



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 FACILITY

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

BOARD OF DIRECTORS

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

OFFICERS

Mr. B. Jayaraman Vice President - Finance
Mr. Prasad Y. Naik Vice President - Information Technology
Mr. Sameer Agarwal General Manager & Finance Controller - Air Solutions
(Manager under Companies Act, 1956)

COMPANY SECRETARY

Mr. P. R. Shubhakar

AUDITORS

Price Waterhouse, Bangalore

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

CONTENTS

	Page No.
Highlights of the year	1
Notice	2-4
Directors' Report	5-9
Report on Corporate Governance	10-17
Annexure to Directors' Report	18-19
Distribution of Income/Ten year at a Glance	20-21
Auditors' Report	22-23
Accounts	24-32
Notes to Accounts	33-45
Balance Sheet Abstract	46
Letter to Shareholders	47-48

HIGHLIGHTS OF THE YEAR

	2010-11		2009-10	
Domestic Sales	Rs.	4,020.87 million	Rs.	3,049.15 million
Export Sales	Rs.	949.66 million	Rs.	717.88 million
Total Sales	Rs.	4,970.53 million	Rs.	3,767.03 million
Profit before tax	Rs.	1,008.44 million	Rs.	731.55 million
As a % of sales		20.29		19.42
Profit after tax	Rs.	686.23 million	Rs.	474.03 million
As a % of sales		13.81		12.58
Return on total resources (%)		7.13		5.24
Net worth per share	Rs.	259.52	Rs.	244.76
Earnings per share	Rs.	21.74	Rs.	15.02
Price earnings ratio		20.45 times		23.04 times
Dividend per share	Rs.	6.00	Rs.	6.00
Cover		3.6 times		2.5 times
Net sales/total assets		0.5 times		0.4 times
Profit after tax/gross fixed assets (%)		103.79		76.71
No. of employees		611		535
No. of shareholders		19,407		19,466

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)	1,449,955	5%
Bodies Corporate & Trusts	853,468	3%
Directors and their relatives	86,600	0%*
Others	5,817,977	18%
Total	31,568,000	100%

* Less than 1%

NOTICE

Notice is hereby given that the Eighty-ninth 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 Thursday, July 21, 2011 to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on March 31, 2011 together with the reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend for the year ended March 31, 2011.
3. To appoint a Director in place of Mr. Darius C. Shroff, who retires by rotation, and, being eligible, offers himself for reappointment.
4. To appoint M/s. Price Waterhouse, Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the Accounts of the Company for the year ending on March 31, 2012.

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 Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, approval of the Company be and is hereby accorded to the appointment and terms of remuneration of Mr. Sameer Agarwal, as the Manager of the Company, designated as "General Manager & Finance Controller – Air Solutions" for a period of one year from November 1, 2010 to October 31, 2011 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in the financial year during the aforesaid period) as set out in Agreement(s), entered into between the Company and Mr. Sameer Agarwal, with liberty to the Board of Directors of the Company to alter, modify and vary the terms and conditions of the said appointment and/or Agreement(s) and remuneration, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any statutory modification/re-enactment thereof, as may be agreed to between the Board of Directors and Mr. Sameer Agarwal.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

NOTES: -

- a) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, (the "Act") in respect of item no. 5 is annexed hereto.
- b) 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.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from July 1, 2011 to July 8, 2011, both days inclusive, for the purpose of payment of dividend, if declared at the Annual General Meeting.
- d) The Final Dividend on Equity Shares as recommended by the Board of Directors for the year ended 31st March, 2011, 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 June 30, 2011.
 - (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 Registrars and Share Transfer Agents on or before June 30, 2011. The Company will dispatch the dividend warrants from July 25, 2011 onwards.
- e) Members holding shares in electronic form may please note that the bank account details given by them 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. However, if any member wants to receive dividend in any other bank account, he/she should change/correct the bank account details with their concerned DP's and also intimate about ECS payment requirement. The Company will not entertain any direct request from member(s) for change/deletion in bank account 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 accounts in which they wish to receive dividend, to their DP's.
- f) Under Section 205A read with Section 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to the Investor Education and Protection Fund of the Central Government.

Members who have not encashed the dividend warrant(s) so far for Final Dividend of financial year 2003-2004 or any subsequent

dividend payment(s) are requested to make their claims to the Company / Registrars and Share Transfer Agents immediately. Please note that as per Section 205C of the Companies Act, 1956, 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.

- g) 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.
- h) 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 atleast 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.
- i) 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.

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



P. R. SHUBHAKAR

General Manager - Corp. Finance and Company Secretary

Bangalore, April 27, 2011

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 5: -

At the meeting of the Board of Directors of the Company ("the Board") held on October 19, 2010 the Board has, subject to the approval of the shareholders at this meeting, appointed Mr. Sameer Agarwal as the "Manager" of the Company, designated as "General Manager & Finance Controller – Air Solutions" for a period of one year from November 1, 2010 to October 31, 2011. At its meeting held on April 27, 2011, the Board has revised the remuneration payable to Mr. Sameer Agarwal, effective April 1, 2011.

The terms and conditions set out in the agreement dated November 22, 2010 and supplemental agreement #1 dated April 27, 2011

executed between the Company and Mr. Sameer Agarwal ("General Manager") are as under:

- (I) (a) Monthly compensation to the General Manager as under:
 - (i) Basic salary of Rs. 1,08,805/- (Rupees One Lakh Eight Thousand Eight Hundred Five Only);
 - (ii) Education Allowance of Rs. 200/- (Rupees Two Hundred Only);
 - (iii) Special Allowance of Rs. 1,89,612/- (Rupees One Lakh Eighty Nine Thousand Six Hundred Twelve Only);
- (b) A one-time lump sum payment of Rs. 1,31,514 (Rupees One lakh Thirty One Thousand Five Hundred Fourteen Only) as ad-hoc allowance.
Annual Bonus/Commission at such rate of the net profits of the Company/such amount as the Board may decide from time to time, without any maximum limits.
- (c) Minimum salary and perquisites as mentioned in Schedule XIII of the Companies Act, 1956, shall be paid in the event of absence or inadequacy of profits in any year.

(II) In addition to monthly compensation and commission as per (I) above, the General Manager shall be entitled to the following perquisites:-

- (a) **Medical benefit:** The benefit of Company's Group Medical Benefit Scheme or any other Scheme for the time being in force for the General Manager and his family including reimbursement of other medical expenses outside the purview of the above Scheme provided that the total expenses thereof shall not exceed Rs.15,000/- (Rupees Fifteen Thousand Only) in a year.
- (b) **Leave Travel Benefit:** Leave Travel benefit once for every year of service for the General Manager and his family by way of return fare for travel to any place in India by air or air conditioned coach as per rules of the Company, subject to a maximum of Rs. 48,000/- (Rupees Forty Eight Thousand Only) per year.
- (c) **Personal Accident Insurance:** Personal Accident Insurance for a maximum sum assured of Rs. 1,25,00,000/-.
- (d) **Vehicle Maintenance:** Payment towards expenses incurred by the General Manager for running and maintenance of his personal motor car subject to a maximum of Rs. 21,600/- (Rupees Twenty One Thousand Six Hundred Only) per year.

(III) The General Manager shall also be entitled to the benefit of Provident Fund and Gratuity as per Company's rules. Gratuity shall be payable to an approved fund at the rates prescribed under Payment of Gratuity Act, being at the rate of one-half month's salary for each completed year of service, subject to a maximum of Rs. 10,00,000/- (Rupees Ten Lakhs Only).

- (IV) Reimbursement of actual travelling, entertainment and other expenses reasonably incurred in or about the business of the Company.
- (V) Earned / privilege leave and sick leave in accordance with the Rules of the Company.

OTHER CONDITIONS OF APPOINTMENT OF THE GENERAL MANAGER:

- (i) He shall not engage himself directly or indirectly in any other business, occupation or employment.
- (ii) He shall not divulge or disclose any confidential information or knowledge obtained during the course of employment as to the business or affairs of the Company.
- (iii) He shall not be directly or indirectly concerned or interested in any selling agency of the Company without the prior approval of the Central Government.
- (iv) His employment shall forthwith determine if he becomes insolvent or makes any composition or arrangement with his creditors.
- (v) Either party is entitled to terminate the Agreement by giving three months' notice in writing.
- (vi) The Company shall have the right to terminate his appointment with immediate effect, if he be guilty of such inattention to or negligence in the conduct of the business or of any other act or omission inconsistent with his duties or any breach of the Agreement as in the opinion of the Board renders his retirement desirable.

Your Directors consider that the remuneration and perquisites proposed to be paid to Mr. Sameer Agarwal are commensurate with his duties and responsibilities and therefore recommend the resolution for your approval.

In compliance with the applicable provisions of the Companies Act, 1956, Ordinary Resolution in terms as set out in item no. 5 of the accompanying Notice is now placed before the Members in the General Meeting for their approval.

The agreement dated November 22, 2010 and also the supplemental agreement #1 dated April 27, 2011 between the Company and Mr. Sameer Agarwal is open for inspection by the members at the Registered office of the Company on all days between 10.30 a.m and 12.30 p.m except Saturdays, Sundays and holidays until the date of the Annual General Meeting.

An abstract of agreement dated November 22, 2010 and also of supplemental agreement #1 dated April 27, 2011 and memorandum of interest under Section 302 of the Act has been circulated to all members of the Company.

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



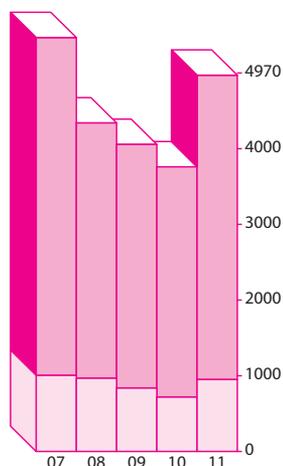
P. R. SHUBHAKAR
General Manager - Corp. Finance and Company Secretary

Bangalore, April 27, 2011

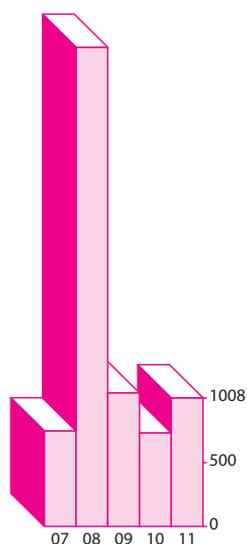
SALES
(in Millions of Rs.)

Total Sales

Export



PROFIT BEFORE TAX
(in Millions of Rs.)



DIRECTOR'S REPORT

To
THE MEMBERS,
INGERSOLL-RAND (INDIA) LIMITED

Your Directors have pleasure in submitting the Eighty-ninth Annual Report along with the Audited Balance Sheet and Profit and Loss Account for the year ended March 31, 2011.

