

Moving the **Industry**,
Moving the **Nation**.



About Cover

Elecon is Asia's largest industrial gear manufacturer with world-class standards, and stands as a key supplier for the value chain of Material Handling Equipment. Six decades ago, Elecon started its journey of engineering excellence and today, the business model comprises of a complete range of Engineering, Construction, Product Sales and Services catering to key industrial sectors.

As the Pioneers and the market leaders, the prime focus remains on "Research and Development", providing support to key industries, with a vision that "Technological innovation is the key to excel".

Lockdown during the COVID -19 pandemic have affected our business during the year under review and the current year also.

We have taken many steps to safeguard our human capital and realign the organization to the changing situation and the challenges in demand, supply, liquidity, etc. Fortunately, our global industrial customers from Power, Fertilizer, Chemical, Cement, Mining, Steel etc. are predominantly operative, though with lower demand. We are, therefore hoping for minimal impact this year.

At Elecon, we adopt and innovate unvaryingly, adding value to our customers. Strong believers of the prophecy that "Innovation happens deliberately more often than by inspiration", we strive rigorously to be the supplier of choice offering the most contemporary solutions in an ever competitive framework. In order to achieve supremacy in realm of power transmission, Elecon has developed a range of products that transcends the best in the business in terms of innovation and quality. Over the decades, Elecon has established its footprints across the globe, including acquisitions in UK, USA and Europe. Consistent performance, growing orders and an eye on the future has helped Elecon to stay on the top of its game. As the nation looks forward to a stable political framework, expectations for the growth of major sectors such as steel, cement, rubber and metal & minerals start to loom around, oaring new horizon to explore.

Leading by example, Elecon is a provocateur of sustainable living and aims at inclusive growth by taking our CSR as our priority. Living to our motto of 'Lets preserve the environment', all our facilities consciously work towards preserving, nurturing and sustaining the nature for a better tomorrow.





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Board of Directors



Shri Prayasvin B. Patel

- Chairman & Managing Director



Shri Prashant C. Amin



Shri Pradip M. Patel



Shri Chirayu R. Amin



Shri Jal R. Patel



Shri Jai S. Diwanji



Dr. Sonal V. Ambani

Chief Financial Officer

Shri Narasimhan Raghunathan

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

	2019-20 #				2018-19 #		2017-18 #		2016-17#		2015-16	
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	144.4	10,885	110.9	8,357	12,248	9,555	11,897	9,195	12,747	9,965	13,655	10,647
TOTAL INCOME	145.4	10,963	112.1	8,450	12,904	9,775	11,952	9,301	12,832	10,043	13,952	10,960
EARNING BEFORE DEPRECIATION, INTEREST & TAX (Excl. Other Income)	18.8	1,420	14.0	1,053	1,436	1,135	1,160	1,006	1,640	1,558	1,638	1,424
DEPRECIATION & AMORTISATION EXPENSES	7.1	533	5.8	437	479	436	529	481	532	481	621	557
PROFIT AFTER TAX & MINORITY INTEREST	11.9	897	9.6	724	701	121	76	81	108	211	374	365
EQUITY DIVIDEND	-	-	-	-	22	22	22	22	56	56	120	120
DIVIDEND%	-	-	-	0%	-	10%	-	10%	-	25%	-	55%
EQUITY SHARE CAPITAL	3.0	224	3.0	224	224	224	224	224	224	224	218	218
RESERVE & SURPLUS	110.3	8,318	100.8	7,598	7,456	7,176	6,865	7,083	6,874	7,069	6,825	7,016
NET WORTH**	110.7	8,347	103.2	7,780	7,456	7,336	5,878	7,252	6,066	7,223	5,911	7,155
GROSS FIXED ASSETS	115.6	8,713	109.6	8,264	9,262	8,843	9,406	8,798	9,385	8,769	9,177	8,651
NET FIXED ASSETS	78.2	5,895	77.6	5,847	6,777	6,714	7,101	7,080	7,553	7,496	7,862	7,825
TOTAL ASSETS	283.2	21,350	243.6	18,364	21,695	19,471	21,675	19,547	20,944	18,587	22,061	19,759
NUMBER OF EMPLOYEES(Nos.)				772		788		774		1,143		1,244
KEY INDICATORS	US \$		US \$									
BASIC EARNINGS PER SHARE (₹)	0.1	7.99	0.09	6.45	6.25	1.08	0.67	0.72	0.96	1.88	3.33	3.25
DEBT EQUITY RATIO												
(TOTAL DEBT:EQUITY)	-	0.57	-	0.50	0.71	0.65	0.83	0.68	0.82	0.63	0.79	0.79
EBIDTA/ TURNOVER %	-	13.04	-	12.60	11.72	11.72	9.75	10.94	12.87	15.64	12.00	13.37
NET PROFIT MARGIN%	-	8.24	-	8.67	5.72	1.27	0.64	0.88	0.84	2.11	2.74	3.43
RETURN ON NET WORTH%	-	10.50	-	9.31	9.40	1.65	1.29	1.11	1.77	2.92	6.32	5.10
RETURN ON CAPITAL EMPLOYED%	-	7.10	-	6.44	0.51	0.96	0.06	0.64	0.83	1.72	2.82	4.94

