

TRANSCRIPT OF 60TH ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF ELECON ENGINEERING COMPANY LIMITED TO BE HELD ON THURSDAY, 24TH SEPTEMBER, 2020 AT 10.00 A.M. THROUGH VIDEO CONFERENCING (VC) / OTHER AUDIO VIDEO MEANS (OAVM).

COMPANY SECRETARY:

Good morning all of you..... I am Bharti Isarani, Company Secretary of Elecon Engineering Company Limited, joining from Vallabh Vidyanagar. I would like to welcome you all to the 60th Annual General Meeting of Elecon Engineering Company Limited which is being held through Video Conference or Other Audio Visual Means.

Before we start the proceedings of this AGM, I would like to take you through certain points regarding the process to participate at this meeting through Video Conference or Other Audio Visual Means. The facility to join this AGM through Video Conference or Other Visual Means has been made available for members on first come first served basis.

The members who have joined this meeting by default are kept on mute mode to avoid any disturbances arising from background noise and enjoy smooth and seamless conduct of this meeting. There are two speaker shareholders registered with the Company. If any shareholder would like to ask the question, please write the same in your chat box, which will be answered in the question & answer session.

During the AGM, if a shareholder faces any technical issue, he or she may contact the helpline number as mentioned in the AGM Notice.

We have Shri Prayasvin Patel, Chairman & Managing Director of the Company with us.

With this I would request the Chairman Sir to take over and conduct the proceedings of the AGM.

Thank you..!!

Over to you Sir...



Cranes



Rubber Industry



Marine Industry



Plastic Industry



Power Industry



Steel Industry



Sugar Industry



Mining



Cement Industry

Gearing industries. Gearing economies.

CHAIRMAN: Thank you Bharti.

Good Morning..... Dear Valued Shareholders,

At the outset, I welcome you all shareholders who are present through Video Conferencing or Other Audio Visual Means at this AGM of your Company. Due to COVID-19 pandemic and social distancing norms, your Company has made arrangements for the shareholders to join the meeting through Video Conference and Other Audio Visual Means in compliance with the directions given by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

Now, I request all the directors, including myself, who are present at the meeting through Video Conference and Other Audio Visual Means to introduce themselves.

I am Prayasvin Patel and joining this meeting from Vallabh Vidyanagar. I welcome you all the members at 60th Annual General Meeting of your Company.

COMPANY SECRETARY:

Thank you Sir. May I request to introduce Shri Jal Patel who is the Chairman of the Audit Committee and also of the Stakeholders Relationship Committee of the Company. Over to you Sir.

Jal Patel:-

Thank you Bharti. Good morning to all... I am Jal Patel and I am joining 60th Annual General Meeting through Video Conference from my residence in Vadodara.

COMPANY SECRETARY:-

Thank you Sir. Shri Jai Diwanji is the Chairman of the Nomination & Remuneration Committee of the Company.

Jai Diwanji:-

Thank you Bharti. I am Jai Diwanji and I am joining 60th Annual General Meeting through Video Conference from my residence in Mumbai.

COMPANY SECRETARY:

Thank you Sir. Now, we have Dr. Sonal Ambani who is Chairperson of Corporate Social Responsibility Committee of the Company.

Dr. Sonal Ambani:-

Good Morning All, I am Sonal Ambani and I am joining 60th Annual General Meeting through Video Conference from my residence in Ahmedabad.

COMPANY SECRETARY:-

Thank you Madam. May I request Shri Pradip Patel, who is the Director on the Board to introduce himself please.

Pradip Patel:-

Thank you Bharti. I am Pradip Patel a Director of the Company joining 60th AGM of the Company through Video Conference from my residence in Mumbai.

COMPANY SECRETARY:

Thank you Sir. Now, requesting Shri Prashant Amin, a Director of the Company to introduce himself please.

Prashant Amin:-

Good morning All... Thanks Bharti. I am Prashant Amin a Director of the Company joining 60th AGM of the Company through Video Conference from my residence in Vallabh Vidyanagar.

COMPANY SECRETARY:-

Thank you All Board Members.

Dear Members, I would like to inform you that apart from the Board Members, we have Shri Narasimhan Raghunathan, Chief Financial Officer (CFO) of the Company who is attending this 60th AGM through VC from Vallabh Vidyanagar.