1. FINANCIAL RESULTS

	(Rupees in Million)	
	2010 – 2011	2009 – 2010
Gross Profit	1,072.12	829.46
Less: Depreciation	47.53	41.49
Less: Interest	5.34	18.54
Profit before taxation and extra ordinary items	1,019.25	769.43
Less: Provision for Current Tax	(317.17)	268.80
Deferred Tax for the year	(8.14)	0.68
Fringe Benefit Tax	(0.58)	0.00
Net Profit after taxation and before extra ordinary items	693.36	499.95
Extra Ordinary and Prior Period Items	(10.81)	(37.88)
Taxation on above	3.68	11.96
Net Profit	686.23	474.03
Add: Balance brought forward from Balance Sheet	4,677.83	4,473.03
	<u>5,364.06</u>	<u>4,947.06</u>
Appropriations:		
Interim Dividend (including tax thereon)	110.43	110.80
Proposed Final Dividend (including tax thereon)	110.07	110.43
Transfer to General Reserve Account	69.00	48.00
Balance carried to Balance Sheet	5,074.56	4,677.83
	<u>5,364.06</u>	<u>4,947.06</u>

2. MANAGEMENT DISCUSSION AND ANALYSIS

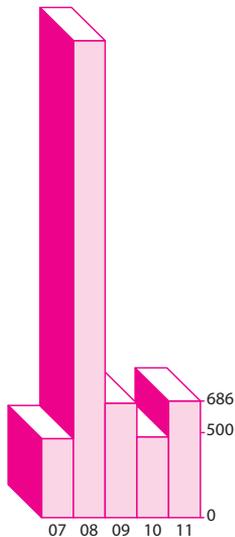
- a. **Industry Structure and Development:** The Indian economy remains on an accelerated growth path. Its domestic demand will enable that it maintains 8.4% growth rate over the next year. Rise in spending power by the middle class will continue to boost demand for durables and non-durables. A strong growth is foreseen in the services area.

The Company's products are primarily sold to industries in the automotive, metals, pharmaceutical and textile sectors. The growth in these sectors is fuelled by the increased demand in domestic consumption. Your Company is well positioned to leverage this opportunity. In addition to the growth in these sectors, the Government is expected to make key investments in development of infrastructure which is likely to further the growth of your company.

Inflation is a key issue that the country continues to face. Your Company will continue to keep a tight watch on commodity inflation and productivity to ensure that we stay profitable and competitive in the market.

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

PROFIT AFTER TAX
(in Millions of Rs.)



The air solutions business revenues this year was higher at Rs. 4,483 million as against Rs. 3,526 million last year, a significant growth of 27%. The robust revenue increase is reflective of the growth in the economy and also our focus on quality, service, geographical expansion and innovation. Your Company has been developing products for emerging markets at relevant value points to ensure growth in these areas.

The revenue from contract manufacturing of bus air-conditioners, which was commenced in November 2009, was also higher at Rs. 162 million as against Rs. 40 million in the previous financial year.

The profit before tax and extra ordinary items is Rs. 1,019 million as against Rs. 769 million in the previous year.

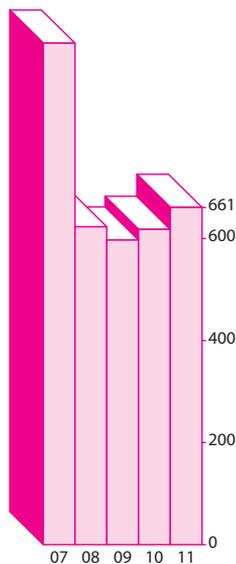
- c. **Outlook:** The outlook for the financial year 2011-12 is positive. While the economic outlook continues to remain strong and the key sectors in which your Company operates continues to perform well, demand for your Company's products is improving. There is a healthy backlog of customer orders. Further, productivity measures put in place during the economic slow-down continues to provide incremental profit margins. Overall, barring unforeseen circumstances, we expect a steady growth with matching profitability for the fiscal year 2011-12.
- d. **Threat and concerns:** The primary threat continues to be leading competitors using price as a tool to win market share. However, product quality and the brand image of your Company has, helped us secure customer orders despite these price pressures. Our technology capability ensures that our products are constantly being improved basis feedback from our customers, and our focus on innovation ensures that we stay ahead of our competition. Inflation in commodity prices is a cause for concern. There are signs of overall inflation being contained but needs careful tracking and management to maintain profitability. Our efforts towards supplier rationalization and commodity price controls, coupled with productivity programs are ensuring that we maintain a healthy performance for your Company.
- e. **Internal control systems and their adequacy:** Your Company has effective and adequate internal control systems, which ensure reliable financial reporting, safeguarding of assets and adherence to management policies.

As a subsidiary of a corporation that is publicly listed on the New York Stock Exchange, your Company complies with the requirements of the Sarbanes Oxley Act of 2002. The internal audit team and an internal team of managers check the adequacy of internal controls and its implementation once in each quarter. The internal audit team regularly reports to the Management and the Audit Committee on their findings and also on the steps to be taken with regard to deviations, if any.

- f. **Risk Management:** The Company's internal control process covers, amongst others, process for identification, assessment and mitigation of various risks, including operational, product and financial risks. Such risks are reviewed and discussed at regular management review meetings, wherein members of the senior management are present. The risks that are continuously monitored include, but are not limited to, product, price, cost trends, competition, financing, technical changes, product liability, warranty and insurance risks.

Normal foreseeable risks to the Company's assets are adequately covered by comprehensive insurance. Risk assessments, inspections and safety audits are conducted regularly.
- g. **Safety, Health and Environment:** Your Company continues to operate with increased focus on the vision of an 'Incident Free' and 'Zero Environment Incidents' organization. The senior management is fully committed to conducting business in a sustainable manner with stringent procedures around safety systems and processes. Several measures have been implemented to revitalize safety systems and processes especially across the extended Supply Chain operations (starting with suppliers). Task risk assessments were conducted in the manufacturing plant at Naroda and actions were taken as a key thrust area during the year. Employees across the Company were extensively trained and educated on safety awareness, process safety management and road safety measures. On occupational

GROSS BLOCK
(in Millions of Rs.)



health perspective, employee health check up is conducted every year for employees and hygiene studies are also conducted. On the energy conservation front, your Company achieved substantial savings by carrying out energy audits and implementing key projects to save energy.

On the community front, the organization, believes very strongly in being a responsible corporate citizen, and constantly looks for opportunities to partner with the communities in which we do business. Our employees actively participate in social activities such as tree plantations, blood donations, volunteering with local schools, donating both financially and in kind to local Non-Government Organizations, schools and orphanages.

h. Technology Innovation

Innovation is one of the key pillars around which your Company is built. At Ingersoll Rand, we strive to create innovation that drives value for the organization and the customer. We constantly foster an organization-wide innovation culture, internally by encouraging employees to constantly think of 'the new and the better' and creating platforms for large scale organizational brainstorming and externally – by bringing together the larger industry and academia to participate in Ingersoll Rand's innovation platforms.

The Engineering team based in India were part of a global team to develop the new 1000KW C-series centrifugal compressor with 4500-7500 cfm capacity range and adapted it for the Indian market. It is now being produced in Naroda since December 2010.

The recently launched R series 90-160KW rotary screw oil flooded compressors, were re-engineered in India, and the sales volumes have increased significantly, since then.

The Engineering team is currently working on the next generation centrifugal compressors which would focus on efficiency, reliability and productivity, to meet the needs of an emerging economy.

Your Company continues to serve the export market for reciprocating compressors and its parts. It has been methodically substituting several mechanical transmissions, valve components, control panels through high quality indigenization programs. Technology has been obtained from the parent company and value addition through local innovation and engineering continues to create products and solutions for local markets. Benefits of such an approach have delivered better material utilization, process improvements, productivity, supplier rationalization and improved technologies.

3. SETTING UP OF NEW MANUFACTURING PLANT

Your Directors at their meeting held on April 27, 2011 have approved the proposal for setting up a new manufacturing plant to expand the range of products as compared to manufacture of air compressors at the present facility in Naroda. The new plant will be set up in South India and a suitable location is being considered. The location will be finalized in the next couple of months and construction is likely to begin before end of December 2011.

4. EXPORTS

Exports for the year have increased to Rs. 950 million as against Rs. 718 million in the previous year, an increase of 32%. The parent company supports our efforts to source products from India and this augurs well for your Company's growth. The range of products being exported is steadily increasing.

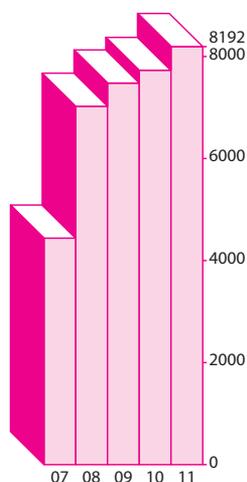
5. DIVIDEND

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 a final dividend for the year ended March 31, 2011 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. 189.41 million out of the profits for the year (previous year Rs. 189.41 million). Dividend distribution tax payable by the company amounting to Rs. 31.09 million (previous year Rs. 31.82 million) has been appropriated out of profits.

NET WORTH

(in Millions of Rs.)



6. FIXED DEPOSITS

During the year, your Company did not accept any fixed deposits. There are no unclaimed deposits as on March 31, 2011.

7. DIRECTORS

Mr. Jaideep Wadhwa resigned from the services of the Company during the year and consequently ceased to be the Managing Director with effect from October 31, 2010. The Board of Directors places on record their deep appreciation of the contribution made by Mr. Jaideep Wadhwa to the operations of the Company during his tenure as Managing Director.

Consequent to the resignation of the Managing Director, Mr. Sameer Agarwal has been appointed as “Manager” under the Companies Act, 1956 effective November 1, 2010, for a period of one year. Mr. Sameer Agarwal has been discharging his duties as “Manager” subject to the superintendence, control and direction of the Board of Directors. An appropriate resolution in regard to appointment of Mr. Sameer Agarwal has been set out at item no. 5 of the Notice.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Darius C. Shroff will retire by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

Details of Mr. Shroff, who is seeking re-appointment has been provided in the Corporate Governance Report forming part of this report, as required under Clause 49 of the Listing Agreement with the Stock Exchanges.

8. GROUP

Persons constituting group coming within the definition of “group” of Ingersoll – Rand Company, New Jersey, U.S.A. for the purposes of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and as defined under the Monopolies and Restrictive Trade Practices Act, 1969 include, but are not limited to, the following entities:

1. Club Car Inc., U.S.A.
2. GHM Rand Schraubenkompressoren GmbH, Germany
3. Hibon Inc., Canada
4. Ingersoll – Rand (Australia) Limited, Australia
5. Ingersoll – Rand (Chang Zhou) Tools Co. Limited, China
6. Ingersoll – Rand (China) Industrial Equipment Manufacturing Co. Limited, China
7. Ingersoll – Rand Air Solutions Hibon Sarl, France
8. Ingersoll – Rand Brasil Ltda, Brazil
9. Ingersoll – Rand Company Limited, United Kingdom
10. Ingersoll – Rand Company South Africa (Pty.) Limited, South Africa
11. Ingersoll – Rand CZ S.R.O., Czech Republic
12. Ingersoll – Rand European Sales Limited, United Kingdom
13. Ingersoll – Rand Industrial Products Private Ltd., India
14. Ingersoll – Rand International (India) Limited, India
15. Ingersoll – Rand International Limited, Ireland
16. Ingersoll – Rand Italiana S.p.A., Italy
17. Ingersoll – Rand Machinery (Shanghai) Company Limited, China
18. Ingersoll – Rand Malaysia Co. Sdn. Bhd., Malaysia
19. Ingersoll – Rand South East Asia (Pte) Limited, Singapore
20. IRCR Manufacturing S.R.O., Czech Republic
21. Nanjing Ingersoll – Rand Compressor Company Limited, China
22. Officina Meccaniche Industriali SRL, Italy
23. Plurifilter D.o.o., Slovenia
24. Schlage Lock Company LLC, U.S.A.
25. Service First Aircon Private Limited, India
26. Shanghai Ingersoll – Rand Compressor Company Limited, China

27. Thermo King India Private Limited, India
28. Thermo King Corporation, U.S.A.
29. Thermo King European Manufacturing Limited, Ireland
30. Thermo King Ireland Limited, Ireland
31. Trane BVBA, Belgium
32. Trane India Private Limited, India

The above list does not include all subsidiaries of Ingersoll-Rand Company, New Jersey, U.S.A. nor does it include all Persons coming within the definition of "group" of Ingersoll-Rand Company, New Jersey, U.S.A. such as the ultimate parent company, Ingersoll-Rand plc, Ireland.

