

Directors' Report

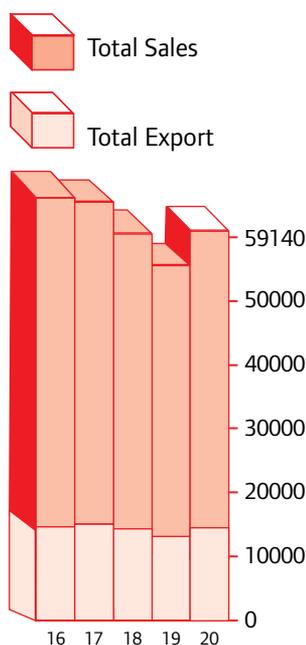
To
THE MEMBERS,
INGERSOLL – RAND (INDIA) LIMITED

Your Directors are pleased to submit the Ninety-Eighth Annual Report along with the Audited Balance Sheet and Statement of Profit and Loss for the year ended March 31, 2020, that is, the year under review.

1. FINANCIAL SUMMARY OF THE COMPANY

GROSS SALES

(in Rs. Lakhs)



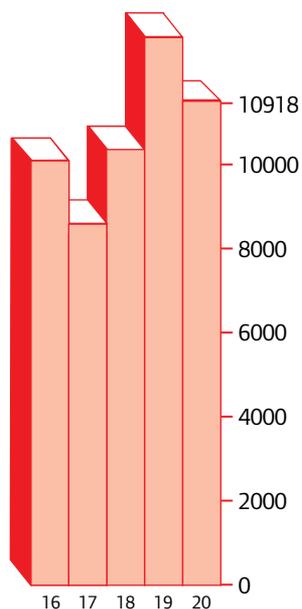
	(Rupees in Lakhs)	
	2019-20	2018-19
Gross Profit:	13,490.47	13,931.14
(Less): Depreciation and amortization expenses	(1,826.11)	(1,137.34)
(Less): Finance costs	<u>(260.01)</u>	<u>(49.01)</u>
Profit before taxation and exceptional items	11,404.35	12,744.79
(Less): Provision for Current Tax	(2,875.75)	(4,311.27)
(Less): Deferred Tax for the year	(178.07)	(388.71)
Add: Write back relating to prior years (net)	<u>109.54</u>	<u>48.31</u>
Net Profit	8,460.07	8,093.12
Other comprehensive income: (net of tax)	(487.12)	(6.10)
Total comprehensive income for the year	7,972.95	8,087.02
Add: Balance in retained earnings brought forward from earlier years	8,111.25	79,182.57
	<u>16,084.20</u>	<u>87,269.59</u>
Appropriations:		
Dividends paid (including tax thereon)	11,797.64	79,158.34
Balance carried to Balance Sheet as retained earnings	4,286.56	8,111.25
	<u>16,084.20</u>	<u>87,269.59</u>

2. MANAGEMENT DISCUSSION AND ANALYSIS

I. Industry Structure and Development:

The financial year 2019-20 witnessed healthy growth in the diverse product segments and markets as a result of steady demand from industries in the domestic market, combined with rising compressor sales in focused international markets.

PROFIT BEFORE TAX
(in Rs. Lakhs)



The Indian economy shrunk by 45% on an annualized basis for March quarter and its GDP is expected to slump by 5% this fiscal year due to the COVID-19 pandemic and lockdown, which would be its steepest contraction in 41 years. The board acknowledges that the current year will be a challenging one to function at the fullest capacities and reach the expected growth set by the management earlier.

According to a data by the National Statistical Office (NSO), the manufacturing sector output grew at a rate of 3.2 per cent in February compared to a contraction of 0.3 per cent in the same month a year ago.

Your Company's products are primarily sold to industries in the automotive, metals, pharmaceutical and textile sectors and these sectors have shown moderate growth during the year under review.