Shri Rupen Shah, Partner from BSR & Co., LLP represent the Statutory Auditors of the Company is attending this 60th AGM through Video Conference.

Shri Dineshkumar Bhimani is also attending this 60th AGM through Video Conference as a Scrutinizer.

I welcome you all.

Chairman:-

Now, I request the Company Secretary to ascertain the quorum.

Company Secretary to ascertain the quorum.

COMPANY SECRETARY:

There is being the requisite quorum present.

Since, there is no physical attendance of the shareholders the requirement of appointing proxy is not applicable.

Requisite Registers are available for inspection electronically on receipt of request from the shareholders during this AGM.

There being adequate quorum, now I would like to request Chairman Sir to commence the proceedings of the meeting.

CHAIRMAN:-

As the requisite quorum is present at this Annual General Meeting, I called the meeting in order.

Since the Notice of 60th Annual General Meeting and Board's Report is already with you, may I take it as read.

It is hereby informed that there is no qualification in Auditors' Report and Secretarial Auditors' Report. Hence, it may be taken as read.

COMPANY SECRETARY:

Now, I request Chairman Sir to deliver his speech.

CHAIRMAN:-

Dear Shareholders,

I welcome you all on behalf of the Board of Directors, the Management and the Employees of the Company.

Due to COVID impact and pursuant to various Circulars/Notifications of Ministry of Corporate Affairs and SEBI; the 60th Annual Reports for fiscal 2020 have been circulated through e-mail. We have endeavoured to accurately lay out the business performance and outlook of the Company; we believe that would help you in understanding the direction that we have set for the future.

With your kind permission, I take the Board's Report and Audited Accounts for Financial Year 2019-20 as read and would now take you through some of the key highlights of the fiscal gone by.

Economic Outlook

The global output to grow at 2.9 per cent in 2019, declining from 3.6 per cent in 2018 and 3.8 per cent in 2017. The global output growth in 2019 is estimated to be the slowest since the global financial crisis of 2009, arising from a geographically broad-based decline in manufacturing activity and trade. The global economy would continue to grow at a steady pace of around 3 per cent in 2019 and 2020 amid signs that global growth has peaked.

Domestic Outlook

Indian economy grew at the rate of 6.8% in 2018 and 4.1% in 2019 and is forecasted to grow at 1.2% in 2020. India is going through the most serious economic crisis since 2013 even in the pre-Covid period. After the Pandemic Lockdown, the economic crisis looks far more serious with GDP growth rate being -23% in Q1 of 20-21.

The challenges faced by Indian corporates are more for survival, restructuring for higher efficiencies and to change the outlook to look for different opportunities and think out of the Box.

Engineering Sector has further challenges as demand seems to have peaked and increase in demand seems a distant possibility.

Year at a Glance- Company Performance

Now, let me try to turn my attention to the performance of the year gone by.

The overall business performance in fiscal 2020 has been muted on account of sluggishness in certain sectors and disruption caused by pandemic towards end of the year. Gear Division shows considerable growth during the year with the exception that sales was planned towards end of the year had to be delivered in subsequent months. MHE Division faces challenges due to cancellation of orders as well as few kept in abeyance.

Elecon's Gear business continued to receive adhesion from the customers. During the fiscal, the Company booked orders worth of Rs. 752.56 crores. At the end of the fiscal, the Company's order book in the MHE Business stood at Rs. 512.30 crores and Gear business stood at Rs. 610.52 crores. Our foreign subsidiaries have sustained growth. For the Company, safety of various stakeholders is on top priority including the employees. Various precautionary and safety measures are implemented including taking medical treatment insurance for Covid-19 hospitalization for all employees.

Coming to Q-1 FY performance, we witnessed slight de-growth in revenue and margins. During the quarter, we booked orders worth Rs. 43 crores in gear business. This translates to an order backlog of Rs. 552.71 crores for execution in short to medium term. In MHE Business, we closed orders worth Rs. 21.15 crores. The pending order book for MHE business is 506.6 crores. During the quarter, our overseas business under Radicon and Benzlers registered revenue of Rs. 46 crores with a negligible EBITDA. Going forward, your Company has evaluated various Risk Management strategies for order inflow, cost reduction measures, cash flow management, supply chain management.

