

GEARING THE FUTURE OF EVERY INDUSTRY

POWER
INDUSTRY

SUGAR
INDUSTRY

PHARMA
INDUSTRY

PLASTIC
INDUSTRY

FERTILIZER
INDUSTRY

CEMENT
INDUSTRY

RUBBER
INDUSTRY

TEXTILE
INDUSTRY

CHEMICAL
INDUSTRY

STEEL
INDUSTRY



About Cover

As India gears up for the next growth revolution, making us a front-runner amongst the developing countries, the whole world has started to look at us as a land of opportunities. After historical amendments into the COVID-19 pandemic, it may seem that the roadmap for the nation's growth is set and is firm.

For over 70 years, Elecon has established its reputation of trust and most modern innovations in the realm of Industrial Gears, Power Transmission and labor-less Material Handling. Elecon has emerged as the largest manufacturer of Industrial gears in the world and continues to be so. As the Pioneer and the market leader, our prime focus remain on research & development and providing support to growth sectors such as cement, steel, sugar, paper, power, fertilizer, coal, generation, chemical, textile, rubber, paper, pharma, port-mechanisation, minerals & metals processing sectors.

Our prophecy states - "Technological innovation is the key to excel". As a Company, Elecon focuses largely on staying ahead in technological innovation. We understand the market trends and accordingly innovating to create opportunities and capitalising on them by providing the best possible solutions and are well prepared to take on any challenges. Our excellence can be adjudged by our successful contracts with Indian navy for their power transmission needs.

When it is about inclusive growth and sustainable development, we at Elecon place CSR as a priority and believe it is our duty to contribute to the society which is going through the stress of the COVID -19 pandemic. Living to our motto of 'Lets save our nation', we have taken adequate preventive measures and have been consciously working towards making our facilities safer against any pandemic.

Contents

Board of Directors	02
Five Years at a Glance	04
Performance Indicators	05
Management Insight	06
Corporate Social Responsibility	08
Strength & Growth Drivers	10
Board's Report	14
Management Discussion and Analysis	23
Business Responsibility Report	42
Corporate Governance Report	48
Auditors' Report	71
Balance Sheet	81
Statement of Profit and Loss	83
Cash Flow Statement	85
Significant Accounting Policies	87
Notes to Standalone Financial Statements	98
Auditors' Report on Consolidated Financial Statements	139
Consolidated Balance Sheet	147
Consolidated Statement of Profit and Loss	149
Consolidated Cash Flow Statement	152
Significant Accounting Policies	154
Notes to Consolidated Financial Statements	167
Notice of AGM	219



Board of Directors

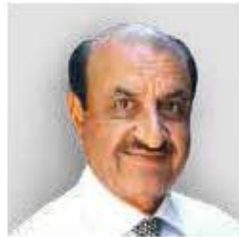


Shri Prayasvin B. Patel

- Chairman & Managing Director



Shri Prashant C. Amin



Shri Pradip M. Patel



Shri Pranav C. 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.

A photograph of the Elecon building, a modern structure with a large glass facade reflecting the sky and surrounding greenery. The building is surrounded by lush landscaping, including palm trees and various shrubs. The title "Elecon at Glance" is overlaid in large white text on the lower part of the image.