9. 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, pursuant to Section 217 (2AA) of the Companies Act, 1956.

- (a) that in the preparation of annual accounts, the applicable accounting standards have been followed;
- (b) 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, 2011 and of the profit of the Company for the year April 1, 2010 to March 31, 2011;
- (c) 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
- (d) that the annual accounts have been prepared on a going concern basis.

10. CORPORATE GOVERNANCE

The Company has consistently adopted high standards of Corporate Governance and has fully complied with the Corporate Governance practices specified under the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges. As per Clause 49 of the Listing agreement, a report on Corporate Governance approved by the Board of Directors of the Company together with a certificate from the Practicing Company Secretary confirming compliance is set out in the annexure 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 to this Report.

12. AUDITORS

M/s. Price Waterhouse, the Company's auditors will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a written certificate to the Company certifying that, if they are re-appointed as Auditors of your Company, such appointment would be within the limits specified in Section 224 (1) (B) of the Companies Act, 1956.

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 wish to express their gratitude and record its sincere appreciation for the dedicated efforts of all the employees, their commitment and professionalism despite the challenging environment. The Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from distributors, suppliers, bankers and other business associates for their valuable service and support during the year. The Directors are also thankful to the esteemed shareholders for their support and confidence reposed in the Company.

For and on behalf of the Board of Directors



Venkatesh Valluri
Chairman

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 and is committed to provide long term sustainable value to all its stakeholders. The Company believes in managing its affairs with diligence, transparency, accountability and responsibility. Good Corporate Governance is an integral part of the Company's value system and the Company Management places considerable emphasis on compliance therewith aimed at providing good governance. 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, 2011, 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	Remarks
		Held during the year	Attended during the year		
Mr. Venkatesh Valluri (Chairman)	Non - Executive	6	5	Yes	
Mr. Hemraj C. Asher	Non - Executive & Independent	6	6	Yes	
Mr. Darius C. Shroff	Non - Executive & Independent	6	6	Yes	
Mr. Jaideep Wadhwa	Executive	4	4	Yes	Ceased to be Director from October 31, 2010

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	8	6
Mr. Darius C. Shroff	6	9

* Audit Committee and Shareholders' / Investors Grievance Committee/Corporate Governance Committee

Number of Board Meetings:

Six Board Meetings were held during the year 2010-11 on April 28, 2010, July 21, 2010, October 6, 2010, October 19, 2010, February 7, 2011 and February 25, 2011.

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

The details of remuneration paid to Directors for the year ended March 31, 2011 is as follows:

Name of Director	Sitting Fees	Salaries and Perquisites	Commission	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Mr. Venkatesh Valluri (Chairman)	NIL	NIL	NIL	NIL
Mr. Jaideep Wadhwa (part of the year)	NIL	6,386,154	NIL	6,386,154
Mr. Hemraj C. Asher	NIL	NIL	1,000,000	1,000,000
Mr. Darius C. Shroff	NIL	NIL	1,000,000	1,000,000

Criteria for payments to Executive Directors:

The fixed component of remuneration to executive directors is paid as recommended by the Remuneration Committee and approved by the Board of Directors.

Executive Directors are paid annual performance related commission based on their performance and achievement of the financial parameters such as sales, profits before tax, return on capital and cash generation.

The Company does not have any scheme for grant of stock options to the Directors.

Criteria for payments to Non-executive Directors:

Non – Executive Directors are 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 criterion for payment of remuneration is the advice given by Non – Executive Directors to the Management from time to time on strategic matters.

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 April 27, 2010 and February 25, 2011.

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

- Review the remuneration package, service agreement and other employment conditions of Managing Director/Manager under the provisions of Companies Act, 1956.
- Decide the actual salary, allowances, perquisites, retivals and increments of Managing Director/ Manager under the provisions of Companies Act, 1956.
- Decide the amount of commission payable to Managing Director/ Manager under the provisions of Companies Act, 1956.
- Periodically review and suggest revision of the total remuneration package of Managing Director/ Manager under the provisions of Companies Act, 1956;

In determining the remuneration package of the Managing Director/ Manager under the provisions of Companies Act, 1956, 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 April 28, 2010, July 21, 2010, October 19, 2010 and February 7, 2011. 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, 2011, 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, 15 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 or Mr. B. Jayaraman, Vice President – Finance.

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 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, 1,140 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, 2011.

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 22, 2010	Eagleton – The Golf Resort, 30 th Km., Bangalore-Mysore Highway, Shyanamangala Cross, Bidadi Industrial Area, Bangalore 562 109	12.00 Noon	-
AGM	September 11, 2009	Eagleton – The Golf Resort, 30 th Km., Bangalore-Mysore Highway, Shyanamangala Cross, Bidadi Industrial Area, Bangalore 562 109	12.30 P. M.	2
AGM	August 22, 2008	Goldfinch Hotel, 32/3, Crescent Road, High Grounds, Off. Kumara Krupa Road, Bangalore 560 001	12.30 P. M.	1

8. NOTES ON DIRECTORS SEEKING RE-APPOINTMENT/APPOINTMENT

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	Shareholding in Ingersoll-Rand (India) Limited
Avi-Oil India Pvt. Limited	Director		10,000 Shares
Bayer Material Science Private Limited	Director		
CMP Pvt. Limited	Director		
GMM Pfadler Limited	Director	Audit Committee - Member Shareholders/ Investors' Grievance Committee - Member Remuneration Committee - Member	
Kulkarni Power Tools Limited	Director		
Lubrizol India Private Limited	Director		
Siemens Limited	Director	Investors' Grievance Committee - Chairman Remuneration Committee - Member Corporate Governance Committee - Member	
SKF India Limited	Director	Audit Committee - Chairman Share Transfer/Investors' Grievance Redressal Committee - Member Remuneration Committee - Member	
Swiss Re Services India Private Limited	Director		
Unifrax India Limited	Chairman		
UTV Software Communications Limited	Director		
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 17 of Schedule 14 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 Business Standard
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

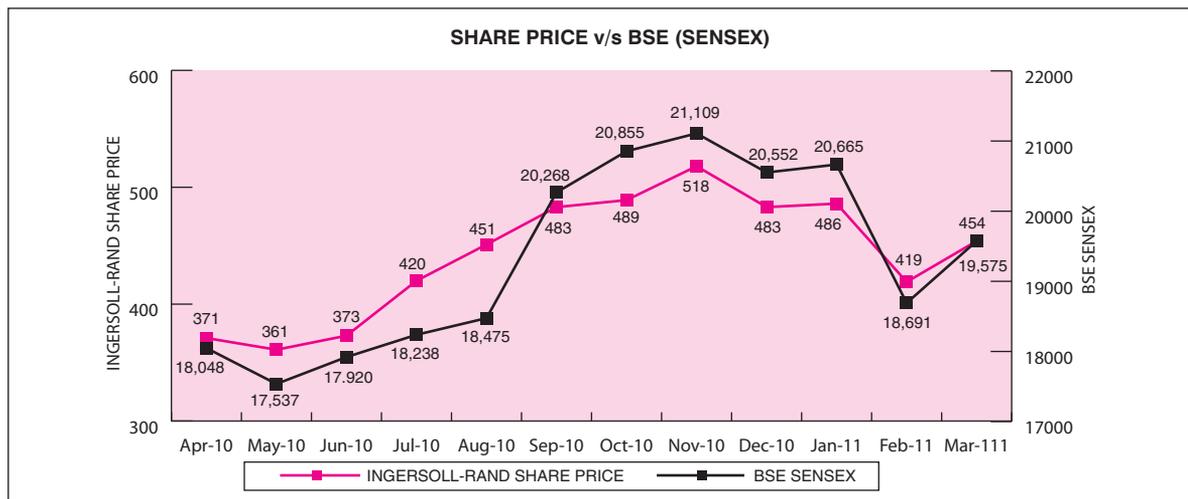
12. GENERAL SHAREHOLDER INFORMATION

- AGM - Date July 21, 2011
 - 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 2011 to March 2012
 (a) First Quarter Results Last week of July 2011
 (b) Second Quarter Results Last week of October 2011
 (c) Third Quarter Results Last week of January 2012
 (d) Results for the year ending March 2012 April/May 2012
- 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 2010-2011 from July 1, 2011 to July 8, 2011 (Both days inclusive)
- Dividend Payment Date July 25, 2011
- Listing on Stock Exchange Bombay Stock Exchange Limited
 Ahmedabad Stock Exchange Limited
 National Stock Exchange of India Limited
 Listing fees for the period 2010 - 2011 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 2010 to March 2011

(in Rupees)

	Bombay Stock Exchange Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High	Low	High	Low
April 2010	371.40	347.95	378.50	344.60
May 2010	361.00	337.00	365.00	335.25
June 2010	373.10	338.60	382.80	338.00
July 2010	419.65	366.75	435.70	361.00
August 2010	451.10	422.65	447.65	420.00
September 2010	483.30	427.25	507.00	423.15
October 2010	489.05	459.30	505.00	406.40
November 2010	518.40	442.90	532.00	434.00
December 2010	483.40	430.75	490.00	415.00
January 2011	485.90	429.10	495.00	428.15
February 2011	418.70	394.75	439.00	369.35
March 2011	454.10	406.05	488.50	394.40

- Stock Performance in comparison to BSE Sensex



- Registrars & Share Transfer Agents

TSR Darashaw 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 15,830.

