



## 62<sup>nd</sup> ANNUAL REPORT 2021-22



*Elecon celebrates 70 years of business excellence*



Then



Old workshop - Gear Division

Now



Inside view of Bhanubhai Memorial Centre of Excellence (BMCE)



# About Cover

Elecon Engineering Company Limited is a trademark that reflects leadership and relentless innovations in the power transmission industry, and as an integrated solution provider for the entire value chain of material handling systems in India.

Elecon was established in Goregaon, Mumbai by Late Shri Ishwarbhai B. Patel. A company fundamentally driven by “excellence” around technical innovations had its early focus on engineering, procurement and construction projects. After relocating its base to Anand, Gujarat in 1960, Elecon continued to innovate in manufacturing Power Transmission Equipment and established a dedicated Gear Division in 1976.

Today, Seven decades later since its foundation, Elecon stands as an attestation to the formidable efforts and the visions of its founding fathers and their successors. Elecon reigns as the largest industrial gear manufacturing company in Asia, located in the Anand city of Gujarat. Since its inception, Elecon’s prime focus has remained on research & development, innovation and acquiring new-age technological advancements.

Driven by the vision of creating a formidable global presence in the realm of power transmission, Elecon has developed a range of products that outperform the best in business in terms of innovation & quality, and has made its presence stronger in the U.S., the U.K., Middle-east, Africa and Singapore. As the industry leader, Elecon continues to outperform by driving excellence in our products and boosting our production power, manufacturing the most superior quality catalogue and custom range of precision-engineering products. The Material Handling Division at Elecon has equally flourished and has many unique credits to its name showcasing its potential for driving excellence everywhere.

In the post-Covid era, Elecon remains primarily focused on technological innovation, research & development for the evolving industry. Commemorating the relentless aspirations of its founding father Late Shri Bhanubhai I. Patel, BMCE was created. “Bhanubhai Memorial Centre of Excellence” (BMCE) is a state-of-the-art ultra-modern gear production lean unit conceptualized by Shri Prayasvin B. Patel, Chairman & Managing Director in 2012.

Assuring world-class quality, timely production and the shortest possible lead time, BMCE has been contributing to elevated production. Through constantly innovating and driving excellence everywhere, and eyes on innovation, Elecon continues to be the most preferred tech-savvy organization in the markets.

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# 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**  
M/S CNK & Associates LLP, Chartered Accountants

**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 with a focus on Engineering, Procurement and Construction projects in India.

Elecon Engineering Company Limited was incorporated as a Private Limited Company in January 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 Cement, Sugar, 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 overseas 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

(₹ in Lakhs)

	2021-22		2020-21		2019-20		2018-19		2017-18	
Particulars	Consolidated	Standalone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone
TURNOVER	1,20,355	88,442	1,04,444	79,610	1,08,846	83,574	1,22,480	95,546	1,18,972	91,954
EBIDTA (Excl. Other Income)	24,788	18,423	18,722	14,381	14,195	10,530	14,356	11,349	11,604	10,936
PAT	14,049	9,552	5,763	3,626	8,970	7,242	7,010	1,207	760	808
EQUITY DIVIDEND	1,571	1,571	449	449	-	-	220	224	220	224
DIVIDEND%	-	70%	-	20%	-	-	-	10%	-	10%
NET WORTH**	1,03,492	90,567	90,127	81,637	83,470	77,800	74,559	73,360	58,780	72,517
FIXED ASSETS (NET)	52,263	52,318	54,834	54,707	58,954	58,470	67,769	67,140	71,009	70,796
NUMBER OF EMPLOYEES(Nos.)		565		619		772		788		774
KEY INDICATORS										
EPS (₹)	12.52	8.51	5.14	3.23	7.99	6.45	6.25	1.08	0.67	0.72
DEBT EQUITY RATIO	0.14	0.13	0.36	0.31	0.57	0.50	0.71	0.65	0.83	0.68
EBIDTA/TURNOVER %	20.60	20.83	17.93	18.06	13.04	12.60	11.72	11.88	9.75	10.94
NET PROFIT MARGIN%	11.67	10.80	5.52	4.56	8.24	8.67	5.72	1.26	0.64	0.88
RETURN ON NET WORTH%	13.58	10.55	6.39	4.44	10.50	9.31	9.40	1.65	1.29	1.11
RETURN ON CAPITAL EMPLOYED%	11.93	14.39	4.81	9.77	7.10	6.44	0.51	0.96	0.06	0.64

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

EBIDTA - Earnings Before Interest (Finance Cost), Depreciation & Amortization And Tax

PAT - Profit After Tax

EPS - Earnings Per Share

## Credit Rating Updates:

Current Rating - May, 2022	Previous Rating - September, 2021	Previous Rating - December, 2020
BWR A (Outlook-Stable Upgrade)	BWR A - (Pronounced as BWR A Minus) (Outlook : Stable)	BWR A - (Pronounced as BWR A Minus) (Outlook : Negative)

## Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its Members. To support this green initiative of the Government, Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill up the details in the form attached (refer page no. 237 of the Annual Report) and register the same with M/s. Link Intime India Pvt. Ltd., Vadodara.

