

TRANSCRIPT OF 61ST ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF ELECON ENGINEERING COMPANY LIMITED TO BE HELD ON FRIDAY, 6TH AUGUST, 2021 AT 4.00 P.M. THROUGH VIDEO CONFERENCING (VC) / OTHER AUDIO VIDEO MEANS (OAVM).

COMPANY SECRETARY:

Good Evening 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 61st 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 some speaker shareholders registered with the Company, which we will take up in later part of the meeting. May I request to the speakers to restrict themselves for two to three minutes for question and answer session please. Apart from that, 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...

CHAIRMAN: Thank you Bharti.

Good Evening..... 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.

I, now, 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 61st 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.

Jal Patel:-

Thank you Bharti. Good morning to all... I am Jal Patel and I am joining 61st Annual General Meeting through Video Conference from Singapore.

COMPANY SECRETARY:-

Thank you Sir. Shri Jai Diwanji is the Chairman of the Nomination & Remuneration Committee and Risk Management Committee of the Company. He has joined but there is some technical issue faced by him.

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 61st Annual General Meeting through Video Conference from my residence in Ahmedabad.

COMPANY SECRETARY:-

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

Pranav Amin:-

Thank you Bharti. I am Pranav Amin a Director of the Company joining 61st AGM of the Company through Video Conference from my office in Vadodara.

COMPANY SECRETARY:-

Thank you Sir. 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 61st 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 61st AGM of the Company through Video Conference from my relative's residence in California.

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 61st AGM through VC from Vallabh Vidyanagar.

Shri Rupen Shah, Partner with his team from BSR & Co., LLP; the Statutory Auditors of the Company and Shri Ashwin Shah, the Secretarial Auditor are also attending this 61st AGM through Video Conference.

Shri Dineshkumar Bhimani, the Scrutinizer is also attending this 61st AGM through Video Conference.

I welcome you all.

We can see now Mr. Jai Diwanji. Mr. Jai Diwanji, who is the Chairman of Risk Management Committee and Nomination & Remuneration Committee of the Company. May I request Mr. Jai Diwanji to introduce himself please.

Jai Diwanji :- Thank you Bharti. I am Jai Diwanji and I am joining 61st Annual General Meeting through Video Conference from my residence in Mumbai.

COMPANY SECRETARY:

Now, I ascertain the quorum. 53 members are attending the meeting, including 12 members representing Bodies Corporates.

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 61st Annual General Meeting and Board's Report is already with you, may I take it as read.

COMPANY SECRETARY: Yes Sir.

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. Over to you Sir...

CHAIRMAN:-

Dear Shareholders, Ladies & Gentlemen,

I warmly welcome you to the 61st Annual General Meeting of your Company on behalf of the Board of Directors, the Management and the Employees of the Company.

I am sure that all of you have received and gone through the Annual Report for fiscal 2021. We have tried to lay out the business performance and outlook of the Company with an aim to help you in gaining a sense of the future direction in which the company is headed. With your kind permission, I take the Directors' Report and Audited Accounts for FY21 as read.

Before I take you through the key operating and financial highlights for the year, I hope that all of you are safe and have been taking adequate precautions to protect yourself and your family from the Covid-19 pandemic. The pandemic has caused significant disruption in manufacturing and trade and has resulted in increased uncertainty. However, we have taken all the necessary precautions and we restarted to perform business activity smoothly.

ECONOMIC OUTLOOK

The global economy is estimated to have contracted by 3.3% in 2020 due to the Covid-19 pandemic and subsequent strict and prolonged lockdown which led to sharp decline in trade and manufacturing activity and increase in unemployment levels. The pandemic disrupted the global supply chain, restricted cross border travel and brought the economy to a standstill. Governments across the world resorted to massive liquidity injection and unprecedented fiscal and monetary support to mitigate the impact of the pandemic and revive the global growth engine. According to IMF estimates, global growth is projected to expand by 6.0% in 2021 led by increase in consumer spending and business confidence on the back of faster vaccine rollout and continued accommodative fiscal and monetary measures by policymakers across the world.

The Indian economy which was already reeling under the impact of a global slowdown amid trade war worries and Non-Banking Financial Companies (NBFC) crisis faced yet another setback due to the Covid-19 pandemic and contracted by 7.3% in FY21. After contracting in the first half of the fiscal year due to strict restrictive measures imposed to prevent the spread of infections, the economy managed to turn around in the second half led by resumption in economic activity and increased spending by the government. Recently, the government introduced the Production Linked Incentive (PLI) scheme to encourage investment in the manufacturing sector and to make the domestic manufacturing sector globally competitive, encourage exports and to bring down the import bills. According to Moody's estimates, India is expected to clock a growth rate of 9.3% in FY22 despite the negative impact of second wave of pandemic on the back of favourable government policies and improving domestic and external demand.