- II. **Segment-wise operational performance:** Air Solutions is the only segment in your Company's operations. The gross revenue of Air Solutions business in the year under review was Rs. 70,562 lakhs as against Rs. 73,907 lakhs in the previous financial year. Your Company continues to focus on local innovation and creating markets "In India; For India; By India".

The profit before tax is Rs. 11,404 lakhs in the year under review as against Rs. 12,745 lakhs in the previous financial year.

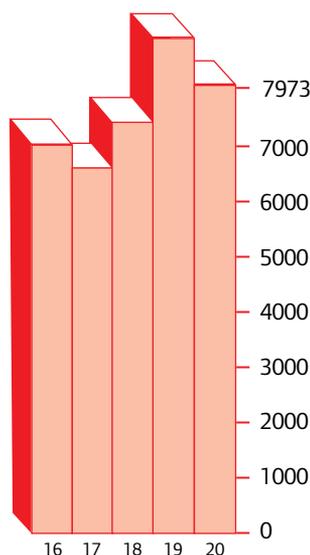
- III. **Outlook:** The International Monetary Fund (IMF) further slashed India's growth estimate for FY2020-21 to 1.9% from 5.8% estimated in January, warning that the "Worst Recession since the Great Depression" will dwarf the economic damage caused by the global financial crisis a decade back. It also said that India and China would be the only two major economies likely to register growth, with all others contracting.

- IV. **Risk and Concerns:** Growth in the industrial sector depends on government policies and effective implementation of the same to boost industrial output. Your Company constantly monitors the challenges from amongst the ecosystem comprising competition, industry, product life cycle, raw materials cost and takes steps to maintain and enhance existing competence. The primary threat continues to be competitors that are using price pressures as a tool to win the market share. Availability of spurious parts and components at cheap prices to the competitors to disrupt the fair competition is also an added threat. Fluctuating foreign currency rates will have impact on imports.

- V. **Opportunities and Threats:**

The Company is known for its superior quality products in the segment from the customers' perspective. Whereas from the shareholders perspective the Company has been declaring dividend consistently over the years due to its excellent financial performance. The industries requiring the products manufactured by your Company are growing which serves your Company a huge opportunity to enlarge its market share and reach to new customer base. Your Company always takes an extra step to be a trusted brand in the market for satisfying its customer with a reliable product and service. Your Directors have a positive insight on the wider opportunities of the growing market to make the Company and its products more attractive to the industries.

PROFIT AFTER TAX
(in Rs. Lakhs)



Certain locally made spurious products which has a large presence due to their low price may reduce certain opportunities the Company has in this segment. The management prefers to have a safe and steady assessment view point in respect of reaping the opportunities.

VI. Material developments in Human Resources / Industrial Relations front, including number of people employed:

With People as a key partner in success, the Company is committed to nurturing an environment of progressive growth, knowledge and skill development, coupled with high levels of engagement for its employees. Employees are led by the organization Purpose and Values and continues to focus on providing professional training to employees, while promoting a dialogue-oriented transparent culture, rooted in trust, respect for diversity and equal opportunity. The Company strives to provide fair treatment at workplace, a transparent and equitable compensation system, flexible work timings, and an environment that ensures health and well-being to hire and retain the best talent in the industry.

The Company constantly endeavors to adopt the best policies to keep its employees motivated, engaged and aligned to the interests of the Company. The Company undertakes various employee engagement initiatives and also fosters a culture of continuous learning and development and creating future leaders. The Company measures its employee engagement index through annual survey and is committed to execute the action plan.

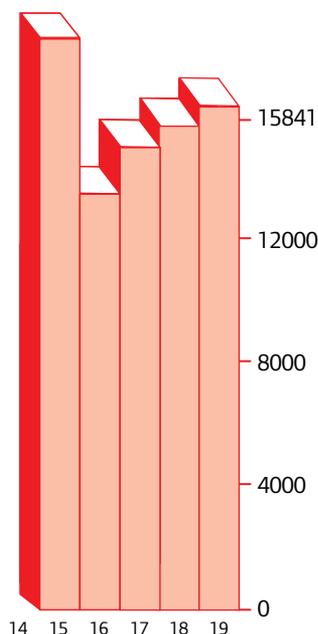
As on March 31, 2020, the company had 522 permanent employees on its rolls.