In the challenging environment resulted from COVID, Elecon's positioning and its capabilities have ensured steady growth of the Company with the utmost care of the employees and other stakeholders of the Company. At macro level, there is a slowdown in order booking due to lockdowns and COVID. At Company level, we have focused on cost rationalisation in various areas along with the timely execution and improvement in margins of incoming orders. Owing to our continued focus on strategies to create long term value for shareholders, we have witnessed

decline in total debt and reduction in customer receivables and trade payables during the year.

Dividend

Looking to the performance of the company as well as the uncertainties due to Covid-19 pandemic situation in the economy, the Board of Directors have not recommended dividend for the financial year 2019-20. However, we assure you to come out of it and to provide maximum value for the shareholders in the years to come.

Acknowledgement

On behalf of the Board of Directors and my behalf, I convey my sincere thanks to all the Shareholders, Vendors, Customers, Dealers and Business Associates and other Stakeholders. We are also thankful to the Central and State Governments, Financial Institutions, Public & Private sector Banks, Government Agencies and Non-government institutions and above all, our employees for their unstinting support in the growth of the Company's business.

I express my sincere appreciation to my colleagues on the Board and the Management Team for their invaluable contribution in guiding your Company towards greater heights of excellence in the volatile economic environment.

Thank you for your attention!

COMPANY SECRETARY:

Thank you Sir... Now, There are two speaker shareholders registered with the Company.

First Speaker, Mr. P. Jaychand from Chennai. However, he will join subsequently. Second Speaker shareholder is Kirti Shah from Mumbai.

Kirti Shah:- Good morning sir...I would like to know why the dividend is not declared this year

Chairman:- I have informed the same in my speech and would like to say that looking to the performance of the Company and impact of Covid, Company needs to conserve the funds for better strength for any

eventuality or in adverse situation. The same was discussed in detail by the Board and it was decided not to recommend dividend this year.

Kirti Shah:- In March Quarter there was huge profit v/s the loss in June Quarter. Reasons for the same please.

Chairman :- Mr. Narasimhan, would you please reply the same?

Narasimhan:- Yes Sir. The profit after tax in March was due to reversal entries of deferred tax liabilities.

Chairman:- Actually it was the reversal of deferred tax provision made in earlier years as informed and not the profit.

Kirti Shah:- The Company is 60 years old Company but its share market price is very low. What should be the valuation of the Company and its assets?

Chairman: - Firstly, our share's face value is of Rs. 2/- and not of Rs. 10/. Looking to the Performance of Company, present economic situation decide the valuation and market determines the market price of the shares and not the fact that how many years old your company is...or its assets. We always try to give our best performance in the current situation.

Kirti Shah:- Would like to know any liability is required to be provided in books?

Chairman:- As per the Regulations/ norms; books of accounts are audited by Statutory Auditors and concerned persons. Then everything is reflected in the books. Sometimes it affects the share market price and sometimes not.

Kirti Shah:- SEBI has empowered to increase your holding upto 75% and your holding is around 59%. What is your thought in the matter?

Chairman:- I will look into the same.

Kirti Shah:- Have you made the valuation of the Company if any person want to acquire your company?

Chairman:- As per the accounting norms, necessary valuations are made and reflected in the books.

Kirti Shah:- When the last valuation reports were made?

Chairman:- Mr. Narasimhan, will you please respond?

CFO:- In 2015. In the said Annual report, required disclosures are made.

Kirti Shah:- I am holding only 11 shares of the Company. I asked for some queries.

Chairman:- If any query is pending yet, please email us.

Kirti Shah:- Okay. Your Company Secretary has done good thing is the date of the book closure and date of AGM are conscience. Please continue this practice. Wish you all the Best...Thank you. Thank you very much.

Chairman:- Thank you

Company Secretary:- Thank you... now, we have query from three shareholders namely Bhavnaben Bodiwala, Navinchandra Bodiwala and Rubin Bodiwala in chat box. The same query i.e. who are interested to visit the plant. Chairman Sir...