- Distribution and Shareholding Pattern as on March 31, 2011

No. of equity shares held	No. of folios	%	No. of shares	%
Upto 500	16,869	86.92	2,020,286	6.40
501 – 1000	1,689	8.70	1,301,758	4.13
1001 – 2000	446	2.30	654,540	2.07
2001 – 3000	150	0.77	376,700	1.19
3001 – 4000	70	0.36	243,849	0.77
4001 – 5000	29	0.15	133,985	0.43
5001 – 10000	83	0.43	590,613	1.87
10001 and above	71	0.37	26,246,269	83.14
TOTAL	19,407	100.00	31,568,000	100.00
No. of shareholders in physical mode	2,203		23,872,354	
No. of shareholders in electronic mode	17,204		7,695,646	

- Shareholding pattern as on March 31, 2011 is as follows

Category	No. of shares	%
Ingersoll-Rand Company, New Jersey, U.S.A.	23,360,000	74.00
Foreign Institutional Investors	98,073	0.31
Non Resident Indians	127,099	0.40
Unit Trust of India	200	*0.00
Insurance Companies	1,080,162	3.42
Nationalised Banks and other Banks	2,850	0.01
Foreign Banks	150	*0.00
Mutual Funds	268,520	0.85
Domestic Companies	848,668	2.69
Trusts	4,800	0.02
Directors and Their Relatives	86,600	0.27
General Public	5,690,878	18.03
	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, 2011
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, 2011, 24.38% of the paid-up capital has been dematerialised. However, 74% of the paid-up capital held by Ingersoll-Rand Company, New Jersey, U.S.A. has not 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
- Address for correspondence
Shareholders correspondence should be addressed to the Registrars and Share Transfer Agents or to the Compliance Officer at the following address:

Registrars & Share Transfer Agents
TSR Darashaw 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 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, April 27, 2011

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

To the Members of 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 Agreement with the Stock Exchanges for the financial year ended 31st March, 2011. 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 explanations 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
Practicing Company Secretary
Certificate of Practice No.: 7277
#287, 9th Main, 26th cross,
BSK IIInd stage, Bangalore - 560070

Place: Bangalore
Date: April 27, 2011

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) Automatic power factor control unit is installed. The power factor is now maintained at about 0.98.
 - (ii) Changed loading pattern of plant compressors – continuous load on Nirvana and variable load on screw compressors has given a 7% saving in energy.
 - (iii) Natural gas burners deployed in paint drying oven, component cleaning machine and cafeteria in place of diesel, electric and LPG burners respectively.
 - (iv) Recirculation of water for testing of LRBU has resulted in saving of 35 KL/month.
 - (v) Test setup upgraded to allow lesser time to stabilize before testing Rotary packages and test time reduction in centrifugal compressors thereby reducing power cost.
 - (vi) Optimization of plant voltage in lighting and accessories to operate in lower band (400V to 420V) without effecting performance.
 - (vii) Simplair pipes installed for compressed air distribution to avoid leakage.
 - (viii) FRP roof sheets installed to save light during daytime and mirror reflectors installed for tube lights to improve lighting without increasing wattage
 - (ix) Old window air conditioners replaced with new energy efficient air conditioners.
 - (x) Ordinary fluorescent lamps are being progressively replaced with T5 energy efficient lamps.
 - (xi) Mercury vapor lamps being replaced by energy efficient metal halide lamps giving upto 50% energy saving.
 - (xii) Automatic level controller and dry run protection for bore well pumps at the Naroda plant.
 - (xiii) Independent control switches at each location to switch on only required lights.
 - (xiv) Energy meters installed for individual load centers for monitoring electricity utilization as well as energy conservation.
 - (xv) Energy savers installed for air conditioners.
 - (xvi) Transformers are loaded at optimum efficiency. Consequently, one 500KVA transformer is retained as standby.
 - (xvii) LED indicator lamps provided on power panels.
 - (xviii) Shutdown of all electrical machinery and appliances done when not used.
 - (xix) Electronic fan regulators used in place of conventional regulators.
 - (xx) Electronic chargers used in place of conventional chargers for batteries.
 - (xxi) Energy efficient motors used on plant compressor to reduce operating cost.
 - (xxii) Timer operated switches to turn on/off street lights, air ventilation plants and toilets.
- (b) Additional investments and proposals, if any, being implemented for reduction in energy consumption:
- (i) Gas operated heater to replace electrical heater at component cleaning machines.
 - (ii) Installation of servo-transformer to optimize lighting load.
 - (iii) Construction of percolation wells for rain water harvesting.
- (c) Impact of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
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

- (e) 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) Upgradation 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 world-wide.
 - (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.	– Million
(ii) Recurring	Rs.	9.90 Million
(iii) Total	Rs.	9.90 Million
(iv) Total R & D expenditure as a percentage of total turnover –		0.2%

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 indigenization 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
Airconditioning (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.

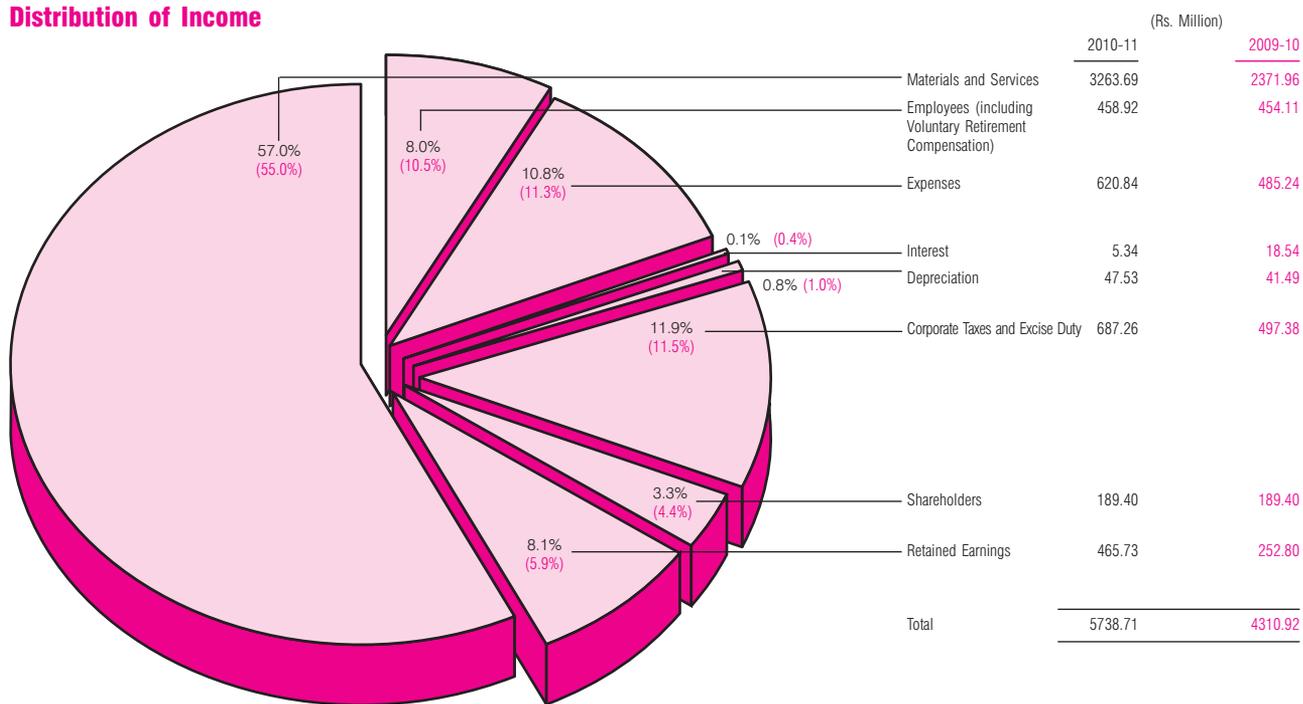
FOREIGN EXCHANGE EARNINGS AND OUTGO

(f) Total foreign exchange used and earned:		(Rs. Million)
(i) Earnings in foreign exchange on account of exports, deemed exports, income from services rendered and recovery of expenses and engineering fees.		977.59
(ii) Value of imports calculated on c.i.f. basis	1,471.01	
(iii) Expenditure in foreign currency on account of travelling, royalty and engineering fees and others	90.94	
(iv) Remittance in foreign exchange on account of dividend	140.16	1,702.11
Net Earnings / (Outgo) in Foreign Exchange		(724.52)

For and on behalf of the Board of Directors


 Venkatesh Valluri
 Chairman

Distribution of Income

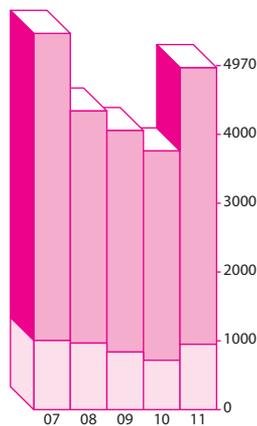


TEN YEARS AT A GLANCE :

(Rs.'000)	2010-11	2009-10	2008-09
1. Sales (Gross)	4,970,526	3,760,037	4,056,434
2. Other Income	778,991	571,449	765,117
3. Total Income	5,749,517	4,331,486	4,821,551
4. CAGR For Total Income (%)	2.99	—	—
5. Manufacturing and Other Expenses	4,351,447	3,307,541	3,414,289
6. Depreciation	47,530	41,486	41,632
7. Interest	5,340	18,539	1,731
8. Voluntary Retirement Compensation	—	10,316	4,847
9. Profit Before Depreciation & Income Tax	1,055,970	773,040	1,068,960
10. Profit Before Tax	1,008,431	731,554	1,027,328
11. Tax	322,210	257,522	355,274
12. Profit After Tax	686,221	474,032	672,054
13. CAGR For Profit After Tax (%)	6.56	—	—
14. Dividend	189,408	189,408	189,408
15. Dividend - Rs. per share	6.00	6.00	6.00
16. Fixed Assets (Net)	253,801	239,154	223,472
17. Current Assets, Loans and Advances	9,316,400	8,731,850	8,378,020
18. Total Assets	9,611,589	9,020,530	8,649,010
19. Share Capital	315,680	315,680	315,680
20. Market Price Per Share : 52 Weeks High & Low (H - High ; L - Low)	H 518.40 L 337.00	H 376.90 L 264.55	H 421.45 L 204.75
21. Reserves and Surplus	7,876,749	7,411,020	7,158,220
22. Net Worth	8,192,429	7,726,700	7,473,900
23. Loans (Secured and Unsecured)	—	—	—

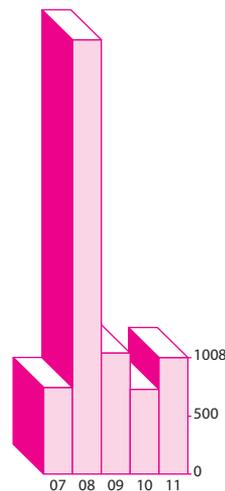
SALES

(in Millions of Rs.)



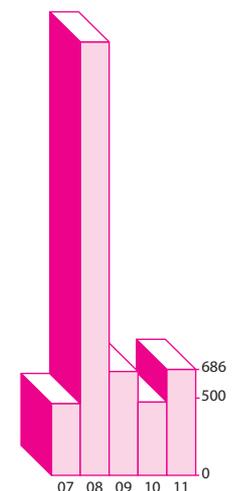
PROFIT BEFORE TAX

(in Millions of Rs.)



PROFIT AFTER TAX

(in Millions of Rs.)



