

STANDING WITH THE NATION



About Cover

Elecon Engineering Company Limited is a name, which is synonymous with persistent leadership in the power transmission and material handling industry. As the largest manufacturer of Industrial gears in Asia, Elecon continues to relentlessly deliver performance year on year, with an eye on the future.

Over six decades ago, Elecon began its legendary journey as the pioneer of Industrial Gear manufacturing industry and also ventured into the niche Material Handling Equipment segment. Today, Elecon stands as an attestation to the hard work and vision of its founding fathers and their successors. Since its inception, Elecon's prime focus has remained on engineering innovation, research and development. Elecon has been a key supplier, providing support to key growth sectors of the nation such as fertilizers, cement, coal, power, mining, chemical, steel, port-mechanization, minerals & metals processing sectors.

Elecon's engineering excellence can be adjudged by repeat contracts with the Indian Navy, ISRO and several other giants to meet their power transmission requirements. As a part of Elecon, the Material Handling Division has thrived and has several distinct credits to its name in the country.

As an organizational prophecy, Elecon has monumentally contributed to the growth of the nation, and continues to do so. Not just in terms of offering employment and contributing to nation's GDP, Elecon has been a visionary organization that takes on its CSR as a priority and reaches out to the society through its social welfare initiatives.

In the time of great sorrow, when the entire nation was standing as one for the CRPF martyrs of Pulwama tragedy, Elecon strongly condemned the cowardly act and came forward for the support of affected families. Elecon stands together with the nation and the families of martyrs, with optimism for a progressive society, free from terror and hatred.



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Board of Directors



Shri Prayasvin B. Patel - Chairman & Managing Director



Shri Prashant C. Amin
-Executive Director



Shri Pradip M. Patel



Shri Chirayu R. Amin



Shri Jal R. Patel



Shri Jai S. Diwanji



Dr. Sonal V. Ambani

Chief Financial Officer

Shri Kamlesh Shah

Company Secretary

Smt. Bharti Isarani

Auditors

B S R & Co. LLP, Chartered Accountants

Bankers

State Bank of India
Bank of Baroda
Axis Bank Limited
HDFC Bank Limited
IDBI Bank Limited

R & T Agent

Link Intime India Private Limited

Registered Office

Anand-Sojitra Road,
Vallabh Vidyanagar-388 120
Gujarat, India.



Elecon at Glance

Elecon Group was founded in the year 1951 in Goregaon, Mumbai by Late Shri Ishwarbhai B. Patel. Initially, the Company manufactured conveyor systems under a trading company with a focus on Engineering, Procurement and Construction projects in India.

Elecon Engineering Company Limited was incorporated as a Private Limited Company on January 11, 1960. In May 1960, the Company relocated its base to the current location in Vallabh Vidyanagar, Gujarat. Later in June 1962, the Company was listed on the Bombay Stock Exchange Limited and in November 2006 on National Stock Exchange of India Limited.

In the year 1963, the Company started manufacturing power transmission equipment. In 1976, the Company established an independent Gear Division, specializing in power transmission equipment. With an expertise of over Six-decades, the Company has successfully established its position as Asia's largest gear manufacturing company, directed by its global presence in Asia, US, UK and Europe. Elecon was the pioneer to introduce the modular design concept and case hardened & ground gear technologies in India. The Company has a proven track record in designing and manufacturing of worm gears, parallel shaft, right-angle shaft, helical & spiral level helical gears, fluid geared & flexible couplings, as well as the planetary gearboxes. With a vision of global dominance, Elecon has developed a complete range

of products that match the best in the business in terms of quality and innovation and has an ultramodern Lean Gear Manufacturing unit known as the BMCE.

Elecon has always focused towards success through the Mantra of "Innovation, Change and Adaptability to the Change". Other than offering a complete range of power transmission solutions, Elecon is also an integrated solution provider for entire value chain of Material Handling Systems managed under its MHE Division. The MHE Division of Elecon has been successfully associated with numerous milestone projects in India, making us one of the most successful names offering complete Material Handling Equipment solutions.

Elecon takes pride in revolutionizing India's success story. The Company has been a leading name in Space Technology, Defence, Steel, Mining, Power Sectors and many more. Within the last decade, the Gear Division has doubled its manufacturing capacity, revamped its internal component production and has a dedicated workforce for a responsive after-sales service.

With the prophecy of great customer satisfaction, Elecon has strategically devised its presence in India and foreign locations. Our teams of highly skilled and experienced professionals help in analyzing the root-cause and then providing optimally feasible and cost effective project management solutions.

