar -CEO, Gear Division

Corporate Social Responsibility



▶ Shri Prayasvin Patel (CMD Elecon) gave a cheque of Rs 18 lakhs as part of a scholarship fund for bright underprivileged students of Birla Vishwakarma Engineering College, Vallabh Vidyanagar.

At Elecon, we take our Corporate Social Responsibility (CSR) activities more seriously than most. That is because we believe that businesses are based on trust and foresight. To establish and uphold trust of customers, suppliers, regulators and the community seems to be a challenging task. To be successful in the long-term, we need to think beyond what is affecting them today to what is going to happen tomorrow.

With these goals in mind, the Elecon Group of Companies formed ELCARE in 2003 as part of its total CSR activity. The following are some of the activities which the organization has carried out in the year 2011-12.

- Donation of Rs 24 lakhs to the Bhanubhai Patel Dialysis Centre, which is part of the Shri Krishna Hospital in Anand. The Dialysis Centre itself was constructed by Elecon Group in 2006, at a cost of Rs 25 lakhs. The cheque presentation ceremony was held on 7th March 2012, where Shri P.C. Amin (Group Director, Elecon Group of Companies) handed it over to

Shri Jagrut Bhatt (Hon. Sec. Charotar Arogya Mandal).

- Another significant CSR event was organized on 20th March 2012, when Shri Prayasvin Patel (CMD Elecon) gave a cheque of Rs 18 lakhs as part of a scholarship fund for bright underprivileged students of Birla Vishwakarma Engineering College, Vallabh Vidyanagar. The cheque was handed over to Dr. F. S. Umrigar (Principal BVM). The scholarship includes tuition fees, examination and hostel fees, as well as the food bill of the awardee for a period of 10 months. Elecon has endowed this scholarship since 2007.
- Elecon has also committed to donate Rs 10 lakh to the Sankara Eye Hospital in Mogar village (Anand Dist.) for the purpose of conducting free cataract eye surgeries for the rural underprivileged section of society.

In these and many more ways, we are constantly on the way to contribute to the full possible extent to the community at large.



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&

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“e-communication, the best way to attain green revolution”

Material Handling Equipment Division



Bucket wheel Stacker cum Reclaimer handling Coal at Chetnad Port having stacking capacity - 3850 MTPH and Reclaiming capacity - 2400MTPH.

The company's MHE division caters to the high-technology equipments of core sectors such as Power, Steel, Cement, and Fertilizers. It has a composite range of almost all types of bulk material handling equipments and related products. All over the globe there are only few companies who provide all types of Material Handling Equipments and Elecon is proud to stand one amongst them.

Through various Technical collaboration like pipe conveyor technology, belt conveyor technology and technology for idler frames, the Company is able to cater the need of various industrial sectors with best quality.

Manufacturing Strength

Elecon has set its highest standard in all the aspects of its functioning. It is covering a wide space of 1,17,000 sq. mts and CNC machine tools for manufacturing equipments for quality control.

Through its modern manufacturing facilities and technical collaborations with leading international players, Elecon is able to supply diversified products with best quality to its customers from various sectors.

Noteworthy Achievements

- A Prestigious order worth Rs. 1764.9 Mn received from NMDC Limited., Karnataka for supply of Downhill Conveying System Engineering, Design, Manufacturing, Procurement, Testing at works/site, Installation, Erection, Testing, Commissioning as per technical specification, for the Kumaraswamy Iron Ore Project.
- Various orders worth Rs. 2686.7 Mn received from various clients for supply of Stockyard equipments: Stackers/ Reclaimers/ Staker cum Reclaimers, Drive units, Roller Screen, Crushers, Apron Feeders, Wagon Tipper, Side Arm Charger etc.