	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	
	5,306,573	6,473,220	5,188,937	4,818,702	4,964,733	4,772,169	4,067,266	1.
	559,746	326,728	329,964	280,761	236,913	249,323	216,022	2.
	5,866,319	6,799,948	5,518,901	5,099,463	5,201,646	5,021,492	4,283,288	3.
	—	—	—	—	—	—	—	4.
	4,424,359	5,450,679	4,513,710	4,294,691	4,022,089	3,793,949	3,673,284	5.
	42,453	62,689	62,526	66,627	55,222	54,747	53,868	6.
	8,772	9,123	14,541	18,526	12,741	23,902	16,015	7.
	—	500	7,130	30,272	2,570	30,316	54,671	8.
	3,799,353	811,956	561,758	1,522,541	738,097	676,657	575,317	9.
	3,756,900	749,267	499,232	1,455,914	682,875	621,910	521,448	10.
	951,570	284,434	189,639	337,710	226,749	220,105	158,060	11.
	2,805,330	464,833	309,593	1,118,204	456,126	401,805	363,388	12.
	—	—	—	—	—	—	—	13.
	189,408	189,408	189,408	189,408	189,408	189,408	157,840	14.
	6.00	6.00	6.00	6.00	6.00	6.00	5.00	15.
	226,724	413,838	412,513	413,084	406,839	414,907	430,206	16.
	8,005,710	5,935,442	5,445,373	4,892,297	3,938,498	3,570,476	3,383,352	17.
	8,289,491	6,371,870	5,880,476	5,327,974	4,440,160	4,081,170	3,894,956	18.
	315,680	315,680	315,680	315,680	315,680	315,680	315,680	19.
	H 422.10	H 417.45	H 426.70	H 322.80	H 311.25	H 239.70	H 167.85	20.
	L 251.25	L 225.10	L 257.30	L 188.10	L 195.10	L 141.65	L 92.80	
	6,707,773	4,124,041	3,878,004	3,784,394	2,881,505	2,608,799	2,408,533	21.
	7,023,453	4,439,721	4,193,684	4,100,074	3,197,185	2,924,479	2,724,213	22.
	—	—	—	—	228	228	228	23.

**AUDITORS' REPORT TO THE MEMBERS OF
INGERSOLL-RAND (INDIA) LIMITED**

- 1 We have audited the attached Balance Sheet of Ingersoll-Rand (India) Limited (the "Company") as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') 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.
- 4 Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

Place: Bangalore
Date: April 27, 2011

Radhakrishnan B.
Partner
Membership Number: F25516

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Ingersoll-Rand (India) Limited on the financial statements for the year ended March 31, 2011

1. (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 between the book records and the physical inventory have been noticed.
- (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.
2. (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. 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.
3. (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.
(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.
4. 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, 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, no major weakness have been noticed or reported.

5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. 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.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. 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.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except dues in respect of profession tax, the Company is regular in depositing undisputed statutory dues including investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues as applicable, with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2011, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due date	Date of Payment
Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987	Profession Tax	7,800	2010-11	Various Dates	—

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at March 31, 2011 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
Income Tax Act, 1961	Income Tax	32,606,534	2005-06	Income Tax Appellate Tribunal, Bangalore
Income Tax Act, 1961	Income Tax	14,912,164	2006-07	Dispute Resolution Panel, Bangalore
Central Excise Act, 1944	Excise Duty	34,688,023	1997-98 to 2001-02	Gujarat High Court
Central Excise Act, 1944	Excise Duty	6,705,998	2007-08	The Commissioner of Central Excise (Appeals), Bangalore

10. The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. 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.
16. The Company has not obtained any term loans.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. 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.
19. The Company has not issued any debenture during the year.
20. The Company has not raised any money by public issues during the year.
21. 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 give to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Place: Bangalore
Date: April 27, 2011

Radhakrishnan B.
Partner
Membership Number: F25516



BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	(Rs. Million)	2011 (Rs. Million)	2010 (Rs. Million)
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Capital	1	315.68		315.68
Reserves and Surplus	2	7,876.75		7,411.02
			8,192.43	7,726.70
TOTAL			8,192.43	7,726.70
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	3	661.18		617.95
Less: Depreciation		408.58		379.24
Net Block		252.60		238.71
Capital Work-In-Progress		1.20		0.44
			253.80	239.15
DEFERRED TAX ASSET [Schedule 13 Note 7(c)]			41.39	49.53
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	4	1,091.43		787.67
Sundry Debtors	5	992.85		1,004.11
Cash and Bank Balances	6	5,361.57		5,387.76
Loans and Advances	7	1,870.55		1,552.31
		9,316.40		8,731.85
CURRENT LIABILITIES AND PROVISIONS				
Liabilities	8	1,194.87		1,034.05
Provisions	9	224.29		259.78
		1,419.16		1,293.83
NET CURRENT ASSETS			7,897.24	7,438.02
TOTAL			8,192.43	7,726.70
NOTES TO THE FINANCIAL STATEMENTS	13			

The Schedules referred to herein form an integral part of the Balance Sheet

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

For **PRICE WATERHOUSE**
Firm Registration No. 301112E
Chartered Accountants

RADHAKRISHNAN B.
Partner
Membership No. F25516
Place: Bangalore
Date : April 27, 2011

VENKATESH VALLURI
Chairman

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

H. C. ASHER
Director

B. JAYARAMAN
Vice President - Finance

Place: Bangalore
Date : April 27, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	(Rs. Million)	2011 (Rs. Million)	2010 (Rs. Million)
INCOME				
Sales (Gross) [Schedule 13 Note 1(viii)]			4,970.53	3,767.03
Less: Excise Duty			325.95	201.48
Sales (Net)			4,644.58	3,565.55
Other Income	10		778.99	571.45
			<u>5,423.57</u>	<u>4,137.00</u>
EXPENDITURE				
Manufacturing and Other Expenses	11		4,351.45	3,307.54
Depreciation	3		47.53	41.49
Interest	12		5.34	18.54
			<u>4,404.32</u>	<u>3,367.57</u>
PROFIT BEFORE TAXATION AND EXTRA ORDINARY AND PRIOR PERIOD ITEMS				
PROVISION FOR TAXATION (Schedule 13 Note 7)			1,019.25	769.43
Current Tax [(Including for Wealth Tax: Rs. 0.01 million) (2010: Rs. 0.03 million)] (Net of Rs. 20.93 million (2010: Nil) relating to earlier years writtenback)		(317.17)		(268.80)
Deferred Tax (Charge)/ Credit		(8.14)	(325.31)	(0.68)
Fringe Benefit Tax (relating to earlier years)			(0.58)	—
			<u>693.36</u>	<u>499.95</u>
NET PROFIT AFTER TAXATION AND BEFORE EXTRA ORDINARY AND PRIOR PERIOD ITEMS				
EXTRA ORDINARY AND PRIOR PERIOD ITEMS (debit)/ credit (Schedule 13 Note 19)		(10.81)		(37.88)
Taxation On Above [Includes Deferred Tax Credit Rs. Nil (2010: Rs. 2.81 million)] [Schedule 13 Note 7(c)]		3.68		11.96
			<u>(7.13)</u>	<u>(25.92)</u>
NET PROFIT			<u>686.23</u>	<u>474.03</u>
Balance Brought Forward			4,677.83	4,473.03
PROFIT AVAILABLE FOR APPROPRIATION			<u>5,364.06</u>	<u>4,947.06</u>
APPROPRIATIONS:				
Transfer To General Reserve			69.00	48.00
Interim Dividend [Including Tax Thereon]			110.43	110.80
Proposed Final Dividend [Including Tax Thereon]			110.07	110.43
Balance Carried Forward			5,074.56	4,677.83
			<u>5,364.06</u>	<u>4,947.06</u>
EARNINGS PER SHARE BEFORE EXTRA ORDINARY AND PRIOR PERIOD ITEMS				
(Basic and Diluted) (Rs.) (Schedule 13 Note 21)			21.96	15.84
EARNINGS PER SHARE AFTER EXTRA ORDINARY AND PRIOR PERIOD ITEMS				
(Basic and Diluted) (Rs.) (Schedule 13 Note 21)			21.74	15.02

NOTES TO THE FINANCIAL STATEMENTS 13

The Schedules referred to herein form an integral part of the Profit and Loss Account

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

For **PRICE WATERHOUSE**
Firm Registration No. 301112E
Chartered Accountants

RADHAKRISHNAN B.
Partner
Membership No. F25516
Place: Bangalore
Date : April 27, 2011

VENKATESH VALLURI
Chairman

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

H. C. ASHER
Director

B. JAYARAMAN
Vice President - Finance

Place: Bangalore
Date : April 27, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2011 (Rs. Million)	2010 (Rs. Million)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation and extra ordinary and prior period items	1,019.25	769.43
Adjustments for:		
Prior Period Expenses	(10.81)	(10.34)
Depreciation	47.53	41.49
Interest expense	5.34	18.54
Interest income	(437.00)	(317.88)
(Profit)/loss on sale/ write-off of fixed assets	1.83	3.87
Bad debts written off	0.32	—
Provision for doubtful debts	13.04	0.79
Provision for doubtful loans and advances	—	5.49
Unrealised foreign exchange (gain)/ loss	5.47	(9.75)
Liability no longer required written back (Net)	(4.98)	11.90
Provision no longer required written back (Net)	(8.56)	—
Operating profit before working capital changes	631.43	513.54
Adjustments for changes in working capital:		
(Increase)/Decrease in sundry debtors	(2.10)	184.32
(Increase)/Decrease in other receivables	(81.92)	(7.30)
(Increase)/Decrease in inventories	(303.76)	(141.69)
Increase/(Decrease) in trade and other payables	160.95	130.13
Increase/(Decrease) in employee related provisions:		
- Provision for leave encashment	4.99	(2.84)
- Provision for gratuity	(17.87)	(11.36)
- Provision for deferred benefits to employees	(22.92)	0.78
Provision for warranty (Net of write back)	0.67	(1.60)
Adjustment for unrealised foreign exchange gain/ (loss)	(5.47)	9.75
Taxes Paid		
- Income Tax paid	(353.49)	(263.42)
- Fringe Benefit Tax paid (net of recovery)	—	3.91
Extra Ordinary Items:		
- Voluntary Retirement Compensation	—	(10.32)
- Net Expenses relating to Road Development Business sold in earlier year	—	(8.11)
- Sales Tax relating to earlier years	—	(21.01)
Net cash from/ (used in) operating activities	<u>10.51</u>	<u>374.78</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(64.74)	(62.38)
Capital work in progress	(0.76)	0.69
Proceeds from sale of fixed assets	1.49	0.65
Proceeds from sale of Investments	—	0.09
Loan granted to fellow subsidiaries	(195.00)	(223.00)
Repayment of loan	—	60.00
Interest received	443.66	323.54
Net cash from/ (used in) investing activities	<u>184.65</u>	<u>99.59</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 - *Contd.*

	2011 (Rs. Million)	2010 (Rs. Million)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(0.67)	(15.50)
Dividend paid [Including Tax Thereon Rs. 31.46 million (2010: Rs. 32.19 million)]	(220.68)	(220.06)
Net cash from/(used in) financing activities	<u>(221.35)</u>	<u>(235.56)</u>
Net Increase/(decrease) in cash and cash equivalents	(26.19)	238.81
Cash and cash equivalents as at 31.03.2010	5,387.76	5,148.95
Cash and cash equivalents as at 31.03.2011	5,361.57	5,387.76

Notes:

- 1 The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2011 and the relative Profit and Loss Account for the year ended on that date.
- 2 The above Cash Flow Statement has been prepared 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.
- 3 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 **PRICE WATERHOUSE**
Firm Registration No. 301112E
Chartered Accountants

RADHAKRISHNAN B.
Partner
Membership No. F25516
Place: Bangalore
Date : April 27, 2011