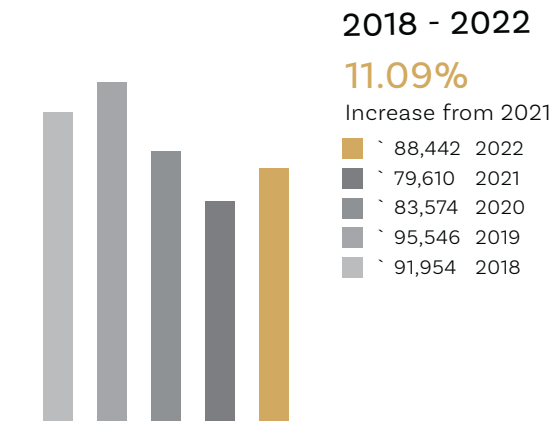
Postage for sending the form will be borne by the Company.



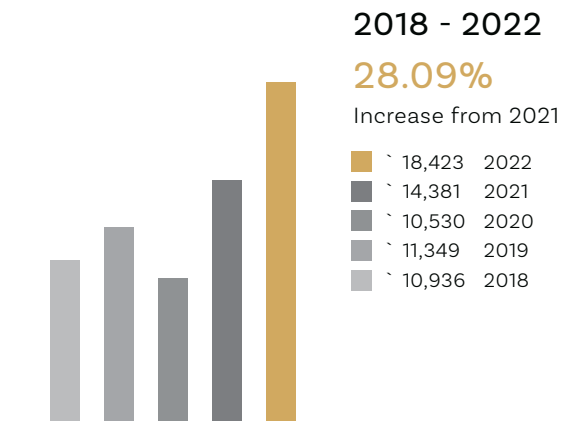
# Performance Indicators

(Standalone)

