

Five Years at a Glance

(` in Lakhs)

Particulars	2021-22		2020-21		2019-20		2018-19		2017-18	
	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone
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)

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

Gear Division



▲ Hobbing of Annulus (Ring Gear) in Planetary Gearbox

Manufacturing Strengths

The year 2021-22 was a year of phenomenal success for Elecon's Gearbox business. Customer's growing confidence made Elecon's basket overflow with orders. It's Elecon's robust manufacturing facility, that could stand up to comply with such supply demand from market. Steel, Sugar and Cement are some of the prominent Industries drove the demand.

Elecon has consolidated its manufacturing facility at Vallabh Vidyanagar over the years with right investment at the appropriate time. That's why, today against increased requirement, Elecon could comfortably serve the market with right product as per customer's specified delivery schedule.

Be it state of the art plant for small and medium Gearbox parts manufacturing (namely Bhanubhai Memorial Centre of Excellence), the most modern and automated assembly cum testing centre,

Elecon has optimised its infrastructure. Skill blended with manufacturing capability put Elecon at the top choice level for the customers in India and also at different parts of the globe. Elecon's quality and environmental consciousness are reflected in its ISO 9001:2015, BS OHSAS 18001:2007 & ISO 14001:2015 accreditations.

From small Worm Gearbox and Small Helical and then raising the sizes upto a mammoth Helical/ Bevel/Planetary Gearboxes - it's Elecon which can cater the entire product range in Mechanical Power Transmission industry. Gearboxes are well supplemented with all types of heavy duty Couplings and accessories to make the drive chain complete. Some of the feathers in Elecon Product range are Marine Gearbox for Defence, Vertical Mill Gearboxes in Cement & Power, Rolling Mill Pinion Stands, and Sugar Mill Planetary Drives.

Elecon's cutting edge technology and world class quality make it one of the largest Gearbox manufacturer in Asia. Elecon's supply, reach the Asia Pacific, Middle East, Europe, Americas, Africa apart from every nook and corner of India.

Growth Drivers

Covid 19 got subsided by the end of fiscal but it extracted the best of the ability of the company.

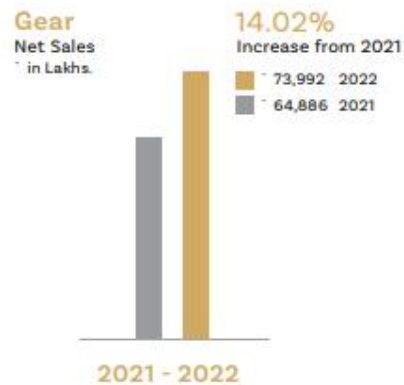
Being driven from the front by its visionary leader, Elecon could perform with more than normal efficiency level at this time of need and came out with flying colours fighting against all industrial, financial and health related odds.

Sugar Mill Planetary Drives, Large Sponge Iron Drive packages, Rolling Mill Pinion Stand Gearboxes,

Vertical Roller Mill, Roller Press and Ball Mill Drives for Cement, Power & Mineral plants and finally Marine Gears for Defence are some of the drivers for the growth.

Elecon have always in look out of the development opportunities in Mechanical Power Transmission Drives. Elecon's leadership is further established when renowned Steel manufacturing companies from United Kingdom or Cement companies from South America come to Elecon for their critical Gearbox need apart from thousand other customers across the globe.

Net Sales Gear Division ₹ 73,992 Lakhs In 2021-22



Material Handling Equipment Division

▲ SPEEDING UP WAGON UNLOADING – Rotary Tippler for high capacity wagon unloading in India

Manufacturing Strengths

- Elecon is endowed with expertise in Bulk Material Handling equipment and systems, built up over decades of innovation and technology upgradation.
 - The initial years were spent in catering to the emerging core-sectors like Steel, Power, Fertilizer, Port and Mining.
 - After independence, Government of India's drive for industrialisation gave fillip to engineering sector in particular and construction and project sector in general.
 - Elecon decided to build its own manufacturing facilities to indigenously produce equipment and systems. At that point of time most of the major manufacturers were from Europe & North America.
 - Since then we have grown manifold, making available to market an enviable range of products with global footprint.
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- We are executing the Order for Wagon tippler with associated equipment for third time consecutively from Paradip Port Trust including by replacing the old tippler. The said project is under commissioning.
 - We are executing the Order from Singareni Collieries for Relocatable conveyors for their mines located in the Ramagundam area.
 - We are executing the Supply for the Order from SAIL Durgapur for Barrel Reclaimer for their Plant. The said project is under commissioning.
 - Reputed customers have appreciated our manufacturing strength and have given us several equipment orders, while giving preference over other established world renowned suppliers.
 - Cement industry has thrived even under difficult circumstances, largely supported by massive infrastructure growth. Several cement plants have added capacities. Our prestigious customer list includes Ultratech cement, Shree Cement, Wonder Cement, Chettinad Cement etc. and the projects awarded to Elecon are being executed as per their required timeline and quality standards.
 - We have successfully commissioned the Stacker cum Reclaimer at NTPC Darlipalli Site and Kudgi Site.
 - Major significant improvement has been achieved in this year in terms of reduction in Company's liability of Bank Guarantee exposure. Nearly 50% in value has been reduced.