VENKATESH VALLURI
Chairman

H. C. ASHER
Director

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

B. JAYARAMAN
Vice President - Finance

Place: Bangalore
Date : April 27, 2011

SCHEDULES TO ACCOUNTS

	2011 (Rs. Million)	2010 (Rs. Million)
1. CAPITAL:		
Authorised:		
32,000,000 (2010: 32,000,000) Equity Shares of Rs. 10 each	320.00	320.00
Issued, Subscribed and Paid-up:		
31,568,000 (2010: 31,568,000) Equity Shares of Rs. 10 each fully paid-up	315.68	315.68
[Of the above shares		
(i) 31,301,500 (2010: 31,301,500) shares are allotted as fully paid-up by way of bonus shares by capitalisation of Share Premium and General Reserves; and		
(ii) 23,360,000 (2010: 23,360,000) shares are held by the holding company, Ingersoll-Rand Company, New Jersey, U.S.A.]	315.68	315.68
2. RESERVES AND SURPLUS:		
General Reserve:		
Balance as at last Balance Sheet date	2,733.19	2,685.19
Add: Transferred from Profit and Loss Account	69.00	48.00
	2,802.19	2,733.19
Profit and Loss Account Balance	5,074.56	4,677.83
	7,876.75	7,411.02

3. FIXED ASSETS: [Schedule 13 Note 1(ii)]

(Rs. Million)

PARTICULARS	C O S T				D E P R E C I A T I O N / A M O R T I S A T I O N				N E T B O O K V A L U E	
	AS AT 1ST APRIL, 2010	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	AS AT 31ST MARCH, 2011	AS AT 1ST APRIL, 2010	CHARGE FOR THE YEAR	DEDUCTIONS DURING THE YEAR	UPTO 31ST MARCH, 2011	AS AT 31ST MARCH, 2011	AS AT 31ST MARCH, 2010
Land-Leasehold	10.06	—	—	10.06	2.50	0.14	—	2.64	7.42	7.56
Buildings (Refer Note 1)	62.78	1.22	1.09	62.91	24.79	1.86	0.60	26.05	36.86	37.99
Leasehold Improvements	14.28	7.71	—	21.99	0.24	3.45	—	3.69	18.30	14.04
Plant and Machinery (includes Computer Systems)	339.00	43.20	15.30	366.90	239.78	31.36	14.63	256.51	110.39	99.22
Computer Software	20.01	—	—	20.01	20.01	—	—	20.01	—	—
Electrical Installations	21.97	2.61	0.55	24.03	12.28	1.42	0.38	13.32	10.71	9.69
Furniture, Fixtures and Equipment	65.13	2.63	0.35	67.41	34.65	3.37	0.25	37.77	29.64	30.48
Vehicles	8.09	1.43	4.06	5.46	3.21	0.73	2.18	1.76	3.70	4.88
Small Tools	76.63	5.94	0.16	82.41	41.78	5.20	0.15	46.83	35.58	34.85
	617.95 (596.87)	64.74 (62.38)	21.51 (41.30)	661.18 (617.95)	379.24 (374.53)	47.53 (41.49)	18.19 (36.78)	408.58 (379.24)	252.60	238.71
Capital Work-In-Progress (including advances for capital expenditure Rs. 0.19 million (2010: Rs. 0.06 million))									1.20	0.44
NOTES:- 1) Buildings include Rs. 0.67 million (2010: Rs. 0.67 million) for an ownership flat in a Co-operative Society in which 5 shares (2010: 5 shares) of Rs. 50 each fully paid up are held by the Company.									253.80	239.15
2) Figures in brackets are in respect of the previous year ended 31st March, 2010.										

SCHEDULES TO ACCOUNTS

	(Rs. Million)	2011 (Rs. Million)	2010 (Rs. Million)
4. INVENTORIES: [Schedule 13 Note 1(iv)]			
Stock-In-Trade:			
Raw Materials and Components (including manufactured components)		791.63	508.73
Inventory In-Transit		80.95	106.34
Work-In-Progress		167.65	167.91
Finished Goods		51.20	4.69
		<u>1,091.43</u>	<u>787.67</u>
5. SUNDRY DEBTORS:			
(Unsecured)			
Debts Exceeding Six Months:			
Considered Good	64.81		126.05
Considered Doubtful	42.08		29.04
	<u>106.89</u>		<u>155.09</u>
Other Debts-Considered Good	928.04		878.06
		1,034.93	1,033.15
(Less): Provision for Doubtful Debts		(42.08)	(29.04)
		<u>992.85</u>	<u>1,004.11</u>
6. CASH AND BANK BALANCES:			
Cash on Hand		0.04	0.22
Cheques on Hand		16.64	10.69
With Scheduled Banks in			
Current Accounts	105.50		93.23
Exchange Earners' Foreign Currency Accounts	30.89		16.82
Deposit Accounts	5,208.50	5,344.89	5,266.80
		<u>5,361.57</u>	<u>5,387.76</u>
7. LOANS AND ADVANCES:			
(Unsecured, considered good unless otherwise stated)			
Loans to Fellow Subsidiaries		1,470.00	1,313.72
[Interest accrued thereon Rs. Nil (2010: Rs. 38.72 million)]			
[Maximum outstanding during the year: Rs. 1,508.52 million (2010: Rs. 1,313.88 million)]			
Advance Income Tax		95.78	56.36
[including Fringe Benefit Tax: Rs. 0.27 million (2010: Rs. 0.79 million)]			
[Net of Provision Rs. 4,400.58 million (2010: Rs. 4,481.55 million)]			
Tender Security and Other Deposits		69.16	35.49
Balance with Excise Authority		117.76	77.92
Recoverable in Cash or in Kind or For Value to be Received		129.16	88.69
[including Rs. 11.31 million (2010: Rs. 19.87 million) Considered Doubtful]			
Less: Provision for Doubtful Advances		(11.31)	(19.87)
		<u>1,870.55</u>	<u>1,552.31</u>

SCHEDULES TO ACCOUNTS

	(Rs. Million)	2011 (Rs. Million)	2010 (Rs. Million)
8. LIABILITIES:			
Acceptances		189.80	147.29
Payable to Ingersoll - Rand Company, New Jersey, U.S.A, the holding company and its affiliates		301.63	358.48
Sundry Creditors [Schedule 13 Note 4]			
— Due to Micro and Small enterprises	61.34		47.05
— Others	490.64	551.98	384.69
Advance payment for which value has still to be given		147.73	92.99
Unclaimed Dividend *		3.73	3.55
		<u>1,194.87</u>	<u>1,034.05</u>
*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.			
9. PROVISIONS:			
Proposed Final Dividend (Including tax thereon)		110.07	110.43
Warranty		40.27	39.60
Leave Encashment		31.01	26.02
Deferred Benefits to Employees [Schedule 13 Note 20]		10.90	33.82
Gratuity [Schedule 13 Note 18]		32.04	49.91
		<u>224.29</u>	<u>259.78</u>
10. OTHER INCOME:			
Income from Services Rendered		234.70	185.01
Lease Rentals		41.69	22.43
Recovery of Freight, Insurance and Packing Expenses		37.58	31.30
Duty Drawback		6.93	7.34
Interest [Gross of Tax Deducted at Source (TDS)]:			
Deposits [TDS: Rs. 23.73 million (2010: Rs. 27.53 million)]		269.33	179.28
Loans [TDS: Rs. 16.76 million (2010: Rs. 19.44 million)]		167.61	138.60
Income Tax Refund		0.06	—
Income from Sale of Scrap		7.25	4.13
Provision no longer required written back (Net)		8.56	—
Liability no longer required written back (Net)		4.98	—
Gain on Exchange (Net)		—	1.78
Miscellaneous		0.30	1.58
		<u>778.99</u>	<u>571.45</u>

SCHEDULE TO ACCOUNTS

	(Rs. Million)	(Rs. Million)	2011 (Rs. Million)	2010 (Rs. Million)
11. MANUFACTURING AND OTHER EXPENSES:				
COST OF GOODS SOLD *:				
Opening Stock:				
Raw Materials and Components	615.07			517.15
Work-In-Progress	167.91			60.57
Finished Goods	4.69			68.26
		787.67		645.98
Add: Purchases (Net)		3,506.28		2,475.31
		4,293.95		3,121.29
Less: Closing Stock:				
Raw Materials and Components	872.58			615.07
Work-In-Progress	167.65			167.91
Finished Goods	51.20			4.69
		1,091.43		787.67
			3,202.52	2,333.62
Consumption of Packing Materials and Stores			61.17	38.34
Excise Duty			8.00	6.55
			3,271.69	2,378.51
PAYMENTS TO AND PROVISION FOR EMPLOYEES:				
Salaries, Wages, Bonus and Commission **		393.86		355.66
Contribution to Provident Fund and Other Funds***		36.69		61.25
Staff Welfare		28.37		26.88
			458.92	443.79
Carried forward...			3,730.61	2,822.30

* includes provision on account of obsolescence and scrap and spoilage
Rs. 18.42 million (2010: Rs. 28.50 million)

** Includes provision for leave encashment (net) and employee share based payments
Rs. -3.26 million (2010: Rs. 4.81 million)

*** Includes provision for gratuity Rs. 10.44 million (2010: Rs. 36.87 million)

SCHEDULES TO ACCOUNTS

	(Rs. Million)	2011 (Rs. Million)	2010 (Rs. Million)
11. MANUFACTURING AND OTHER EXPENSES - Contd.			
Brought forward....		3,730.61	2,822.30
OPERATING AND OTHER EXPENSES:			
Power and Fuel	29.19		27.16
Repairs and Maintenance - Buildings	8.36		9.68
- Machinery	27.02		17.50
- Others	4.83		1.94
Rent	70.33		50.88
Rates and Taxes	1.24		0.10
Insurance	11.48		5.24
Travelling	83.79		68.29
Dealer Incentives	15.19		11.23
IT Infrastructure	17.47		23.78
Freight, Insurance and Other Handling Charges	56.66		47.75
Communication	36.08		28.75
Loss on Exchange (Net)	17.54		—
Loss on Sale/ write off of Fixed Assets (Net)	1.83		3.87
Cost Contribution (Management Fees)	62.99		15.34
Warranty (Schedule 13 Note 6)	36.83		42.46
Miscellaneous	123.37		122.09
		604.20	476.06
AUDITOR'S REMUNERATION:			
As Auditors - Audit Fees	2.10		1.80
Other Services	0.95		0.95
Reimbursement of Out-Of-Pocket Expenses	0.23		0.15
		3.28	2.90
Bad Debts Written Off	0.32		—
Provision for Doubtful Advances (Net)	—		5.49
Provision for Doubtful Debts (Net)	13.04		0.79
		13.36	0.79
		4,351.45	3,307.54
12. INTEREST EXPENSES:			
Interest - Others		5.34	18.54
		5.34	18.54

SCHEDULE TO ACCOUNTS

13 - NOTES TO THE FINANCIAL STATEMENTS

1. Significant Accounting Policies:

(i) Basis of Accounting:

The financial statements are prepared under the historical cost convention on an accrual basis and are in accordance with the applicable Accounting Standards (AS) notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act 1956

(ii) Fixed Assets and Depreciation:

(a) Fixed assets are stated at cost of acquisition less accumulated depreciation.

(b) Depreciation on fixed assets for the year has been provided at the rates specified in Schedule XIV to the Companies Act, 1956, except for Computer System which have been depreciated over a period of 5 years

(i) On fixed assets acquired and put to use upto 31st December, 1985, on the written down value method.