#Financial details of FY 20, FY 19, FY 18 and FY 17 are as per IND AS and FY 16 is as per Revised Schedule VI format.

**Networth : Paid of Share Capital + Other Equity - Intangible Assets

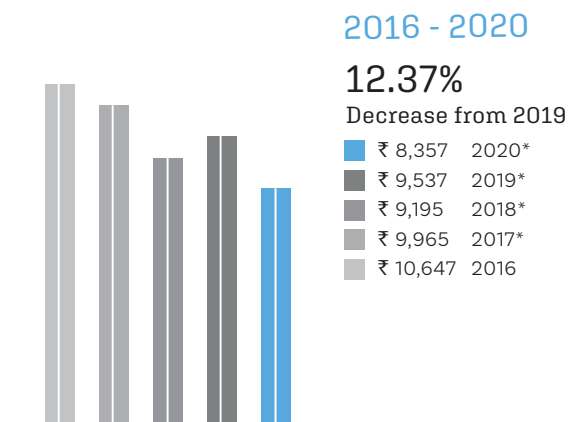
Exchange Rate: 1 US\$ = ₹ 75.3859 (as on 31-3-2020).

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

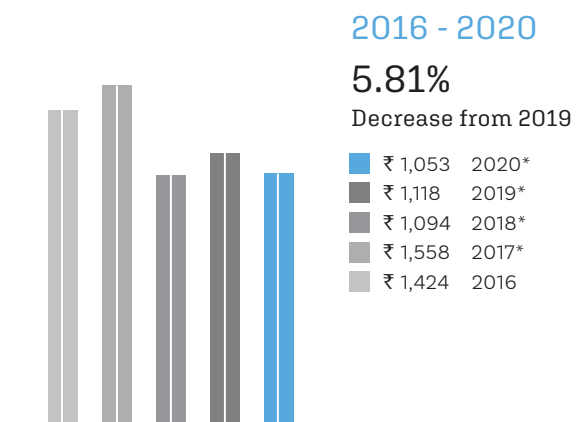
Performance Indicators



Net Sales
₹ in Mn.



EBIDTA
₹ in Mn.



*Change because of Scheme of Amalgamation.



One of its kind Rubber Mixer Gearbox

Management Insight



The overall business performance in fiscal 2020 has been muted on account of sluggishness in certain sectors and the disruption caused by pandemic towards end of the year. Gear division witnessed considerable growth during the year on account healthy order inflow from infrastructure sectors with the exception that sales planned towards end of the year had to be delivered in subsequent months. MHE division faces challenges ahead due to cancellation of orders as well as a few kept in abeyance. There has been sustained growth from overseas subsidiaries during the year though the pandemic disrupted those locations as well. The company has taken seriously the pandemic impact on the health of employees, support personnel and other stakeholders and accordingly implemented safety and precautionary measures. Management is continuously monitoring the business disruption caused by pandemic and taking various risk management strategies

for order inflow, invoicing, profitability, logistics, cost reduction measures, inventory, receivables and cash flow management.

Prayasvin Patel - Chairman & Managing Director



Gear Division has traditionally been a performer and the financial year 2019-20 was no exception. FY20 showed a considerable growth in infrastructure sector pushing Gear business to a reasonable status through Steel, Cement and Thermal Power sectors. Gear Division ended the fiscal with a comfortable order backlog giving some breather for FY21 to start with.

