

DRIVING INNOVATION FOR A SUSTAINABLE FUTURE



Annual Report
2013-14

Ingersoll-Rand (India) Ltd.

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Ingersoll-Rand (India) Limited

REGISTERED OFFICE & CORPORATE OFFICE

Plot No. 35,
KIADB Industrial Area,
Bidadi,
Bangalore - 562 109

REGIONAL AND OTHER OFFICES

Ahmedabad-Bangalore-Chandigarh-
Chennai-Coimbatore-Ghaziabad-Indore-
Jamshedpur-Kolkata-Mumbai-Nagpur-
New Delhi-Pune-Secunderabad-Surat

MANUFACTURING FACILITIES

22-29, G.I.D.C. Estate,
Naroda,
Ahmedabad - 382 330

Plot No. 61, 8th Avenue,
1st Cross Road, Mahindra World City,
Chengalpattu Taluk,
Kancheepuram District,
Tamil Nadu - 603 002

BOARD OF DIRECTORS

Mr. Venkatesh Valluri Chairman
Mr. Hemraj C. Asher
Mr. Darius C. Shroff

OFFICERS

Mr. G. Madhusudhan Rao Vice President - Finance
Mr. Prasad Y. Naik Vice President - Information Technology
Mr. Amar Kaul Vice President & General Manager - Air Solutions
(Manager under Companies Act., 1956)

COMPANY SECRETARY

Mr. P. R. Shubhakar

AUDITORS

Price Waterhouse & Co., Bangalore
Chartered Accountants

SOLICITORS

Crawford Bayley & Co.
Mumbai

BANKERS

Bank of America Bank of India
Citibank N. A. Central Bank of India
Standard Chartered Bank

REGISTRAR AND SHARE TRANSFER AGENTS

TSR Darashaw Private Limited
6-10, Haji Moosa Patrawala Ind. Estate,
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai - 400 011.

→ Vision

A world of sustainable progress and enduring results.

→ Purpose

We advance the quality of life by creating and sustaining safe, comfortable and efficient environments.

→ Values

Integrity: We act with the highest ethical and legal standards in everything we do.

Respect: We respect and value the worth of all people, cultures, viewpoints and backgrounds.

Teamwork: We work together and share resources to provide greater value to our customers, employees, business partners and shareholders.

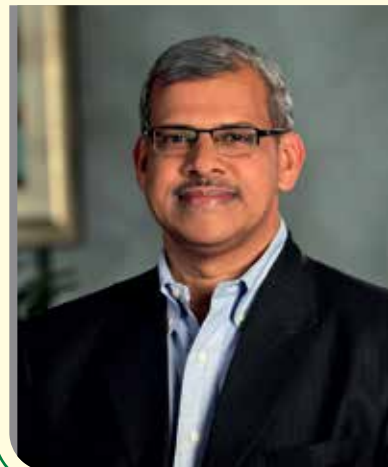
Innovation: We use our diverse skills, talents and ideas to develop customer-driven, innovative and imaginative solutions.

Courage: We speak up for what we believe is right and take measured risks to create progress.

“At Ingersoll Rand, we are committed to good corporate citizenship and believe that advancing the quality of life requires taking an active role in addressing social issues that impact our organization and the communities we operate in. We have taken various steps towards creating social value through our deep focus on providing Education, Healthcare, Livelihood and furthering Sustainability around the areas of our operations. Through Social Convergence, the public-private sector can socially converge to deliver immense value to our society as a whole.”



From the Chairman's desk



Dear Shareholders,

2013 was a slow year from an economy point of view and we witnessed very limited growth to no-growth in parts of our business. The lack of implementation of major infrastructure projects by the Government, high inflation rates and high interest costs, rupee devaluation, difficulties in borrowing in the mid-tier market segments have all contributed to lowering the National growth rates. It also led to lower employment generation and the Industry blunted its competitiveness on global platforms. Innovation and Technology up-gradation suffered as a consequence.

As an organization, Ingersoll Rand in India also continued to face challenges in 2013 and we worked harder to meet all our intended targets that were planned at the beginning of the year. This year was not the greatest year for the capital goods industry but Ingersoll Rand continued to focus on the long cycle business. As the economy was lagging behind, we faced material inflation as well as rupee depreciation and we decided to provide added focus on operational efficiency. We decided to take a few bold steps - making investments in our new manufacturing plant in Chennai with an optimistic view of the future where the economy will look up. We recorded lower revenues from our Air Solutions business but the overall revenue was flat owing to our investments in the environment management systems (HVAC) that showed growth.

We believe our focus on operational efficiency, new investments and expanding into new markets resulted in a productive result for us with the backdrop of an ailing economy. We utilized the year effectively and today, we have successfully reset our business to cater to a new world of uncertainties. Innovation, Operational Excellence and Growth have continued to be the corner stone of our existence.

→ *Financial Highlights*

We recorded revenues of Rs. 578.72 crores during the year ending March 31, 2014. This was 1% lower compared to revenues of the previous year. Our profits after tax stood at Rs. 66.95 crores, which were at 11.6% of revenues.

→ *Growth Excellence*

The 2012 launch of Evolution™, a locally innovated product developed in India, recorded strong growth this year. Evolution™ which was launched as a 'No Frills Oil – Flooded Rotary Compressor' value brand for mid-size and small customers, saw 4x growth in business in 2013 through expansion into tier II-III cities, increasing our share in target markets hitherto unexplored by us.

This year, Ingersoll Rand India also proudly celebrated the milestone of shipping its 1000th Centrifugal Compressor package from the Naroda plant facility. Industrial segment saw some breakthrough orders from leading companies in India for oil-free rotary packages reinforcing Ingersoll Rand's commitment of growth excellence.

We continued our investments in transforming our facilities and made them future ready for an expected growth in the capital goods markets. Last year, I had shared with you the inauguration of our new Chennai facility. We built momentum this year and invested judiciously in our Chennai plant. With the realization that the markets this year were not showing signs of recovery towards the Air Solutions industry; we focused on our Chennai plant that catered to the environmental management systems (HVAC).

Our Naroda facility is one of our prized and oldest manufacturing facilities globally and goes back to 1965 when it was built. Through this plant, we have successfully serviced our important customers across the country and globally. In order to continue to maintain our leadership position in the Indian market, we have decided to undertake the transformation of the facility into a world-class manufacturing plant. This transformation will provide an enhanced safe, secure and progressive working environment for our employees and position this facility as a state of the art facility that can be benchmarked with some of the best manufacturing plants in the world.



→ Operational Excellence

In support of our strategy to position ourselves better for the future and guide our operational excellence efforts, we restructured our organization to address the new economic challenges. In continuation with our journey to become a premier performing company globally, we end the year 2013 with a new re-organized structure and a refreshed strategy with specific market-focused Strategic Business Units that will be able to focus on growth. We also continue to actively focus on cost reductions and innovations to ensure profitability.



→ Winning Culture

Our employees are our biggest asset and we continue to build a robust and winning organization culture for Ingersoll Rand. An important achievement in 2013 was the realization of a 2 point improvement in our Employee Engagement index with 71% favorable result in a difficult environment. A whopping 98% of our employees participated in this year's survey and gave us positive feedback – a true testimonial to our efforts in building a progressive, diverse and inclusive culture in the organization. Our hard work towards building a world-class organization was also recognized externally this year. We were awarded, for a second consecutive year, the 'No. 1 Dream Employer of the Year Award' by World HRD Congress in the manufacturing category. In addition, we were also awarded in the categories of 'Organization with the most Innovative HR Practices' and 'Excellence in Training'. We will continue to build on this culture, as it reinforces our behaviors to win ethically.



Pursuing Excellence

In India, Ingersoll Rand is regarded as a thought leader in communicating the sustainability message and deploying practices that are beginning to make a difference in the way business is conducted. Our Industrial Technologies business in India was recognized in 2013 by Frost & Sullivan as a Leader in 'Customer Value Creation' – an award for the Centrifugal Air Compressors Market in India 2013. The Frost & Sullivan award is a coveted one in the industry and is a testament to the fact that our products and solutions are well appreciated by our customers and the industry.

Ingersoll Rand continues to drive the message of sustainability across the Industry by building Energy efficient products and delivering the requisite services. This is core to the success of future organizations. We continue to demonstrate and communicate the results of key sustainability practices to our employees, customers and shareholders and win for the future. 2013 was marked by a challenging economy and industry scenario in India. While the India growth story gets back on track, our organization is optimistic and is well positioned to leverage the unfolding opportunities through the future!



Venkatesh Valluri
Chairman



Social Convergence – Making the Bigger Difference

At Ingersoll Rand, we stand for the highest standards in ethical business practices and sound governance and this has helped us build trust with the society within which we operate. Ingersoll Rand has a long and proud history of supporting the good works of philanthropic organizations in the country. Each year, Ingersoll Rand contributes both time and financial support to the communities in which we live and work. We will continue to align our philanthropy and community outreach efforts with our core business strengths.

Our Vision

Our vision is to advance the quality of life through our social commitments to help build healthy, sustainable, efficient and educated communities.

Our Mission

Through our efforts, our mission is to create a meaningful difference in people's lives and help to create a positive impact on communities in India.

Complying with the revised Companies Act and changing paradigm of Corporate Social Responsibility in India, Ingersoll Rand continues to expand its focus on providing Education, Healthcare, Livelihood, Technology Advancement & Innovation and Sustainability. We are working towards achieving our goals and building a sustainable society around us. We believe in collaborating with and converging the resources of the government, private sector, social enterprises and the communities through Public-Private-Partnership approach to deliver solutions that will improve lives.

In the last year, Ingersoll Rand in India has taken several new initiatives and expanded existing ones to further our focus and positively impact the economically disadvantaged and our environment.

Employee Giving Campaign

The organization launched the third edition of the campaign in partnership with United Way of India this year and made significant progress with the response received. The employees once again, voluntarily contributed one/two days' salary and pledged support to an NGO of their choice and location. The amount raised is donated to over 15 pre-selected NGO's across cities towards empowerment of the marginalized sections of the society and in the areas of Environment, Resource Conservation, Education, Healthcare and Improving Livelihoods. This one of its kind campaign mobilized and enabled employees to engage in meaningful community service activities.

→ Uttarakhand Disaster Relief

In response to the devastating floods in Uttarakhand during June 2013, Ingersoll Rand was one of the corporate partners that collaborated with United Way India and Manav Seva Sansthan to raise resources and support the disaster relief and rehabilitation of the flood affected communities. The organization has contributed a grant towards the United Way Disaster Response Fund- India (UWDRF-India) for the reconstruction of Balua Kot Primary School in Dharchula Block in Pithoragarh District, Uttarakhand. The school caters to the children in Dharchula Block (cluster of villages) for primary education. The school has 8 rooms, out of which one class room and other facilities were damaged completely during the flash floods. The Ingersoll Rand funds are being used towards the reconstruction of the damaged class room and sanitation facilities. The intervention is also funding distribution of books, notebooks and stationary to students who come from underprivileged background. These interventions are helping in the overall education enhancement of the school.

→ Agastya Science Centre

Ingersoll Rand partnered with Agastya International Foundation for the setting up of a Science Centre at the Government Girls Senior Secondary School, Jacobpura in Gurgaon this year. The Centre has been launched to help benefit economically disadvantaged children in remote, rural areas, with a special focus on the girl child and teachers. Through innovative and unique hands-on science education, the Science Center aims to foster creativity amongst children and provide them with the learning tools and confidence to overcome their constraints. The Ingersoll Rand Science Centre will impact over 12,000 children over a year, with a focus on girl child; and train 125 teachers for stimulating science education through experience and practical mentoring. This centre is a step ahead towards creating social value through educational support for economically disadvantaged children in remote areas and furthering science literacy in the bright minds of this country.



→ Lake Conservation

Ingersoll Rand has continued its support for the 'Wake the Lake' campaign with United Way of Bengaluru to save and preserve the Uttarahali Lake in the city. The project, continuing over the year, has helped convert the lake into a community asset by improving the bio-diversity, maintenance and creating awareness amongst the communities. Over the last year, the lake has been fenced completely with the successful operation of the Sewage Treatment Plant.

Cobbled walkways and appropriate Lighting has been installed at the lake for the visitors. Over 600 saplings have been planted at the lake over the year to ensure increase in Bio-diversity and for rejuvenating the Lake.

Sustainable Habitats

The Sustainable Habitat program is an initiative by which Ingersoll Rand is collaborating with the larger community to help design a solution that will innovatively address the housing needs of emerging economies while optimizing both natural and financial resources. The project will help demonstrate 'social' and 'innovation' convergence through public-private-partnership that can create lasting impact on societies in emerging economies. Our engineers are working towards building a set of low cost model dwellings that will utilize sustainable materials, solar technologies, water sanitation technologies, hygiene creation and other low cost solutions to incorporate the most sustainable, cost effective technologies and materials around the world and create a set of dwellings essentially for the weaker sections of the society in emerging economies. These model dwellings will also serve as an open innovation platform that will be constantly upgraded with progress in technology and gradually become a reference site for the ideal sustainable low cost habitat program for Governments in India and other emerging countries.

Power of 100

The innovative 'Power of 100' Program was launched in 2013 focusing on community relations and volunteering opportunities for all employees. Ingersoll Rand in India came together for multiple volunteering events for creating a better community in the regions where we operate. Various activities have been conducted successfully till date to include Tree Plantation, Collection Drive, Agastya Science Lab visits, Diwali NGO Melas, Marathons participation, Blood Donation Drive etc. The employee participation increased substantially with each passing activity to over 50% of the workforce getting engaged. Some highlights include, more than 100 trees planted by employees as part of the tree plantation activity; Over 100 needy people were helped through the collection drive material; Interaction with over 50 young students from lesser privileged backgrounds through the Agastya Science Lab activity; And substantial funds collected through the Diwali NGO Melas.



Ingersoll Rand, its leadership and employees, are committed and actively engaged in giving to the less fortunate and participating in community relations activities in the country. We continue to further our CSR approach to work with the right organizations engaged in advancing the core beliefs of Ingersoll Rand.



Contents

Chairman’s Message	2-5
Social Convergence - Making the Bigger Difference.....	6-8
Highlights of the Year.....	10
Notice	11-14
Annexure to Notice	15-16
Director’s Report	17-22
Secretarial Audit Report	23-24
Report on Corporate Governance	25-32
Annexure to Director’s Report	33-35
Distribution of Income/Ten years at a Glance	36-37
Auditors’ Report	38-41
Balance Sheet	42
Statement of Profit and Loss	43
Cash Flow Statement	44-45
Notes to the Financial Statements	46-70
Letter to Shareholders	71-72

Highlights of the Year

		2013-14		2012-13
Domestic Sales	Rs.	4,656.61 million	Rs.	4,703.72 million
Export Sales	Rs.	1,221.24 million	Rs.	1,194.65 million
(Less): Excise Duty	Rs.	(540.79) million	Rs.	(443.45) million
Other Revenue from Operations	Rs.	450.18 million	Rs.	358.77 million
Total Revenue from operations	Rs.	5,787.24 million	Rs.	5,813.69 million
Profit before tax	Rs.	984.35 million	Rs.	1,111.49 million
As a % of revenue		17.01		19.12
Profit after tax	Rs.	669.57 million	Rs.	779.43 million
As a % of revenue		11.57		13.41
Return on total resources (%)				7.64
Net worth per share	Rs.	289.73	Rs.	275.53
Earnings per share	Rs.	21.21	Rs.	24.69
Price earnings ratio		21.67 times		15.76 times
Dividend per share	Rs.	6.00	Rs.	6.00
Cover		3.5 times		4.1 times
Net sales/total assets		0.5 times		0.5 times
Profit after tax/gross fixed assets (%)		41.05		78.97
No. of employees		670		637
No. of shareholders		19,952		20,878

Distribution Schedule of Shareholdings

	Number of Shares	Percentage(%)
Principals	23,360,000	74%
Institutional Investors (Includes Govt./Govt. sponsored Financial Institutions/Foreign Banks/ Other Banks/Mutual Funds)	2,388,193	8%
Bodies Corporate and Trusts	683,553	2%
Directors and their relatives	86,600	0% *
Others	5,049,654	16%
Total	31,568,000	100%

* Less than 1%

Notice

Notice is hereby given that the Ninety-second Annual General Meeting of the members of Ingersoll-Rand (India) Limited (the "Company") will be held at Eagleton – The Golf Resort, 30th km., Bangalore-Mysore Highway, Shyanamangala Cross, Bidadi Industrial Area, Bangalore – 562 109 at 12.00 noon on Friday, September 12, 2014 to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at March 31, 2014 and Statement of Profit and Loss for the year ended on March 31, 2014 together with the reports of the Directors and the Auditors thereon.
2. To declare a dividend on equity shares of the Company for the financial year ended March 31, 2014.
3. To appoint a Director in place of Mr. Venkatesh Valluri (DIN : 00047514), who retires by rotation, and, being eligible, offers himself for re-appointment.
4. To consider, and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:-

RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 as may be applicable, M/s. Price Waterhouse & Co., Bangalore, Chartered Accountants, [Firm Registration No.: 007567S] be and hereby appointed as statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the 95th Annual General Meeting of the Company, subject to ratification of their appointment at every Annual General Meeting by the members, on such remuneration (including terms of payment) to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee, plus service tax and such other taxes, as may be applicable, and reimbursement of all out-of-pocket expenses in connection with the audit of the Accounts of the Company for the years ending on March 31, 2015 up to March 31, 2017.

SPECIAL BUSINESS

5. To consider, and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:-

RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. Ashish Bhavsar & Associates, Cost Accountants, Ahmedabad,

the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending on March 31, 2015, be paid the remuneration of Rs.1,25,000/- plus service tax and such other taxes, as may be applicable, and reimbursement of all out-of-pocket expenses in connection with the audit of the cost accounts of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution.

6. To consider, and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:-


RESOLVED THAT pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and subject to the approval of the Central Government, if required, approval of the Company be and is hereby accorded for the payment to Directors and Alternate Directors (who are neither in the whole time employment nor managing director nor resident in India), remuneration, by way of commission, calculated in accordance with the provisions of the Act not exceeding one percent of the net profits of the Company and to allocated to each Director as may be determined by the Board of Directors of the Company (the "Board") in each financial year.

RESOLVED FURTHER THAT this resolution shall be effective for a period of five years from the financial year commencing from April 1, 2014.

7. To consider, and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:-

RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement, Mr. Hemraj C. Asher (DIN : 00024863) who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received notices in writing under Section 160 of the Companies Act, 2013 from members proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years from September 12, 2014.

8. To consider, and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:-



RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement, Mr. Darius C. Shroff (DIN : 00170680) who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received notices in writing under Section 160 of the Companies Act, 2013 from members proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years from September 12, 2014.

