

BOMBAY STOCK EXCHANGE LIMITED PHIROZE JEEJEEBHOY TOWERS DALAL STREET MUMBAI - 400001	NATIONAL STOCK EXCHANGE OF INDIA LIMITED "EXCHANGE PLAZA" BANDRA KURLA COMPLEX BANDRA (E) MUMBAI - 400051
Scrip Code: 522074	Scrip Code: ELGIEQUIP

E:SEC: 1027

DATE: 27/02/2020

Dear Sirs

Sub: Submission of presentation made at the Analysts / Investors Meet on 27/02/2020 as per Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation – 2015 – reg.

The presentation made at the Analysts / Investors Meet on 27/02/2020.

Kindly acknowledge the receipt and do the needful to update your records.

Thanking you,

Yours faithfully,  
For ELGI EQUIPMENTS LIMITED



SHYAM VASUDEVAN  
COMPLIANCE OFFICER

Encl: As above.



# Analysts and Investors Meet

Thursday  
**27 February, 2020**

**ELGI**<sup>™</sup>  
Always Better.

# Group History

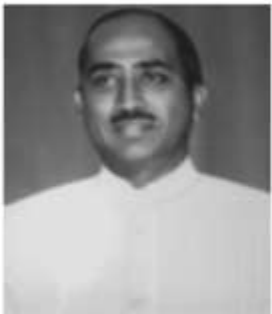


**LRG Naidu**

Founder

- Born in 1894
- Worked as a ticket collector
- Started a bus company in 1918
- Built a fleet of 300 buses
- Started two airline companies in 1946
- All the businesses were nationalized between 1948 and 1960

## The Next Generation



**LG Balakrishnan**



**LG Varadaraj**



**LG Ramamurthi**



**LG Nityanand**

**Sons of LRG Naidu who moved the business from services into manufacturing in 1959 and built a group that is today over \$500 Million in revenue**

# ELGi Leadership



# Global Presence

**100+**

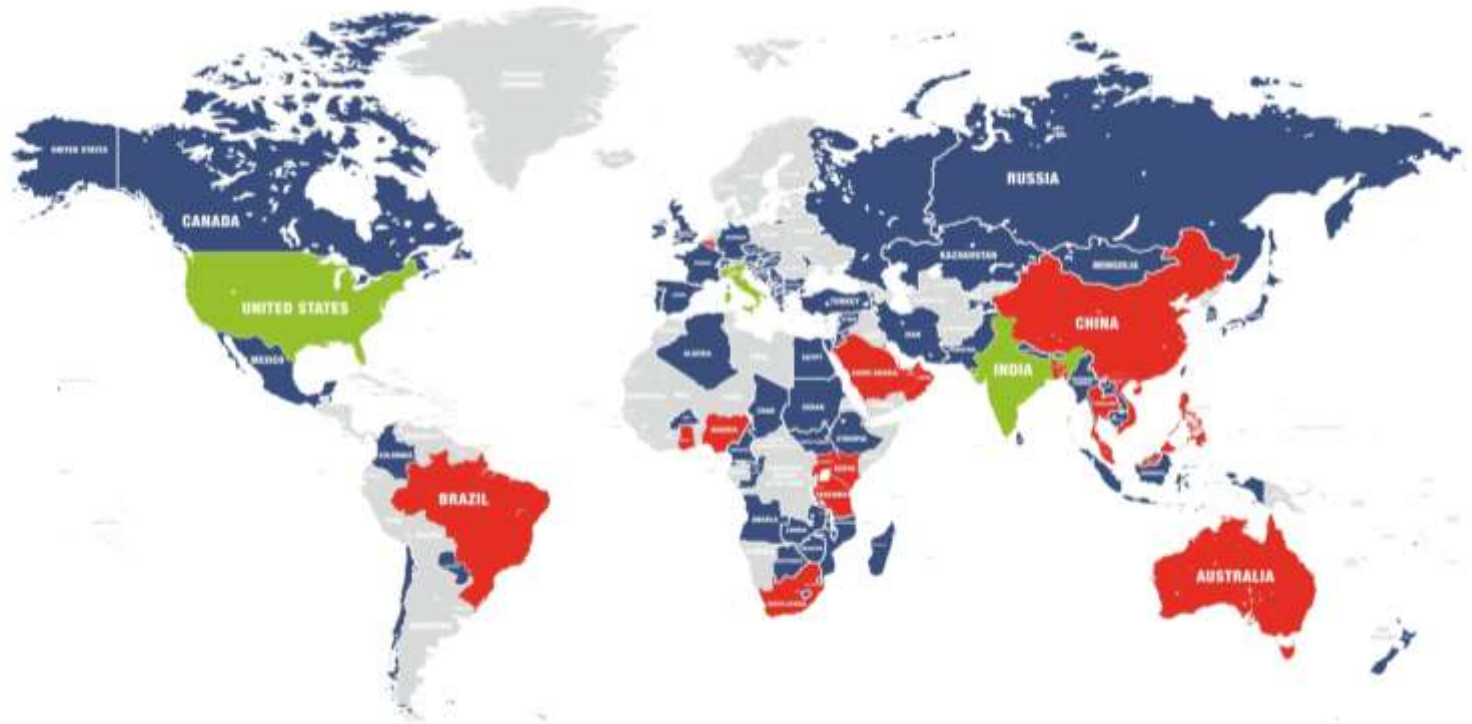
Countries where  
ELGi does  
business

**20**

Countries with  
direct presence

**03**

Manufacturing  
countries



## Presence

**200**

Distributors  
worldwide

**800**

Sales people  
worldwide

**1200**

Service people  
worldwide

**1500**

Employees  
worldwide

## Infrastructure

**5,000,000**

Square feet of factory  
land worldwide

**1,000,000**

Square feet of factory  
space worldwide

**100,000**

Square feet of dedicated  
parts warehouse worldwide

# Manufacturing Capability

>5 million sq ft of “Future-ready” manufacturing facilities



## COMPRESSOR FACTORY

3 state-of-the-art manufacturing units in the world with high standards of quality and safety