Chairman: whenever any shareholder wants to visit the plant, they can contact the Company Secretary who will organize for them and we will ensure that at the shortest span to make the visit as far as possible. We thank you for showing interest in your company and we will definitely provide you all the necessary services for the visit. Thank you.

Company Secretary:- Now, moving ahead, is there first speaker joined?

Moderator: - We received his request to wait for him.

Chairman:- We cannot wait like this. Bharti, what you do is the question he has sent by his e-mail, we will answer them by e-mail and give proper response to him. Because we cannot keep on waiting to all the shareholders like this. So let's continue.

Company Secretary:- Apart from this, one more query in chat box from Acquita Investments Consultancy Private Limited. Their question is Potential orders from Indian Navy and potential orders from other defense organization.

Chairman:- we are right now executing the orders for the Indian Navy, which will get over in the year 2022. After which we have no orders as of now. However, there are good amount of inquiries that the Indian Navy likely to flow in the near future. And we are hopeful that with our past records, we should be able to bag a few orders. However, what orders we will get is difficult to ascertain as of now.

As long as other defense areas are concerned, we have been continuously trying to see to it that we can offer the products for the defense. We will continue to do so. But as of now we have not receiving any offers from any defense agencies.

Company Secretary:- thank you Sir. There is no further query in the chat box which I can see. Moderator, whether the Speaker one has joined?

Moderator:- No madam, he has not joined yet.

Company Secretary:- Let's move ahead and Chairman Sir over to you.

CHAIRMAN:

As you all know as per Companies Act, 2013, Company has provided remote e-voting facilities to Shareholders during 21st September, 2020 to 23rd September, 2020 on all business items mentioned in the notice of AGM. Remote E-voting was completed on 23rd September, 2020. For those shareholders who have not voted through remote e-voting facility during that period, the facility of e-voting is also provided at the meeting. Members may visit the link for e-voting page InstaMeet and cast their vote while viewing the proceedings of the meeting.

Now I request the Company Secretary to inform about the process of e-voting.

COMPANY SECRETARY:

As you all know that the Company has tie up with Link Intime India Private Limited for providing electronic voting facility to the Members of the Company as per the provisions of the Companies Act, 2013 read with its Rules.

The facility of e-voting is also provided at the meeting for those members who have yet not voted. Members may visit the link for e-voting page InstaMeet and cast their vote while viewing the proceedings of the meeting.

With your permission, The AGM is held through VC/OAVM and the resolutions being considered are:

Ordinary Business:

1. Adoption of Audited Standalone & Consolidated Financial Statements for the financial year ended on 31st March, 2020 alongwith Board's and Auditors' Reports.
2. Re- appointment of Shri Prashant Amin, who retires by rotation.

Special Business:

3. Re-appointment and fixation of Remuneration of Shri Prayasvin Patel as a Chairman & Managing Director of the Company for a term of three years with effect from 1st July, 2020.
4. Payment of Commission for five years commencing from 1st April, 2020 to the Non-Executive Directors of the Company.
5. Approval of payment of Remuneration to Cost Auditors of the Company for financial year ending on 31st March, 2021.

As mentioned in the notice, the resolutions are put to vote through remote e-voting and e-voting during the AGM.

Shri Dineshkumar G. Bhimani, Practicing Company Secretary, has been appointed as Scrutinizer to scrutinize the e-voting at the meeting and remote e-voting process in a fair and transparent manner. As earlier informed, he is also present at the meeting through VC.

Members please note that the results of remote e-voting and e-voting shall be disseminated to the stock exchanges i.e. BSE Limited & National Stock Exchange of India Limited and the same will also be placed on the Company's website and on the website of Link Intime India Private Limited within the statutory time limits.

Further, the e-voting process will continue for next 15 minutes after the AGM and will be disabled thereafter by the Link Intime India Private Limited.

CHAIRMAN:

Since there is no other business, I request our Company Secretary to deliver the vote of thanks.

COMPANY SECRETARY:

Dear Shareholders, I conclude this meeting with my sincere thanks for your support and co-operation. I would also like to thank all our esteemed Board Members and also to my colleagues. Thank you very much.

Stay Home and stay safe.

After Company Secretary delivers the Vote of thanks,

CHAIRMAN: Since there is no other business to transact, I declare the meeting as concluded.

Thank you!