NOTES: -

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY , IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) The Register of Members and the Share Transfer Books of the Company will remain closed from August 26, 2014 to August 28, 2014, both days inclusive, for the purpose of payment of dividend, if declared at the Annual General Meeting.
- (c) The Final Dividend on Equity Shares as recommended by the Board of Directors for the year ended March 31, 2014, if declared at the meeting, will be paid:
- (i) in respect of Shares held in electronic form on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as at the end of business on August 25, 2014;
 - (ii) in respect of shares held in physical form to those members whose names appears on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Registrar and Share Transfer Agents on or before August 25, 2014. The Company will dispatch the dividend warrants from September 17, 2014 onwards.
- (d) The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividends. Bank account details given by Members to their Depository Participants (DP's) and passed on to the Company by such DP's would be printed on the dividend warrants of the concerned members. Members who hold shares in dematerialized form must therefore give instructions regarding their bank account details to their DP's. The Company will not act on any request received directly from shareholders for changes in their bank account details. Further, instructions, if any, given by members for shares held in physical form will not be applicable to the dividend paid on shares held in electronic form.
- (e) In terms of Section 123, read with Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund of the Central Government. Accordingly, the Company would be transferring the Final Dividend 2006-07 for the year ended March 31, 2007 and the Interim Dividend 2007-08 for the year ended March 31, 2008 on or before August 24, 2014 and November 26, 2014 respectively.
- Members are requested to ensure that they claim the dividends referred to above, before it is transferred to the said Fund . Members are requested to make their claims to the Company/Registrar and Share Transfer Agents immediately. Please note that as per Section 125 of the Companies Act, 2013, no claim shall lie against the Company or the said Investor Education and Protection Fund in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the due date of payment and no payment shall be made in respect of any such claims.
- (f) Pursuant to Section 72 of the Companies Act, 2013 members holding shares in demat form may file nomination in the prescribed Form SH13 (in duplicate) with the respective Depository Participants and in respect of shares held in physical form, such nomination may be filed with the Company's Registrar and Share Transfer Agents.
- (g) The Ministry of Corporate Affairs (MCA) has taken a Green Initiative in Corporate Governance allowing paperless compliance by Companies through electronic mode. Taking advantage of this green initiatives of the MCA, your Company has decided to send all correspondences like notices of general meetings, abstracts of agreements, audited financial statements (Annual Report) through electronic means to the registered e-mail addresses of the shareholders made available to the Company. Please note that the said documents would also be available on the Company's website www.ingersollrand.co.in from where it can be downloaded by the members. In case you desire to receive the above mentioned documents



- in physical form you are requested to send an e-mail to the Company's Registrar and Share Transfer Agents to csg-unit@tsrdarashaw.com.
- (h) Please note that you are entitled to receive the above mentioned documents free of costs upon a requisition from you as a member of the Company. Members holding shares in the dematerialized form who wish to receive the above mentioned documents in electronic form and who have so far not registered their e-mail addresses may do so with their concerned Depository Participant. Members holding shares in physical form who wish to receive the above mentioned documents in electronic form are requested to register their e-mail id with the Company's Registrar and Share Transfer Agents.
- (i) Members who wish to attend the meeting are requested to bring attendance slip sent herewith duly filled in, and the copy of the Annual Report. Copies of Annual Report will not be distributed at the meeting.
- (j) Members are requested to affix their signature at the place provided on the attendance slip annexed to the proxy form and handover the slip at the entrance to the place of the Meeting. The identity/signature of the members holding shares in demat form are liable for verification with the specimen signatures furnished by NSDL/CDSL. Such members are advised to bring the Depository Participant (DP ID) and account number (client ID) to the meeting for recording of attendance at the meeting.
- (k) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Secretary of the Company so as to reach at least seven days before the date of the meeting, so that the information required may be made available at the meeting, to the best extent possible.
- (l) As required under Clause 49 of the Listing Agreement of the Stock exchanges, the relevant details of person seeking re-appointment as director, has been furnished in the Corporate Governance Report forming part of this Annual Report.
- (m) E- VOTING (Voting through electronic means)
- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 92nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL). The instructions for e-voting are as under:-
- A. In case a Member receives an e-mail from NSDL (for members whose e-mail addresses are registered with the Company/Depository Participants):
- (i) Open e-mail and open PDF file viz. "Ingersoll Rand India e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
 - (iii) Click on Shareholder – Login
 - (iv) Put user ID and password as initial password/ PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - (vii) Select "EVEN" of Ingersoll-Rand (India) Limited
 - (viii) Now you are ready for e-voting as Cast Vote Page opens
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional holders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to evoting@irco.com with a copy marked to evoting@nsdl.co.in
- B. In case a member receives a physical copy of the Notice of AGM (for members whose e-mail addresses are not registered with the Company/Depository Participants or requesting physical copy):
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
**EVEN (E-Voting Event Number) USER ID
PASSWORD/PIN**

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at Downloads section of www.evoting@nsdl.com
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail address in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on 3rd September 2014 (9.00 am IST) and ends on September 5, 2014 (5.30 pm IST). During this period shareholders' of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of July 25, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of July 25, 2014.
- VII. Ms. Bhumika Batra, Advocate, Crawford Bayley & Co. has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- IX. Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company at TSR Darashaw Private Limited, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011, in the enclosed postage pre-paid self-addressed envelope, not later than 5th September 2014 (5.30 pm IST). Ballot Forms deposited in person or sent by post or courier at the expense of the member will also be accepted.

Members have the option to request for physical copy of the Ballot Form by sending an e-mail to csg-unit@tsrdarashaw.com by mentioning their Folio/DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer not later than 5th September 2014 (5.30 pm IST).

Ballot Form received after this date will be treated as invalid.

A member can opt for only one method of voting i.e. either through e-voting or by Ballot. If a member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

- X. The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.ingersollrand.co.in and on the website of NSDL within 2 (two) days of passing of the resolutions at the AGM of the Company and communicated to BSE Limited, National Stock Exchange of India Limited and Ahmedabad Stock Exchange Limited, where the shares of the Company are listed.
- XI. Having regard to a recent High Court judgement, a shareholder who has not exercised his right to vote through e-voting or through Ballot may cast his vote in person or by proxy at the annual general meeting of the Company on a show of hands and/or on a poll.

By Order of the Board of Directors,
For **INGERSOLL- RAND (INDIA) LIMITED**



P. R. SHUBHAKAR
General Manager - Corp. Finance
and Company Secretary

Bangalore, May 7, 2014

Registered Office:
Plot No. 35, KIADB Industrial Area,
Bidadi, Bangalore 562 109
CIN: L05190KA1921PLC036321
Website: www.ingersollrand.co.in

Annexure to Notice

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5

The Board of Directors at its meeting held on May 7, 2014 has, on the recommendation of the Audit Committee, appointed M/s. Ashish Bhavsar & Associates, Cost Accountants, Ahmedabad, to conduct the cost audit of the Company as per the Companies (Cost Audit Report) Rules, 2011 for the financial year 2014-2015.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

The Board has, subject to the approval by the members at the General Meeting, determined the remuneration of Rs.125,000/- plus reimbursement of out of pocket expenses actually incurred by them in connection with the cost audit.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending on March 31, 2015.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board commends the Ordinary Resolution set out in Item No. 5 of the Notice for approval by the members.

ITEM NO. 6

Under the Act, directors have been entrusted with new responsibilities to make their role more objective and purposeful. Keeping in view the enhanced role, responsibilities and duties of directors, it is considered appropriate that the remuneration payable to the Directors by the Company should be commensurate with their increased role, responsibilities and duties.

Article 121 of the Articles of Association of the Company, *inter alia*, provides for payment of commission to a Director, who is neither in the whole time employment nor a Managing Director of the Company, and fees for attending a meeting of the Board of Directors or Committee thereof, being the maximum sum as may be prescribed by the Companies Act, 2013 ("the Act") or the Central Government.

Section 197 of the Act, provides, *inter alia*, that a director, who is neither in the whole-time employment of a Company nor a Managing Director may be paid remuneration by way of commission not exceeding one percent of the net profits of the Company, if the Company has a Managing or Whole time Director or Manager, provided such payment is authorised by a special resolution passed in that behalf.

Having regard to the time and attention devoted by the Directors to the affairs of your Company, the Board of Directors of your Company, has subject to the approval of the members, proposed to remunerate the non-executive directors (i.e. directors other than the Managing Director and Whole-time Director) by payment of commission not exceeding in aggregate one percent of the net profits of the Company for each financial year, as computed in the manner laid down in Section 198 of the Act. The said remuneration to non-executive directors shall be in addition to the sitting fee payable to them for attending meetings of the Board and Committees thereof.

The shareholders had approved the payment of commission to the non-executive Directors and passed a special resolution under the provisions of Section 309 of the Companies Act, 1956 at 87th annual general meeting held on September 11, 2009. Validity of this special resolution for payment of commission is up to the financial year 2013-14. It is proposed to take fresh approval for the payment of commission for a period of five years with effect from the financial year commencing April 1, 2014.

Mr. Hemraj C. Asher, Mr. Darius C. Shroff and Mr. Venkatesh Valluri, Directors of the Company, are interested and concerned in this resolution. None of the Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested in the resolution set out at Item No. 6 of the Notice.


The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval by the members.

ITEM NOS. 7 AND 8

Mr. Hemraj C. Asher and Mr. Darius C. Shroff are Independent Directors of the Company and have held the positions as such for more than 5 (five) years.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement *inter alia* stipulating the conditions for appointment of independent directors by a listed company.

It is proposed to appoint Mr. Hemraj C. Asher and Mr. Darius C. Shroff as Independent Directors under Section



149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years from September 12, 2014.

Mr. Hemraj C. Asher and Mr. Darius C. Shroff are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and have given their consent to act as Directors.

The Company has received notices in writing from members along with deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidatures of each of Mr. Hemraj C. Asher and Mr. Darius C. Shroff for the office of Directors of the Company.

The Company has also received declarations from Mr. Hemraj C. Asher and Mr. Darius C. Shroff that they meet with the criteria of independence as prescribed both under sub-section 6 of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Hemraj C. Asher and Mr. Darius C. Shroff fulfill the conditions for appointment as Independent Directors as specified in the Companies Act, 2013 and the Listing Agreement. Mr. Hemraj C. Asher and Mr. Darius C. Shroff are independent of the management.

Brief resume of Mr. Hemraj C. Asher and Mr. Darius C. Shroff, nature of their expertise and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letters for respective appointments of Mr. Hemraj C. Asher and Mr. Darius C. Shroff as Independent Directors setting out the terms and conditions

of appointment are available for inspection by members at the Registered Office of the Company.

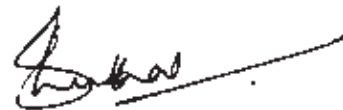
Mr. Hemraj C. Asher and Mr. Darius C. Shroff are interested in the resolutions set out respectively in Item Nos. 7 and 8 of the Notice with regard to their respective appointments.

The relatives of Mr. Hemraj C. Asher and Mr. Darius C. Shroff may be deemed to be interested in the resolutions set out respectively at Item Nos. 7 and 8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested in the resolution set out at Item Nos. 7 and 8 of the Notice.

The Board commends the Ordinary Resolutions set out at Item Nos. 7 & 8 of the Notice for approval by the members.

By Order of the Board of Directors,
For **INGERSOLL- RAND (INDIA) LIMITED**



P. R. SHUBHAKAR
General Manager - Corp. Finance
and Company Secretary

Bangalore, May 7, 2014

Registered Office:
Plot No. 35, KIADB Industrial Area,
Bidadi, Bangalore 562 109
CIN: L05190KA1921PLC036321
Website: www.ingersollrand.co.in

Director's Report

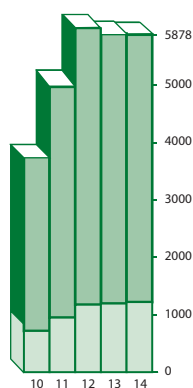
To,
THE MEMBERS,
INGERSOLL-RAND (INDIA) LIMITED

Your Directors are pleased to submit the Ninety-Second Annual Report of the Company along with the Audited Balance Sheet and Statement of Profit and Loss for the year ended March 31, 2014

1. FINANCIAL RESULTS

	(Rs. in Million)	
	2013-2014	2012-2013
Gross Profit	1,077.28	1,174.15
Less: Depreciation	(81.06)	(51.76)
Less: Interest	(11.87)	(10.90)
Profit before taxation and extraordinary items	<u>984.35</u>	<u>1,111.49</u>
Less: Provision for Current Tax	(330.70)	(362.20)
Deferred Tax for the year	(12.57)	3.38
Write back relating to prior years (net)	28.49	(314.78)
Net Profit	<u>669.57</u>	<u>779.43</u>
Add: Balance brought forward from Balance Sheet	5,419.20	4,938.64
	<u>6,088.77</u>	<u>5,718.07</u>
Appropriations:		
Interim Dividend (including tax thereon)	110.80	110.07
Proposed Final Dividend (including tax thereon)	110.80	110.80
Transfer to General Reserve Account	67.00	78.00
Balance carried to Balance Sheet	5,800.17	5,419.20
	<u>6,088.77</u>	<u>5,718.07</u>

SALES (in Millions of Rs.)



2. THE COMPANIES ACT, 2013

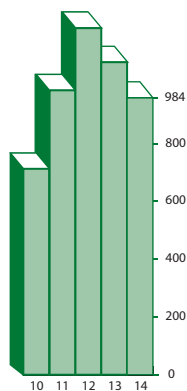
The Ministry of Corporate Affairs (MCA) has notified 282 sections of the Companies Act, 2013 (CA2013) in tranches in September 2013 and March 2014. MCA vide its Circular dated April 4, 2014 has clarified that the financial statements and documents annexed thereto, auditor's report and Board's report in respect of financial year that have commenced earlier than April 1, 2014 shall be governed by the provisions of the Companies Act, 1956. Accordingly, the Company's financial statements, auditor's report and Board's report and attachments thereto have been prepared in accordance with the provisions of the Companies Act, 1956.

3. MANAGEMENT DISCUSSION AND ANALYSIS

- a. **Industry Structure and Development:** The global economy recorded a modest recovery in financial year 2013-14, but the Indian economy continued to face multiple challenges like capital outflows, violent current account movement and severe exchange rate pressure. The industrial activity in India continued to be weak due to lackluster domestic demand. Your Company's products are primarily sold to industries in the highly capital



PROFIT BEFORE TAX
(in Millions of Rs.)



intensive manufacturing segment and the negative growth in manufacturing sector as a whole, has impacted the revenue growth in the year under review. Fiscal and monetary initiatives taken by the Reserve Bank of India helped stabilize the financial market conditions, but the domestic macro-economic environment continues to be challenging.

- b. **Segment-wise operational performance:** Air Solutions continues to be the major segment in your Company's operations.

The gross revenues of Air Solutions business this year were lower by 2% at Rs. 5,894 million from Rs. 6,015 million last year. Despite the volatile and uncertain environment, your Company continues to focus on indigenously manufactured solutions driven by innovation and providing sustainable and energy efficient solution in India.

The new manufacturing plant in Chennai commenced commercial production in May 2013. Gross revenue from contract manufacturing air conditioner packages from this Plant was at Rs. 345 million as against Rs. 182 million in the previous financial year.

The overall profit before tax is Rs. 984 million as against Rs. 1,111 million in the previous year.

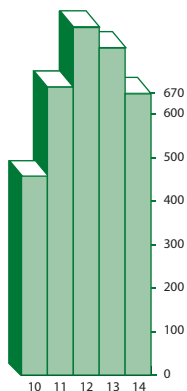
- c. **Outlook:** Your Company will continue its focus on sectors like power, pharmaceuticals and textiles for revenue growth through enhanced service offerings. Cost reduction will continue to be a focus area to ensure profitability. While the demand for air conditioner packages is subdued at the moment, there exist substantial opportunities for future growth. Barring unforeseen circumstances, we expect a steady growth with matching profitability for the fiscal year 2014-15.
- d. **Threat and concerns:** The major threat continues to come from lack of growth in the market. Low growth leads to pricing pressures. Our focus on differentiated product/service offerings ensures that we stay ahead of competition. Uncertainty in economic growth coupled with inflationary pressures has impacted the growth rate in India and consequently the operations of your Company as well. Fluctuation in foreign currency rates affects the profitability because the Company imports sub-assemblies and materials. The foreign currency fluctuation also has an impact on the net valuation of assets when held in currencies other than Indian Rupee.
- e. **Internal control systems and their adequacy:** Your Company has put in place effective and adequate internal control systems commensurate with its size, nature and complexity of its operations. These have been designed to safeguard the Company's assets from loss or damage, to keep a constant check on cost structure, to provide adequate internal control over financial reporting, to comply with the requirements of the Companies Act, 1956, the Generally Accepted Accounting Principles (GAAP) and the Accounting Standards prevailing in India, to execute transactions with proper authorization and to ensure compliance with corporate policies and to implement accounting standards. The internal control system is reviewed from time to time and modified/improved continuously to meet changes in business conditions, business processes, statutory and accounting requirements. Your Company, being a subsidiary of an entity listed on the New York Stock Exchange, also complies with the requirements of Sarbanes



Oxley Act of 2002. The internal audit team independently tests the design and operating effectiveness of the internal control system and provides a credible assurance to the Board and the Audit Committee regarding the adequacy and effectiveness of the internal control system.

- f. **Risk Management:** The Company is compliant with a mechanism for assessment of risks. A comprehensive policy for risk management has been put in place together with effective risk assessment and minimization procedures for monitoring risks. Company's internal control process includes the process of identification, assessment and mitigation of various business related risks, comprising operational, product, financial, reporting and compliance risks. Such risks are reviewed and discussed at regular management review meetings. The senior management team identifies risks and opportunities related to your Company's operations, which are integrated into business forecast and a detailed action plan is drawn up to mitigate those business risks. The business risks which are continuously monitored include, but are not limited to, product, price, cost trends, competition, technology/obsolescence risk, brand/reputational risk, foreign exchange risk, amongst others. Standard foreseeable risks to the Company's assets are adequately covered by comprehensive insurance. The Company's approach to risk management is structured, flexible, and designed to respond to immediate risks, while remaining alert to changes in the business environment and competition at all times. The Company encourages the development of a risk culture which in turn encourages employees to identify risks and associated opportunities and respond to them with appropriate timely actions. An optimum combination of policies and procedures comprehensively addresses the challenges and risks imminent in the working of the Company.
- g. **Safety, Health and Environment:** Your Company is committed to conducting the company's business in a sustainable manner with stringent procedures around safety systems and processes. Several measures have been taken to revitalize safety systems and processes. Employees across the Company have been extensively trained and educated on safety awareness, process safety management and road safety measures. From occupational health perspective, employee health checkup and hygiene studies are conducted every year.
- h. **Corporate Social Responsibility:** Making a social impact is a business imperative for Ingersoll Rand. Our Engineering talent is focused on developing Green Innovations for Emerging Economies such as India. The Company actively promotes the concepts of sustainability with a number of its stake holders, including Customers, Government and Employees. It has been consistently providing thought leadership in the Energy Efficiency domain. Further, the Company has been participating by being a responsible citizen in the locations it operates. Supporting initiatives that enhance education for the girl and rural child, contributing to Natural disasters such as the Uttarakhand floods, increasing the green footprint by planting trees through employee participation have all become a part of the culture of the organisation.
- i. **Technology Innovation:** Innovation has been a key strategy for your Company. The process of innovation has not only supported growth but also has delivered operational excellence. Convergence of multiple ideas and developing a sustainable solution for the customer has been the ethos

PROFIT AFTER TAX
(in Millions of Rs.)



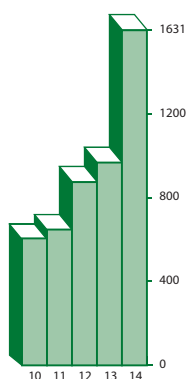


of innovation of your Company. The Evolution range of compressors in the 4-75kw range was launched in 2012 and is a locally innovated product - 'for India and by India'. We recorded growth of 4X in this 'No frills' range catering largely to different vertical segments and creating a niche market for itself in Tier-I/Tier-II cities.