## FOUNDRY

Produces high precision grey and SG iron castings



## MOTOR MANUFACTURING

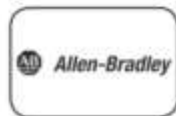
State-of-the-art motor manufacturing plant to produce highly efficient and reliable motors for captive consumption



## PRESSURE VESSELS PLANT

Produces pressure vessels meeting international standards.

## ELGi's Globally renowned vendors



Trademarks of companies acknowledged

# Comprehensive Portfolio

## Air compressors across the spectrum



**EN Series**  
Encapsulated Screw Air Compressor  
2.2 – 75 kW / 8 – 469 CFM



**EG Series**  
Oil Lubricated Screw Air Compressor  
11 – 250 kW / 47 – 1612 CFM



**OF Series**  
Oil Free Screw Air Compressor  
90 – 450 kW / 572 – 2450 CFM



**CG Series**  
Centrifugal Compressor  
450 – 930 kW / 3000 – 5200 CFM



**Oil Lubricated Recip**  
Oil Lubricated Piston Compressor  
1.0 – 40 HP / 2.0 – 128 CFM



**Oil Free Recip**  
Oil Free Piston Compressor  
1.0 – 75 HP / 1.8 – 300 CFM



**PG Series (Electric)**  
Electric Portable Screw Compressor  
22 – 75 kW / 131 – 514 CFM



**PG Series (Diesel)**  
Diesel Powered Screw Compressor  
175 – 1500 CFM / 100 – 400 PSI

## Complete end-to-end solutions and accessories



- Variable Frequency Drives
- Receivers
- Dryers
- Downstream Filters
- Drain Valves

## For all industries and applications



Automotive



Textiles



Pharma



Rice and Pulse



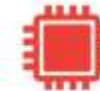
Leather



F & B



Healthcare



Electronics



Paper



Manufacturing



Oil & Gas



Iron & Steel



Mining



Nuclear Plant



Electrical



Aviation



Railways



Construction

# Vision and Brand Promise





# Select Customers - India

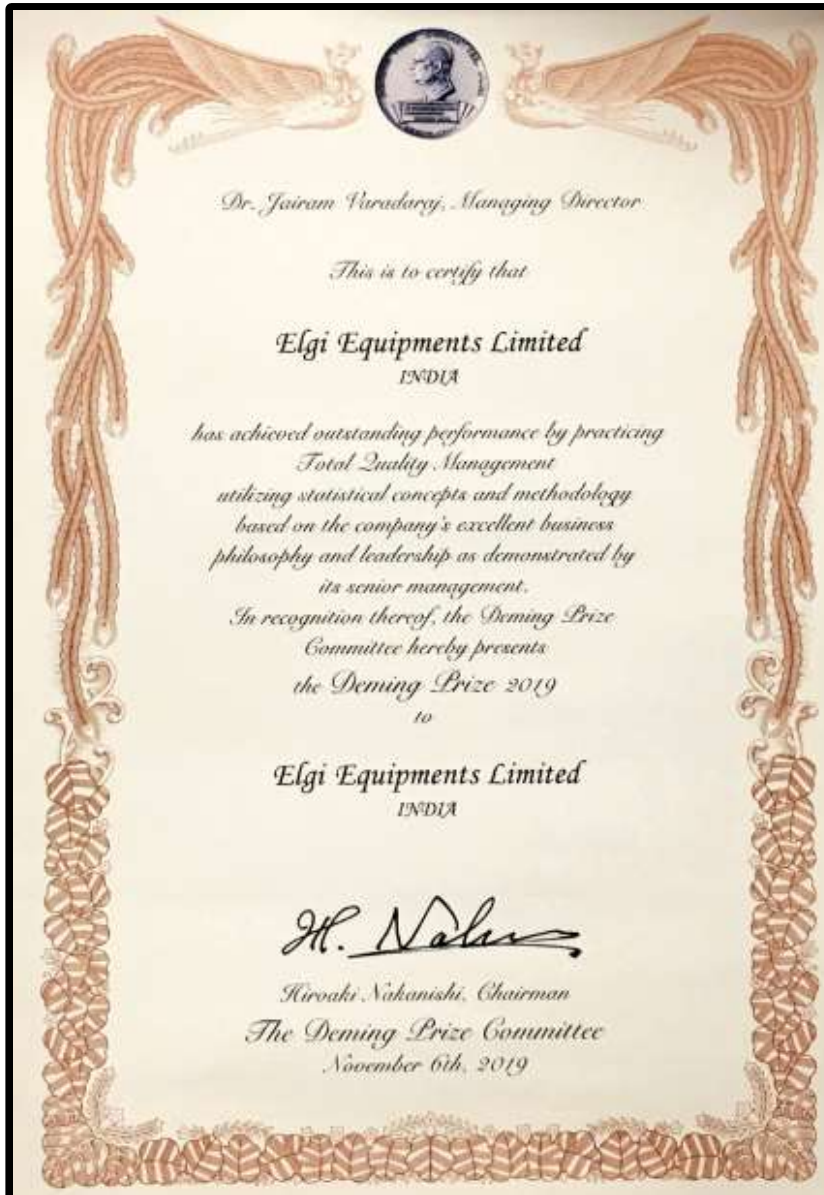
Auto									
Textile									
Pharma									
Cement									
Iron and steel									
Power									
FMCG									
Plastics and Leather									
Other									