VII. Safety, Health and Environment: Environmental, Health and Safety (EHS) is of prime importance at Ingersoll Rand. Your Company has been taking timely measures to reaffirm the goal of “zero workplace at injuries” and “incident free” operations, and ensure all employees, staff, visitors are aligned with this objective. Continuous education on the safety measures and handling the machinery with due care is being taught to the employees on regular basis. The management is committed and responsible in complying with safety norms and takes adequate precautionary measures to avoid any kind of incidents at workplace.

Regular health check-up and hygiene studies are conducted on annual basis for the employees. Your Company continues to carefully analyze the hazardous and non-hazardous waste generation and its disposal, improving its own environmental footprint by continually reducing greenhouse gas (GHG) emissions. The wastes generated at the factory are suitably treated to ensure no harm is caused to the natural environment. Your Company has also achieved substantial savings of energy, natural resources etc. by carrying out energy audits and implementing necessary checkpoints to conserve the energy and take the best utilization of the available resources..

VIII. Technology Innovation: Your Company has continued to invest in technology innovation to sustain its leadership position and be the pioneer of best-in-class solutions for its customers. This year, your company has added new products to the existing wide gamut of products and introduced new models for small-scale industries in the form of reciprocating technology, which is our

GROSS BLOCK
(in Rs. Lakhs)



flagship product. Other than this, you have also introduced various energy saving options like VFD Retrofit and HRU, which compliments the industry in this global economic slowdown. There are a couple of new products in the pipeline, which would enter the market in the upcoming months to address various applications and industries. Some of these products will align with the Make in India strategy to make us more sustainable. With this and more, we continue to introduce break-through innovation into the market to partner with our customers in their quest for excellence.

IX. Disclosure as per paragraph B(1)(h)(i) under Schedule V of the SEBI Listing Regulations has not been furnished as none of the ratios differ by 25% or more as on March 31, 2020 in comparison to the previous financial year ended on March 31, 2019.

3. DIVIDEND

Your Company on December 4, 2019 declared an interim dividend at the rate of Rs. 3 per equity share, absorbing Rs. 947.04 lakhs for the financial year under review, out of profit for the year 2019-20

The shareholders vide e-voting/postal ballot on January 27, 2020 declared, out of the retained earnings, second interim dividend as Special Dividend at the rate of Rs. 25 per equity share absorbing Rs.7,892 lakhs.

Having declared two interim dividends during the during the year 2019 - 20, your Directors have not recommended payment of final dividend for the financial year 2019-20 ended on March 31, 2020.

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the dividend distribution policy of the Company has been disclosed in the Corporate Governance Report and on the website of the Company at www.irco.com

4. TRANSFER TO RESERVES

Pursuant to the provisions of the Act, your Directors do not propose to transfer any amount to general reserves and the full profits for the year under review will be held in Retained Earnings.

5. THE STATE OF COMPANY'S AFFAIRS

For the year ng March 31, 2020, your Company has recorded revenues of Rs. 70,562 lakhs from continuing operations which is 4.5% lower compared to that of previous financial year, primarily driven by impact of COVID pandemic in the last quarter of the fiscal year. Our profits after tax for the year ending March 31, 2020 stood at Rs. 7,973 lakhs which is marginally lower by 1.4% compared to profit after tax of previous financial year.

6. COVID-19

The Coronavirus (COVID-19) outbreak is an unprecedented global situation that all countries are dealing with in terms of its human and economic consequences. The World health Organization (WHO) has declared the COVID-19 as a pandemic which rapidly turned into a global crisis, forcing governments across the World to enforce lock-downs of all economic activity.