This year in India, the Centac business, which has been a textbook story of innovation and differentiation of technology, proudly celebrated the milestone of shipping its 1000th Centac package from the Naroda plant. Today this product serves various market segments such as Non Ferrous, Textiles, Steel, Glass, Automotive, Chemical & Fertilizers, and Refineries etc. Ingersoll Rand Centac compressors have the largest installed base, and are the undisputed market leader for Centrifugal Compressors in India.

Your Company has also been successfully generating demand of the HRU (Heat Recovery Unit) machine by showcasing its benefits and strengths at various forums and for customers. The Heat Recovery cooling system has been designed and developed by Ingersoll Rand in India. Heat Recovery Units are part of the compressor packages which can recover anywhere between 50%-80% of available thermal energy and put it into useful work by heating fluids like air, water, gases and chemicals. Year 2013 marked the beginning of a growth journey for HRU packages in the market. This technology drives the sustainability leadership of Ingersoll Rand and helps the customer recover most of the waste energy.

GROSS BLOCK
(in Millions of Rs.)



4. EXPORTS

Exports for the year have increased to Rs. 1,221 million as against Rs. 1,195 million in the previous year, a marginal increase of 2%. The parent Company continues to source compressors manufactured in Naroda Plant and this reflects on the confidence placed by the parent Company in the quality of your Company's products.

5. DIVIDEND

Your Company declared an interim dividend at the rate of Rs. 3/- per share, absorbing Rs. 94.70 million. Your Directors now recommend payment of final dividend for the year ended March 31, 2014 at the rate of Rs. 3/- per share, bringing the total dividend for the year to Rs. 6/- per share (60%). The total dividend, if approved by the shareholders at the Annual General Meeting, would absorb Rs. 189.40 million out of the profits for the year (previous year Rs. 189.40 million). Dividend distribution tax payable by the Company amounting to Rs. 32.20 million (previous year Rs. 31.47 million) has been appropriated out of profits.

6. FIXED DEPOSITS

During the year, your Company did not accept any fixed deposits. There are no unclaimed deposits as on March 31, 2014.

7. DIRECTORS

Classification of Directors as per Companies Act, 2013

Section 149 of Companies Act, 2013 (CA2013) which defines the composition of the Board and the criteria for a director to be considered as independent has been notified effective April 1, 2014. The Board comprises of 3 Directors, out of which 2 Directors are independent Directors. In classification of Directors as independent, the Company has relied on the declaration of independence provided by the independent Directors as prescribed under Section 149(7) of CA2013.



Retirement by rotation

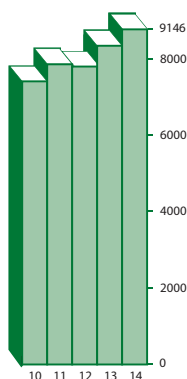
Section 149 of CA2013 provides that an independent director shall not hold office for more than two consecutive terms of five years each provided that the director is re-appointed by passing a special resolution on completion of first term of five consecutive years. Independent directors are no longer liable to retire by rotation. As per the explanation provided under Section 149 of CA2013, any tenure of an independent director on the date of commencement of this Section i.e. April 1, 2014 shall not be counted as a term. The tenure of every independent director to compute the period of first five consecutive years would be reckoned afresh from April 1, 2014. In accordance with the provisions of Sections 149 (5) of CA2013, both the existing independent directors are proposed to be appointed as independent directors under the provisions of Section 149(10) and 149(11) read with Schedule IV of CA2013 at the forthcoming Annual General Meeting.

Appointment of Mr. Hemraj C. Asher is proposed in the Notice of the forthcoming Annual General Meeting vide item no. 7 for a period of five years from September 12, 2014.

Appointment of Mr. Darius C. Shroff is proposed in the Notice of the forthcoming Annual General Meeting vide item no. 8 for a period of five years from September 12, 2014.

Details of Mr. Asher and Mr. Shroff, who are seeking appointment, has been provided in the Corporate Governance Report that forms part of this report, as required under Clause 49 of the Listing Agreement with the Stock Exchanges.

NET WORTH
(in Millions of Rs.)



8. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors make the following statement in accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956.

- that in the preparation of annual accounts, the applicable accounting standards have been followed;
- that appropriate accounting policies have been selected and applied consistently, and judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year April 1, 2013 to March 31, 2014;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that the annual accounts for the financial year ended March 31, 2014 has been prepared on a going concern basis.

9. CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance together with a certificate from Mr. K. Natesh, Practicing Company Secretary, confirming compliance with the requirements of Corporate Governance is annexed to this report.



10. SECRETARIAL AUDIT REPORT

As a measure of good corporate governance practice, the Board of Directors of the Company appointed Mr. K. Natesh, Practicing Company Secretary, to conduct the Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2014 is annexed to this report.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forms part of this report and is set out in the annexure forming part of this report.

12. AUDITORS

M/s. Price Waterhouse & Co., Bangalore, Chartered Accountants, the Company's auditors will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and rules framed thereunder, it is proposed to appoint M/s. Price Waterhouse & Co., Bangalore as statutory auditors from the conclusion of the ensuing Annual General Meeting till the conclusion of the 95th Annual General Meeting to be held in the year 2017, subject to annual ratification by members at every Annual General Meeting.

13. EMPLOYEES

The particulars of employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this report and accounts are being sent to the shareholders of the Company excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company and the same will be sent by post.

14. ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank its parent Company, customers, members, suppliers, bankers, associates and employees at all levels for their support and co-operation extended to the Company.

For and on behalf of the Board of Directors



Venkatesh Valluri
Chairman

Bangalore, May 7, 2014

Secretarial Audit Report

For The Financial Year ended 31st March 2014

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

The Board of Directors,

INGERSOLL-RAND (INDIA) LIMITED

Plot No. 35, KIADB Industrial Area, Bidadi, Bangalore 562109

Corporate Identity Number : L05190KA1921PLC036321

Authorized Capital : Rs. 32,00,00,000/-

Paid Up Capital : Rs. 31,56,80,000/-

I have examined the registers, records and documents of INGERSOLL-RAND (INDIA) LIMITED ("the Company") for the financial year ended on March 31, 2014, according to the provisions of

1. The Companies Act, 1956 and the Rules made under that Act
2. The notified Sections of Companies Act, 2013 (effective, 12th September 2013)
3. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made under that Act
4. The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act
5. The Foreign Exchange Management Act, 1999 (FEMA, 1999) and the Rules and Regulations made under that Act to the extent applicable to Overseas Direct Investment (ODI), Foreign Direct Investment (FDI) and External Commercial Borrowings (ECB)
6. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEB Act')
 - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
 - (iii) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
 - (iv) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - (v) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and
 - (vi) The Equity Listing Agreements with the Bombay Stock Exchange Limited, the National Stock Exchange of India Limited and Ahmedabad Stock Exchange Limited
7. The Registration Act, 1908 and the Rules made under that Act
8. The applicable Stamp Act(s) and the Rules made thereunder
9. The Memorandum and Articles of Association.
1. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act, the notified Sections of Companies Act, 2013 and the Memorandum and Articles of Association of the Company, with regard to:
 - (a) maintenance of various statutory registers and documents and making necessary entries therein
 - (b) closure of the Register of Members
 - (c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government
 - (d) service of documents by the Company on its Members, Directors, Auditors, the Registrar of Companies and others concerned
 - (e) notice of Board meetings and Committee meetings of Directors
 - (f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation
 - (g) sending notices for and holding of Annual General Meeting for the period under report
 - (h) minutes of proceedings of General Meetings and of the Board and its Committee meetings
 - (i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required
 - (j) constitution of the Board of Directors/Committee(s) of Directors, appointment, retirement and re-appointment of Directors
 - (k) payment of remuneration to Manager and Independent Directors
 - (l) appointment and remuneration of Auditors and Cost Auditors
 - (m) transfer(s) and transmission(s) of the Company's shares
 - (n) declaration and payment of dividends
 - (o) transfer of amounts as required under the Act to the Investor Education and Protection Fund and transfer of unpaid and unclaimed amount to a separate Bank Account.
 - (p) borrowings and registration, modification and satisfaction of charge(s), wherever applicable

- (q) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act
- (r) Directors' report
- (s) contracts, common seal, registered office and publication of name of the Company and
- (t) Generally, all other applicable provisions of the Act and the Rules made under the Act.
- II. I further report that:
- (a) the Directors have complied with the requirements as to disclosure of interest and concern in the contracts and arrangements, shareholdings / debenture holdings and directorships in other companies and interests in other entities
- (b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Conduct for Executive Directors, Senior Management Personnel and Non-Executive Directors separately.
- (c) the Company has obtained all necessary approvals under the various provisions of the Act and
- (d) there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- III. The Company has complied with the provisions of the Securities Contracts (Regulations) Act, 1956 and the Rules made under the Act, with regard to maintenance of minimum public shareholding.
- IV. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.
- V. The Company has complied with the applicable provisions of FEMA 1999 and the Rules and Regulations made under that Act.
- VI. I further report, for the financial year under report, that:
1. The Company has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited, the National Stock Exchange of India Limited and Ahmedabad Stock Exchange Limited
 2. The Company was not required to comply with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as there were no such cases.
 3. The Company has adopted a Code of Conduct and policy of Corporate Disclosure Practices for Prevention of Insider Trading, pursuant to the requirement of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended. This policy is applicable to all Directors, Managerial Personnel and such employees of the Company, who are expected to have access to Company's unpublished price sensitive information.
 4. The Company was not required to comply with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employee Stock Option Scheme, as there were no such cases.
 5. The Company was not required to comply with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as there were no such cases
 6. The Company was not required to comply with the provisions of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as there were no such cases
- VII. I further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- VIII. I further report that based on the information and documents received and the records maintained, the Company has complied with the applicable provisions of the Registration Act, 1908 and the applicable Stamps Act(s) and the rules made under the respective Acts.

Natesh K.

Company Secretary

F.C.S. 6835

Certificate of Practice No. 7277

No. 287, 9th Main, 26th Cross,

BSK II Stage, Bangalore-560 070

Place: Bangalore

Date: May 7, 2014

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

The following is a report on Corporate Governance code as implemented by your Company.

A. MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Ingersoll-Rand (India) Limited as a part of the Ingersoll-Rand group is committed to the highest standards of Corporate Governance and has over the years consistently demonstrated good corporate governance. The Company believes in managing its affairs with diligence, transparency, accountability and responsibility. The Company provides detailed information on various issues concerning the Company's business and financial performance, to its shareholders and is committed to transparency in all its dealings. Good Corporate Governance is an integral part of the Company's value system and the Company Management places considerable emphasis on business ethics. Corporate Governance as a whole entails the conduct and the manner in which the Company deals with its stakeholders. The Company is committed to conducting business in accordance with the highest legal and ethical standards, superior product quality and services to its customers.

2. BOARD OF DIRECTORS

As at March 31, 2014, the Company's Board of Directors headed by its Chairman, Mr. Venkatesh Valluri, comprised of 3 Directors, out of which, two are independent directors.

Composition, Status, Attendance at the Board Meetings, and the last Annual General Meeting (AGM):

Name of Director	Status i.e. Executive and Non-Executive & Independent	No. of Board Meetings		Attendance at the last AGM
		Held during the year	Attended during the year	
Mr. Venkatesh Valluri (Chairman)	Non-Executive	5	5	Yes
Mr. Hemraj C. Asher	Non-Executive & Independent	5	5	Yes
Mr. Darius C. Shroff	Non-Executive & Independent	5	5	Yes

Number of other Companies or Committees the Director (being a Director as on the date of the Directors' Report) is a Director or member / Chairman respectively:

Name of Director	No. of Other Companies on which Director (other than Private Limited Companies)	No. of Committees* [other than Ingersoll-Rand (India) Limited] in which member
Mr. Venkatesh Valluri (Chairman)	NIL	NIL
Mr. Hemraj C. Asher	4	5
Mr. Darius C. Shroff	4	3

* Audit Committee and Shareholders' / Investors Grievance Committee

Number of Board Meetings:

Five Board Meetings were held during the year 2013-14 on May 3, 2013, July 18, 2013, November 7, 2013, February 11, 2014 and March 18, 2014.

The Company has adopted Codes of Conduct for Executive Directors & Senior Management and Non – Executive Directors separately. All the Directors and Senior Management personnel of the Company have affirmed compliance with the Code.

3. REMUNERATION TO DIRECTORS

Criteria for payments to Non-executive Directors:

Non – Executive Directors have been paid remuneration by way of fixed commission, which will be determined by the Board of Directors in terms of the special resolution passed by the shareholders at the Annual General Meeting held on September 11, 2009. The Company has formulated a Nomination and Remuneration Policy as per which the criterion for payment of remuneration to Non-Executive Directors inter alia includes the time spent in attending Board/Committee meetings, time spent in perusing the paper/records/documents, time spent in participating in strategy development and advice given to the Management from time to time on strategic matters. For the accounting year 2013-2014, each of Mr. Hemraj C. Asher and Mr. Darius C. Shroff were paid remuneration of Rs. 12,00,000/- by way of commission.

4. REMUNERATION COMMITTEE

The remuneration committee comprises of Mr. Venkatesh Valluri, Mr. Hemraj C. Asher and Mr. Darius C. Shroff. Mr. Venkatesh Valluri is the Chairman of the Committee. The Remuneration Committee met twice during the year on May 2, 2013 and March 18, 2014.

The terms of reference of remuneration committee, inter alia consists of

- Formulation of Nomination and Remuneration Policy for payment of remuneration to Managing Director/Manager, Non-Executive Director etc. and its review from time to time.
- Periodically review and suggest revision of the total remuneration package of Managing Director/Manager under the provisions of Companies Act.

- Review the remuneration package, service agreement and other employment conditions of Managing Director/Manager under the provisions of Companies Act.
- Decide the actual salary, allowances, perquisites, retivals and increments of Managing Director/Manager under the provisions of Companies Act.
- Decide the amount of commission payable to Managing Director/Manager under the provisions of Companies Act.

In determining the remuneration package of the Managing Director/Manager under the provisions of Nomination and Remuneration Policy, the Committee evaluates the remuneration paid by comparable organisations within the industry and across various industries before making its recommendations to the Board of Directors. The compensation is also linked to individual and Company performance.

5. AUDIT COMMITTEE

The Audit Committee held four meetings during the year on May 2, 2013, July 18, 2013, November 7, 2013 and February 11, 2014. The details of composition of the Audit Committee and attendance of Members are as follows:

Name of Director	No. of meetings held	No. of meetings attended
Mr. Hemraj C. Asher, Chairman	4	4
Mr. Darius C. Shroff	4	4
Mr. Venkatesh Valluri	4	4

Mr. P. R. Shubhakar, General Manager – Corp. Finance & Company Secretary, acts as the Secretary of the Committee.

The terms of reference of the Audit Committee are set out in accordance with the requirement of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 and, inter alia consists of

- Oversight of the Company's financial reporting process and disclosure of financial information to ensure it is correct, sufficient and credible;
- Review with the Management the quarterly financial statements before submission to the Board
- Reviewing with the management the annual financial statements before submission to the Board for approval, primarily focusing on
 - Changes in accounting policies and practices
 - Significant adjustments made in financial statements arising out of audit findings
 - Major accounting entries based on exercise of judgement by Management
 - Compliance with accounting standards and changes required, if any, in accounting policies and practices
 - The going concern assumption
 - Compliance with stock exchange and legal requirements concerning financial statements
- Review of the adequacy of the internal control systems with the Management, internal auditors and statutory auditors
- Recommending to the Board, the appointment / re-appointment of statutory auditors and fixation of fees
- Approval for payment to statutory auditors for other services
- Reviewing the adequacy of internal audit function
- Review with internal auditors of any significant findings and follow-ups thereon
- Review of the Company's financial risk and management policies
- Review functioning of the Whistle Blower mechanism
- Any other function as may be stipulated by any law/Government guidelines
- Such other functions as may be specified by the Board of Directors of the Company from time to time

During the year under review, the Audit Committee besides considering the unaudited quarterly financial results and audited financial results and recommending to the Board of Directors of the Company for its adoption and approval, discussed various topics relating to Company's operations including inventory, provisions, direct and indirect tax compliance, receivables, C forms and compliances in general. The Committee also discussed audit plan and its methodology, statutory auditors' observations on various accounting issues and the Management's response thereon.

6. INVESTORS/SHAREHOLDERS GRIEVANCE COMMITTEE

As of March 31, 2014, the Investors/Shareholders Grievance Committee comprises of

- Mr. Darius C. Shroff, Chairman
- Mr. Hemraj C. Asher

The Committee meetings are held as and when required. 11 meetings of the Committee were held during the year.

The terms of reference of investors/shareholders grievance committee, inter alia consists of

- expeditious redressal of investors grievances;
- approving transfer and transmission of shares;
- issue of duplicate share certificates;
- approving of split and consolidation requests;
- review of shares dematerialised;
- all other matters related to shares.

The Board of Directors have delegated the powers to approve transfer and transmission of shares upto 500 shares to Mr. P R.Shubhakar, General Manager – Corp. Finance & Company Secretary.

Mr. P. R. Shubhakar, General Manager – Corp. Finance & Company Secretary is the Compliance Officer. The Registrar and Share Transfer Agents of the Company - TSR Darashaw Private Limited, attend to all grievances received from shareholders and investors.

All queries like non-receipt of annual reports, dividend, transfer of shares, change of address etc. were resolved to the satisfaction of the shareholders / investors. During the year, 668 grievances/queries were received from shareholders/investors and 2 complaints were received from Securities Exchange Board of India (SEBI). All investor grievances/queries, including the 2 complaints from SEBI, have been resolved to the satisfaction of the complainants. There was no outstanding complaint at the beginning of the year or at the end of the year.

All valid requests for share transfers received during the year have been acted upon and there are no share transfer pending as on March 31, 2014.

7. GENERAL BODY MEETINGS

The location and time of the General Meetings held during the last three years is as follows: -

AGM/EGM	Date	Venue	Time	No. of special resolutions passed
AGM	July 19, 2013	Eagleton – The Golf Resort, 30th Km., Bangalore-Mysore Highway, Shyanamangala Cross, Bidadi Industrial Area, Bangalore 562 109	12.00 Noon	-
AGM	July 19, 2012	Eagleton – The Golf Resort, 30th Km., Bangalore-Mysore Highway, Shyanamangala Cross, Bidadi Industrial Area, Bangalore 562 109	12.00 Noon	-
AGM	July 21, 2011	Eagleton – The Golf Resort, 30th Km., Bangalore-Mysore Highway, Shyanamangala Cross, Bidadi Industrial Area, Bangalore 562 109	12.00 Noon	-

8. NOTES ON DIRECTORS SEEKING RE-APPOINTMENT/APPOINTMENT

Mr. Venkatesh Valluri

Mr. Venkatesh Valluri is aged about 53 years. He is an electronics engineering graduate and management graduate from Indian Institute of Management, Ahmedabad. He has total experience of about 29 years. Prior to joining Ingersoll-Rand group in year 2009, he was President and Country Manager for Indian Operations of Agilent Technologies International, a high technology company. He has also worked for General Electric group of Companies in various capacities in locations at USA, Europe and Asia. He has been successful in demonstrating business growth and leadership development throughout his career.

Mr. Venkatesh Valluri does not hold any other Directorships and Chairmanships/ Memberships in Board Committees of Indian Limited Companies.

Mr. Venkatesh Valluri does not hold any shares in the Company either in his name or for other persons on a beneficial basis.