The Indian engineering industry faced major headwinds due to the Covid-19 pandemic which brought the economy to a standstill. However, increased outlay for infrastructure sector by the government with a focus to revive the capex cycle and introduction of production linked incentive (PLI) schemes bodes well for the industry.

YEAR AT A GLANCE - COMPANY PERFORMANCE

Let me turn my attention now to the performance of the year gone by.

We witnessed good performance in Fiscal 2020-21 inspite of disruptions caused by the Covid-19 pandemic. The Gear business continued to witness positive performance on the back of modest order inflows and favourable product mix. In Material Handling business, we are focusing on closure of projects which were progressing slow due to various reasons of end-customer or contractors. We are more looking to product based rather than turnkey projects in coming years.

On a business front, Elecon's gear business continued to gain traction from the customers, and it reported robust growth in sales for the full year. During the fiscal, the Company booked orders worth of Rs. 565 Crores which translates to an order backlog of Rs. 248 Crores for execution in the near to medium term. The performance in the MHE business was sluggish as we continued to exit from loss making EPC projects and focus more on products business. We closed orders worth Rs.134 Crores in the MHE division during the fiscal year and the pending order book for MHE business now stands at Rs.63 Crores.

As on 30th June, 2021, for Gear Business, pending orders stands at Rs. 385.85 crores and for MHE business, it stands at Rs. 79.59 crores.

Despite challenging external environment, our focus on revamping internal processes and strategy resulted in sustained performance. At the Company

level, we continued to focus on reducing our debt and customer receivable and improving overall operational efficiency. We paid special attention to profitability of the orders we procure, commercial payment terms, working capital, management of inventory receivables, and growing our export business. All these measures have yielded positive results and put us in a strong position to take advantage of the upturn in the economy. We are confident of improved performance going forward on the back of revival in demand scenario and refined internal processes and strategy.

DIVIDEND

The Board of Directors of the Company has also recommended a dividend @ 20%, i.e.,Rs 0.40 per share for its shareholders. We will continue to work towards getting maximum value for our shareholders in the coming years.

OUTLOOK

The second wave of Covid-19 pandemic led to the pause in economic revival as state governments reimposed partial lockdown. However, the Indian economy is in much better shape and well prepared to face the challenges on the back of faster roll-out of vaccination and supportive measures by the government. Going into the future, the Company remains confident on the prospects of the business owing to revival in the economy and core sectors to which the Company caters.

ACKNOWLEDGEMENT

I would like to express my gratitude towards our Board Members for their constant guidance and support in our pursuit of maximizing long-term shareholder value. I must acknowledge the significant contribution of our employees, customers, and all stakeholders for their laudable efforts in maintain business continuity in this tough and uncertain environment. I am humbled by their determination to ensure normalcy in business operations and for their dedication and commitment towards the company's interest over their own.

As I close, I would like to take this opportunity to thank you all for your continuous support and faith in the company and its management. We shall endeavour to scale newer heights and accomplishment as we work towards transforming the company.

Thank you for your attention!

COMPANY SECRETARY:

Thank you very much Sir... Now, There are few speaker shareholders registered with the Company. Let us take them one by one.

First Speaker, Celestine Elizabeth Mascarenhas from Mumbai. Is she available?

Moderator: She is not available. Please move to the next speaker.

Company Secretary:- Okay. Next speaker is Yusuf Yunus Rangwala.

Yusuf Yunus Rangwala:- (He is Speaking. But he was not audible due to some technical issues from his side).

Santanu Mukhopadhyay :- that seems to be some technical issues from Mr. Yusuf Rangwala side. We will back once he will be connected. So Bharti, please proceed to the next speaker.

Company Secretary:- Okay. Next speaker is Mr. Anilkumar Poddar.

Moderator:- Sir, Mr. Anilkumar Poddar is not available. You can move to next speaker.

Company Secretary:- Okay. Mr. P Jaichand.

Mr. Abhishek J.:- Can you here me Madam?

Company Secretary:- Yes.

Mr. Abhishek J. Son of the Shareholder has raised the questions.

Company Secretary – We have received your email. So, I would request the CMD Sir to answer the question please.

Chairman:- Okay

Question (read by Chairman):- Whats the REAL impact of **Covid-19**? In % terms how your supply chain has affected?