# Select Customers - Global

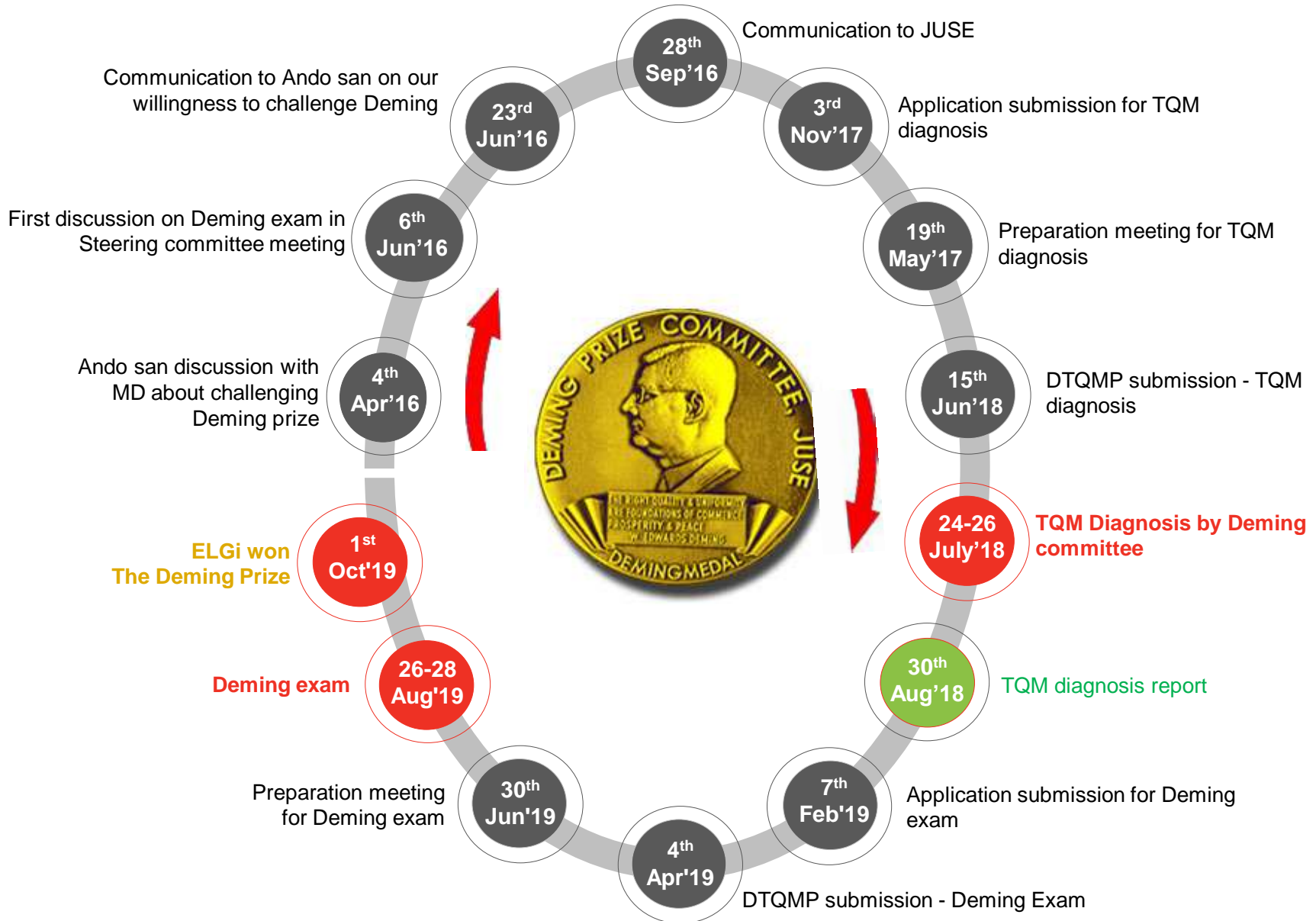


# KEY UPDATES

# DEMING PRIZE



# ELGi's Journey to Deming Prize



**Commitment and collaboration across organization over 3.5 years**

# Oil Free Disrupted - AB Series

Single Stage Compression

Pressure up to  
14 bar(g)

Higher Efficiency &  
Reliability

Quieter

Lowest life cycle cost



No Corrosion Possibility

Inbuilt Water  
replenishment system  
No top-up water

Inbuilt microbial inhibition  
system  
ISO 8573-7 Certified

Drinking Water Quality  
Meets IS10500

Quality of compressed air -  
Class "0" ISO 8573-1

Patented  
Design

# Oil Free Disrupted - AB Series

## AB SERIES GLOBAL LAUNCH

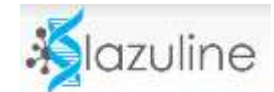


## CII DESIGN EXCELLENCE

won the  
9th CII Design Excellence Awards 2019  
in the category of  
*Industrial Design: Capital Goods*



## CUSTOMER LIST



60+ orders, F&B, Pharma, Electronics, Auto etc



# Piston Compressor – LD Series

**Existing**



**New**



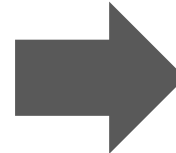
**Simplex**  
3, 5 & 7.5 hP



**Duplex**  
10 (2\*5) & 15 (2\*7.5) hP

## Traditional Design

- Standalone motor, compressor and fan driven by belts
- Mechanical controlled compressor operation
- Can be easily copied