Covid-19 heavily disrupted couple of months in Indian economic calendar. However, it is not mammoth enough to jeopardize either fundamentals of Indian Economy or the foundations of Elecon Gear Division.

Indian economy soon started showing its restlessness towards growth with emerging new business and adequate cash from operation. Although early sign, but a distinct business growth is already visible in the market place and again it's the Iron & Steel Sector as well as Government spending pulling the chariot.

Difficult business time comes as the greatest lesson and Elecon has capitalized that with strong cost control measures together with elevation in operational efficiencies. Quite a few internal projects are "ON" which are poised to produce catchy results in short and medium term.

M M Nanda - Head Gear Division



Material Handling Equipment (MHE) division remained focussed on profitable products business, cost control and receivables management. Despite muted industrial growth in certain segments of operations during the year and disruptions caused by Covid-19 towards the end of fiscal year, the division had a healthy order inflow.

We have noticed renewed government policy initiatives and thrust in the mining sector, the Company hopes to benefit from our well established product range in this segment.

Improving execution capabilities and streamlining our work processes continue to remain our thrust areas which will significantly contribute to company's growth in the long-term. Organizational restructuring, cost optimization initiatives, improved receivables management and timely completion of ongoing projects will surely help in enhancing overall shareholder value.

Disruptions caused by Covid-19 in subsequent months have cast a shadow on the economy however, determined efforts of government to support the industry and company's own charter of innovative initiatives is expected to help in regaining strong growth momentum in the medium term. We are already witnessing a remarkable pull back by the industry and hope to get back to stable business operations and on to the growth curve sooner than expected.

Praveer Chakravorty - Head MHE Division



Our sales performance has been muted during the year and some of the invoicing planned in end of March 2020 had to be deferred due to the pandemic lockdown. We continued to focus on product sales in MHE division based on our strategy to lower site execution based orders. Gear division has witnessed marginal growth in sales tapered down due to lockdown. Sustained focus on material cost management and other expenses/ costs is showing positive results. We continue to have increased focus on managing finance cost based on efforts being taken for inventory and receivables management. Financial performance of overseas subsidiaries has been positive during the year though some of the invoicing towards end of the year were deferred due to the pandemic lockdown. The management is closely monitoring the business due to the pandemic situation and taking various steps to manage

order in flow, execution of orders, logistics constraints, cost reduction initiatives, inventory/ receivables reduction and cash flow management.

Narasimhan Raghunathan - Chief Financial Officer



Corporate Social Responsibility

Elecon group of companies are true philanthropists who have been generously contributing towards the betterment of the society and the planet, much before there was a mandate from the Government. Elecon takes on its CSR initiatives through two dedicated wings; namely EL-care and ELF, under M/s. B. I. Patel Charitable Trust, headed by Mr. Prayasvin Patel – Group Chairman and Mrs. Taruna Patel – CEO Emtici Engineering Ltd., & Madhubhan Resort & Spa.

Social wings of Elecon i.e. EL CARE and ELF (Elecon Ladies Forum), try to achieve its objectives of comprehensive community development by continuously putting its efforts on making a positive contribution by organising Blood Donation Camps. They also support Orphanage Homes, Old Age Homes, for Higher education and health care support to deserving people.

ELECON LADIES FORUM (ELF) & EL-Care initiatives



Elecon Ladies Forum also observed International Women's Day with grace. All the women employees of the organization joined hands under the leadership of Mrs. Taruna Patel. Aimed at empowering women to come forward in life, the program included sessions on Women leadership and self-defense. It is essential to "understand and educate" as we enter into the new era where women are given equal respect and opportunities as men, it is also their right to feel equal.



Elecon supports a differently abled school in Vallabh Vidyangar and hence contributes towards uplifting them. We at Elecon have also adopted a village called Gana Near Anand, Gujarat and support their municipal school.

ENVIRONMENT

With a purview to safeguard the environment and enhance the green cover, distinguished entrepreneur and conservation advocate, Mrs. Taruna Patel (CEO – Emtici Engineering Limited and Madhubhan Resorts & Spa (Elecon Group) and Elecon Ladies Forum (ELF), came up with this unique initiative of seed balls. Mrs. Taruna Patel took a pledge on 5th June 2019 to disperse Ten Million seed balls with