Answer by Chairman:- To that my answer is the situation is very dynamic. During the acute wave of the pandemic, things were bad especially in cities like Mumbai, Bangalore, Delhi... so suppliers of ours and customers of ours which were stationed out there, it was very difficult to interact with them or get produces from them into our company. As the situation is down, they have reacted reasonably fast and in the dynamic situation, they enable to respond to us. In general, if you see our output, it has been fairly consistent and we have been enabled to meet the challenges that were given by covid to us especially in the supply chain situation.

Question (read by Chairman):-Where you see the light in the end of the tunnel?

Answer by Chairman:- It is anybody's guess, I presume that answer lies with the God and no one else. Since it is difficult to say that when the pandemic get over. But what I can say you is that during the pandemic, our employees have consistently facing various challenges and have been able to give an output which is extremely good and therefore I would like to congratulate our employees for doing such a fantastic job.

Question (read by Chairman):- Please give the production capacity utilisation figures in % for the month April, May and June 2021? What was capacity utilisation of last year? And Last 5 years on moving average basis?

Answer by Chairman:- Your company has been operating at an average utilization at anywhere between 40% to 50%. This is because of the fact that with the last boom came in and company had installed high quantity of new machine tools and infrastructure to take care of demands because the management was expecting that boom will continue and there will continue needs of more gear products. This is the reason why the capacity was booming after which came the recession and therefore after that we will able to sustain to an average utilization of 40-50%. This varies from month to month. Exact figures probably Narasimhan would you be able to give?

Narasimhan (CFO):- 50% sir.

Chairman:- Okay

Question (read by Chairman):- The Corona Virus and subsequent lockdowns have left virtually no industry untouched. After the Covid: How many employees we have sacked, hired and salary cut in % if any?

Answer by Chairman:- When the covid was first started last year in the month of March, after which we all had taken a 50% salary cut. Hoping that the situation would improve and as it kept on the improving, the company has tried to pay back to all the employees the salary anywhere from 50 to 100%. The salary which was distributed last year was varying from 75% to 100%. This year I am happy to say that we have been able to give 100% salary, going forward we intend to do so as the Company is performing well and the output of employees has been tremendous.

Question (read by Chairman):- What are new innovations and new product launches after April 1 and whats the response so far?

Answer by Chairman:- Your company continues to develop products some of which are tailor-made to suit the customer and his requirements. So there is a continuous new products which are received by our customers. On the other hand, you also have catalogue products, which we continue to produce but they are standard products and they keep on using same designs over and over again for mass producing these.

Question (read by Chairman):- What is the cost cutting initiatives and production enhancement activity done by the management?

Answer by Chairman:- There are lot of activities that were taken up for cost cutting from rationalization of employees to cutting cost as long as the services that the company was using, travelling expenses were reduced, there was more conservation of electricity. Apart from that also a lot of measures were taken up including saving of raw material and things like that. All in all, that has resulted in the better performance which you can see that from last year onwards the company has continuously improving on its performance.

Question (read by Chairman):- How much salary cut was taken by the management?

Answer by Chairman:- Originally the salary cut taken by the management was 50%. But over a period of time, as the Company got performing well, the management was given back the salary in the proportion to the performance.

Question (read by Chairman):- What is the view of the management going forward sustainability of the profit earning growth will remain the challenge in coming quarters?

Answer by Chairman:- The management feels that the company is now boils to do better and better because the material handling contracts which were lost are likely come to an end very very shortly and therefore the bleeding in the company has stopped and therefore we believe that the prospects are very bright. Apart from that due to robust demand the gear division has been doing extremely well including the navy business that we do and leading to better and better performance. On the other hand,

the company is trying to refinance its debt to bring down the cost whereby more accruals of profits would take place and I believe that the company is poised to grow further.

Question (read by Chairman):- What are the management efforts in improving Working Capital to Sales ratio, ROCE, Net debt to EBITDA multiple, OPM, Debtor days and Interest coverage ratio?

Answer by Chairman:- Narasimhan would you like to take this?

Narasimhan:- Yes Sir! In terms of Working Capital to Sales ratio, we have taken various measures to see how the optimal inventory has to be maintained, in addition to that we have been focusing on collection of the receivables. That's how we plan to manage the working capital to sales ratio. And in terms of return on capital employed, as CMD had informed we are looking on various means of improving further on the turnover and the order intake wherein return on capital employed gets improved. and in terms of Net debt to EBITDA multiple, it could be seen from the financial statements that we are looking to reduce debt to the optimal size based on which we are taking various efforts and there has been a reduction of debts as could be seen in the financial statements. And in terms of debtor days, we have been focusing on receivables depending upon aging and whatever measures are required to collect those receivables, we are taking those measures depending on legal/non-legal measures. And interest coverage ratio, CMD had informed that we are re-looking at various refinancing of the higher cost debt which we had to borrow in earlier years with lower cost debt. So we doing the necessary activities and we will continue.