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

	2020-21				2019-20		2018-19		2017-18		2016-17	
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	142	10,447	108	7,964	10,885	8,357	12,248	9,555	11,897	9,195	12,747	9,965
TOTAL INCOME	143	10,504	110	8,072	10,963	8,450	12,904	9,775	11,952	9,301	12,832	10,043
EARNING BEFORE DEPRECIATION, INTEREST & TAX (Excl. Other Income)	26	1,875	20	1,441	1,420	1,053	1,436	1,135	1,160	1,006	1,640	1,558
DEPRECIATION & AMORTISATION EXPENSES	7	521	6	423	533	437	479	436	529	481	532	481
PROFIT AFTER TAX & MINORITY INTEREST	8	576	5	363	897	724	701	121	76	81	108	211
EQUITY DIVIDEND	1	45	1	45	-	-	22	22	22	22	56	56
DIVIDEND%	-	-	-	20%	-	-	-	10%	-	10%	-	25%
EQUITY SHARE CAPITAL	3	224	3	224	224	224	224	224	224	224	224	224
RESERVE & SURPLUS	122	8,968	108	7,969	8,318	7,598	7,456	7,176	6,865	7,083	6,874	7,069
NET WORTH**	123	9,013	111	8,164	8,347	7,780	7,456	7,336	5,878	7,252	6,066	7,223
GROSS FIXED ASSETS	118	8,685	112	8,252	8,713	8,264	9,262	8,843	9,406	8,798	9,385	8,769
NET FIXED ASSETS	75	5,483	74	5,471	5,895	5,847	6,777	6,714	7,101	7,080	7,553	7,496
TOTAL ASSETS	271	19,927	232	17,019	21,350	18,364	21,695	19,471	21,675	19,547	20,944	18,587
NUMBER OF EMPLOYEES(Nos.)				619		772		788		774		1,143
KEY INDICATORS	US \$		US \$									
BASIC EARNINGS PER SHARE (₹)	0.1	5.14	0.04	3.23	7.99	6.45	6.25	1.08	0.67	0.72	0.96	1.88
DEBT EQUITY RATIO												
(TOTAL DEBT:EQUITY)	-	0.36	-	0.31	0.57	0.50	0.71	0.65	0.83	0.68	0.82	0.63
EBIDTA/ TURNOVER %	-	17.95	-	18.09	13.04	12.60	11.72	11.72	9.75	10.94	12.87	15.64
NET PROFIT MARGIN%	-	5.52	-	4.55	8.24	8.67	5.72	1.27	0.64	0.88	0.84	2.11
RETURN ON NET WORTH%	-	6.39	-	4.44	10.50	9.31	9.40	1.65	1.29	1.11	1.77	2.92
RETURN ON CAPITAL EMPLOYED%	-	4.81	-	3.44	7.10	6.44	0.51	0.96	0.06	0.64	0.83	1.72

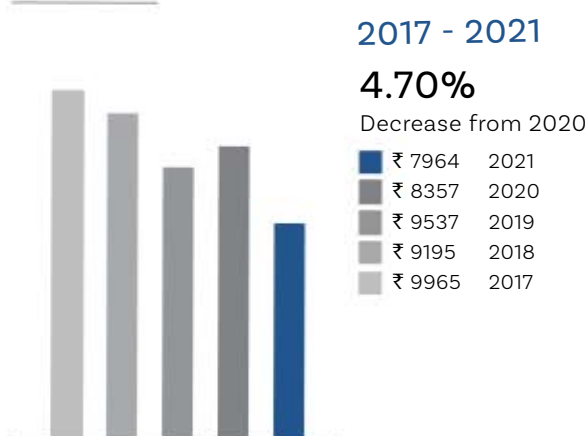
**Networth: Paid up Share Capital + Other Equity - Intangible Assets

Exchange Rate: 1 US\$ = ₹ 73.5047 (as on 31-3-2021).

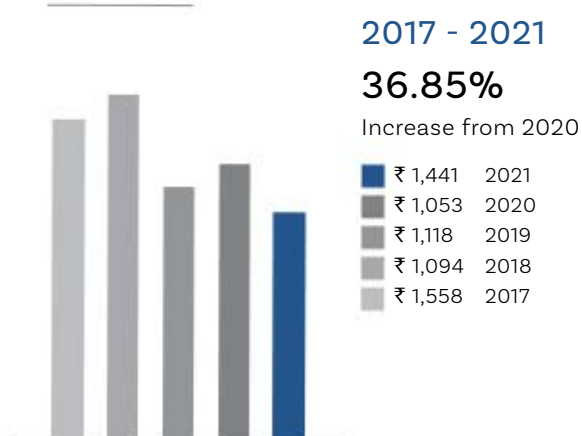
Figures are rounded off to nearest US \$ Mn./ ₹ in Mn.

Performance Indicators

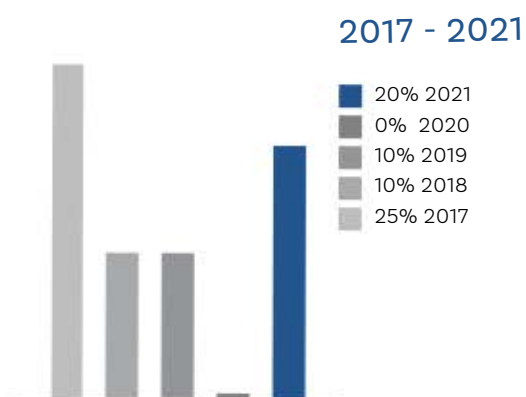
Net Sales
₹ in Mn.



EBIDTA
₹ in Mn.