Customers across the globe rely on our:

- a) State of the art manufacturing facility
- b) World class quality
- c) Updated Design & Engineering capability
- d) Exceptional execution skills
- e) Prompt after-sales services and spares availability
- f) Innovative solutions

Some recent Achievements:

- In this year of pandemic-related challenges globally, Elecon managed to complete the Mega Coal Handling Plant at NTPC Gadawara overcoming various problems with determination and focus.
- We have successfully completed the Commissioning and have done PG test for the significant order from IFFCO at Kandla, Gujarat for Scrapper Reclaimer.

Growth Drivers

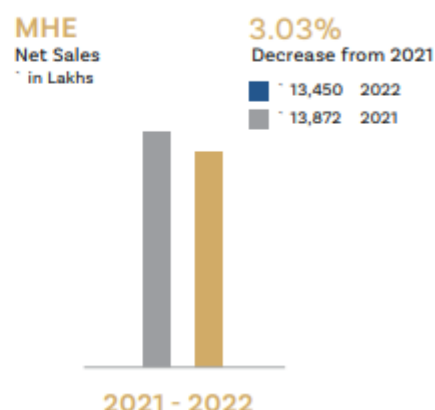
- Diversification of the business by venturing in to new areas gave us exposure to new material handling requirements such as FGD packages, Health and life study of equipment / system and providing R&M solution to various customers.
- Considering that approval for commercial mining and allotment of various mines has been accorded by Government of India and that Coal India Subsidiaries have plans to execute several new projects, we are working closely with the industry to upgrade/develop various equipment/systems like higher size crushers, semi-mobile crushers, to support many Mine Development Organizations.
- Operation & Maintenance of operating plants is another area of interest wherein efforts are being put to develop business through customer contacts.

Net Sales

MHE Division

₹ 13,450 Lakhs

In 2021-22



Working Capital Borrowings

Continuous monitoring and review of the receivables, inventories and other working capital parameters helped the Company reducing working capital borrowings to ₹ 7,425.46 lakhs as at 31st March, 2022 from ₹ 8,964.80 lakhs as at 31st March, 2021. Further, the Company is working on effective Supply Chain

The Company's gear business witnessed strong performance on the back of healthy order inflows and favourable product mix and also due to increased focus towards increasing penetration in the international markets. The Company took various initiatives to reduce logistics cost in exports. During the fiscal, the Company's order book in Gear business stood at ₹ 41,001 lakhs with power, steel, cement, sugar, mining, and fertilizer contributing most to it. The performance in the MHE business was heartening owing to focus on profitable product business. During earlier years, arbitration award worth ₹ 6300+ lakhs was granted in company's favour and while counterparties are pursuing appeal proceedings, Elecon is confident of recovering the same. The Company continued to identify new growth avenues to augment capacity utilization. At the end of fiscal, the Company's order book in MHE business stood at ₹ 12,713 Lakhs.

All the overseas entities have now turned profitable owing to the ongoing strategic initiatives, and the Company is working towards further improving its market reach in USA, Canada and Latin America where it is witnessing positive momentum in the order intake and revenue. Going forward, Elecon will continue to focus on strategies to create long term value for shareholders. In this regard, the

The Engineering Sector and Gears

The Indian Engineering sector is of strategic importance for the growth of the economy as it drives the growth of core sectors of the economy. The technology intensity of India's engineering export portfolio has largely been skewed towards low- and medium-technology intensive engineering goods. However, riding on the back of reforms and incentives announced by the government for the sector, domestic players have started focusing on improving their capabilities, enhancing quality of offerings, and investing in upgradation of technology to become globally competitive while retaining cost leadership. Engineering goods exports ended the fiscal year on a positive note despite challenges such as supply chain disruption and higher freight rates and input costs. Capacity creation in sectors such as infrastructure, power, mining, oil & gas, refinery, and consumer durables are driving demand in the engineering sector.

Favourable measures such as Production Linked Incentive (PLI) along with increased capex outlay announced in the recent union budget to spur economic growth bodes well for the sector. Increased government expenditure is likely to propel private capex in construction and manufacturing industries such as automobiles, metals, engineering, etc. Moreover, rising exports demand would also lead to capacity expansion. However, the industry needs to continue investing in upgrading technology to seize the huge opportunities and government should support the industry through announcement of favourable policies to improve the ease of doing business and help the industry to compete at a global level.