Question (read by Chairman):- What are the management efforts to improve company image thru investor relation exercise like Concall, Quarterly presentations and meeting Global Investors?

Answer by Chairman:- We have professional IR agency which has been employed and there is a con-call which goes in after every quarter performance and this time even on coming Monday there is a con-call with all the investors and continuous exercise is being done on a repetitive basis to make sure that we are an investor friendly organization and to support the investors in all the information that we can provide.

Question (read by Chairman):- Please provide the details of parties in Other Current and Non-current Liabilities. Please let me know the details of our

Contingent liabilities and if the CS can arrange a video call with your legal head to learn the perspective in detail.

Answer by Narasimhan:- Sir, I would like to take the question. In terms of current and non-current liabilities, these all are various suppliers, services providers and contractors who provide various products or services and it may not be practical to provide the list. We are also looking to reduce the contingent liabilities. At least last year due to covid situation, not many appeals were progressing before the courts and still we were able to reduce it as shown in the contingent liability schedule in note no. 41. We have reduced to the extent of around Rs. 28 crores and this year we are focusing on to reduce it further.

Question (read by Chairman):- What are the management efforts to reduce Other expenses, Legal Professional charges & Audit fees ?

Answer by Chairman:- There are various cost cutting measures the company has adopted. Actually, the company tries its best all the time to make sure that they get the best services at the best prices and we continue to do so.

Question (read by Chairman):- What are the credentials that the New & EXISTING directors are bringing on the table to take the company to next phase of growth or to guide the new generation?

Answer by Chairman:- Our group of directors have been so selected that they come from different aspects of the industry and they are there to support the organization, conserve the organization and to make sure that we could progress further and are being nurtured by these directors. We have a lot of very qualified individuals, very experienced individuals who are directors. And I can proudly say that we have the best team with us who will take us and guide us to all thick and thin of the industry and the environment we exist.

Question (read by Chairman):-What is the policy related to dividend in our company as most of the senior citizens only depend on that?

Answer by Chairman:- Our Dividend policy has been put on website. Kindly, please go through it and if there are any queries, please contact our company secretary.

Question (read by Chairman):- Pls. provide Current top 300 shareholders list.

Answer by Chairman:- I would suggest that you please communicate our secretarial department and whatever information that we can give you, we will give.

Question (read by Chairman):- There is a request from other minority shareholders who wanted me to raise in the AGM that Sweet boxes or Sweet Coupons to be provided to the Shareholders.

Answer by Chairman:- This is virtual meeting, so all we can do is to provide you virtual sweet boxes and therefore that is the best we can do. Thank you.

Thank you. Bharti...can we go further?

Bharti:- Thank you very much Sir for your prompt response on each and every question. Moving ahead, next speaker is Kirti Jayantilal Shah. Is he available?

Moderator:- Kirti Shah is available.

Kirti Shah:- Good afternoon Sir. I have sent an e-mail, please reply on that as I have to attend other AGMs.

Chairman:- Thank you for taking interest in the company and please contact our company secretary and through that we will communicate.

Kirti Shah:- Okay no problem sir.

Company Secretary:- Thank you Sir. He was last one. There is no any query/suggestion in the chat box which I can see. So, let's move ahead Sir.

CHAIRMAN:

As you all know as per Companies Act, 2013, Company has provided remote e-voting facilities to Shareholders during 3rd August, 2021 to 5th August, 2021 on all business items mentioned in the notice of AGM. Remote E-voting was completed on 5th August, 2021. For the 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:

Thank you Sir. 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, 2021 alongwith Board's and Auditors' Reports.
2. To declare dividend.
3. Re- appointment of Shri Pradip Patel, who retires by rotation.
4. Appointment of M/s. CNK & Associates, LLP, Chartered Accountants, Mumbai, as Statutory Auditors of the Company.

Special Business:

5. Appointment of Shri Pranav C. Amin, as a Non-Executive Independent Director of the Company.
6. Continuation of Directorship of Shri Pradip M. Patel, who retires by rotation, on attaining the age of Seventy-five (75) years on November 5, 2022.
7. Approval of payment of Remuneration to Cost Auditors of the Company for financial year ending on 31st March, 2022.

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 limit.

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.

Thank you sir. Thank you everyone.

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

Thank you all!