## Upgraded Design (Jan 2020)

- Integrated motor, compressor, fan
- Electronic control, zero downtime
- Difficult to replicate
- Efficient, compact, quieter



# Motor Plant



- **Total Investment** – INR 182 Mn
- **Of which, till date** – INR 133 Mn
- **Prod. commenced** – Oct 2019
- **Employees** – 22



# Europe Expansion



**Headquarters in  
Waterloo, Brussels**

<u>Planned Headcount</u>	
Phase 1	: 55
Estimated by March	: 36

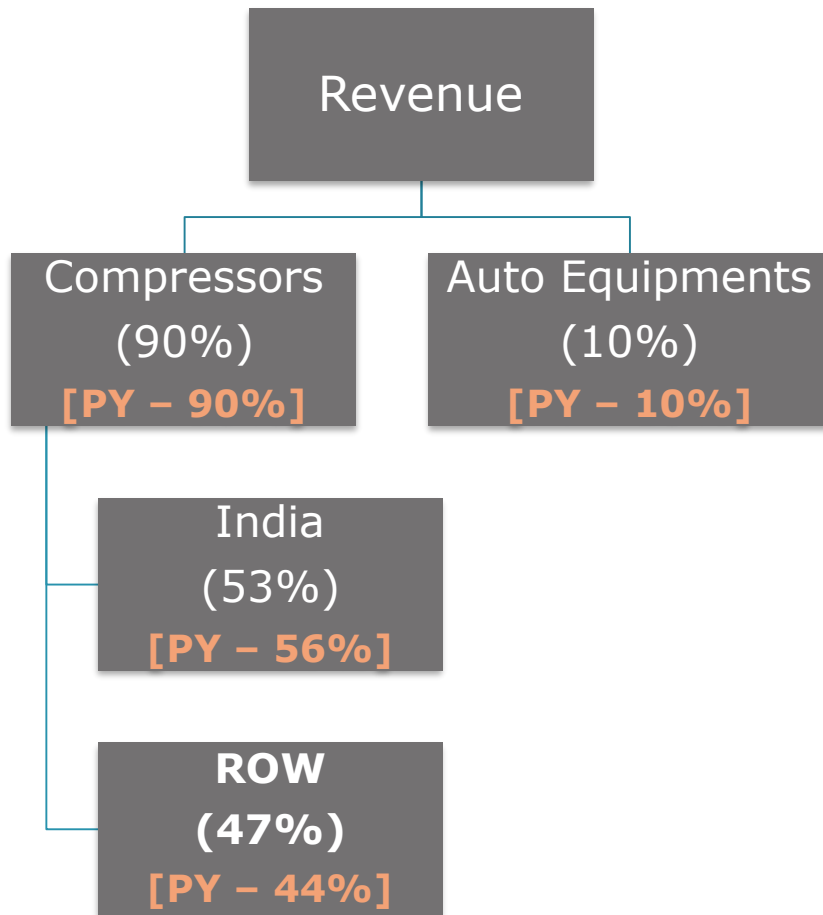
# Michigan Air Acquisition (Dec 2019)



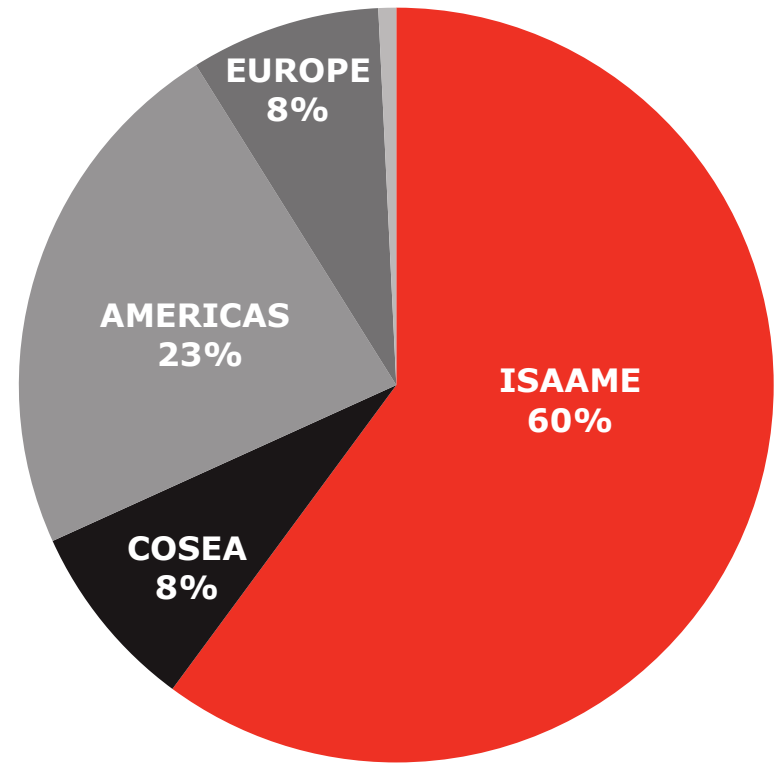
- Located in Detroit, key geographical area identified in Project Nexus
- Distributor & specialist in maintenance / service: consistent with company's strategy
- Michigan 4th largest US market for ELGI's product segment
- Acquisition adds an important geography and provides scale synergies