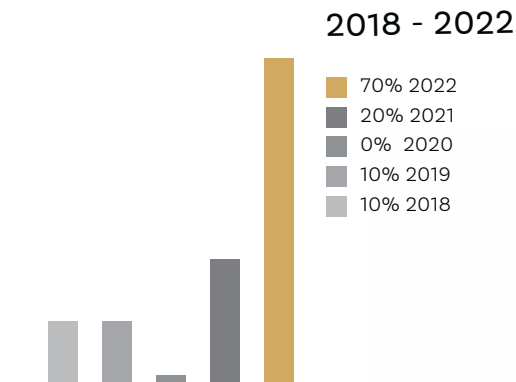
## Net Sales ₹ in Lakhs



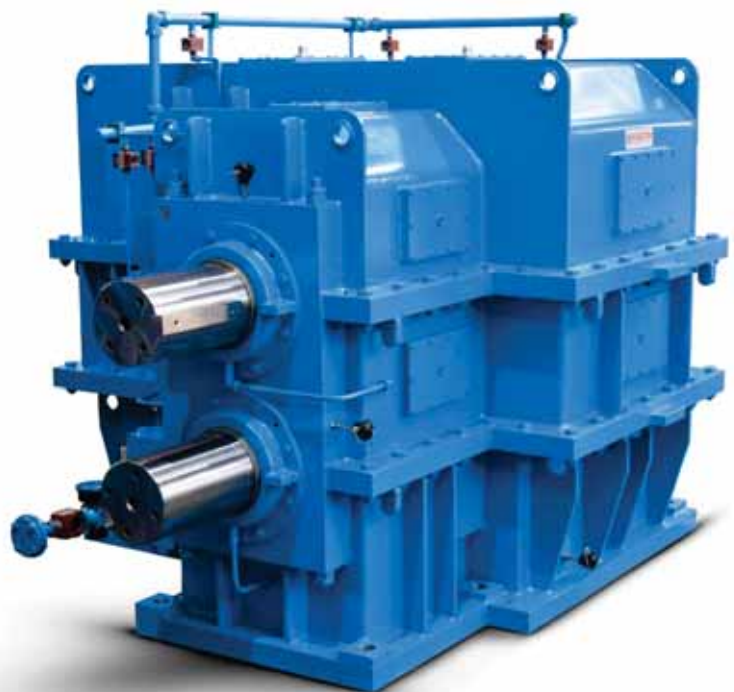
## EBIDTA ₹ in Lakhs



## Dividend in %



Combined Gearbox & Pinion  
Stand for Steel Rolling Mills



# Management Insight



We are pleased to have reported healthy performance in Fiscal 2022 led by our continuous efforts towards optimizing efficiency and cost reduction along with our focus on turning around our MHE division by strategically pursuing product business. We have made significant progress in terms of closure of few legacy projects. The demand environment continues to remain resilient despite challenging external environment due to ongoing geopolitical tension which has aggravated supply chain issues and resulted in inflationary pressures. Our relentless focus on reducing debt has resulted in the overseas subsidiary becoming debt free and we target to become net debt free at the consolidated levels. We are continuously working towards debottlenecking and ensuring better utilization of available capacity, working capital optimization and reduction in lead time. As such, we are confident that we will be able to create significant shareholder value in the coming years.

**Prayasvin Patel** - Chairman & Managing Director



We witnessed strong order intake in the Gears business due to favourable demand environment. Although the external environment has turned slightly challenging due to ongoing geopolitical conflict, we are seeing healthy inflow of orders from our end-user industries. We continue to focus on cost reduction initiatives along with improvement in overall production efficiency to mitigate the impact of rise in input and logistics cost. All our overseas entities have now turned profitable. We are presently working towards improving our market reach further in Europe, USA, Canada, and Latin America. The proposed increase in government capital expenditure announced in the recent budget augurs well for the industry and is likely to result in sustainable growth in the gears division.

**M. M. Nanda** - Head Gear Division



Fiscal 2022 marks the inflection point in terms of performance in the MHE division and we are fairly confident that the performance will improve further in the coming years. In the MHE division, we have successfully closed few legacy projects and collected the outstanding guarantees as well as payments and we intend to wind up the other loss-making projects in due course of time and completely focus on profitable products business. During the year, we undertook various cost optimization initiatives, streamlined execution capabilities and focused on improving receivables management. We are confident of turning around the performance in the MHE division led by our unwavering focus on choosing profitable business in the products business and staying away from loss making projects business.

**P. K. Bhasin** - Head MHE division





We are pleased with our performance in Fiscal 2022 owing to our focus towards streamlining existing operations and enhancing operational efficiencies. We continued to direct our efforts towards receivables, inventory management and debt reduction initiatives. During the fiscal year, the Gear division witnessed positive performance on the back of healthy inflow of orders of our end user industries. Our focus is to keep looking out for growth in the domestic market as well as increase penetration in the international market. We are witnessing positive momentum in the order intake and revenue in the US, Latin America and Canada operations. We continue to work towards making ourselves leaner and agile to tide over the challenging external environment. We are confident of improved performance going forward led by turnaround in the MHE division, cost reduction initiatives, improved profitability in the international businesses and substantial reduction in debt.

**Narasimhan Raghunathan** - Chief Financial Officer



Welding Robot with  
Multi Axis Control in  
Operation

# Corporate Social Responsibility

Elecon Engineering Company Limited has always supported the welfare of local communities in the nearby region. Elecon strongly believes that serving the society is a responsibility. Be it education, health care, hygiene, medical care & nutrition, Elecon Group is emphatically invested in social welfare as its CSR.

Elecon Group of companies undertakes its CSR related activities through two banners, namely 'EL-Care' and 'ELF' (Elecon Ladies Forum) under the B. I. Patel Charitable Trust and I. B. Patel Charitable Trust under the leadership of Shri Prayasvin Patel - Elecon Group Chairman and Smt. Taruna Patel - CEO - Emtici Engineering Limited & Madhubhan Resort & Spa. Shri Prayasvin Patel has also been honored with the prestigious 'Charotar Ratna' award for his magnanimous efforts in serving local areas.

## Highlights of the CSR activities carried out by the Company

### ANNAPURNA:



The Elecon Ladies Forum adopted an initiative called "Annapurna" in the time of crisis during the pandemic. The activities are carried out to feed needy and poor people. Bhandaras were organized during the pandemic outside the Elecon campus.

The ELF team came forward for helping the needy and the underprivileged. The Company has been proactive in supporting people who have lost their livelihoods during the pandemic.

### FOOD FOR FAMILY:



As a part of Elecon's philanthropic efforts, the Company supported the families of Covid-19 affected staff. Fresh and healthy food was provided.

### EDUCATION:



Elecon facilitated meritorious students from economically weaker sections, by giving them scholarships that includes fees and expenses towards their boarding and lodging. 15 students in each academic year are awarded this scholarship, so on a rolling basis now Elecon gives this scholarship to 60 students. Elecon firmly believes in the power of education and provided this support to outstanding students of engineering schools.