Mr. Hemraj C. Asher

Mr. Hemraj C. Asher has a degree in law and is an eminent solicitor. He is a senior partner in M/s. Crawford Bayley & Co, for last 40 years. He has been a Director on the Board of the Company since 1972 and is the Chairman of the Audit Committee. He takes active interest in the affairs of the Company. He is also Director on the Board of the following companies:

Name of the Company	Designation	Chairman/Membership of Audit committee/ Shareholders/Investors Grievance Committee
Allied Pickfords India Private Limited	Director	
Diamant Boart Marketing Private Limited	Director	
Elof Hansson (India) Private Limited	Director	
Hind Filters Limited	Director	
The Indian Card Clothing Company Limited	Director	Audit Committee – Member Shareholders/ Investors' Grievance Committee –Member
KELTECH Energies Limited	Director	Shareholders/ Investors' Grievance Committee –Member
Monsanto India Limited	Director	Audit Committee – Member Shareholders/ Investors' Grievance Committee – Member
PRS Technologies Private Limited	Director	
TUV India Private Limited	Director	

Mr. Darius C. Shroff.

Mr. Darius C. Shroff has a degree in Law and is an eminent solicitor. He is a senior partner in M/s. Crawford Bayley & Co., Mumbai. He has been a Director on the Board of the Company since 1983 and is the Chairman of the Investors / Shareholders Grievance Committee since 2000. He is also a Director on the Board of the following Companies:

Name of the Company	Designation	Chairman/Membership of Audit Committee/ Shareholders/Investors Grievance Committee
Avi-Oil India Private Limited	Director	
Bayer Material Science Private Limited	Director	
CMP Private Limited	Director	
GMM Pfaudler Limited	Director	Audit Committee – Member Shareholder/Investors Grievance Committee – Member
Kulkarni Power Tools Limited	Director	
Lubrizol India Private Limited	Director	
Siemens Limited	Director	Share Transfer /Investors Grievance Committee- Chairman
Swiss Re Services India Private Limited	Director	
Unifrax India Limited	Chairman	
Warner Bros . Pictures (India) Private Limited	Director	

9. DISCLOSURES

There are no materially significant related party transactions entered into by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. which had potential conflict with the interest of the Company at large. The register of contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

Transactions with the related parties are disclosed in Note 33 to the financial statements in the Annual Report.

During the last three years, there were no instances of non-compliance on any matters related to capital markets. Consequently, no strictures or penalties were imposed by either the Securities Exchange Board of India or the Stock Exchanges or any statutory authority.

10. CEO/CFO CERTIFICATION

The Manager under the provisions of Companies Act, 1956 and Vice President – Finance have certified to the Board compliance in respect of all matters specified in sub clause V of Clause 49 of the Listing Agreement.

11. MEANS OF COMMUNICATION

- Half yearly report sent to each household of shareholders No
- Quarterly Results – Which newspapers normally published in The Financial Express
Vijay Karnataka/ Kannada Prabha
Any Web site, where displayed The quarterly results are displayed on the Company's website www.ingersollrand.co.in
- Presentation made to Institutional Investors or to Analyst No
- Whether Management Discussion and Analysis Report is a part of annual report or not Yes

12. GENERAL SHAREHOLDER INFORMATION

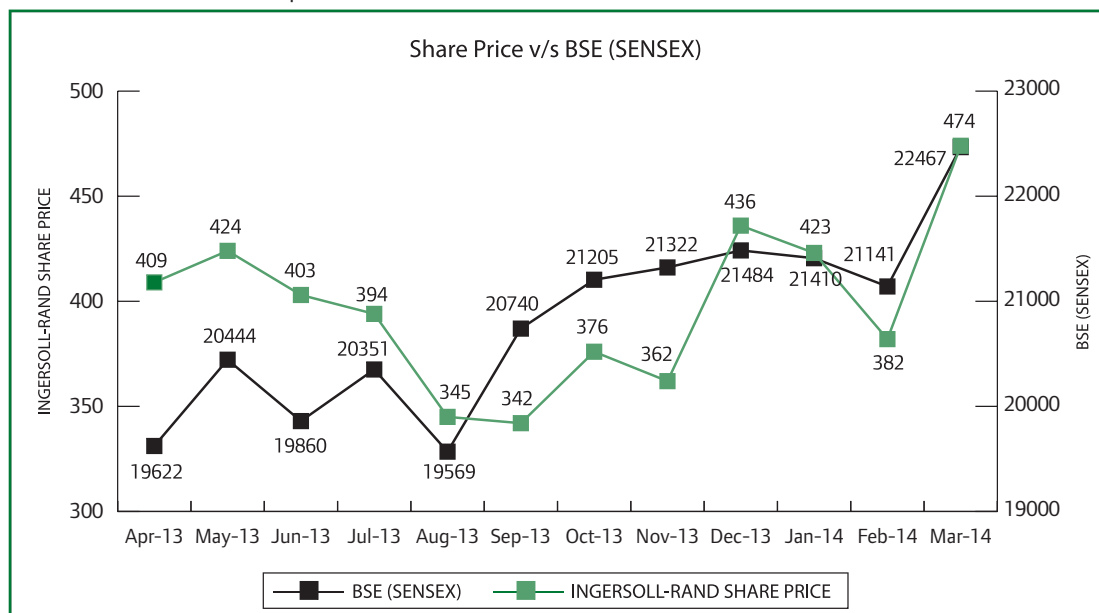
- AGM – Date September 12, 2014
– Time 12.00 Noon
– Venue Eagleton–The Golf Resort
30th km, Bangalore – Mysore Highway,
Shyanamangala Cross,
Bidadi Industrial Area,
Bangalore 562 109
- Financial Calendar April 2014 to March 2015
 - (a) First Quarter Results Last week of July 2014
 - (b) Second Quarter Results Last week of October 2014
 - (c) Third Quarter Results Last week of January 2015
 - (d) Results for the year ending March 2015 April / May 2015

- Date of Book Closure
The Company's Register of Members and Share Transfer Books will remain closed for the purpose of payment of final dividend 2013-2014 from August 26, 2014 to August 28, 2014 (Both days inclusive)
- Dividend Payment Date
September 17, 2014
- Listing on Stock Exchange
Bombay Stock Exchange Limited
Ahmedabad Stock Exchange Limited
National Stock Exchange of India Limited
Listing fees for the period 2013 - 2014 has been paid to the stock exchanges.
- Stock Code
Bombay Stock Exchange Limited 500210
Ahmedabad Stock Exchange Limited 26610
National Stock Exchange of India Limited INGERRAND EQ
Demat ISIN No. for NSDL and CDS INE177A01018
- Monthly Highs and Lows for the period April 2013 to March 2014

(in Rupees)

	The Bombay Stock Exchange Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High	Low	High	Low
April 2013	409.00	371.80	419.95	371.70
May 2013	423.75	393.00	423.90	389.00
June 2013	403.00	358.20	408.00	362.55
July 2013	394.00	335.00	392.75	333.50
August 2013	345.05	304.00	359.00	295.30
September 2013	341.55	301.00	349.00	298.10
October 2013	376.00	319.95	378.60	320.00
November 2013	362.00	322.05	362.00	325.00
December 2013	436.00	351.20	436.80	350.50
January 2014	423.00	365.15	423.00	364.20
February 2014	382.00	345.05	383.40	348.00
March 2014	473.95	357.60	478.95	358.10

- Stock Performance in comparison to BSE Sensex



- Registrars & Share Transfer Agents

TSR Darashaw Private Limited
6-10, Haji Moosa Patrawala Ind. Estate,
20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011

- Share Transfer System

The share transactions are approved by the General Manager - Corp. Finance & Company Secretary periodically in terms of the authority granted by the Board of Directors of the Company with a view to expedite the process of approving the share transactions. The summary of share transactions approved is placed before the Board of Directors of the Company at the succeeding Board Meetings for ratification.

Share transfers are registered and returned within 15 days from the date of receipt, if the relevant documents are complete in all respects. Requests for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days.

The total number of shares transferred in the physical form during the year under review was 5,808.

- Distribution and Shareholding Pattern as on March 31, 2014

No. of equity shares held	No. of folios	%	No. of shares	%
Upto 500	17,674	88.58	1,918,460	6.08
501 – 1,000	1,539	7.71	1,179,421	3.74
1,001 – 2,000	400	2.00	594,635	1.88
2,001 – 3,000	134	0.67	337,238	1.07
3,001 – 4,000	48	0.24	166,657	0.53
4,001 – 5,000	31	0.16	144,290	0.46
5,001 – 10,000	63	0.32	473,093	1.50
10,001 and above	63	0.32	26,754,206	84.74
TOTAL	19,952	100.00	31,568,000	100.00
No. of shareholders in physical mode	1,877		424,471	
No. of shareholders in electronic mode	18,075		31,143,529	

- Shareholding pattern as on March 31, 2014 is as follows

Category	No. of shares	%
Ingersoll-Rand Company, New Jersey, U.S.A.	23,360,000	74.00
Foreign Institutional Investors	219,904	0.70
Non Resident Indians	129,312	0.41
Unit Trust of India	200	*0.00
Insurance Companies	1,301,839	4.12
Nationalised Banks and other Banks	7,047	0.03
Foreign Banks	150	*0.00
Mutual Funds	859,053	2.72
Domestic Companies	681,156	2.16
Trusts	2,397	0.01
Directors and Their Relatives	86,600	0.27
General Public	4,920,342	15.58
	31,568,000	100.00

*Less than 0.01%

- The number of shares held by Directors of Ingersoll - Rand (India) Limited are as follows:

Name of Director	No. of shares held as on March 31, 2014
Mr. Venkatesh Valluri (Chairman)	NIL
Mr. Hemraj C. Asher	8,000
Mr. Darius C. Shroff	10,000

- Dematerialisation of shares and liquidity
The equity shares of the Company are in compulsory demat list and are available for trading under National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As of March 31, 2014, 98.66% of the paid-up capital has been dematerialised.
- Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion dates and like impact on equity
Not issued
- Plant Location
22-29, G.I.D.C. Estate,
Naroda, Ahmedabad 382 330
.....
Plot No. 61, 8th Avenue, 1st Cross,
Mahindra World City, Chengalpattu Taluk,
Kancheepuram District, Tamil Nadu – 603 002
- Address for correspondence
Shareholders correspondence should be addressed to the Registrar and Share Transfer Agents or to the Compliance Officer at the following address:
Registrar & Share Transfer Agents
TSR Darashaw Private Limited
6-10, Haji Moosa Patrawala Ind. Estate,
20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011
E-mail: csg-unit@tsrdarashaw.com
Compliance Officer
The Company Secretary
Ingersoll-Rand (India) Limited
Plot No. 35, KIADB Industrial Area,
Bidadi, Bangalore – 562 109
E-mail: p_r_shubhakar@irco.com
Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

NON-MANDATORY REQUIREMENTS

1. Shareholder rights –

The half-yearly declaration of financial performance including summary of the significant events in last six months should be sent to each household of shareholders

As the Company's half-yearly results are published in English newspapers having circulation all over India and in Kannada newspaper (having circulation in Karnataka), and in Company's website, the same is not being sent to the shareholders separately. There are no second half-yearly results as the audited results are taken on record by the Board of Directors and then communicated to the shareholders through the Annual Report.

2. Code of Conduct for Prevention of Insider Trading

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a Code of Conduct for Prevention of Insider Trading with effect from August 1, 2002. This Code of Conduct is applicable to all Directors and such employees of the Company who are expected to have access to Company's unpublished price sensitive information.

3. Disclosure Practices for Prevention of Insider Trading

As required by SEBI regulations, the Company has adopted a Policy for Corporate Disclosure Practices for Prevention of Insider Trading with effect from August 1, 2002. This policy is applicable to all Directors and employees of the Company.

4. Secretarial Audit

As stipulated by SEBI, a qualified Company Secretary carries out the Secretarial Audit to reconcile the total Admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report is submitted to the Stock Exchanges as well as placed before the Board of Directors. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

5. Whistle Blower Policy

The Company has adopted a Whistle Blower Policy as a mechanism for employees to report to the management, any concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The policy also affirms that all employees can report their concerns to the Audit Committee.

For and on behalf of the Board of Directors



Venkatesh Valluri
Chairman

Bangalore
May 7, 2014

Company Secretary's Certificate regarding compliance of conditions of Corporate Governance

To,
The Members,
Ingersoll-Rand (India) Limited

I have examined all the relevant records of Ingersoll-Rand (India) Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreements, with the Stock Exchanges for the Financial year ended March 31, 2014. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. This certificate is neither an assurance as to the future viability of the Company nor to the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the said Listing Agreement(s).

Natesh K.
Company Secretary
F.C.S. 6835
Certificate of Practice No. 7277
No. 287, 9th Main, 26th Cross,
BSK II Stage, Bangalore-560 070

Place: Bangalore
Date: May 7, 2014



Annexure to Directors' Report

INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

CONSERVATION OF ENERGY

- (a) The following energy conservation measures were taken:
- i. Installed VFD and occupancy sensors in paint booth.
 - ii. Installed VFD in paint booth blower.
 - iii. Isolated and switched off another 500 KVA transformer with better load management.
 - iv. Reduced 10T of AC load with better office space utilization.
 - v. Remove old left out window air conditioners.
 - vi. Thermal comfort ensured for shop floor area by providing double skin insulation and solar reflective coating for roofing and side walls (3-5° C reduction than outside temperature), so that, conserve energy on providing mechanical ventilation.
 - vii. Skylight panel provided in shop floor area to get maximum light during daytime to avoid electrical lights.
 - viii. Rain water harvesting done to collect 100% rainfall in the site.
 - ix. Electrical charging facility for Non-polluting vehicles provided.
 - x. 30% reduction in water usage achieved by providing low flow water fixtures and sensor controls.
 - xi. More than 40% reduction in energy consumption achieved as per ASHRAE 90.1 standards by whole factory building simulation.
 - xii. 30% Improvement in fresh air ventilation for Occupant comfort.
 - xiii. Automatic power factor control unit is installed and meters are installed at all required areas and integrated with IBMS network for remote monitoring system. The power factor is now maintained at about 0.98.
 - xiv. In HVAC system, all installed air handling units are incorporated with VFDs.
 - xv. Simpler pipes installed for compressed air distribution to avoid leakage and other friction losses.
 - xvi. Lighting system installed in the plant is a combination of LED, CFL and T5 lamps.
 - xvii. Energy efficient transformers are installed with OLTC to minimize energy loss.
- (b) Additional investments and proposals, if any, being implemented for reduction in energy consumption:
- i. Storm water drainage system being incorporated in new design
 - ii. New green building design with IGBC rating in plant transformation
 - iii. Installation of renewable energy sources (solar power) to meet green building guidelines
- (c) Impact of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
- i. Conserved more than 40% energy when compared to base line energy consumption on figures for the building in compliance with ASHRAE 90.1-2004 requirements.
 - ii. Our total energy cost is less than one per cent of total sales and considering the nature of our production process, further conservation could at best be marginal.
- (d) Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in the schedule thereto:
- Not applicable in case of your Company.

TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B is given below:

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH REGARD TO ABSORPTION RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D is carried out by the Company:

(A) COMPRESSORS

- Types:
- (i) Reciprocating air-cooled – single and multi-stage.
 - (ii) Reciprocating water-cooled – single and multi-stage.
 - (iii) Rotary Screw
 - (iv) Centrifugal
- Areas:
- (i) Thermodynamics
 - (ii) Energy Efficiency
 - (iii) Fluid flow
 - (iv) Multi-user application adoption
 - (v) Finite Element Analysis
 - (vi) Modulation and control systems
 - (vii) Digital pulsation analysis for acoustic and mechanical vibrations
 - (viii) Microprocessor based control
 - (ix) Torsion vibration analysis of drives

2. Benefits derived as a result of the above R & D:

- (i) Improved efficiency of products and better customer satisfaction.
- (ii) Up gradation of our existing machines and introduction of new products consuming less energy to the user.
- (iii) Continuous exploration for indigenization without compromise on quality and thereby saving valuable foreign exchange.
- (iv) Expansion of product range by adding new products.
- (v) Offering of optimum product choice both at home and abroad for diverse applications.
- (vi) Unique status of single manufacturer of certain compressors worldwide.
- (vii) Development of resident technology base for quick response to changing scenarios.
- (viii) Through the installation of Quality System and Total Quality Management, able to get ISO-9001 certification for the air solutions plant at Ahmedabad.

3. Future Plan of Action:

- (i) Introduce, develop and also export higher efficiency air compressor and packages.
- (ii) Introduce larger sizes of centrifugal compressors.
- (iii) Introduce comprehensive range of stationary screw compressors for industrial use.

4. Expenditure of R & D:

- | | |
|--|-------------------|
| (i) Capital | Rs. 3.48 million |
| (ii) Recurring | Rs. 14.59 million |
| (iii) Total | Rs. 18.07 million |
| (iv) Total R & D expenditure as a percentage of total turnover - | 0.33% |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Being constantly in touch with our principals, Ingersoll-Rand Company, U.S.A. and its various manufacturing locations, we were able to keep up-to-date with technology changes. Efforts in brief, made towards technology absorption, adaptation and innovation are as follows:
 - (i) Continued development of Naroda as an Export base for large reciprocating compressor packages and parts.
 - (ii) Import substitution on several mechanical transmissions, valve components, control panels and also progressive indigenisation of all product lines.
 - (iii) Development of air-conditioning technology with the set-up of production base at Naroda for bus air-conditioning products.
 - (iv) Setting up an in-house test laboratory to validate processes before commencing production.
2. Benefits derived as a result of the above efforts:
 - (i) Upgradation of facilities and processes in line with the latest global trends
 - (ii) Upgradation of product range incorporating latest features
 - (iii) Product improvements, higher efficiency and reduction in cost per unit.
 - (iv) Products made efficient through adaptation of modern technology to save energy and also to be more environment friendly.
 - (v) More efficient use of raw material using nesting techniques to cut down wastage of resources.
 - (vi) Reduction in manufacturing cost through improvement in productivity thereby offsetting general cost escalation in inputs.
3. In case of imported technology [imported during the last 5 years reckoned from the beginning of the financial year], following information is furnished:

<u>Technology Imported</u>	<u>Year</u>	<u>Status</u>
Blower technology	2009	In production
Air-conditioning (Bus) technology	2009	In production

Technology imported earlier has assisted us in upgrading our products and ushering in latest technological advances made in the developed countries. Constant dialogue takes place with our Principals in U.S.A. for adapting to the most modern technology available in the world.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange used and earned: (Rs. Million)

(i) Earnings in foreign exchange on account of exports, deemed exports, income from business support services and recovery of expenses		1,248.25
(ii) Value of imports calculated on c.i.f. basis	1,789.84	
(iii) Expenditure in foreign currency on account of travelling, IT infrastructure and others	197.35	
(iv) Remittance in foreign exchange on account of dividend	140.16	2,127.35
Net Earnings/(Outgo) in Foreign Exchange		(879.10)