# FINANCIALS

# Revenue Mix

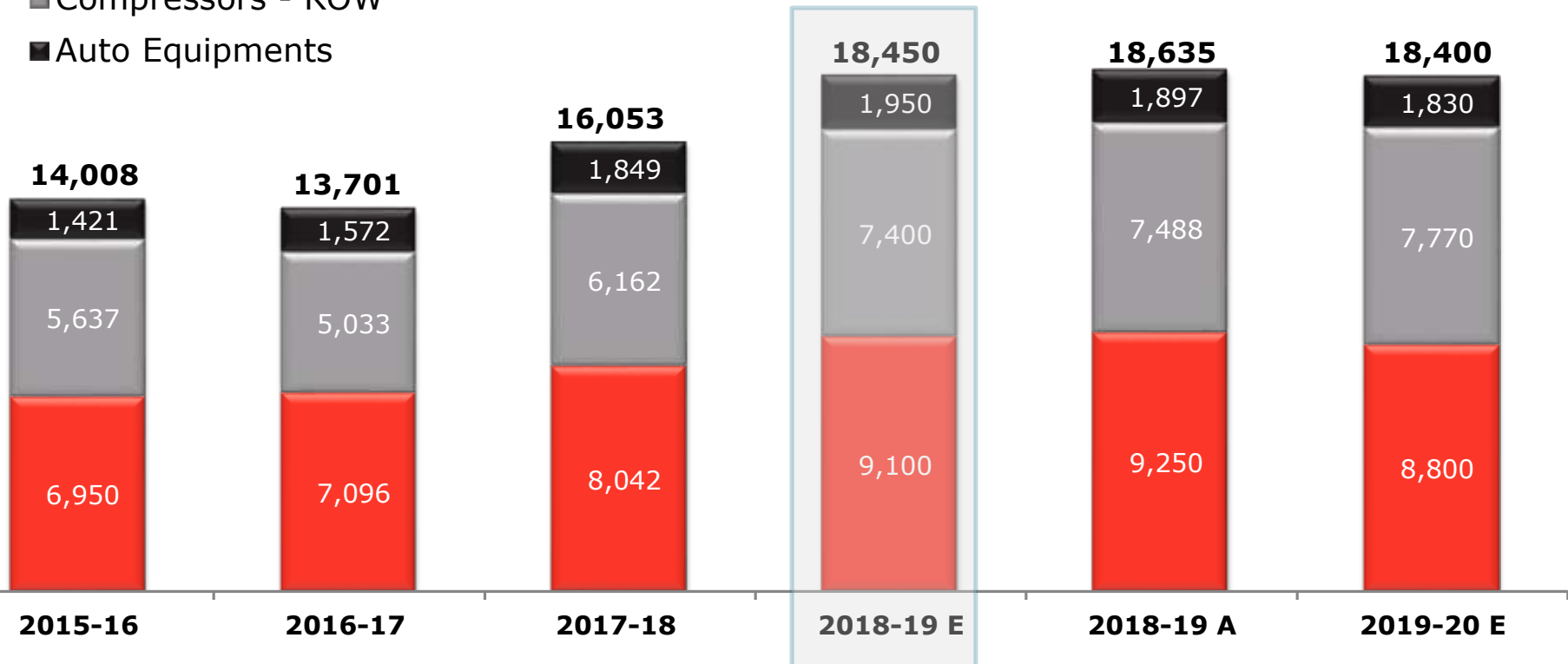


## SALES 2019-20E

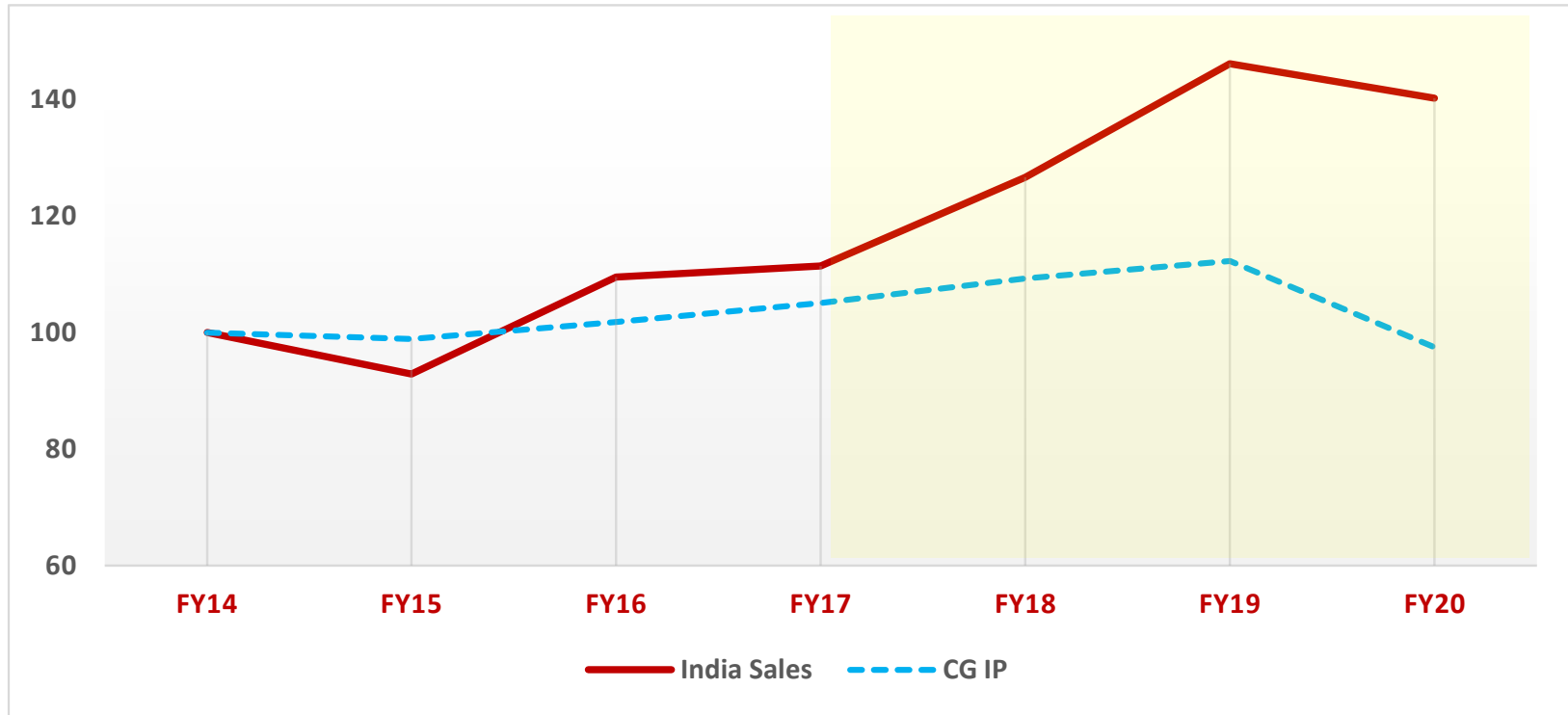


# Sales Performance (INR Mn)

- Compressors - India
- Compressors - ROW
- Auto Equipments



# India Sales Vs. Capital Goods IIP Growth (Impact of GTM Initiatives)



- Before GTM, India sales closely tracked capital goods IIP both directionally as well as in terms of growth rates
- Post GTM, India sales track capital goods IIP directionally, but sales growth rate at a premium to, and relatively insulated from recent de-growth in, capital goods IIP

# Qualitative Comments – India

## What we said

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- Registering impressive growth overall in most segments
- Facing softening demand in one segment

## Status & Actions

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- Current economic slowdown\* and delay in government finance clearances have impacted business, but mitigated by
  - Serving diversified industry segments
  - Introduction of new products
  - Increased market focus

\* Capital Goods IIP YTD Dec growth: - 12%



# Qualitative Comments – Europe

## What we said

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- Hired leadership positions in Europe to accelerate investments and expand footprint
- Rotair continues to do very well in developing market for ELGi products in Italy

## Status & Actions

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- Leadership hiring completed
- Recruitment of next level regional sales and service organizations progressing as per plan