Five Years at a Glance

	2018-19 #				2017-18 #		2016-17 #		2015-16		2014-15	
Particulars	Consolidated		Standalone		Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone
	US \$ Mn.	₹ Mn.	US \$ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.
TURNOVER	176.8	12,231	137.9	9,537	11,897	9,195	12,747	9,965	13,655	10,647	13,289	5,032
TOTAL INCOME	186.6	12,904	141.3	9,775	11,952	9,301	12,832	10,043	13,952	10,960	13,455	5,259
EARNING BEFORE DEPRECIATION, INTEREST & TAX	20.5	1,418	16.2	1,118	1,160	1,006	1,640	1,558	1,638	1,424	1,698	1,065
DEPRECIATION & AMORTISATION EXPENSES	6.9	479	6.3	436	529	481	532	481	621	557	716	516
PROFIT AFTER TAX & MINORITY INTEREST	10.1	701	1.7	121	76	81	108	211	374	365	163	332
EQUITY DIVIDEND	0.3	22	0.3	22	22	22	56	56	120	120	120	120
DIVIDEND%	-	-		10%	-	10%	-	25%	-	55%	-	55%
EQUITY SHARE CAPITAL	3.2	224	3.2	224	224	224	224	224	218	218	218	218
RESERVE & SURPLUS	107.8	7,456	103.7	7,176	6,865	7,083	6,874	7,069	6,825	7,016	5,138	4,886
NET WORTH	107.8	7,456	106.1	7,336	5,878	7,252	6,066	7,223	5,911	7,155	5,356	5,104
GROSS FIXED ASSETS	133.9	9,262	127.8	8,843	9,717	8,798	9,385	8,769	9,177	8,651	9,270	6,325
NET FIXED ASSETS	98.0	6,777	97.1	6,714	7,101	7,080	7,553	7,496	7,862	7,825	4,743	3,356
TOTAL ASSETS	313.6	21,695	281.5	19,471	21,675	19,547	20,944	18,587	22,061	19,759	19,676	10,556
NUMBER OF EMPLOYEES(Nos.)				788		774		1,143		1,244		638
KEY INDICATORS	US \$		US \$									
BASIC EARNINGS PER SHARE (₹)	0.09	6.25	0.02	1.08	0.67	0.72	0.96	1.88	3.33	3.25	1.50	3.05
DEBT EQUITY RATIO												
(TOTAL DEBT:EQUITY)	-	0.71	-	0.65	0.83	0.68	0.82	0.63	0.79	0.79	1.03	0.49
EBIDTA*/TURNOVER %	-	11.59	-	11.72	9.75	10.94	12.87	15.64	12.00	13.37	12.77	21.16
NET PROFIT MARGIN%	-	5.73	-	1.27	0.64	0.88	0.84	2.11	2.74	3.43	1.23	6.60
RETURN ON NET WORTH%	-	9.40	-	1.65	1.29	1.11	1.77	2.92	6.32	5.10	3.05	6.50
RETURN ON CAPITAL EMPLOYED%	-	0.51	-	0.96	0.06	0.64	0.83	1.72	2.82	4.94	1.52	4.30

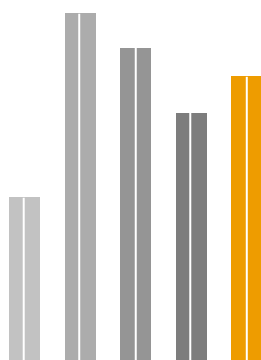
#Financial details of FY 19, FY 18, FY 17 & FY 16 are as per IND AS and FY 15, FY 14, are as per Revised Schedule VI format.

Exchange Rate: 1 US\$ = ₹ 69.1713 (as on 31-3-2019)

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

Performance Indicators

Net Sales ₹ in Mn.



2015 - 2019

3.72%

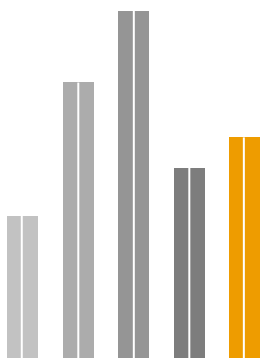
Increase from 2018

₹ 9,537	2019*
₹ 9,195	2018*
₹ 9,965	2017*
₹ 10,647	2016*
₹ 5,032	2015



EBIDTA

₹ in Mn.