Global industrial gearbox market is expected to witness robust growth on the back of resurgence of investments in the oil and gas sector and growing adoption of industrial automation in the manufacturing industries. Increasing investments in the end-user industries such as material handling,

wind power, construction, and metal and mining sectors is likely to propel growth in the industrial gearbox market. Additionally, the implementation of stringent government regulations for controlling noise pollution and reducing power overload across industrial units is further augmenting the installation of industrial gearboxes. Introduction of favourable government policies and financial incentives for clean energy sources has also boosted the market for industrial gearboxes. Emergence of advanced technologies, such as artificial intelligence and robotics will continue to drive the global market for industrial gearboxes.

Company will target to becoming net debt free at the consolidated levels by FY23 and will focus on working capital optimization & cost control, debottlenecking and ensuring better utilization of available capacity.

The Company is confident that streamlining of existing operations along with reduction in debt is likely to lead in improvement in EBITDA margins and overall profitability. Moreover, 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 for the sector in the coming years.

Segment Wise Revenue - Gear Business

During fiscal 2022, the power business contributed close to 15% in the overall business. India is one of the leaders in global energy production and consumption, next only to China and the US. Rapid industrialization and urbanization along with favourable government policies have accelerated capacity addition in the country. In recent times, there has been a visible increase in the deployment of clean renewables and grid-connected distributed generation. In the recently announced budget, government laid out its vision of promoting clean energy transition and climate action and increased funding under the production linked investment (PLI) scheme for domestic solar cells and module manufacturing to ₹24,000 crore from the existing ₹4,500 crore in order to facilitate domestic manufacturing for the ambitious goal of 280 GW of installed solar capacity by 2030. The government set a target of installing 500 gigawatts (GW) of non-fossil energy capacity by 2030. All these development augurs well for Elecon's business in power generation, distribution, transmission, and equipment.

India is the second-largest producer of cement in the world, accounting for more than 7% of the global installed capacity. Spurt in demand from sectors such as housing, construction, and infrastructure has led to increase in cement consumption. The ambitious upgrade of infrastructure spanning roads, railways, ports, airports, mass transport, waterways, and logistics sector under the framework of PM GatiShakti was announced in the budget. Under the plan, government aims to expand the national highways network by 25,000 kilometres in the upcoming fiscal which is part of the ambitious ₹100 trillion plan for multi-modal connectivity. Railways will also develop 100 PM GatiShakti cargo terminals for multi-modal logistics facilities. Moreover, under PM Awas Yojana, ₹48,000 crore has been allotted to provide pucca houses to every urban household.

As such, the increasing focus on upgrading infrastructure combined with push for affordable housing by the government bodes well for the growth of the cement industry.

Steel industry has been the pillar of India's rapid infrastructure development. The government's focus on infrastructure and construction has led to robust demand for steel over the years. Rapidly developing automobile and railways sector along with government's initiatives on housing (Housing for All), roads (Bharatmala), ports (Sagarmala), railway (dedicated freight corridors, metros and bullet trains), and airports (Udaan) will continue to drive the growth of the industry. Strong capital expenditure announced in the budget coupled with renewed focus on the affordable housing segment is positive for the industry. The Centre's PM GatiShakti scheme announced with an aim to accelerate infrastructure development and logistics across India will provide major boost to steel industries.

Shipping plays a critical role in supporting the country's trade and commerce. India has 13 Major Ports and about 200 Minor Ports and almost 95% of the country's trade by volume and 68% by value is moved through maritime transport. Over the last few year, the government has undertaken several initiatives to make the Indian maritime sector "atmanirbhar" which has resulted in development of ports, improvement in port infrastructure and expansion of shipping connectivity. Recently, the government has come out with Maritime India Vision 2030 blueprint which envisages coordinated and accelerated growth of the country's maritime sector over the decade and seeks to develop three world-class mega ports of greater than 300 MTPA cargo handling capacity, increasing trans-shipment cargo share from 25% to 75%, increase share of cargo handled at major ports and ensure infrastructure modernisation. The increasing investment and cargo traffic points towards a healthy outlook for the Indian port sector. With adequate policy support and a growth in external trade, India's shipping industry has immense potential to scale new heights and support India's economic growth.