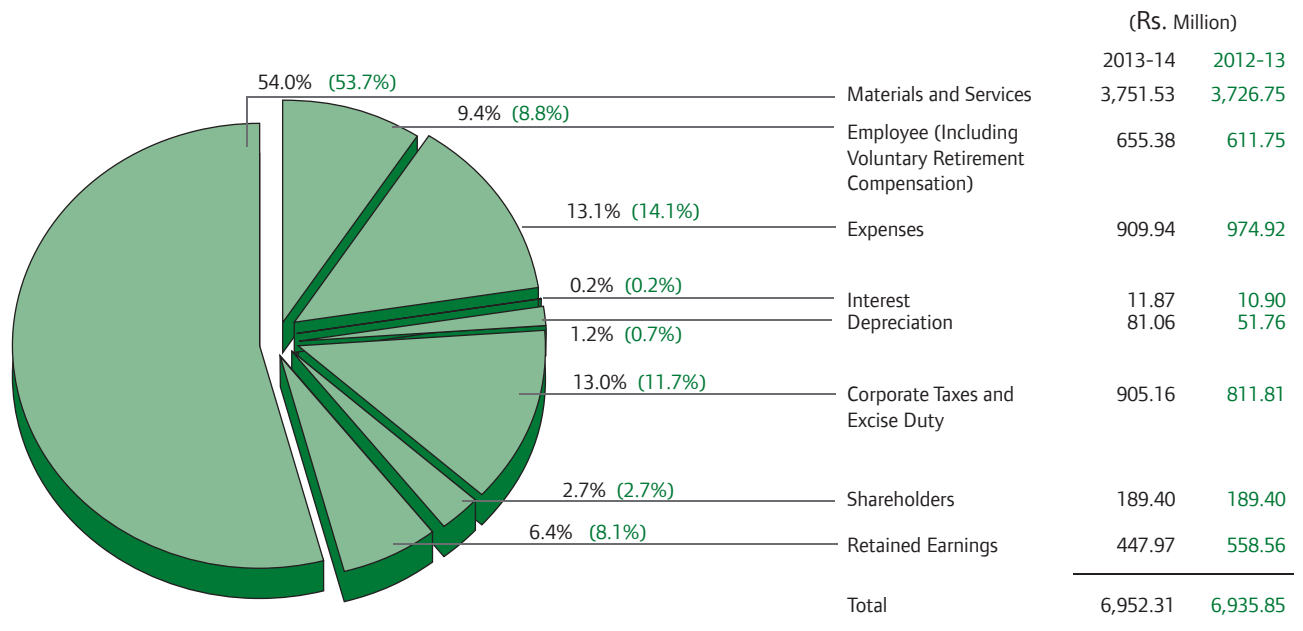
For and on behalf of the Board of Directors



Venkatesh Valluri
Chairman

Bangalore, May 7, 2014

Distribution of Income



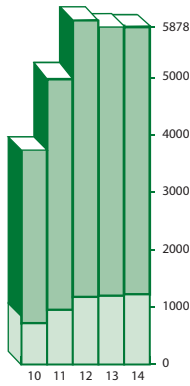
Ten years at a glance

(Rs. '000)	2013-14	2012-13	2011-12
1. Sales	5,877,850	5,898,371	5,997,141
2. Other Income	1,074,460	1,037,480	1,005,880
3. Total Income	6,952,310	6,935,851	7,003,021
4. CAGR For Total Income (%)	0.31	2.91	-
5. Manufacturing and Other Expenses	5,334,240	5,318,250	5,322,800
6. Depreciation	81,060	51,760	50,360
7. Interest	11,870	10,900	4,710
8. Voluntary Retirement Compensation	-	-	-
9. Profit Before Depreciation & Income Tax	1,065,410	1,163,250	1,282,800
10. Profit Before Tax	984,350	1,111,490	1,232,440
11. Tax	314,780	332,060	404,810
12. Profit After Tax	669,570	779,430	827,630
13. CAGR For Profit After Tax (%)	-4.99	5.50	-
14. Dividend	189,408	189,408	757,632
15. Dividend - Rs. per share	6.00	6.00	24.00
16. Fixed Assets (Net)	1,163,240	1,020,281	453,761
17. Current Assets, Loans and Advances	9,770,560	9,175,640	8,999,040
18. Total Assets	10,933,800	10,195,921	9,452,801
19. Share Capital	315,680	315,680	315,680
20. Market Price Per Share : 52 Weeks High and Low (H - High ; L - Low)	H 473.95 L 301.00	H 543.70 L 383.05	H 558.50 L 355.20
21. Reserves and Surplus	8,830,360	8,382,394	7,823,829
22. Net Worth	9,146,040	8,698,074	8,139,509
23. Loans (Secured and Unsecured)	-	-	-



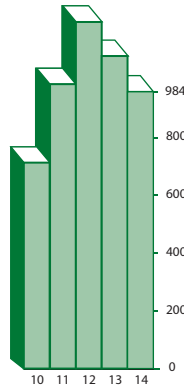
SALES

(in Millions of Rs.)



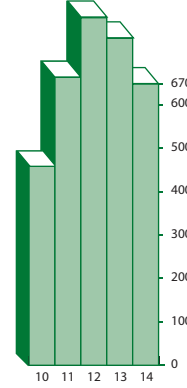
PROFIT BEFORE TAX

(in Millions of Rs.)



PROFIT AFTER TAX

(in Millions of Rs.)



2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	
4,970,526	3,760,037	4,056,434	5,306,573	6,473,220	5,188,937	4,818,702	1.
778,991	571,449	765,117	559,746	326,728	329,964	280,761	2.
5,749,517	4,331,486	4,821,551	5,866,319	6,799,948	5,518,901	5,099,463	3.
-	-	-	-	-	-	-	4.
4,352,041	3,307,541	3,414,289	4,424,359	5,450,679	4,513,710	4,294,691	5.
47,530	41,486	41,632	42,453	62,689	62,526	66,627	6.
5,340	18,539	1,731	8,772	9,123	14,541	18,526	7.
-	10,316	4,847	-	500	7,130	30,272	8.
1,059,051	773,040	1,068,960	3,799,353	811,956	561,758	1,522,541	9.
1,011,531	731,554	1,027,328	3,756,900	749,267	499,232	1,455,914	10.
325,300	257,522	355,274	951,570	284,434	189,639	337,710	11.
686,231	474,032	672,054	2,805,330	464,833	309,593	1,118,204	12.
-	-	-	-	-	-	-	13.
189,408	189,408	189,408	189,408	189,408	189,408	189,408	14.
6.00	6.00	6.00	6.00	6.00	6.00	6.00	15.
253,621	239,154	223,472	226,724	413,838	412,513	413,084	16.
9,357,978	8,731,850	8,378,020	8,005,710	5,935,442	5,445,373	4,892,297	17.
9,611,599	9,020,530	8,649,010	8,289,491	6,371,870	5,880,476	5,327,974	18.
315,680	315,680	315,680	315,680	315,680	315,680	315,680	19.
H 518.40	H 376.90	H 421.45	H 422.10	H 417.45	H 426.70	H 322.80	20.
L 337.00	L 264.55	L 204.75	L 251.25	L 225.10	L 257.30	L 188.10	
7,876,749	7,411,020	7,158,220	6,707,773	4,124,041	3,878,004	3,784,394	21.
8,192,429	7,726,700	7,473,900	7,023,453	4,439,721	4,193,684	4,100,074	22.
-	-	-	-	-	-	-	23.



Independent Auditors' Report

To the Members of Ingersoll-Rand (India) Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Ingersoll-Rand (India) Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

7. The financial statements of the Company as at March 31, 2013 and for the year then ended were audited by another firm of chartered accountants who, vide their report dated May 03, 2013, expressed an unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

8. As required by 'The Companies (Auditor's Report) Order, 2003', as amended by 'The Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

9. As required by Section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Act.

For **Price Waterhouse & Co., Bangalore**
Firm Registration Number: 0075675
Chartered Accountants

Shivakumar Hegde

Partner

Membership Number: 204627

Bangalore
May 07, 2014

Annexure to Independent Auditors' Report

Referred to in paragraph 8 of the Independent Auditors' Report of even date to the members of Ingersoll-Rand (India) Limited on the financial statements as of and for the year ended March 31, 2014

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- ii. (a) The inventory, excluding stocks with third parties, has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b), (c) and (d)] of the Order are not applicable to the Company.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(f) and (g)] of the Order are not applicable to the Company.

- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of profession tax and withholding income-tax though there has been a slight delay in a few cases and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, sales tax, income tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales tax, wealth tax, service tax, and customs duty, which have not been deposited on account of any dispute. The particulars of dues of income tax, excise duty and value added tax, as at March 31, 2014, which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income tax	- (*1)	2002-03	The Income Tax Appellate Tribunal, Bangalore
		- (*2)	2003-04	
		- (*3)	2004-05	
		9,300,717 (*4)	2005-06	
		1,329,725 (*5)	2006-07	
		- (*6)	2008-09	
		8,335,532	2009-10	The Dispute Resolution Panel, Bangalore
The Central Excise Act, 1994	Excise duty	6,705,998	2007-08	The Commissioner of Central Excise (Appeals), Bangalore
The Central Excise Act, 1994	Excise duty	143,280,920	2008-13	The Central Excise and Service Tax Appellate Tribunal, Ahmedabad
The Gujarat Value Added Tax, 2003	Value added tax	4,869,972 (*7)	2008-09	The Joint Commissioner of Appeals, Ahmedabad

(*1) Rs.14,525,728 has been deposited "under protest" by the Company.

(*2) Rs.26,462,768 has been deposited "under protest" by the Company.


(*3) Rs.16,206,755 has been deposited "under protest" by the Company.

(*4) Rs.42,091,002 has been deposited "under protest" by the Company.

(*5) Rs.17,008,917 has been deposited "under protest" by the Company.

(*6) Rs.634,956 has been deposited "under protest" by the Company.

(*7) Rs.1,400,000 has been deposited "under protest" by the Company.

- 
- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
 - xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
 - xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
 - xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
 - xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
 - xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
 - xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
 - xvii. The Company has not raised any funds on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
 - xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
 - xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
 - xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
 - xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

Bangalore
May 07, 2014

For **Price Waterhouse & Co., Bangalore**
Firm Registration Number: 0075675
Chartered Accountants

Shivakumar Hegde
Partner
Membership Number: 204627

Balance Sheet

(All amounts in Rupees Million, unless otherwise stated)

Particulars	Note	As at	
		March 31, 2014	March 31, 2013
Equity and Liabilities			
Shareholders' funds			
Share Capital	3	315.68	315.68
Reserves and Surplus	4	8,830.36	8,382.39
		<u>9,146.04</u>	<u>8,698.07</u>
Non-current Liabilities			
Long-term Provisions	5	28.09	30.53
		<u>28.09</u>	<u>30.53</u>
Current Liabilities			
Trade Payables	6	1,362.81	1,031.65
Other Current Liabilities	7	223.66	252.10
Short-term Provisions	5	173.20	183.57
		<u>1,759.67</u>	<u>1,467.32</u>
Total		<u><u>10,933.80</u></u>	<u><u>10,195.92</u></u>
Assets			
Non-current Assets			
Fixed Assets			
Tangible Assets	8.1	1,085.42	499.72
Intangible Assets	8.2	-	-
Capital Work-in-progress		77.82	520.56
Deferred Tax Assets (Net)	9	38.39	50.96
Long-term Loans and Advances	10	1,665.68	1,679.61
		<u>2,867.31</u>	<u>2,750.85</u>
Current Assets			
Inventories	11	1,413.24	914.41
Trade Receivables	12	1,742.89	1,402.39
Cash and Bank Balances	13	4,170.04	4,730.04
Short-term Loans and Advances	14	542.33	301.03
Other Current Assets	15	197.99	97.20
		<u>8,066.49</u>	<u>7,445.07</u>
Total		<u><u>10,933.80</u></u>	<u><u>10,195.92</u></u>

The notes are an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

For and on behalf of Board of Directors

For **Price Waterhouse & Co., Bangalore**
Firm Registration No. 007567S
Chartered Accountants

VENKATESH VALLURI
Chairman

H. C. ASHER
Director

SHIVAKUMAR HEGDE
Partner
Membership Number: 204627

P. R. SHUBHAKAR
Gen. Manager - Corp. Finance
& Company Secretary

G. MADHUSUDHAN RAO **AMAR KAUL**
Vice President - Finance
Vice President and
General Manager

Place: Bangalore
Date: May 07, 2014

Place: Bangalore
Date: May 07, 2014

Place: Ahmedabad
Date: May 07, 2014

Statement of Profit and Loss

(All amounts in Rupees Million, unless otherwise stated)

Particulars	Note	Year ended	
		March 31, 2014	March 31, 2013
Revenue from operations (gross)	18	6,328.03	6,299.22
Less: Excise duty		540.79	443.45
Revenue from operations (net)		5,787.24	5,855.77
Other Income	19	624.28	636.63
Total Revenue		6,411.52	6,492.40
Expenses:			
Cost of materials consumed	20	3,982.56	3,676.91
Changes in inventories of finished goods and work-in-progress	21	(213.64)	54.67
Employee benefits expense	22	655.38	611.75
Finance costs	23	11.87	10.90
Depreciation and amortisation expense	24	81.06	51.76
Other expenses	25	909.94	974.92
Total expenses		5,427.17	5,380.91
Profit before tax		984.35	1,111.49
Tax Expense:			
Current Tax		330.70	362.20
Deferred Tax charge/(credit)		12.57	(3.38)
Write back relating to prior years (net)		(28.49)	(26.76)
Profit for the year		669.57	779.43
Earnings per equity share [Nominal value per share Rs.10 (March 31, 2013: Rs.10)]	26		
Basic and Diluted		21.21	24.69

The notes are an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For and on behalf of Board of Directors

For **Price Waterhouse & Co., Bangalore**
Firm Registration No. 007567S
Chartered Accountants

VENKATESH VALLURI
Chairman

H. C. ASHER
Director

SHIVAKUMAR HEGDE
Partner
Membership Number: 204627

P. R. SHUBHAKAR
Gen. Manager - Corp. Finance
& Company Secretary

G. MADHUSUDHAN RAO **AMAR KAUL**
Vice President - Finance
Vice President and
General Manager

Place: Bangalore
Date: May 07, 2014

Place: Bangalore
Date: May 07, 2014

Place: Ahmedabad
Date: May 07, 2014

Cash Flow Statement

(All amounts in Rupees Million, unless otherwise stated)

	Year ended	
	March 31, 2014	March 31, 2013
A. Cash Flow from Operating Activities		
Profit before taxation	984.35	1,111.49
Adjustments for:		
Depreciation and amortisation expense	81.06	51.76
Interest expense	11.87	10.90
Interest income	(530.40)	(525.06)
Loss on sale/write-off of fixed assets (Net)	2.35	14.35
Bad debts written off	0.14	1.44
Provision for doubtful debts and advances	20.70	17.51
Unrealised foreign exchange (gain)/loss	(12.25)	(10.46)
Liability no longer required written back (Net)	-	(11.07)
Provision no longer required written back (Net)	-	(12.91)
Operating profit before working capital changes	557.82	647.95
Changes in Working Capital:		
Increase/(Decrease) in trade payables	323.94	190.27
Increase/(Decrease) in short-term provisions	(3.73)	(5.70)
Increase/(Decrease) in other current liabilities	(28.47)	57.03
Increase/(Decrease) in long-term provisions	(2.44)	(17.64)
(Increase)/Decrease in trade receivables	(355.15)	(87.24)
(Increase)/Decrease in inventories	(498.83)	170.87
(Increase)/Decrease in long-term loans and advances	(1.97)	(1,455.60)
(Increase)/Decrease in short-term loans and advances	(247.49)	1,375.05
(Increase)/Decrease in other current assets	(82.01)	(2.39)
Adjustment for unrealised foreign exchange gain/(loss)	12.25	10.46
Cash Generated from Operations	(326.08)	883.06
Taxes paid (net of refunds)	(315.86)	(380.26)
Net cash generated from/(used in) operating activities	(641.94)	502.80
B. Cash flow from Investing Activities		
Purchase of tangible assets (including Capital work-in-progress)	(207.78)	(638.18)
Sale of tangible assets	4.32	0.53
Investments in Term Deposits (with maturity more than 3 months but less than 12 months)	(6,400.00)	(1,900.00)
Maturity of Term Deposits (with maturity more than 3 months but less than 12 months)	6,400.00	1,525.00
Interest received	511.62	583.80
Net cash from/(used in) investing activities	308.16	(428.85)

Cash Flow Statement (Contd.)

(All amounts in Rupees Million, unless otherwise stated)

	Year ended	
	March 31, 2014	March 31, 2013
C. Cash flow from Financing Activities		
Dividends paid	(189.37)	(189.37)
Dividend Distribution Tax	(32.20)	(30.74)
Interest paid	(4.65)	(7.29)
Net cash from/(used in) financing activities	(226.22)	(227.40)
Net Increase/(decrease) in cash and cash equivalents	(560.00)	(153.45)
Cash and Cash equivalents at the beginning of the year	2,819.46	2,972.91
Cash and Cash equivalents at the end of the year	2,259.46	2,819.46
Cash and cash equivalents comprise of:		
Cash on Hand	-	0.04
Cheques on Hand	4.12	3.25
Balances with Banks	2,255.66	2,816.06
Effect of exchange differences on balances with banks in foreign currency	(0.32)	0.11
Total	2,259.46	2,819.46

Notes:

- The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date.
- The above Cash Flow Statement has been prepared under the indirect method in consonance with the requirements of Accounting Standard (AS) - 3 on Cash Flow Statements and the reconciliations required for the purpose are as made by the Company.
- Previous year's figures have been regrouped/reclassified wherever necessary in order to conform with current year's classification.

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of Board of Directors

For **Price Waterhouse & Co., Bangalore**
Firm Registration No. 0075675
Chartered Accountants

VENKATESH VALLURI
Chairman

H. C. ASHER
Director

SHIVAKUMAR HEGDE
Partner
Membership Number: 204627

P. R. SHUBHAKAR
Gen. Manager - Corp. Finance
& Company Secretary

G. MADHUSUDHAN RAO **AMAR KAUL**
Vice President - Finance
Vice President and
General Manager

Place: Bangalore
Date: May 07, 2014

Place: Bangalore
Date: May 07, 2014

Place: Ahmedabad
Date: May 07, 2014

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

1. General Information

Ingersoll-Rand (India) Limited (the 'Company') is a public limited company incorporated in 1921 under provisions of the Companies Act, 1913 and existing under the provisions of the Companies Act, 1956. The Company has a manufacturing plant in Naroda, Gujarat and is primarily engaged in the business of manufacturing and sales of Industrial air compressors of various capacities. The Company also manufactures air conditioner package under contract manufacturing arrangement for its fellow subsidiary in India from the new plant at Chennai, which commenced commercial production in May 2013. The Company sells air compressors primarily in India and also exports to other South Asian countries and the United States. The equity shares of the Company are listed on the Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Ahmedabad Stock Exchange Limited.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to circular 15/2013 dated September 13, 2013 read with circular 08/2014 dated April 04, 2014 issued by Ministry of Corporate Affairs (MCA), till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.2 Tangible Assets

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis at the rates prescribed under Schedule XIV of the Companies Act, 1956, or over the estimated useful life of the fixed assets as given below, whichever is higher:

- a) On fixed assets acquired and put to use up to December 31, 1985, on the written down value method.
- b) In respect of fixed assets acquired after December 31, 1985, on the straight line method (SLM). However, in respect of fixed assets acquired after December 31, 1985 up to March 31, 1993, depreciation has been provided:
 - i) in respect of fixed assets acquired during 1986, at the SLM equivalent of rates corresponding to the rates applicable under the Income-Tax Rules in force at the time of acquisition of the assets;

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

- ii) in respect of fixed assets acquired after December 31, 1986 up to March 31, 1993 at the rates prescribed under Schedule XIV to the Companies Act, 1956 prevailing at the time of acquisition.
- c) In respect of additions to/deletions from the fixed assets, on a *prorata* basis, except in respect of fixed assets of a cost not exceeding Rs.5,000, where depreciation has been charged at the rate of 100 percent for the whole year.
- d) Leasehold land is amortised over the period of the lease on the SLM.
- e) Leasehold improvements are amortised on SLM over the period of the lease or five years, whichever is lower.
- f) In respect of fixed assets leased out, over its useful life estimated at two years (on SLM).
- g) Computer System are depreciated over its estimated useful life of five years (on SLM).
- h) In respect of assets which are not directly connected with the production activity, such as Research and Development assets, depreciation is provided at 100 percent at the time of acquisition.