- Mid term business plan completed
- Rotair's performance remains stable
- ELGi's value proposition well embraced by dealers

# Qualitative Comments – USA

## What we said

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- Crossed installed base milestone: 3000 machines
- Number of distributors increased by 10% helping increase geographic coverage and growth. Initiated GTM project in USA to accelerate top line

## Status & Actions

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- Installed base has grown to 4000+ machines
- Organic Initiatives
  - Own distribution branch & regional warehouse in LA, California to enter top 3 US markets
  - Established a JV for distribution in Seattle, Washington. In the process of expanding this model in other geographies
- Inorganic Initiatives
  - Shift from distributor to direct on portables
  - Acquired Michigan Air Solutions

# Global Market Outlook

## INDIA

- Cautious outlook as we wait for manufacturing activity to stabilize and start improving
- India GDP growth expected to remain subdued for 2020-21, with possible uptick in second half

## EUROPE

- Europe economy seeing offsetting forces and expected to have subdued growth
- GDP growth is expected to remain stable for 2020-21
- Impact of Brexit to be evaluated

## USA

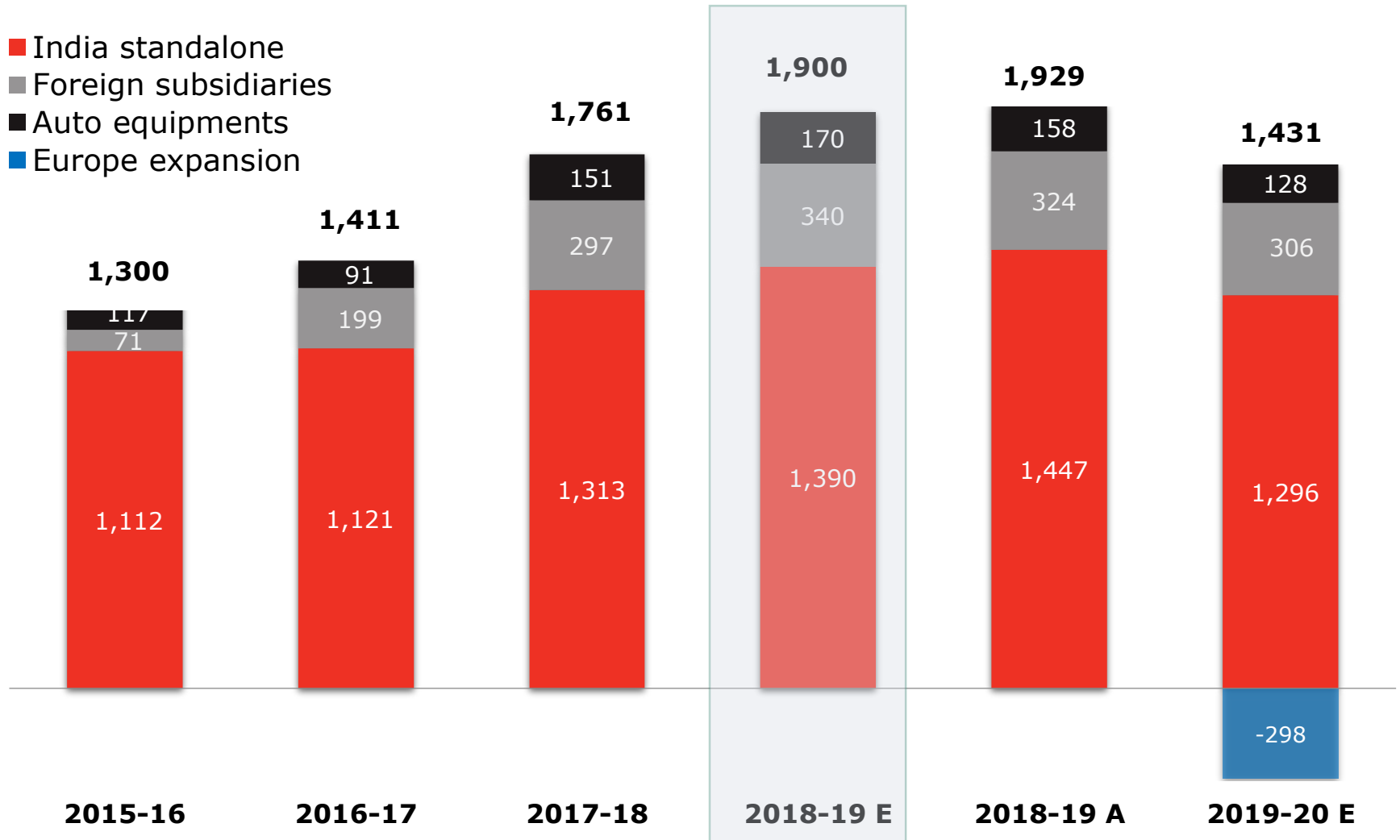
- Moderate growth expected based on leading indicators including global trade uncertainties
- Election year dynamics expected to negatively impact capital expenditures due to “wait and watch” approach