The government has taken various measures for the sugar industry such as increasing fair and remunerative price, increasing minimum support price, and promoting efficient ways of fuel production. Moreover, favourable pricing environments domestically and globally would encourage export prospects and along with higher expected sugar diversion towards ethanol would help in reducing the existing excess stock levels which is a major positive for the sector. Also,

Particulars	Standalone		Consolidated	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Debtors Turnover Ratio*	2.09	1.55	2.61	1.87
Inventory Turnover Ratio*	4.96	3.94	4.70	3.75
Interest Coverage Ratio*	5.88	2.25	6.43	2.52
Current Ratio	1.47	1.29	1.64	1.35
Debt Equity Ratio*	0.13	0.31	0.14	0.36
Operating Profit Margin	20.83	18.06	20.60	17.95
Net Profit Margin (%)*	10.80	4.56	11.67	5.52
Return on Net Worth(%)*	10.55	4.44	13.58	6.39

TECHNOLOGY ABSORPTION

Research and Development

- Vertical roller mill gearboxes developed up to power range 5.6 MW.
- Development of standard planetary series with Output Torque capacity up to 8000 KNm is completed.
- New worm gearbox models introduced for bottling plant application.
- Modified Worm Series is developed.
- Standardization of steel mill Pinion stand gearboxes.
- Developed standard package for Condition monitoring system.

Future plan of action:

Action plan for future is summarized below:

- Rationalization of Standard Planetary Series.
- Highly flexible coupling.
- Standard Marine Gearbox development
- Optimization of Helical & Bevel-Helical Gearbox series.

Expenditure on R & D:

In pursuit of R & D endeavors the Company is continuously incurring R & D expenditure which has been separately reflected in the financial statements. The total R & D expenditure incurred during the financial year 2021-22 is as under:

	(` in Lakhs)
Capital Expenditure	--
Revenue Expenditure	245.70
Total	245.70

(II) Technology absorption, adaptation & innovation, measures take and benefits derived there from

- Bevel-worm gearbox developed for tunnel gate operation.
- Double worm threaded gearwheel developed.
- 20° CRS single & double reduction gearbox developed.
- Worm gearboxes developed for thread milling application.
- Large Banbury mixer drive designed for 2x1250 KW power capacity for rubber Industries
- Large rolling mill pinion stand application for 372 KW power capacity for export market developed.
- Large Ladle tilt drive gearbox developed for 389.26 kW power capacity for export market.
- Mill duty gearbox with four output shaft having power capacity 1425 KW developed.

3. FOREIGN EXCHANGE DETAILS

(` in Lakhs)

Particulars	2021-22	2020-21
Earnings	8,117.96	10,576.84
Outgo	11,028.89	13,422.54

ANNEXURE - D TO BOARD'S REPORT

Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Sr. No.	Name of Directors and KMPs	Designation	% Increase in Remuneration in FY 2021-22	Ratio of Remuneration to Median Remuneration of Employees
A. Directors				
1.	Shri Prayasvin B. Patel	Chairman & Managing Director	94.09*	101.89
2.	Shri Prashant C. Amin	Non-Independent Non-Executive Director	22.41	1.45
3.	Shri Pradip M. Patel	Non-Independent Non-Executive Director	19.35	1.65
4.	Shri Pranav C. Amin	Independent Non-Executive Director	#	#
5.	Shri Jal R. Patel	Independent Non-Executive Director	20.80	1.67
6.	Shri Jai Diwanji	Independent Non-Executive Director	22.25	1.69
7.	Dr. Sonal V. Ambani	Independent Non-Executive Director	22.29	1.66
B. Key Managerial Personnel :-				
1	Shri Narasimhan Raghunathan	Chief Financial Officer	17.12	7.09
2	Smt. Bharti Isarani	Company Secretary	11.47	2.77

* The Commission payable of ₹ 3.00 Crores is included in the remuneration of Shri Prayasvin Patel in financial year 2021-22 (Nil for financial year 2020-21).

#Shri Pranav Amin was appointed as an Independent Director w.e.f. 27th May, 2021. Hence, in all such matters; the current year's remuneration is not comparable.

- (i) The median remuneration of employees of the Company during the financial year was ₹ 5.97 Lakhs. There was an increase of 9.74 % in the median remuneration of employees.
- (ii) There were 565 permanent employees on the rolls of Company as on 31st March, 2022.
- (iii) There was an increase of 11.26% in average percentage salaries of employees (other than the managerial personnel) in the financial year 2021-22, whereas the managerial personnel remuneration for the same financial year was increased to 42.13%. Change in Managerial Personnel Remuneration is mainly due to completion of term of Shri Prashant Amin in financial year 2020-21 as an Executive Director (Managerial Personnel) and inclusive of commission payment in the remuneration of Shri Prayasvin Patel in financial year 2021-22.
- (iv) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- (v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees of the Company.

(₹ in Lakhs)

Name of Directors	Salary	Perquisites*	Commission	Total
Shri Prayasvin B. Patel#	303.39	4.88	300.00	608.27

The appointment is contractual