2.3 Intangible Assets (Computer Software)

Operating software are capitalised along with the related fixed assets. Other computer software (i.e., major application software), is stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any, and are amortised on a straight line basis over their estimated useful life of three years.

Gains or losses arising from the retirement or disposal of a computer software is determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

2.4 Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.5 Investments

Investments that are readily realisable, and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. Current investments are carried at cost or fair value, whichever is lower. All other investments are classified as long term investments. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

2.6 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the first-in first-out (FIFO) method. The cost of finished goods and work-in-progress includes raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

2.7 Current and deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is provided at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty or virtual certainty, as may be applicable, that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.8 Foreign Currency Transactions

Initial Recognition:

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency. Exchange rate is predetermined and fixed for the month upto December 31 and fixed for each day from January 1 onwards, that approximates the exchange rate prevailing on the date of the transaction.

Subsequent Recognition:

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate as indicated in Initial Recognition.

All monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the end of the reporting period and exchange gains/losses arising there from are adjusted to the Statement of Profit and Loss.

The premium or discount arising at the inception of forward exchange contract entered into to hedge an existing asset/liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

2.9 Revenue Recognition

(a) Sales are recognised when goods are dispatched (in accordance with the terms of sale) and when significant risks and rewards are transferred. Sales (gross) are recorded inclusive of excise duty but are net of trade discounts and sales tax.

(b) Service Revenue is recognised as and when services are performed and are recognised net of service tax.

2.10 Other Income and Other Operating Revenue

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Income from export incentives is recognised on an accrual basis.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

2.11 Leases

As a lessee:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

As a lessor:

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

2.12 Employee Benefits

Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The Company's liability is determined by an independent actuary (using the Projected Unit Credit method) at the end of the year, and any shortfall in the fund size maintained by the Trust is additionally provided for. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is determined by an independent actuary (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is determined by an independent actuary (using the Projected Unit credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short-term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Other short-term benefits: Liability towards short term employee benefits like performance bonus, which are expected to be paid within 12 months after the period in which the employees rendered related services, are recognised as expense during the period employee perform the services.

Termination Benefits: Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

2.13 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.



Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

2.14 Provisions

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

2.15 Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.16 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.17 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses".

2.18 Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

2.19 Research and Development

Capital expenditure on Development is capitalised as fixed assets and depreciated in accordance with depreciation policy of the Company. Revenue expenditure incurred during the research phase is expensed as incurred. Development expenditure is capitalised as an intangible asset only if it meets the recognition criteria under Accounting Standard 26 on Intangible Assets, which *inter alia* includes demonstration of technical feasibility, generation of future economic benefits, etc. Expenditure that cannot be distinguished between research phase and development phase is expensed as incurred.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	As at	
	March 31, 2014	March 31, 2013
3. Share Capital		
Authorised		
32,000,000 (March 31, 2013: 32,000,000) Equity Shares of Rs.10 each	<u>320.00</u>	<u>320.00</u>
Issued		
31,568,000 (March 31, 2013: 31,568,000) Equity Shares of Rs.10 each	<u>315.68</u>	<u>315.68</u>
Subscribed and fully paid-up		
31,568,000 (March 31, 2013: 31,568,000) Equity Shares of Rs.10 each fully paid-up	315.68	315.68
[The above includes 31,301,500 (March 31, 2013: 31,301,500) shares allotted as fully paid-up by way of bonus shares by capitalisation of Share Premium and General Reserves. The Company had last issued bonus shares in the financial year ended March 31, 1992]		
Total subscribed and fully paid-up Share capital	<u>315.68</u>	<u>315.68</u>

(a) Reconciliation of number of shares

	As at March 31, 2014		As at March 31, 2013	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	<u>31,568,000</u>	<u>315.68</u>	<u>31,568,000</u>	<u>315.68</u>
Movement during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at the end of the year	<u>31,568,000</u>	<u>315.68</u>	<u>31,568,000</u>	<u>315.68</u>

(b) Rights, preferences and restrictions attached to shares

Equity Shares: The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any, in proportion to their shareholding.

(c) Shares held by holding company

	As at	
	March 31, 2014	March 31, 2013
Equity Shares:		
23,360,000 shares (March 31, 2013: 23,360,000 shares) held by Ingersoll-Rand Company, New Jersey, U.S.A., the holding company	233.60	233.60

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at	
	March 31, 2014	March 31, 2013
Number of Equity Shares		
Ingersoll-Rand Company, New Jersey, U.S.A., the holding company	23,360,000 (74%)	23,360,000 (74%)

(e) Shares reserved for issue under options

There are no shares reserved for issue under any option.

(f) Shares allotted as fully paid-up by way of bonus shares/pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding March 31, 2014):

During the period of five years immediately preceding March 31, 2014, no shares are allotted as fully paid-up by way of bonus shares or pursuant to contract(s) without payment being received in cash.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	As at	
	March 31, 2014	March 31, 2013
4. Reserves and Surplus		
General Reserves:		
Balance as at the beginning of the year	2,963.19	2,885.19
Add: Transferred from Surplus in Statement of Profit and Loss during the year	67.00	78.00
Balance as at the end of the year	<u>3,030.19</u>	<u>2,963.19</u>
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	5,419.20	4,938.64
Profit for the period	669.57	779.43
Appropriations:		
Interim dividend on equity shares for the year	(94.70)	(94.70)
Dividend distribution tax on Interim dividend on equity shares for the year	(16.10)	(15.37)
Proposed final dividend on equity shares for the year	(94.70)	(94.70)
Dividend distribution tax on proposed final dividend on equity shares for the year	(16.10)	(16.10)
Transfer to General Reserve	<u>(67.00)</u>	<u>(78.00)</u>
Balance as at the end of the year	<u>5,800.17</u>	<u>5,419.20</u>
Total Reserves and Surplus	<u><u>8,830.36</u></u>	<u><u>8,382.39</u></u>

5. Provisions

	Long term as at		Short term as at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Provision for employee benefits				
Compensated absences	<u>17.54</u>	<u>17.93</u>	<u>15.50</u>	<u>14.06</u>
Other Provisions				
Litigations/ disputes	8.67	8.67	-	-
Taxation [Net of Advance Income Tax Rs.320.89 (March 31, 2013: Rs.345.75)]	-	-	9.81	16.45
Proposed final dividend on equity shares	-	-	94.70	94.70
Tax on proposed final dividend	-	-	16.10	16.10
Warranties	<u>1.88</u>	<u>3.93</u>	<u>37.09</u>	<u>42.26</u>
	<u>10.55</u>	<u>12.60</u>	<u>157.70</u>	<u>169.51</u>
Total provisions	<u><u>28.09</u></u>	<u><u>30.53</u></u>	<u><u>173.20</u></u>	<u><u>183.57</u></u>

Provision for litigations/disputes:

Provision for litigations/disputes mainly includes employees claiming damages towards termination of employment and are provided for based on estimates made by the Company. It is expected that this expenditure will be incurred beyond twelve months.

Provision for Warranties:

Warranties against manufacturing and other defects, as per terms of contract(s) with the customer, are provided for based on estimates made by the Company, except where the Company has back to back arrangement with the suppliers. It is expected that this expenditure will be incurred in the remaining unexpired warranty period ranging from twelve to eighteen months.

	Provision for litigations/disputes		Provision for Warranties	
	As at		As at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Balance as at the beginning of the year	8.67	7.51	46.19	50.18
Additions	-	1.16	15.04	42.04
Amounts used	-	-	(22.26)	(46.03)
Balance as at the end of the year	<u>8.67</u>	<u>8.67</u>	<u>38.97</u>	<u>46.19</u>
Classified as Non-Current	8.67	8.67	1.88	3.93
Classified as Current	-	-	37.09	42.26

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	As at	
	March 31, 2014	March 31, 2013
6. Trade payables		
Acceptances	153.25	205.39
Payable to Ingersoll - Rand Company, New Jersey, U.S.A., the holding company and fellow subsidiaries	472.60	248.33
Sundry Creditors:		
- Due to Micro Enterprises and Small Enterprises (Note 36 below)	48.98	60.12
- Others	687.98	517.81
Total Trade payables	1,362.81	1,031.65
7. Other current liabilities		
Income received in Advance	13.09	21.58
Unpaid dividends (Note)	5.39	5.36
Advance from customers	121.63	116.13
Creditors for Capital goods:		
Payable to fellow subsidiaries	2.71	7.02
Payable to Others	10.19	37.98
Employee Benefits payable	29.87	26.71
Statutory dues including Provident Fund and Tax deducted at Source	40.78	37.32
Total Other current liabilities	223.66	252.10

Note: There are no amounts due for remittance to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

8.1 Tangible Assets

Particulars	Gross Block				Depreciation				Net block value	
	As at April 1, 2013	Additions during the year	Disposals during the year	As at March 31, 2014	As at April 1, 2013	Charge for the year	Disposals during the year	Up to March 31, 2014	As at March 31, 2014	As at March 31, 2013
Land-Leasehold	213.45	-	-	213.45	6.15	3.06	-	9.21	204.24	207.30
Buildings (Note 1)	64.92	442.16	0.02	507.06	29.74	22.31	-	52.05	455.01	35.18
Leasehold Improvements	51.85	-	-	51.85	6.92	10.37	-	17.29	34.56	44.93
Plant and Machinery (includes Computer Systems)	399.17	162.89	17.20	544.86	285.00	27.41	11.43	300.98	243.88	114.17
Electrical Installations	9.19	44.35	0.40	53.14	6.63	4.71	0.25	11.09	42.05	2.56
Furniture, Fixtures and Equipment	57.81	5.54	0.16	63.19	33.62	4.15	0.16	37.61	25.58	24.19
Vehicles	6.10	-	1.41	4.69	1.91	0.53	0.82	1.62	3.07	4.19
Small Tools	92.65	-	9.60	83.05	61.89	4.58	9.60	56.87	26.18	30.76
Office Equipment	55.60	18.49	0.46	73.63	19.94	3.94	0.32	23.56	50.07	35.66
Total A	950.74	673.43	29.25	1,594.92	451.80	81.06	22.58	510.28	1,084.64	498.94
Assets given on Operating Lease:										
Plant and Machinery	16.27	-	-	16.27	15.49	-	-	15.49	0.78	0.78
Total B	16.27	-	-	16.27	15.49	-	-	15.49	0.78	0.78
Total A + B	967.01	673.43	29.25	1,611.19	467.29	81.06	22.58	525.77	1,085.42	499.72
March 31, 2013	872.32	124.32	29.63	967.01	430.28	51.76	14.75	467.29	499.72	442.04

Notes:

- Buildings include Rs.0.67 (March 31, 2013: Rs.0.67) towards a flat owned in a Co-operative Society in which 5 shares (March 31, 2013: 5 shares) of Rs.50 each fully paid-up, are held by the Company.
- Refer Note 35 (b) for disclosure relating to Research and Development related assets.

8.2 Intangible Assets

Particulars	Gross Block				Amortisation				Net block value	
	As at April 1, 2013	Additions during the year	Disposals during the year	As at March 31, 2014	As at April 1, 2013	Charge for the year	Disposals during the year	Up to March 31, 2014	As at March 31, 2014	As at March 31, 2013
Computer Software	20.01	-	-	20.01	20.01	-	-	20.01	-	-
March 31, 2013	20.01	-	-	20.01	20.01	-	-	20.01	-	-

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	March 31, 2014	As at March 31, 2013
9. Deferred Tax Assets (Net)		
(A) Deferred Tax Assets arising from:		
Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961:		
(a) Provision for Doubtful Debts	24.33	18.51
(b) Provision for Warranty	13.25	14.99
(c) Voluntary Retirement Compensation	-	0.67
(d) Others	24.43	25.71
Total Deferred Tax Assets	<u>62.01</u>	<u>59.88</u>
(B) Deferred Tax (Liabilities) arising from:		
(a) Difference between carrying amount of fixed assets in the financial statements and the Income Tax Return	(23.62)	(8.92)
Total Deferred Tax (Liabilities)	<u>(23.62)</u>	<u>(8.92)</u>
Total Deferred Tax Asset (Net)	<u>38.39</u>	<u>50.96</u>

Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws. The impact on Statement of Profit and Loss Account is represented by:

	March 31, 2014	Year ended March 31, 2013
Deferred Tax charge/(credit)	12.57	(3.38)
Total	<u>12.57</u>	<u>(3.38)</u>

	March 31, 2014	As at March 31, 2013
10. Long-term Loans and Advances		
(a) Secured, considered good:		
Capital Advances	-	4.39
(b) Unsecured, considered good:		
Loans and advances to Fellow Subsidiaries*	1,470.00	1,470.00
Taxes paid under protest	99.58	132.94
Advance Income tax [(Net of provision: Rs.5,110.90 (March 31, 2013: Rs.4,777.25)]	41.74	1.37
Capital Advances	3.74	22.26
Security Deposits	49.30	48.45
Advances recoverable	1.32	0.20
Total Long-term Loans and Advances	<u>1,665.68</u>	<u>1,679.61</u>

* The loans advanced to fellow subsidiaries on interest are repayable on demand and are backed by corporate guarantees issued to the Company by the ultimate holding company that are valid upto July 20, 2014. These guarantees have been renewed prior to the date of expiry as per past practice. As Management does not have an intention to recover the loans in the next twelve months, these have been classified under Long-term Loans and Advances.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	As at	
	March 31, 2014	March 31, 2013
11. Inventories		
Raw Materials [(includes in transit: Rs.111.53 (March 31, 2013: Rs.107.76)]	1,017.44	732.25
Work-in-progress	109.51	89.78
Finished Goods [(includes in transit: Rs.57.41 (March 31, 2013: Rs.63.65)]	286.29	92.38
Total Inventories	<u>1,413.24</u>	<u>914.41</u>
(a) Details of Inventories		
(i) Finished goods:		
Air Compressors	276.83	91.44
Air Conditioner Packages	9.46	0.94
Total	<u>286.29</u>	<u>92.38</u>
(ii) Work-in progress:		
Air Compressors	108.73	87.76
Air Conditioner Packages	0.78	2.02
Total	<u>109.51</u>	<u>89.78</u>
12. Trade Receivables		
(a) Unsecured, considered good:		
Outstanding for a period exceeding six months from the date they are due for payment	127.38	27.41
Others	1,615.51	1,374.98
(b) Unsecured, considered doubtful:		
Outstanding for a period exceeding six months from the date they are due for payment	71.57	57.06
Others	-	-
(Less): Provision for doubtful debts	(71.57)	(57.06)
Total Trade Receivables	<u>1,742.89</u>	<u>1,402.39</u>
13. Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on hand	-	0.04
Cheques on hand	4.12	3.25
Balances with Banks		
In current Accounts	77.47	83.34
Exchange Earners' Foreign Currency Accounts	9.17	15.53
Demand deposits (less than 3 months maturity)	2,168.70	2,717.30
	<u>2,259.46</u>	<u>2,819.46</u>
Other bank balances		
Term deposits with maturity more than 3 months but less than 12 months	1,900.00	1,900.00
Restricted account	5.55	5.55
Unpaid Dividend Account	5.03	5.03
	<u>1,910.58</u>	<u>1,910.58</u>
Total Cash and Bank balance	<u>4,170.04</u>	<u>4,730.04</u>

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	March 31, 2014	As at March 31, 2013
14. Short-term Loans and Advances		
(a) Unsecured, considered good:		
Balance with Government Authorities	404.08	165.16
Other Deposits	3.94	7.73
Prepaid expenses	20.01	16.03
Advances recoverable	114.30	112.11
Total Short-term Loans and Advances	542.33	301.03
15. Other current Assets		
Unsecured, considered good:		
Unbilled revenues	52.35	-
Interest accrued on deposits	70.38	51.60
Export Incentive Receivables		
Considered good	75.26	45.60
Considered Doubtful	14.69	8.50
(Less): Provision for Doubtful receivables	(14.69)	(8.50)
Total Other current Assets	197.99	97.20
16. Contingent Liabilities		
(a) Claims against the Company not acknowledged as debts (Claims filed against the Company by customers/ vendors/ employees claiming damages for non-performance of contractual obligation/defective supply of products/termination of employment), which is disputed by the Company and the matters are lying under appeal with various forums.	39.70	54.77
(b) Value added tax/Central excise matters in dispute (Relates to adjustment on account of levy of additional duty and other matters made by the VAT/Excise department, which is disputed by the Company and are lying under appeal with various forums. In connection with the disputes, the Company has: 1) Paid Rs.1.40 (March 31, 2013: Rs.3.40) "under protest"; and 2) Furnished a Bank guarantee of Rs.4.87 (March 31, 2013: Rs.4.87).	149.91	134.46
(c) Income Tax matters [Relates to transfer pricing and other adjustments made by the Income Tax Department for the assessment years 2003-04 to 2010-11, which is disputed by the Company and the matters are lying under appeal with various forums. The Company has paid 'under protest' Rs.98.18 (March 31, 2013: Rs.129.54) to the Income Tax Department in this regard]	119.81	150.55

Note: Considering the very nature of the disputes and the dependency on decisions pending with various forums, it is not practicable for the Company to estimate the timing of the cash outflows at this stage with respect to the above contingent liabilities.

Contingent liabilities does not include guarantees issued by Banks on behalf of the Company against advances received for supply of products and guaranteeing performance of products sold or timely completion of contractual obligations by the Company of Rs.280.50 (March 31, 2013: Rs.424.31).

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	As at	
	March 31, 2014	March 31, 2013
17. Capital and other commitments		
(a) Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	19.58	189.26
Total	<u>19.58</u>	<u>189.26</u>
(b) Other Commitments		
Duty free licenses for import:		
The Company has availed duty free licenses to be utilised on import of goods against which export obligations are outstanding as at March 31, 2014, customs duty thereon	14.72	17.20
Total	<u>14.72</u>	<u>17.20</u>
18. Revenue from operations (Gross)		
Sale of Finished goods*	5,877.85	5,898.37
Sale of Services		
Installation and commissioning	231.78	186.87
Business support and auxiliary services	129.23	112.63
Other operating revenue		
Recovery of Freight, Insurance and Packing Expenses	28.34	42.80
Export Incentives	44.10	42.08
Sale of Scrap	12.42	9.84
Lease Rentals - Equipment	4.31	6.63
Total Revenue from operations (Gross)	<u>6,328.03</u>	<u>6,299.22</u>
* Details of Sales (Finished goods):		
Air Compressors - Complete Machine and Accessories	2,808.84	2,899.12
Air Conditioner Packages	309.62	168.68
Spare Parts and Components	2,218.60	2,387.12
Excise duty on finished goods	540.79	443.45
Total	<u>5,877.85</u>	<u>5,898.37</u>
19. Other Income		
Interest Income on:		
Deposits with banks	352.32	344.83
Loans advanced to fellow subsidiaries	171.23	171.40
Income Tax refund	6.85	8.83
Sub-lease rentals of facilities	48.16	56.29
Provision written back	-	12.91
Liability no longer required written back	-	11.07
Net gain on foreign currency translation and transaction	40.56	25.16
Miscellaneous	5.16	6.14
Total Other income	<u>624.28</u>	<u>636.63</u>

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	Year ended	
	March 31, 2014	March 31, 2013
20. Cost of materials consumed		
Raw material consumed (Note):		
Opening inventory	732.25	848.45
Add: Purchases (Net)	4,194.77	3,500.79
(Less): Inventory at the end of the year	(1,017.44)	(732.25)
Cost of raw materials consumed during the year	<u>3,909.58</u>	<u>3,616.99</u>
Packing materials consumed	55.59	55.09
Excise Duty	17.39	4.83
Total Cost of materials consumed	<u><u>3,982.56</u></u>	<u><u>3,676.91</u></u>

Note: includes provision on account of obsolescence and scrap and spoilage Rs.28.77 (March 31, 2013: Rs.26.39).