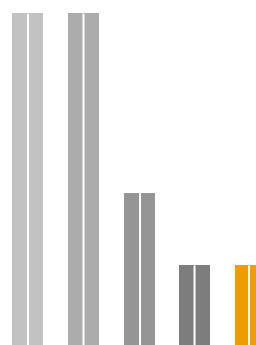
2015 - 2019

2.20%

Increase from 2018

₹ 1,118	2019*
₹ 1,094	2018*
₹ 1,558	2017*
₹ 1,424	2016*
₹ 1,065	2015

Dividend in %



2015 - 2019

10%	2019
10%	2018
25%	2017
55%	2016
55%	2015

*Change because of Scheme of Amalgamation.

Management Insight



The performance in fiscal 2019 has been relatively healthy with improvement in both Gear and MHE division owing to both external factors and internal strategic initiatives and cost control measures. Initiatives taken to bring MHE division on profitable path have started showing effect in positive direction and we expect to continue on the improvement path. Additionally, improved performance of our subsidiaries added to the growth momentum. Led by improvement in the overall economy, we saw sustained order inflow from our end segments like steel, sugar, fertilizer and cement sector. We continue to focus on strategies to create long-term value for shareholders and in this regard, reduction of debt, recovery of old receivables and streamlining existing operations continues to be the key focus of the Management. We are witnessing gradual improvement in activity in the manufacturing sector and overall demand scenario looked encouraging. We remain positive on the Company's growth prospects and are confident of continuing with the improved performance in the future.

Prayasvin Patel - Chairman & Managing Director



The Company managed to get back into growth path on the back of improved performance from both Gear and MHE divisions. During the fiscal year, the Company witnessed healthy order inflow amid increasing industrial activity. Our focus on profitable product business in the MHE division has paid rich dividends leading to improved profitability and expansion in the margins. In order to make the organization more tax efficient, we started the process of restructuring the entire foreign operation. We saw significant improvement in the performance of our overseas subsidiaries led by various initiatives taken by the management as well as supportive external environment. Further, we are concentrating on debt reduction to make the Company leaner and focussing on receivables management. We continue to focus on improving our execution capabilities and streamlining our processes and remain optimistic on the long-term prospects of the Company.

Prashant Amin - Executive Director



Our performance improved significantly as compared to the preceding year in terms of both the top line and the bottom line. We placed significant focus on improving collections and identified receivables management as one of the top priorities. During the fiscal year, the management undertook organizational restructuring, enhancing execution capabilities, cost optimization initiatives and improving receivables management with a view to enhance overall shareholder value. The performance of MHE division has improved on the back of strategic initiative undertaken by the management. Moreover, we saw improved performance from our overseas subsidiaries resulting in overall healthy performance at the group level. We are witnessing pick up in the economy resulting in a healthy order book. Our focus has been on streamlining our processes and improving overall profitability. We expect the strong growth momentum to continue going forward and remain positive on the growth outlook.

Kamlesh Shah - Chief Financial Officer

**Pietro
Carnaghi**
Vertical
Turning Lathe
Up to
2000mm Dia



Corporate Social Responsibility



“Only a life lived for others is worth living.” – Albert Einstein

Elecon engineering company limited has been an organization that marches forward with a vision of philanthropy since its inception days. Elecon Group of Companies takes on its CSR largely through two dedicated wings; namely El-Care and Elecon Ladies Forum (ELF) under M/s. B. I. Patel Charitable Trust. Guided under the able leadership of Mr. Prayasvin Patel (Group CMD) and Mrs. Taruna Patel (CEO - Emtici Engineering), Elecon benevolently participates towards the betterment of society through several small and large initiatives. Mr. Prayasvin Patel has been honoured with ‘Charotar Ratna’ award for the organisation’s devout commitment in serving the local area.

Find below CSR activities highlights carried out by Elecon Group.

ENVIRONMENT

As the leaders in the realm of industrial gear engineering, Elecon initiates sustainability drives sensitizing the employees and locals to care for the



environment. Not only our product ranges comply with non-polluting standards, Elecon is also adopting Green building model systems into the organization & maintains three public gardens in Anand.

To further help sustain the ecosystem, ELF along with Madhubhan Organic Farm rolled out an innovative seed balls’ campaign. These seed balls were made by a group of underprivileged women, thereby, empowering them by offering employment. The seed balls will then be dispersed at the time just before monsoon, or depending on the demographics, will be dispersed with the help of school and college students. The program aims at creating awareness with a sense of responsibility amongst the young minds. We have also conceptualized and has manufactured a seed-ball