## AUSTRALIA

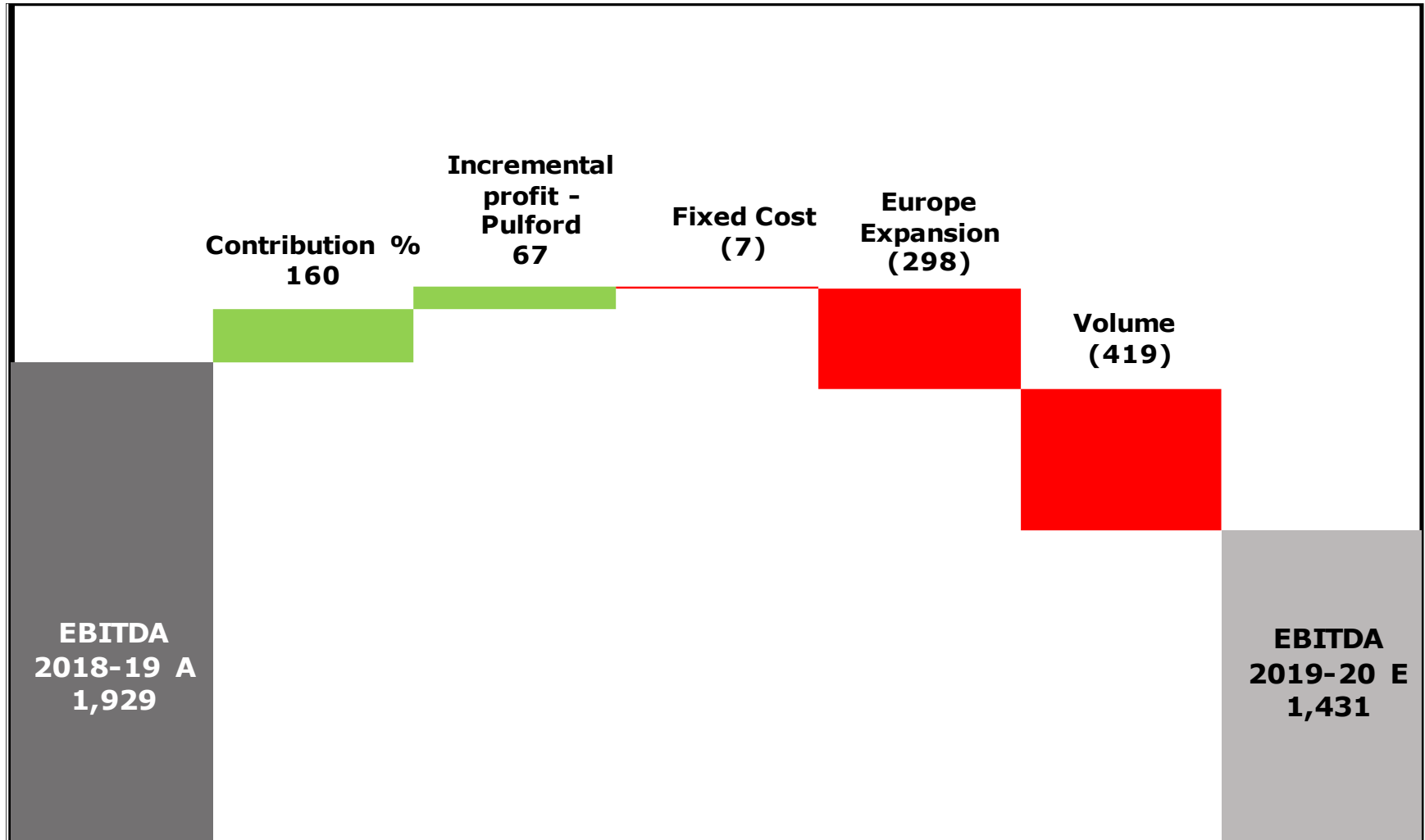
- Sluggish economic outlook: growth has recently slowed, stricter lending laws to constrain credit
- Barring mining, most of the sectors are slowing down