	Year ended	
	March 31, 2014	March 31, 2013
21. Changes in inventories of finished goods and work-in-progress		
(a) Opening inventories		
Finished goods	92.38	42.68
Work-in-progress	89.78	194.15
Total opening inventories	<u>182.16</u>	<u>236.83</u>
(b) Closing inventories		
Finished goods	286.29	92.38
Work-in-progress	109.51	89.78
Total closing inventories	<u>395.80</u>	<u>182.16</u>
Increase/decrease in inventories	<u><u>(213.64)</u></u>	<u><u>54.67</u></u>
22. Employee benefits expense		
Salaries and wages [Refer note (a) below]	592.63	544.84
Contribution to provident and other funds	26.57	25.68
Gratuity	0.32	6.90
Employee Share based payment	3.11	-
Staff welfare expenses	32.75	34.33
Total Employee benefits expense	<u><u>655.38</u></u>	<u><u>611.75</u></u>

(a) Includes provision for leave encashment (Net) Rs.1.05 (March 31, 2013 Provision for leave encashment written back: Rs.9.39)

(b) Defined Benefit Plan:

Gratuity: The Company operates a gratuity plan through the "Ingersoll Rand Employees Gratuity Trust". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. It is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. In case of employees who joined the Company prior to April 1, 2006, the benefits given by the Company are more favourable than the Payment of Gratuity Act, 1972 depending upon the length of service.

Provident Fund: Provident fund for certain eligible employees is managed by the Company through the "Ingersoll Rand Employees Provident Fund Trust". In line with the Provident Fund and Miscellaneous Provisions Act, 1952, the plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. Interest shortfall, if any, is met by the Company. The benefits vest immediately on rendering of the services by the employee.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	Gratuity		Provident Fund	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(i) Present Value of Defined Benefit Obligation				
Balance at the beginning of the year	142.51	141.22	275.85	262.71
Add: Current Service Cost	10.62	10.03	59.53	52.33
Add: Interest Cost	10.45	11.19	25.24	20.89
Less: Settlement cost	-	-	-	(52.65)
Add: Past Service Cost	-	-	-	-
Add: Actuarial (Gain)/Losses	(5.79)	(0.71)	4.84	(13.27)
Add: Transfer in	-	-	-	5.84
(Less): Benefits paid during the year	(23.85)	(19.22)	(52.36)	-
Balance at the end of the year	133.94	142.51	313.10	275.85
(ii) Fair Value of Plan Assets				
Balance at the beginning of the year	160.20	130.10	285.11	271.53
Add: Expected Return on Plan Assets	13.34	11.48	33.25	9.70
Add: Actuarial Gain/(Loss)	1.62	2.12	-	-
Add: Contributions	-	19.00	59.17	50.69
(Less): Benefits Paid	(23.85)	(3.33)	(52.36)	(52.65)
Add: Transfer in	-	0.83	-	5.84
Others	-	-	-	-
Balance at the end of the year	151.31	160.20	325.17	285.11
Actual return on Plan Assets	9.00	8.00	8.75	8.60
(iii) Assets and Liabilities recognised in the Balance Sheet				
Present Value of Defined Benefit Obligation	133.94	142.51	313.10	275.85
Less: Fair Value of Plan Assets	151.31	160.20	325.17	285.11
Amounts recognised as liability/(Asset)	(17.37)	(17.69)	-	-
Recognised/Disclosed under:				
Advances recoverable in Cash or in Kind (Refer Note 14)	17.37	17.69	-	-
Total	17.37	17.69	-	-
* Surplus relating to Provident Fund is not recognised in the Balance Sheet as the Plan assets belong to the Trust.				
(iv) Expense recognised in the Statement of Profit and Loss				
Current service cost as per valuation report	10.62	10.03	59.53	52.33
Add: Interest cost	10.45	11.19	25.24	20.89
Less: Expected Return on Plan Assets	(13.34)	(11.48)	(25.11)	(20.89)
Less: Settlement cost	-	-	-	-
Add: Past service cost	-	-	-	-
Less: Actuarial (Gains)/Losses	(7.41)	(2.84)	(3.30)	(2.09)
Employee Contribution	-	-	(37.88)	(28.77)
Total Expense	0.32	6.90	18.48	21.47
(v) Major Category of Plan Assets as a % of total Plan Assets				
Cash (including Special Deposits)	14.32%	29.58%	18.21%	19.00%
Government Securities	34.27%	37.41%	29.86%	31.00%
Non-Convertible Debentures issued by Corporate	51.41%	33.01%	51.93%	50.00%
Total	100.00%	100.00%	100.00%	100.00%

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	Gratuity		Provident Fund	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(vi) Actuarial Assumptions				
Discount rate per annum	9.20%	8.00%	9.20%	8.00%
Expected rate of Return on Plan Assets	9.00%	9.00%	9.00%	8.80%
Expected salary increase per annum	8.00%	8.00%	8.00%	8.00%
Average past service of employees	9.87 Years	9.90 Years	NA	NA
Mortality rate	IALM (06-08) (modified) Ult.	IALM (06-08) (modified) Ult.	IALM (06-08) (modified) Ult.	IALM (06-08) (modified) Ult.

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

(vii) Amounts recognised in current year and previous four years	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Gratuity					
Defined benefit Obligations	(133.94)	(142.51)	(141.22)	(139.20)	(138.12)
Plan assets	151.31	160.20	130.10	107.16	88.21
Funded Status	17.37	17.69	(11.12)	(32.04)	(49.91)
Experience Gain/(Loss)	(3.19)	4.40	(6.84)	(0.66)	(10.92)
adjustment on plan liabilities					
Experience Gain/(Loss)	1.62	2.12	(0.14)	(2.73)	2.00
adjustment on plan assets					
Actuarial Gain/(Loss) due to change of assumptions	8.99	(3.69)	4.22	4.33	(18.27)
Provident Fund					
Defined benefit Obligations	(313.10)	(275.85)	(262.71)	*	*
Plan assets	325.17	285.11	271.53	*	*
Funded Status	12.07	9.26	8.82	*	*
Experience Gain/(Loss)	-	-	-	*	*
adjustment on plan liabilities					
Experience Gain/(Loss)	-	-	-	*	*
adjustment on plan assets					
Actuarial Gain/(Loss) due to change of assumptions	-	-	-	*	*

* The Guidance Note on implementation of AS15 "Employee Benefits" issued by the Institute of Chartered Accountants of India states that Provident Fund set up by employers that guarantee a specified rate of return and which require interest shortfall to be met by employer would be a Defined Benefit plan in accordance with the requirements of para (26b) of AS15. Pursuant to the Guidance Note, the liability in respect of the shortfall of interest determined on the basis of an independent actuarial valuation [carried out as per the Guidance Note (GN29) issued by Institute of Actuaries of India effective from April 1, 2011], as at March 31, 2014 is Nil.

(viii) Expected Contribution to the Funds in the next year

	Year ended	
	March 31, 2014	March 31, 2013
Gratuity	2.50	2.50
Provident Fund	56.16	51.45

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	Year ended	
	March 31, 2014	March 31, 2013
(c) Defined Contribution Plans		
Amount recognised in the Statement of Profit and Loss		
(i) Provident fund paid to the authorities	5.25	5.39
(ii) Pension fund paid to the authorities	3.99	4.07
(iii) Employees State Insurance paid to the authorities	0.19	0.06
	<u>9.43</u>	<u>9.52</u>

(d) Employee Share-based Payments

Certain executives of the Company are eligible to participate in the employee share based payment plans, as detailed below, of Ingersoll-Rand Company, New Jersey, USA the holding company. Based on a confirmation received from the ultimate holding company, that the cost related to such share based payments will not be recharged to the Company, no liability has been recorded in the financial statement.

(i) Incentive Stock Option Plan of 1998 (1998 plan)

The stock options vest ratably over a period of three years and expire at the end of ten years, subject to conditions related to termination of employment.

(ii) Stock Appreciation Rights Plan of 1998 (SAR 1998)

SARs generally vest ratably over a three-year period from the date of grant and expire at the end of ten years. All exercised SARs are settled with the holding company's Class A common shares.

(iii) Incentive Stock Option Plan of 2007 (2007 plan)

On June 6, 2007, the shareholders of the holding company approved the Incentive Stock Plan of 2007, which authorises the holding company to issue stock options and other share-based incentives. The plan replaces the 1998 plan which terminated in May 2007. The stock options vest ratably over a period of three years and expire at the end of ten years, subject to conditions related to termination of employment.

(iv) Restricted Stock Unit (RSU)

Restricted Stock Unit (RSU) are share equivalents that are awarded to an employee with a promise to issue actual shares to holders of the RSU award at vesting. The RSU will vest in one-third installments over three years. Once they vest, each unit is converted into a share of stock at current value.

These Plans are assessed, managed and administered by the holding company.

The number and weighted average exercise prices of stock options for each of the above plans are given in US \$ currency as Rupee values are not available.

	As at			
	March 31, 2014		March 31, 2013	
	Number of options	Weighted Average Exercise Price (US \$)	Number of options	Weighted Average Exercise Price (US \$)
(A) The 1998 and 2007 plan				
(a) outstanding at the beginning of the year	8,475	47.12	21,839	40.26
(b) granted during the year	2,634	59.83	2,437	52.60
(c) forfeited/cancelled during the year	-	-	-	-
(d) exercised during the year	2,981	57.94	15,801	39.06
(e) outstanding at the end of the year	8,128	45.55	8,475	47.12
(f) exercisable at the end of the year	2,526	37.77	4,095	43.62
(B) SAR 1998				
(a) outstanding at the beginning of the year	3,190	39.43	3,190	39.43
(b) granted during the year	-	-	-	-
(c) forfeited/cancelled during the year	-	-	-	-
(d) exercised during the year	3,190	39.43	-	-
(e) outstanding at the end of the year	-	-	3,190	39.43
(f) exercisable at the end of the year	-	-	3,190	39.43

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	As at		March 31, 2013	
	March 31, 2014	Weighted Average Exercise Price (US \$)	Number of options	Weighted Average Exercise Price (US \$)
(C) RSU				
(a) outstanding at the beginning of the year	1,816	-	1,260	-
(b) granted during the year	2,931	-	1,148	-
(c) forfeited/cancelled during the year	1,678	-	-	-
(d) exercised during the year	951	-	592	-
(e) outstanding at the end of the year	2,118	-	1,816	-
(f) exercisable at the end of the year	-	-	-	-

(D) The Weighted average share price at the date of exercise

Date of exercise	Weighted Average Exercise Price (US \$)
December 10, 2012	-
March 12, 2013	-
July 8, 2013	57.94

(E) The following table summarises the range of exercise prices, stock options outstanding at the end of the period, and weighted average remaining contractual life

Range of exercise price (US \$)	Outstanding as at March 31, 2014	Weighted Average Contractual Life (years)	Outstanding as at March 31, 2013	Weighted Average Contractual Life (years)
5.00 - 60.00	10,246	7.63	13,481	5.66

(F) The weighted average fair value at the grant date of the stock options granted during the year was estimated to be \$12.03 (2013: \$12.33) per share, using the Black-Scholes option-pricing model.

The following assumptions were used:

Dividend yield	1.67%	1.25%
Volatility	31.43%	43.17%
Risk-free rate of return	1.46%	0.73%
Expected life	4.85 years	5.06 years

Expected volatility is based on the historical volatility from traded options on the Company's stock. The risk-free rate of return is based on the yield curve of a zero-coupon U.S. Treasury bond on the date the award is granted with a maturity equal to the expected term of the award. Historical data is used to estimate forfeitures within the Company's valuation model. The Company's expected life of the stock option awards is derived from historical experience and represents the period of time that awards are expected to be outstanding.

(G) Other information regarding employee share-based payment plans is as below:

	Year ended	
	March 31, 2014	March 31, 2013
(a) Expense arising from employee share-based payment plans.	3.11	-
(b) Closing balance of liabilities arising from employee share-based payment plans	-	-
(c) Total intrinsic value at the end of the year of liabilities for which the right of the employee to cash or other assets had vested by the end of the year	-	-

Note: Based on a confirmation received from the ultimate holding company in the prior year, that the cost related to such share based payments will not be recharged to the Company, the liability of Rs.Nil (March 31, 2013: Rs.12.91) has been written back and disclosed as 'Provision written back'.

The above information has been compiled from the data provided by the holding company, which has been relied upon by the auditors.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	Year ended	
	March 31, 2014	March 31, 2013
23. Finance costs		
Other borrowing costs	11.87	10.90
Total Finance costs	11.87	10.90
24. Depreciation and amortisation expense		
Depreciation on Tangible assets	81.06	51.76
Total Depreciation and amortisation expense	81.06	51.76
25. Other expenses		
Rent	98.76	112.30
Rates and taxes	6.83	3.76
Insurance	13.06	14.58
Power and fuel	42.33	33.98
Repairs and maintenance:		
Buildings	1.02	8.70
Plant and machinery	33.49	26.20
Others	1.65	2.78
Engineering services - Product design, development, etc.	72.61	72.28
IT Infrastructure	50.05	59.05
Cost Contribution (Management Fees)	121.63	132.13
Communication	45.46	39.67
Travelling	89.85	103.41
Freight, Insurance and Other Handling Charges	37.95	62.93
Dealer Commission	5.12	6.88
Advertising expenses	5.03	14.77
Warranty	15.04	42.04
Provision for Doubtful Debts and Receivables (Net)	20.70	17.51
Bad Debts Written Off	0.14	1.44
Loss on Sale/write off of Fixed Assets (Net)	2.35	14.35
Payments to the auditor		
Audit fees	3.77	3.59
Tax Audit fees	0.25	0.25
Other Services	0.85	0.85
Certification	0.30	-
Miscellaneous expenses	241.70	201.47
Total Other expenses	909.94	974.92
Expenses capitalised as a part of Capital Work-in-progress		
Salaries and wages	-	7.82
Rent	-	1.54
Travelling	-	0.39
Power and fuel	-	0.65
Miscellaneous expenses	-	0.12
Total	-	10.52

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	Year ended			
	March 31, 2014	March 31, 2013		
26. Earnings per Equity share				
Weighted average number of shares outstanding Basic and Diluted	31,568,000	31,568,000		
Profit after Tax	669.57	779.43		
Basic and Diluted Earnings per Share (Rs.)	21.21	24.69		
27. CIF Value of Imports				
Raw materials, components and spares parts	1,717.45	1,250.04		
Capital Goods	72.39	27.49		
Total	1,789.84	1,277.53		
28. Expenditure in foreign currency				
Travelling	6.47	6.79		
Cost Contribution (Management Fees)	121.63	132.13		
IT Infrastructure	32.95	36.79		
Employee Share based payment	3.11	-		
Warranty	-	17.06		
Others	33.19	41.46		
Total	197.35	234.23		
29. Details of Consumption and Purchases				
(a) Details of Raw Materials/Packing materials consumed				
Castings, Bars, Plates, Channels, Angles, Flats, etc.	161.22	220.17		
Spare Parts and Components (which individually do not account for more than 10% of the total consumption)	3,748.36	3,396.82		
	3,909.58	3,616.99		
Packing materials	55.59	55.09		
Excise duty	17.39	4.83		
Total	3,982.56	3,676.91		
(b) Value of imported and indigenous materials consumed				
	March 31, 2014		March 31, 2013	
	Amount	%	Amount	%
Raw materials, spare parts and components				
Imported	1,432.44	36.0%	1,603.64	43.6%
Indigenous	2,550.12	64.0%	2,073.27	56.4%
30. Dividend remitted in foreign exchange				
For the year 2011-2012 (Final Dividend)	-		70.08	
For the year 2012-2013 (Interim Dividend)	-		70.08	
For the year 2012-2013 (Final Dividend)	70.08		-	
For the year 2013-2014 (Interim Dividend)	70.08		-	
Number of equity shares held by such non-resident	23,360,000		23,360,000	
Number of non-resident shareholders	1		1	
31. Earnings in foreign currency				
Exports calculated on FOB basis	1,221.24		1,194.65	
Freight and insurance on exports	-		0.12	
Business support and auxiliary services	27.01		21.21	
Total	1,248.25		1,215.99	

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

32. Segment Reporting:

The Company has considered business segments as the primary reporting segment on the basis that risk and returns of the Company is primarily determined by the nature of products and services. Consequently, the geographical segment has been considered as a secondary segment.

The business segments have been identified on the basis of the nature of products and services, the risks and returns, internal organisation and management structure and the internal performance reporting systems.

The business segments comprise of the following:

- (a) Air Solutions - comprising of reciprocating compressors, centrifugal compressors and system components
 - (b) Environment Solutions - relating to contract manufacturing of air conditioner packages for a fellow subsidiary.
- Geographical segment is considered based on sales within India and outside India.

Particulars	Air Solutions		Environment Solutions		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
A. Primary Segment: Business Segment						
Gross Revenue						
External Revenue	5,894.25	6,015.48	344.61	182.39	6,238.86	6,197.87
Intersegment Revenue	-	-	-	-	-	-
Total Gross Revenue	5,894.25	6,015.48	344.61	182.39	6,238.86	6,197.87
Result						
Segment Result - Profit / (Loss)	693.20	798.27	(146.31)	(118.90)	546.89	679.37
Less:						
Interest expense					11.87	10.90
Unallocable Corporate expenses					121.63	188.42
Add:						
Interest income					530.40	525.06
Unallocable Other Income					40.56	106.38
Profit Before Taxation					984.35	1,111.49
Other Information						
Segment Assets	3,286.99	2,989.74	1,444.53	867.04	4,731.52	3,856.78
Unallocable Assets					6,202.28	6,339.14
Total Assets					10,933.80	10,195.92
Segment Liabilities	1,365.22	1,221.67	160.91	63.38	1,526.13	1,285.05
Unallocable Liabilities					261.63	212.80
Total Liabilities					1,787.76	1,497.85
Capital Expenditure						
(Including Capital Work-in-Progress)	20.90	123.15	648.25	505.72	669.15	628.87
Unallocable Capital Expenditure					4.28	4.29
Total Capital Expenditure					673.43	633.16
Depreciation						
Total Depreciation	53.56	49.51	27.50	2.25	81.06	51.76
Non-Cash Expenses other than Depreciation						
Total Non-Cash Expenses other than Depreciation	14.67	5.57	-	-	14.67	5.57
B. Secondary Segment: Geographical Segment						
Revenue						
India					4,990.61	4,981.86
Outside India					1,248.25	1,215.99
Total Revenue					6,238.86	6,197.87
Total Assets					10,933.80	10,195.92

Note: Previous year figures for Environment Solutions are not comparable as Chennai Plant commenced operations in May 2013.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

33. Related Party Disclosures:

(a) Names of related parties and nature of relationship:

(i) Where control exists

Ingersoll-Rand plc, Ireland Ultimate Holding Company
Ingersoll-Rand Company, New Jersey, U.S.A. Immediate Holding Company

(ii) Other related parties with whom transactions have taken place during the year:

Fellow Subsidiaries:

Thermo King India Private Limited, India Reftrans, S.A., Spain
Ingersoll - Rand Technologies and Services Private Limited, India Schlage Lock Division LLC, USA
Ingersoll - Rand International (India) Limited, India Thermoking Corporation, USA
GHH - Rand Schraubenkompressoren GmbH, Germany Trane Exports LLC, USA
Ingersoll - Rand CZ s.r.o, Czech Republic Trane India Limited, USA
Hibon Inc., Canada Thermo King Services Limited, Ireland
Ingersoll - Rand (Chang Zhou) Tools Co., Ltd., China Ingersoll-Rand Climate Solutions Private Limited, India
Ingersoll - Rand Air Solutions Hibon Sarl, France Ingersoll-Rand European Sales Limited, United Kingdom
Ingersoll - Rand Company South Africa (Pty) Limited, South Africa Ingersoll-Rand Machinery (Shanghai) Company Limited, China
Ingersoll - Rand (China) Industrial Equipment Manufacturing Co. Limited, China Nanjing Ingersoll -Rand Compressor Co. Ltd. China
Ingersoll - Rand International Limited, Ireland Officina Meccaniche Industriali SRL, Italy
Ingersoll - Rand Malaysia Co. Sdn. Bhd., Malaysia Plurifiter D.O.O, Slovenia

Key Management Personnel

Amar Kaul, Vice President & Gen. Manager
B. Jayaraman, Vice President - Finance (part of the year)
G. Madhusudhan Rao, Vice President - Finance (part of the year)
Prasad Y Naik, Vice President - IT

Key Management Personnel cannot individually exercise significant influence in the employee trust funds where they are the Trustees.