Dividend
in %



Large Agitator Drive ▲

Management Insight



We delivered robust performance in fiscal 2021 led by strong performance in the gear division despite challenging external environment. After initial hiccups during the first quarter due to the nationwide lockdown to control the spread of the pandemic, we continue to see improved performance in our domestic and international business. We managed to maintain healthy order book on the back of periodic order inflows from our end segments like power, steel, sugar, mining and cement sector amidst revival in economic activity. We have been constantly channelizing our efforts towards reducing debt, inventory and receivables thereby strengthening our balance sheet. Also, our ongoing focus on streamlining existing operations has helped us maintain robust performance despite uncertain external factors of economy. Though the economic environment remains challenging, we remain optimistic on the Company's growth prospects. We continue to work towards making ourselves leaner and agile to tide over the prolonged slowdown caused by Covid-19 pandemic and have aligned our efficiencies to capitalize on the emerging opportunities during and post economic recovery.

We are actively taking all measures to contain the impact of pandemic by providing necessary support to our employees and other stakeholders. We have provided substantial support to the hospital which supports in relief for the underprivileged persons affected by pandemic.

Prayasvin Patel - Chairman & Managing Director



We witnessed a strong performance in Elecon Gear Division in 20-21. This is particularly important as our first quarter got completely washed out due to pandemic break out and complete lockdown thereof. Our relentless focus on process optimization starting from appropriate quality order booking in required combination to an efficient execution on time, finally resulted into a quick completion of order cycle. This resulted an improved turnover ratio and a better cost rationalization which together presented a stronger result in midst of a testing time. Performance of our subsidiaries continue to be satisfactory considering the challenges in global economy. Pandemic and its various successive waves will be there for some time and the global economy cannot isolate itself from Covid effect. Hence, in Elecon Gear, we are now concentrating on various strategic initiatives which would enhance our operational efficiencies so that we get somehow immuned from the turmoil of global economy and uncertainty thereof in the business in days to come. We are witnessing improvement in economic activity led by widespread vaccination and favourable government measures. Gear Division remains well placed to capitalize on the upcoming opportunities and we are confident of emerging out to be stronger than before getting boiled in the ongoing crisis.

M M Nanda - Head Gear Division



Our financial performance in in this year has been better considering the uncertainty prevailed at the beginning of the year. The company took measures to improve the working capital, cost mitigation and profitability improvement which has yielded the better results and reduction of debt. Gear division's financial performance improved based on the focus on exports, profitability decisions while taking orders, improved receivables management, measures taken for inventory management and temporary as well as sustainable cost mitigation. In MHE division, focus was given to pursue end customers to complete the execution of project based orders which helps the company to realise the milestone based receivables and cost

mitigation measures based on current level of operations. The financial performance of overseas subsidiaries also improved in few regions due to sales growth and in certain regions, there was rebound in the last quarter due to which the company was able to overcome the sluggishness in earlier quarters.

Narasimhan Raghunathan - Chief Financial Officer



Corporate Social Responsibility

Elecon Engineering Company Limited is an organization that has always marched ahead since its inception with a vision of philanthropy. Elecon Group of Companies undertakes its CSR largely through two dedicated wings; namely EL-Care and Elecon Ladies Forum (ELF) under B. I. Patel Charitable Trust and I. B. Patel Charitable Trust guided under the leadership of Shri Prayasvin Patel – ELECON Group Chairman and Smt Taruna Patel - CEO Emtici Engineering Limited & Madhubhan Resort & Spa. Elecon benevolently participates towards the betterment of society through several initiatives, both large and small. Shri Prayasvin Patel has also been honored with the 'Charotar Ratna' award for the organization's magnanimous commitment in serving the local areas.

Highlights of the CSR activities carried out by Elecon:

ANNUPURNA during the COVID -19 pandemic



The Elecon Ladies Forum adopted an initiative called "Annupurna" in crisis time. The activities are carried out to feed the needy and poor people. Bhandaras were organized during the COVID -19 pandemic outside the Elecon Campus.

Elecon ELF team came forward to help the needy and the underprivileged during the pandemic and the organization has been proactive in supporting people who have lost their livelihoods.

ELF Team has gone an extra mile by initiating the distribution of food kits consisting of 8 items during the National Lockdown under Mission Anna Seva.



Elecon came forward for serving both lunch as well as dinner at door step to all Elecon's employees as well as their family who are infected with covid virus and continues to provide same facility until the situation become normal as part of the mission - COVID Suraksha.

EDUCATION

Elecon continued providing support for education during the COVID-19 pandemic. The company firmly