(ii) In respect of fixed assets acquired after 31st December, 1985, on the straight line method (SLM). However in respect of fixed assets acquired after 31st December, 1985 upto 31st March, 1993 having an original cost not exceeding Rs. 5,000, depreciation has been provided:

a) 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.

b) in respect of fixed assets acquired after 31st December, 1986 upto 31st March, 1993 at the rates prescribed under Schedule XIV to the Companies Act, 1956 prevailing at the time of acquisition.

(iii) 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.

(c) Leasehold land is amortized over the period of the lease.

(d) Leasehold improvements are amortised over the period of the lease or 5 years, whichever is lower.

(e) In respect of fixed assets leased out, over its useful life estimated at two years.

(f) Operating software are capitalised along with the related fixed assets while application software are expensed on purchase, except for major application software, which are amortised over its useful life (not exceeding five years) as determined by the management.

(iii) Investments:

Long Term Investments are stated at cost, except where there is a diminution in value other than temporary, in which case a provision is made to the carrying value to recognise the decline.

(iv) Inventories:

Inventories, comprising of raw materials and components, inventory-in-transit, stores and spares (for regular use), work-in-progress and finished goods, are stated at cost arrived at on first-in first-out basis (with the inclusion of appropriate overheads, where applicable, and excise duty payable/ paid) or net realisable value, whichever is lower.

(v) Taxation:

Provision for taxation has been made in accordance with the income tax laws applicable for the relevant assessment years.

(vi) Deferred Taxation:

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable or virtual certainty as may be applicable that sufficient future taxable income will be available against which such deferred tax asset can be realised.

(vii) Foreign Currency Transactions:

Transactions in foreign currencies are recognised at a predetermined exchange rate fixed for the month, that approximates the rate prevailing on the date of the transactions.

Liabilities/ assets in foreign currencies are reckoned in the accounts as per the following principles:

All monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all the exchange gains/ losses arising there from are adjusted to the Profit and Loss Account. Premium or discount arising at the inception of forward exchange contract is amortised as expense or income over the life of the contract.

SCHEDULE TO ACCOUNTS

13 - NOTES TO THE FINANCIAL STATEMENTS - *Contd.*

Exchange differences on forward contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward contracts is recognised as income or expense for the year.

(viii) Revenue Recognition:

- (a) Sales are recognised upon despatch or in accordance with the terms of sale and 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.

(ix) Leases:

Operating Lease expenses/ income is recognised in the Profit and Loss Account on a straight line basis over the lease term

(x) Employee Benefits (Refer Note 18 below):

(a) Defined-contribution plans:

Contribution to the Employees' Provident Fund and Employees' Pension Scheme are as per statute and are recognised as expenses during the period in which the employees perform the services.

Contribution to the Employees' Superannuation Fund are recognised as expenses during the period in which the employees perform the services.

(b) Defined-benefit plans:

Liability towards gratuity is determined on actuarial valuation using the Projected Unit Credit Method at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

(c) Other long term employee benefits:

Liability towards compensated absences and earned leave which are not expected to occur wholly within 12 months after the end of the period in which the employees rendered related services, are recognised at the present value of the obligation based on actuarial valuation at each Balance Sheet date.

(d) Short term employee benefits:

Liability towards short term employee benefits like earned leave and performance bonus, which are expected to occur within 12 months after the period in which the employees rendered related services, are recognised as expense during the period employee perform the services.

(xi) Voluntary Retirement Scheme:

Voluntary retirement compensation payments are charged to the Profit and Loss Account during the year in which they are incurred.

(xii) Borrowing Costs:

Borrowing costs are accounted on an accrual basis.

(xiii) Contingent Liabilities:

Contingent Liabilities are disclosed after an evaluation of the facts and legal aspects of the matter involved.

(xiv) Earnings per share:

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

(xv) Provisions:

Provisions are recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions required to be settled are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, only when such reimbursement is virtually certain.

(xvi) Impairment of Assets:

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount an impairment loss is recognized in the Profit and Loss Account to the extent the carrying amount exceeds the recoverable amount.

SCHEDULE TO ACCOUNTS

13 - NOTES TO THE FINANCIAL STATEMENTS - *Contd.*

	2011 (Rs. Million)	2010 (Rs. Million)
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	14.82	6.16
3. Contingent liabilities not provided for:		
(a) Claims against the Company not acknowledged as debts	39.71	44.52
(b) Sales tax/ excise matters in dispute	41.39	25.86
(c) Bank guarantees/ corporate guarantees	354.45	346.53
(d) Income Tax matters in dispute	110.07	283.08
Out of the disputed amount Rs. Nil (2010: Rs. 10.95 million) has been paid during the year and included under Income Tax in Schedule 7.		
4. Disclosure of dues/ payments to micro and small enterprises to the extent such enterprises are identified by the company.		
(a) (i) The principal amount remaining unpaid as at March 31, 2011	51.87	42.25
(ii) Interest due thereon remaining unpaid as at March 31, 2011	0.46	0.19
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSME 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	193.00	129.89
(ii) Interest actually paid under Section 16 of the MSME 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 MSME Act	—	—
(d) The amount of interest accrued and remaining unpaid on March 31, 2011 in respect of principal amount settled during the year	4.21	2.84
(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 MSME Act	4.80	1.77
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		
5. The Company has availed duty free licenses for import against which export obligations are outstanding as at 31st March 2011, customs duty thereon being	23.33	55.14
6. Warranty represents provision on account of replacement of spares and accessories, (Note 22 below)	36.83	42.46
7. (a) Provision for taxation for the current year ended 31st March 2011 has been calculated and for prior years retained in the books as at that date, keeping in view the current decisions of courts/ appellate tax authorities.		
(b) Transfer Pricing		
The Finance Act, 2001 has introduced, with effect from Assessment Year 2002-03 (effective April 1, 2001), detailed Transfer Pricing regulations for computing the taxable income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant on or before the due date for filing the return of income.		
For the year ended March 31, 2010, the Company had undertaken a transfer pricing study and obtained the prescribed certificate of the Accountant to comply with the said transfer pricing regulations which did not envisage any tax liability.		
For the tax year ended March 31, 2011, the Company will carry out a similar study to comply with the said regulations.		

SCHEDULE TO ACCOUNTS
13 - NOTES TO THE FINANCIAL STATEMENTS - Contd.

	(Rs. Million)	2011 (Rs. Million)	2010 (Rs. Million)
(c) Deferred Taxation:			
The net Deferred Tax Asset as on March 31, 2011 amounting to Rs. 41.39 million (2010: Rs. 49.53 million) has been arrived at as follows:			
(A) Deferred Tax Assets arising from:			
(i) Expenses charged in the financial statements but allowable as deductions in future years under the Income Tax Act, 1961.			
(a) Provision for Doubtful Debts		13.65	9.87
(b) Provision for Warranty		13.07	13.47
(c) Voluntary Retirement Compensation		2.64	3.83
(d) Provision for Gratuity		10.40	16.97
(e) Others		18.57	23.06
(B) Less: Deferred Tax Liabilities arising from:			
Difference between carrying amount of fixed assets in the financial statements and the Income Tax Return.		(16.94)	(17.67)
Deferred Tax (Liability)/ Asset		41.39	49.53
Charge to Profit and Loss Account (Note Below)		8.14	(2.13)
Note:			
Represented by			
Deferred Tax on Profit before extra ordinary and prior period items		(8.14)	(0.68)
Deferred Tax on extra ordinary and prior period items		—	2.81
		(8.14)	2.13
8. (i) Managerial Remuneration:			
(excluding contribution to group gratuity fund, provision for leave encashment and employee share based payments)			
(a) Salary		7.30	6.64
(b) Commission		2.55	4.07
(c) Perquisites		0.03	0.02
(d) Contribution to provident fund and other funds		0.56	0.78
		10.44	11.51
(ii) Calculation of net profit under Section 198 of the Companies Act, 1956:			
Profit as per Profit and Loss Account		686.23	474.03
Add:			
Directors' remuneration	10.44		11.51
Provision for taxation	322.21		257.52
Net expenses relating to Road Development Business sold in earlier years	—		8.11
Sales Tax relating to Businesses sold in earlier year	—		21.01
Cost Contribution (Management Fees) relating to prior year	10.81		10.34
Provision for depreciation	47.53		41.49
Provision for doubtful debts (net)	13.04		0.79
Provision for doubtful advances	—		5.49
Loss on sale/ write off of fixed assets	1.83		3.87
		405.86	360.13
		1,092.09	834.16
Less:			
Depreciation u/s. 350 of the Companies Act, 1956	(45.59)		(39.27)
Provision no longer required written back (Net)	(8.56)		(11.90)
		(54.15)	(51.17)
Net Profit		1,037.94	782.99

SCHEDULE TO ACCOUNTS

13 - NOTES TO THE FINANCIAL STATEMENTS - *Contd.*

	2011 (Rs. Million)	2010 (Rs. Million)
(i) Commission payable to Whole-time Directors:		
At 1% of net profit for each Whole-time Director	10.38	7.83
Restricted to such amount as approved by the Board of Directors	0.55	2.07
(ii) Commission payable to Non Whole-time Directors:		
At 1% of net profit for all Non Whole-time Directors	10.38	7.83
Restricted to such amount as approved by the Board of Directors	2.00	2.00
9. (i) Refer Schedule 14 for quantitative information regarding capacities and production in respect of each class of goods manufactured and quantitative details pursuant to paragraphs 3(i)(a), 3(ii)(a)(1) and (2) and 3(ii)(b) of Part II of Schedule VI to the Companies Act, 1956		
(ii) Sales and purchases reported do not include materials sent to the sub-contractors and returned back.		
10. Value of imports calculated on CIF basis:		
(a) Components and spares parts	1,470.92	1,013.29
(b) Capital goods	0.09	4.17
	1,471.01	1,017.46
11. Expenditure in foreign currency on account of:		
(a) Travelling	5.66	2.63
(b) Cost Contribution (Management Fees)	73.80	25.74
(c) Others	11.48	6.98
	90.94	35.35
12. (a) Value of raw materials, spare parts and components consumed	3,248.77	2,419.86
(b) (i) Value of imported raw materials, spare parts and components consumed during the year	821.19	811.08
(ii) Percentage of total consumption	25%	34%
(c) (i) Value of indigenous raw materials, spare parts and components consumed during the year	2,427.58	1,608.78
(ii) Percentage of total consumption	75%	66%
Note: The item "spare parts" in paragraph 4D(c) of Schedule VI to the Companies Act, 1956 is interpreted to mean the components used in the manufacture of finished goods, sold as such, and not spare parts used for the maintenance of plant and machinery.		
13. (a) Remittance in foreign currency on account of dividend:		
(i) For the year 2008 - 2009 (Final Dividend)	—	70.08
(ii) For the year 2009 - 2010 (Interim Dividend)	—	70.08
(iii) For the year 2009 - 2010 (Final Dividend)	70.08	—
(iv) For the year 2010 - 2011 (Interim Dividend)	70.08	—
(b) Number of shares held by non-residents	23,360,000	23,360,000
(c) Number of non-resident shareholders	1	1

SCHEDULE TO ACCOUNTS
13 - NOTES TO THE FINANCIAL STATEMENTS - Contd.