(b) Transactions/Balances

	Holding Company		Fellow Subsidiaries	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(a) Sale of finished goods	876.22	948.24	643.82	406.78
(b) Rent received	-	-	43.11	54.47
(c) Rent paid	-	-	9.34	9.34
(d) Purchase of raw materials, components and trading items	314.71	122.98	378.27	475.90
(e) Purchase of fixed assets	-	-	20.31	19.84
(f) Expenses recharged by other companies				
(i) Cost Contribution (Management Fees)	121.63	132.13	-	-
(ii) IT Infrastructure	32.74	36.79	-	-
(iii) Communication	-	1.66	-	7.29
(iv) Warranty	-	17.06	-	-
(v) Engineering services - Product design, development, etc.	-	-	66.61	70.13
(vi) Advertising	-	-	4.50	9.21
(vii) Travel	-	-	0.79	-
(viii) Other Miscellaneous expenses	1.06	-	72.63	49.13
(g) Business support and auxiliary services	16.20	12.44	112.12	100.61
(h) Liability no longer required written back	-	11.07	-	-
(i) Provision written back	-	12.91	-	-
(j) Interest Income on Intercorporate Loans given	-	-	171.23	171.40
(k) Dividend paid	140.16	140.16	-	-
(l) Outstanding Receivables	320.69	407.47	400.20	62.09
(m) Unbilled revenues	-	-	22.35	-
(n) Outstanding Intercorporate Loans receivable*	-	-	1,470.00	1,470.00
(o) Outstanding Payables	336.61	74.22	138.70	181.24

* Backed by Corporate guarantee issued by ultimate holding company.

During the year the Company has implemented a new ERP system as a part of global implementation programme. In this regard, there are no recharges of cost either towards implementation or license fee.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

(c) Details relating to Key Management Personnel:	March 31, 2014	March 31, 2013
Remuneration Paid:*		
(a) Amar Kaul	12.14	11.28
(b) B. Jayaraman (part of the year)	15.78	10.22
(c) G. Madhusudhan Rao (part of the year)	5.26	-
(d) Prasad Y Naik	9.57	7.78
* Excludes share based payments administered directly by the holding company.		
(d) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties:		
(a) Sale of finished goods		
- Nanjing Ingersoll-Rand Compressor Co. Ltd., China	49.26	78.05
- Ingersoll-Rand International Limited, Ireland	253.07	60.06
- Ingersoll-Rand Climate Solutions Private Limited, India	310.00	-
- Thermo King India Private Limited, India	-	168.68
(b) Rent received		
- Ingersoll-Rand International (India) Limited, India	5.39	22.56
- Ingersoll-Rand Technologies and Services Private Limited, India	11.40	-
- Ingersoll-Rand Climate Solutions Private Limited, India	26.32	24.11
(c) Rent paid		
- Ingersoll-Rand Technologies and Services Private Limited, India	9.34	9.34
(d) Purchase of raw materials, components and trading items		
- Ingersoll Rand International Limited, Ireland	112.79	260.66
- GHH - Rand Schraubenkompressoren GmbH, Germany	81.91	56.66
- Ingersoll-Rand (China) Industrial Equipment Manufacturing Co. Limited, China	64.70	64.48
(e) Purchase of fixed assets		
- Ingersoll-Rand Technologies and Services Private Limited, India	9.03	3.56
- Ingersoll-Rand Climate Solutions Private Limited, India	8.79	-
- Trane India Limited, USA	-	6.75
- Ingersoll-Rand International (India) Limited, India	-	6.42
- Thermo King Services Limited, Ireland	-	2.98
(f) Expenses recharged by other companies		
- Schlage Lock Division LLC, USA	-	7.29
- Ingersoll-Rand Technologies and Services Private Limited, India	116.77	99.16
- Thermo King Services Limited, Ireland	25.49	27.67
(g) Business support and auxiliary services		
- Ingersoll-Rand Technologies and Services Private Limited, India	64.74	18.08
- Ingersoll-Rand International (India) Limited, India	9.39	49.12
- Thermo King India Private Limited, India	-	13.11
- Ingersoll-Rand Climate Solutions Private Limited, India	31.86	12.15
(h) Interest Income on Intercompany Loans given		
- Ingersoll-Rand Technologies and Services Private Limited, India	102.14	102.02
- Ingersoll-Rand Climate Solutions Private Limited, India	51.72	-
- Thermo King India Private Limited, India	17.37	69.38

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

	March 31, 2014	March 31, 2013
(i) Outstanding Receivables		
- Ingersoll-Rand International Limited, Ireland	-	10.79
- Ingersoll-Rand Climate Solutions Private Limited, India	337.00	24.37
- Nanjing Ingersoll -Rand Compressor Co. Ltd. China	10.64	13.87
(j) Unbilled revenues		
- Ingersoll-Rand Climate Solutions Private Limited, India	22.35	-
(k) Outstanding Intercompany Loans receivable		
- Thermo King India Private Limited, India	74.37	74.37
- Ingersoll-Rand Climate Solutions Private Limited, India	520.63	520.63
- Ingersoll-Rand Technologies and Services Private Limited, India	875.00	875.00
(l) Outstanding Payables		
- Ingersoll Rand International Limited, Ireland	22.73	59.79
- Ingersoll-Rand (China) Industrial Equipment Manufacturing Co. Limited, China	28.45	21.20
- Ingersoll-Rand Technologies and Services Private Limited, India	15.15	32.52
- Thermo King Services Limited, Ireland	26.29	32.11

34. Leases

As a lessee:

Operating Lease

The Company has significant operating leases for premises. These lease arrangements range for a period between 11 months and 10 years, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses. The Company has entered into certain sub-leases and all such sub-leases are cancellable and are for a period of 11 months, with an option of renewal on mutually agreeable terms.

	Year ended	
	March 31, 2014	March 31, 2013
With respect to all operating leases;		
Lease payments recognised in the Statement of Profit and Loss during the year [Includes minimum lease payments of Rs.79.25 (March 31, 2013: Rs.92.82)]	98.76	112.30
With respect to non-cancellable operating leases, the future minimum lease payments are as follows:		
Not later than one year	51.21	70.32
Later than one year and not later than five years	33.36	51.21
Later than five years	-	-

As a lessor:

Operating Lease

The Company has given plant and machinery and also sub-let premises on operating leases. These lease arrangements range for a period between 11 to 60 months and are cancellable by notice of 30 days by either side. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

	Year ended	
	March 31, 2014	March 31, 2013
Sub-lease income recognised in the Statement of Profit and Loss during the year	52.47	56.29

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

35. Particulars of Research and Development Expenditure (Note)

	Year ended	
	March 31, 2014	March 31, 2013
(a) Revenue Expenditure debited to various heads of account:		
Material Consumed	-	0.98
Employee benefits expense	13.90	7.73
Other expenses	0.69	1.44
	<u>14.59</u>	<u>10.15</u>

(b) Capital (Note)

Description - Gross block	Plant and Machinery	Furniture, Fixtures and Equipment	Electrical Installations
Balance as at March 31, 2013	2.23	0.32	0.05
Additions/Adjustments during the year	3.48	-	-
Deletions/Adjustments during the year	-	-	-
Balance as at March 31, 2014	5.71	0.32	0.05

Note: Vide letter dated September 29, 2012, the Department of Scientific & Industrial Research (DSIR), Ministry of Science and Technology, Government of India has accorded recognition to the Company's In-House R&D unit, Naroda, Ahmedabad. The above disclosure is based on requirement stipulated by DSIR, Ministry of Science and Technology, Government of India.

36. Dues to micro enterprises and small enterprises

	March 31, 2014	March 31, 2013
(a) (i) The principal amount remaining unpaid as at end of the year	26.11	44.56
(ii) Interest due thereon remaining unpaid as at end of the year	2.21	0.09
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year:		
(i) Delayed payments of principal beyond the appointed date during the entire accounting year	244.06	162.96
(ii) Interest actually paid under Section 16 of the MSMED Act	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
(d) The amount of interest accrued and remaining unpaid as at end of the year in respect of principal amount settled during the year	5.11	3.51
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act	15.55	11.96

Note: The above information has been determined based on vendors identified by the Company and to the extent these have been confirmed by such vendors, which have been relied upon by the auditors.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

37. The Company has not entered into any foreign currency forward contract to hedge its risk associated with foreign currency fluctuations. The unhedged foreign currency exposures as at the Balance Sheet date are as follows:

Particulars	Currency	As at		As at	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		Foreign Currency		(INR)	
Trade Receivables	USD	7.00	7.88	419.05	427.90
Trade Receivables	EUR	0.02	0.08	1.73	5.24
Trade Receivables	ZAR	0.13	-	0.75	-
Trade Payables	USD	7.36	3.96	440.87	214.71
Trade Payables	EUR	1.04	1.05	84.27	73.44
Trade Payables	GBP	0.04	0.03	3.91	2.24
Trade Payables	JPY	0.39	4.43	0.68	2.56
Advances recoverable	USD	0.25	0.92	14.76	49.93
Advances recoverable	EUR	0.02	-	1.55	0.30

38. The Company had a long standing dispute with the Department of Commercial Taxes, Government of Karnataka (the "Department"), in connection with the classification of certain road construction equipment manufactured and sold by the Company (that business has since been transferred/ sold to an independent third party as a part of global divestiture). The Department disputed the classification of the products under the Karnataka Sales Tax Act, 1957, and demanded sales tax at a higher rate than what was charged by the Company to its customers. The Company had remitted the differential tax "under protest", and charged the amounts to the Statement of Profit and Loss in the financial year 2002-03. The dispute, which was lying under appeal with various appellate authorities, was ruled in favour of the Company by the High Court of Karnataka in the prior year. During the current year, the Company has filed an application to the Department seeking a refund of Rs.80.21 million. The Company has been advised by reputed indirect tax consultants that the refund process is time consuming, entails onerous procedural aspects, and requires submission of various documents and arguments at different stages. Considering the uncertainty around ultimate collection at this stage, and the risk that the Department may prefer a belated appeal with the Supreme Court of India, on prudence basis, no income has been recognised in these financial statements.

39. Previous Year Figures

Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

For and on behalf of Board of Directors

For **Price Waterhouse & Co., Bangalore**
Firm Registration No. 0075675
Chartered Accountants

VENKATESH VALLURI
Chairman

H. C. ASHER
Director

SHIVAKUMAR HEGDE
Partner
Membership Number: 204627

P. R. SHUBHAKAR
Gen. Manager - Corp. Finance
& Company Secretary

G. MADHUSUDHAN RAO **AMAR KAUL**
Vice President - Finance
Vice President and
General Manager

Place: Bangalore
Date: May 07, 2014

Place: Bangalore
Date: May 07, 2014

Place: Ahmedabad
Date: May 07, 2014

INGERSOLL-RAND (INDIA) LIMITED

Registered Office : Plot No. 35, KIADB Industrial Area, Bidadi, Bangalore - 562 109

May 7, 2014

To,

THE SHAREHOLDERS OF

INGERSOLL - RAND (INDIA) LIMITED

Dear Member,

1. Depository System :

As you are aware the equity shares of the company are in compulsory demat list and are available for trading in depository system operated by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDS).

The Shareholder opting to join the depository system would be required to open an account with a Depository Participant (DP) who is an agent of NSDL or CDS, in the prescribed form. Requests for dematerialisation and rematerialisation will have to be forwarded by the shareholder through his DP. An updated list of the DP's would be available with NSDL or CDS. For further clarification/information with regard to scripless trading, you may correspond with NSDL or CDS or the Company's Registrar and Share Transfer Agent at the following address :

- | | |
|--|---|
| i) National Securities Depository Ltd
Trade World, 4th Floor,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel
Mumbai- 400 013
Tel : 022 - 2499 4200
Fax : 022 - 2495 0664 | ii) Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers.
17 th Floor, Dalal Street,
Mumbai- 400 023
Tel : 022 - 2272 3333
Fax : 022 - 2272 3199 |
| iii) TSR Darashaw Private Limited,
6-10, Haji Moosa Patrawala Ind. Estate,
20, Dr. E. Moses Road,
Mahalaxmi, Mumbai 400 011
Tel : 022 - 6656 8484
Fax : 022 - 6656 8494
Email : csg-unit@tsrdarashaw.com | |

2. Green Initiative in Corporate Governance

The Ministry of Corporate Affairs has undertaken a "Green Initiative in Corporate Governance" by allowing paperless compliance by companies through electronic mode vide its Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, stating that Companies can now send various communication and documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

Accordingly, your Company proposes to henceforth effect electronic delivery of communication / documents including the Annual Reports and such other necessary communication / documents from time to time to the shareholders, who have provided their e-mail address to their Depository Participant (DP). Shareholders holding shares in physical form and who are desirous of receiving the communication/documents in electronic form, are requested to please promptly inform their e-mail address to the Company's Registrar and Share Transfer Agent.

E-mail addresses as registered in your respective DP accounts in the records of the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDS) which will be periodically downloaded, will be deemed to be your registered e-mail address for serving the necessary communication / documents. Thus, the necessary communication would be sent in electronic form to the registered e-mail address. Shareholders who wish to inform any updations/changes of their e-mail address, are requested to promptly update the same with their DP from time-to-time.

We seek your support to this initiative and opt for the electronic mode of communication in the interest of environment.

3. Unclaimed Dividends :

Your dividend warrant is valid for payment by the Company's Bankers for three months from the date of issue. Thereafter, it will be paid by the Company's Registrar and Share Transfer Agent, i.e. TSR Darashaw Limited after it is duly revalidated. Please encash your dividend warrant on receipt as the dividend amounts remaining unpaid at the expiry of seven years from the date of payment are required to be transferred to the Investor Education and Protection Fund established by the Central Government and you will thereafter have no claim to the amount once they are transferred to the aforesaid fund of the Central Government.

The Unclaimed dividends for the following accounting years will be transferred to the aforesaid fund of the Central Government on the dates specified against each of the years shown below :

2006-2007 (Final)	August 24, 2014
2007-2008 (Interim)	November 26, 2014
2007-2008 (Final)	September 23, 2015
2008-2009 (Interim)	December 22, 2015
2008-2009 (Final)	October 12, 2016
2009-2010 (Interim)	December 28, 2016
2009-2010 (Final)	September 24, 2017
2010-2011 (Interim)	December 20, 2017
2010-2011 (Final)	August 23, 2018
2011-2012 (Special)	August 22, 2018
2011-2012 (Interim)	November 22, 2018
2011-2012 (Final)	August 21, 2019
2012-2013 (Interim)	December 7, 2019
2012-2013 (Final)	August 20, 2020
2013-2014 (Interim)	December 9, 2020

Shareholders who have not encashed the dividend warrants for the above years are, therefore, requested to immediately forward the same duly discharged, to the Company's Registrar and Share Transfer Agent i.e. - TSR Darashaw Private Limited for payment. Shareholders are particularly requested not to wait till the last date mentioned above, but to send the dividend warrants atleast one month before the dates mentioned above so as to facilitate payment of dividend amounts due to them.

4. Dividend Payment :

The Final Dividend on Equity Shares as recommended by the Board of Directors for the year ended March 31, 2014 if declared at the Annual General Meeting will be made payable on September 17, 2014 to those members whose names appear in the Register of Members of the Company on August 25, 2014. In respect of Shares held in electronic form, the dividend will be paid to the beneficial owners of the Shares whose names appear in the list furnished by National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] for this purpose as on August 25, 2014.

The Company provides Electronic Clearing Service (ECS) facility for payment of dividend. Members are requested to intimate their Folio No.(s), Name and Branch of the Bank, in which they wish to receive the dividend, the Bank Account type, Account Number and the 9 digit MICR Code Number. This information should be intimated in respect of shares held in electronic form, to the Depository Participant and in respect of the shares held in physical form, to the Registrar and Share Transfer Agents of the Company at the address given above.

Those members who do not wish to avail of the ECS facility, are requested to furnish to their Depository Participants, the Name and Branch of the Bank and the Bank Account Number, which will be printed on the warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/deletion in such bank details. Further, instructions, if any, already given by them in respect of Shares held in Physical form will not be automatically applicable to the dividend paid on Shares held in electronic form. Members, may therefore give instructions regarding bank account in which they wish to receive dividend to their Depository Participants.

Very truly yours,

For **INGERSOLL-RAND (INDIA) LIMITED**



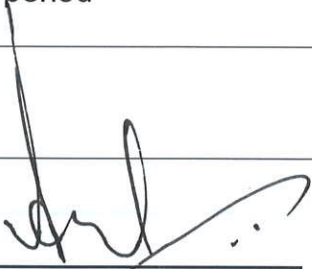
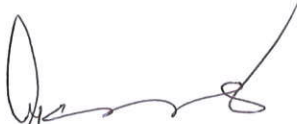


P. R. SHUBHAKAR
General Manager - Corp. Finance &
Company Secretary



Ingersoll-Rand (India) Limited
Plot No. 35, KIADB Industrial Area,
Bidadi, Bangalore - 562109

FORM A

**Form of covering letter of the annual audit report to be filed with
the stock exchanges**

1.	Name of the Company:	INGERSOLL – RAND (INDIA) LIMITED
2.	Annual financial statements for the year ended	31st March 2014
3.	Type of Audit observation	Un-qualified / Matter of Emphasis
4.	Frequency of observation	Whether appeared first time / repetitive / since how long period
5.	To be signed by -	
	CEO / Managing Director	 <hr/> (AMAR KAUL) Vice President & General Manager – Air Solutions [Manager under Companies Act, 1956] Place: Gurgaon Date: August 11, 2014
	CFO	 <hr/> (G. MADHUSUDHAN RAO) Place: Bangalore Date: August 4, 2014
	Auditor of the company	For Price Waterhouse & Co., Bangalore Firm Registration No. 007567S Chartered Accountants  <hr/> SHIVAKUMAR HEGDE Partner Membership No. 204627 Place: Bangalore Date: August 21, 2014
	Audit Committee Chairman	 <hr/> (HEMRAJ C. ASHER) Place: Mumbai Date: August 16, 2014