# EBITDA (INR Mn)

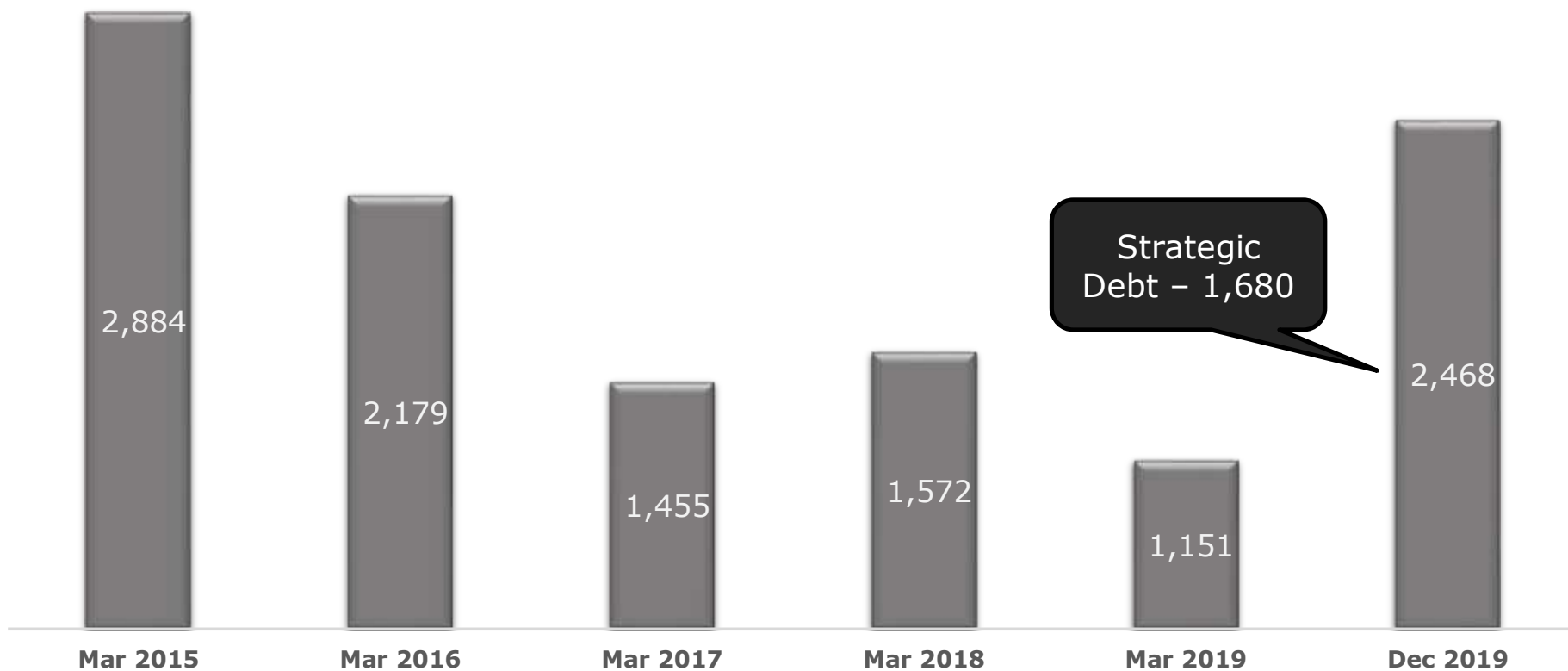
- India standalone
- Foreign subsidiaries
- Auto equipments
- Europe expansion



# EBITDA BRIDGE (INR Mn)



# Net Debt Position (INR Mn)



Strategic Debt - 1,680

Acquisitions : ~ 1,000

Working Capital : ~ 300

# Net Debt Position (INR Mn)

	Apr - Sep 2018	Oct - Mar 2019	Apr - Dec 2019	Total
Opening Debt	1,572	2,242	1,151	
Cash Profit*	406	844	584	1834
Capex	228	313	430	971
Working Capital	322	560	478	240
Acquisitions	526		993	1,519
Closing Debt	2,242	1,151	2,468	

\* net of dividend

# Feedback from the Analysts Meet 2019

#	Feedback from the Analysts & Investors	ELGI's response
1.	Would like to have more details and time for assembly plant tour.	We have provided 2 hours for factory tour last year. This can be increased to 3 hours this year.
2.	The focus on future outlook need not discuss the exact financials. The forecast is a function of so many things, beyond your control that the discussion on financial projections is not useful.	Numbers shown are an aspiration / target set by the company for the near to mid term. However, understandably, these numbers are subject to various factors both external and internal.
3.	Plan the conference in Mumbai.	We prefer Coimbatore to be more convenient for factory tour arrangements, showcasing our products, and for better understanding of the business model. Moreover, for the last couple of years, we received good response from the analysts and investors across India from leading firms for the event in Coimbatore.
4.	A brief film (in each factory) will enhance understanding prior to the actual plant visit.	Will be presented from next year
5.	Show the actual deviations from your previous targets with reasons.	Presented
6.	Country and market share wise estimate of growth be provided.	We have communicated in analysts calls that such market share data is not available
7.	Please attend investor conference (organised by analysts/investors).	We can consider this as appropriate.
8.	Start disclosing Elgi sales outside India, every quarter for investors to appreciate the traction company is getting.	We are disclosing revenue mix on an annual basis for India and ROW and would like to continue the same

Agreed

Not agreed



**Thank You**