	2011 (Rs. Million)	2010 (Rs. Million)
14. Earnings in foreign exchange on account of:		
(a) Exports calculated on FOB basis	949.66	717.88
(b) Freight and insurance on exports	1.66	3.00
(c) Service Income/ Recovery of expenses	26.27	19.23
	977.59	740.11
15. Disclosure as required by Accounting Standard (AS) 19, "Leases" are given below:		
(a) Where the Company is a lessor:		
I. The Company has leased out certain equipments and these equipments have been capitalised in the books of account in accordance with Accounting Standard (AS) -19 on Leases in this regard.		
Depreciation has been provided based on the estimated useful life of the asset.		
(i) Details in respect of assets given on operating Lease		
Plant and Machinery:		
Gross Block	16.27	12.89
Accumulated depreciation	9.36	1.97
Depreciation	7.39	1.97
(ii) The lease income of Rs. 3.34 million (2010: Rs. 8.90 million) has been accrued on the basis of lease agreements executed with the lessees. These leases are cancellable by notice of 30 days by either side.		
II. Rent income represents lease rental received towards portion of the office premises sub-let. Such leases are generally for period of 60 months with options for renewal against increased rent.		
Rent (income) [including minimum lease payments received: Nil (2010: Nil)]	38.35	13.53
(b) Where the Company is a lessee:		
(i) The Company's significant leasing arrangements are in respect of godowns/ residential/ office premises (including furniture and fittings therein, as applicable). These Leases are generally for a period of 11 to 120 months and renewable by mutual consent on mutually agreeable terms. The operating leases are cancellable by the lessor / lessee with 1 to 3 months' notice. However, some of the operating leases have lock in period ranging from 10 to 60 months		
Rent (including minimum lease payments Rs. 49.02 million (2010: Rs. 29.35 million)	70.33	50.88
Future minimum lease rentals payable under non-cancellable lease:		
- not later than one year	53.37	43.61
- one to five years	87.82	125.63

SCHEDULE TO ACCOUNTS

14 - NOTES TO THE FINANCIAL STATEMENTS - *Contd.*

(Rs. Million)

16. Segment Information:

The business segment has been considered as the primary segment.

Air Solutions (AS) - comprising of reciprocating compressors, centrifugal compressors and system components

Others - arising on account of contract manufacturing for associate companies

Segment revenue, results, assets and liabilities have been accounted for on the basis of their relationship to the operating activities of the segment and amounts allocated on a reasonable basis.

Particulars	AS		Others (notes)		Total	
	2011	2010	2011	2010	2011	2010
REVENUE						
External Revenue	4,790.07	3,724.00	180.46	43.03	4,970.53	3,767.03
Intersegment Revenue	—	—	—	—	—	—
Total Revenue	4,790.07	3,724.00	180.46	43.03	4,970.53	3,767.03
RESULT						
Segment Result	572.82	480.34	14.47	3.31	587.29	483.65
Less:						
Interest					5.34	18.54
Unallocable Other Expenditure					142.44	123.75
Voluntary Retirement Compensation					—	10.32
Net expenses relating to Road Development Business sold in earlier years					—	8.11
Cost Contribution (Management Fees) relating to prior year					10.81	10.34
Sales Tax					—	21.01
Add:						
Liabilities no longer required written back					—	11.90
Unallocable Other Income					579.74	428.07
Profit Before Taxation					1,008.44	731.55
OTHER INFORMATION						
Segment Assets	2,632.44	2,306.67	82.40	86.84	2,714.84	2,393.51
Unallocable Assets					6,896.75	6,627.02
Total Assets					9,611.59	9,020.53
Segment Liabilities	1,212.18	1,129.15	19.37	25.56	1,231.55	1,154.71
Unallocable Liabilities					187.61	139.12
Total Liabilities					1,419.16	1,293.83
Capital Expenditure (Excluding Capital Work in Progress)						
Segment Capital Expenditure	64.74	62.38	—	—	64.74	62.38
Unallocable Capital Expenditure					—	—
Total Capital Expenditure					64.74	62.38
Depreciation						
Segment Depreciation	47.53	41.49	—	—	47.53	41.49
Unallocable Depreciation					—	—
Total Depreciation					47.53	41.49
Non-Cash Expenses other than Depreciation	42.38	90.42	—	—	42.38	90.42
GEOGRAPHICAL SEGMENT (based on secondary segmentation)						
Revenue						
India					4,020.87	3,049.15
Outside India					949.66	717.88
					4,970.53	3,767.03
Assets						
India					9,249.66	8,734.38
Outside India					361.93	286.15
					9,611.59	9,020.53

SCHEDULE TO ACCOUNTS

13 - NOTES TO THE FINANCIAL STATEMENTS - Contd.

(Rs. Million)

17. Related Party Disclosures:
17.1 Parties where control exists

Related Party	Relationship
Ingersoll - Rand plc, Ireland	Ultimate Holding Company
Ingersoll - Rand Company, New Jersey, U.S.A.	Substantial Interest in Voting Power of the Company (holds 74% of equity share capital as at 31st March, 2011)

17.2 Other Related Parties:
Fellow Subsidiaries:

Club Car Inc., U.S.A.	Ingersoll - Rand Machinery (Shanghai) Co. Ltd, China
GHH - Rand Schraubenkompressoren GmbH, Germany	Ingersoll - Rand Malaysia Co. Sdn. Bhd., Malaysia
Hibon Inc., Canada	Ingersoll - Rand South-East Asia (Pte) Limited, Singapore
Ingersoll - Rand (Australia) Limited, Australia	IRCR Manufacturing S.R.O., Czech Republic
Ingersoll - Rand (Chang Zhou) Tools Co. Ltd., China	Nanjing Ingersoll - Rand Compressor Co. Ltd. China
Ingersoll - Rand (China) Industrial Equipment Manufacturing Co. Limited, China	Officina Meccaniche Industriali SRL, Italy
Ingersoll - Rand Air Solutions Hibon Sarl, France	Plurifilter D.o.o, Slovenia
Ingersoll - Rand Brasil Ltda, Brazil	Schlage Lock Company LLC, USA
Ingersoll - Rand Company Limited, United Kingdom	Service First Aircon Pvt. Limited, India
Ingersoll - Rand Company South Africa (Pty) Limited, South Africa	Shanghai Ingersoll - Rand Compressor Limited, China
Ingersoll - Rand CZ s.r.o, Czech Republic	Thermo King India Private Limited, India
Ingersoll - Rand European Sales Limited, United Kingdom	Thermoking Corporation, U.S.A.
Ingersoll - Rand Industrial Products Private Limited, India	Thermoking European Manufacturing Limited, Ireland
Ingersoll - Rand International (India) Limited, India	Thermoking Ireland Limited, Ireland
Ingersoll - Rand International Limited, Ireland	Trane BVBA, Belgium
Ingersoll - Rand Italiana, S.P.A., Italy	Trane India Pvt. Limited, India

17.3 Key Management Personnel:

Venkatesh Valluri	B. Jayaraman
Jaideep Wadhwa (Part of the year)	Sameer Agarwal (Part of the Year)
Prasad Y. Naik	

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

17.4 Transactions with Related Parties:

	Holding Company		Fellow Subsidiaries	
	2011	2010	2011	2010
(a) Sale of finished goods	641.24	456.18	462.82	240.49
(b) Rent received	—	—	36.70	12.48
(c) Rent Paid	—	—	9.34	9.34
(d) Purchase of raw materials, components and trading items	128.13	128.77	697.39	494.41
(e) Purchase of fixed assets	—	—	4.82	3.78
(f) Cost Contribution (Management Fees)	73.80	25.74	—	—
(g) Expenses recharged by other Companies	16.24	4.82	9.20	0.58
(h) Income from services / Expenses recharged	12.61	16.38	96.73	91.34
(i) Intercorporate Loans given	—	—	195.00	223.00
(j) Intercorporate Loans repaid	—	—	—	60.00
(k) Interest Income on Intercorporate Loans given	—	—	167.61	138.60
(l) Dividend	140.16	140.16	—	—
(m) Outstanding Receivables	293.18	216.01	132.06	136.48
(n) Outstanding Intercorporate Loans receivable (including interest thereon)*	—	—	1,470.00	1,313.72
(o) Outstanding Payables	179.49	190.48	122.14	168.58

* Backed by letter of comfort issued by ultimate holding company

SCHEDULE TO ACCOUNTS

13 - NOTES TO THE FINANCIAL STATEMENTS - Contd.

(Rs. Million)

17.5 Details relating to persons referred to in Note 17.3 above:	2011	2010
Remuneration Paid:		
(a) Jaideep Wadhwa (part of the year)	6.39	9.51
(b) B. Jayaraman	9.42	8.57
(c) Prasad Y. Naik	7.04	6.14
(d) Priya Manoj (part of the previous year)	—	2.22
(e) Sameer Agarwal (part of the year)	4.09	—
17.6 Names of parties having related party transaction in excess of 10% in line transactions:		
(a) Sale of finished goods		
- Nanjing Ingersoll -Rand Compressor Co. Ltd., China	54.59	61.72
- Ingersoll - Rand Malaysia Co. Sdn. Bhd., Malaysia	61.70	N.A
- Ingersoll-Rand International Limited, Ireland	100.02	83.27
- Thermo King India Private Limited, India	161.90	39.75
(b) Rent received		
- Trane India Pvt. Limited, India	12.73	5.03
- Ingersoll-Rand International (India) Limited, India	14.21	3.67
- Service First Aircon Pvt. Limited, India	5.58	2.36
(c) Rent Paid		
- Ingersoll - Rand International (India) Limited, India	9.34	9.34
(d) Purchase of raw materials, components and trading items		
- Ingersoll Rand International Limited, Ireland	441.46	282.26
- IRCR Manufacturing S.R.O., Czech Republic	N.A	57.32
- Hibon Inc., Canada	89.29	
(e) Purchase of fixed assets		
- Ingersoll-Rand International (India) Limited, India	N.A	1.33
- Trane India Pvt. Limited, India	N.A	0.60
- Ingersoll-Rand Air Solutions Hibon Sarl, France	N.A	1.85
- Ingersoll - Rand Industrial Products Private Limited, India	4.76	N.A
(f) Expenses recharged by other Companies		
- IRCR Manufacturing S.R.O., Czech Republic	N.A	0.07
- Ingersoll - Rand Malaysia Co. Sdn. Bhd., Malaysia	N.A	0.39
- Ingersoll - Rand (Australia) Limited, Australia	N.A	0.12
- Schlage Lock Company LLC, USA	8.72	N.A
(g) Income from services / Expenses recharged		
- Ingersoll Rand Industrial Products Private Limited, India	19.42	20.63
- Ingersoll-Rand International (India) Limited, India	42.32	36.55
- Thermo King India Private Limited, India	14.42	22.48
(h) Intercorporate Loans given		
- Ingersoll-Rand International (India) Limited, India	110.00	100.00
- Thermo King India Private Limited, India	85.00	123.00
(i) Intercorporate Loans repaid		
- Ingersoll-Rand Industrial Products Private Limited, India	N.A	60.00
(j) Interest Income on Intercorporate Loans given		
- Ingersoll-Rand International (India) Limited, India	100.56	83.79
- Thermo King India Private Limited, India	67.05	51.02
(k) Outstanding Receivables		
- Ingersoll Rand International Limited, Ireland	40.58	30.40
- Nanjing Ingersoll -Rand Compressor Co. Ltd., China	N.A	18.34
- Thermo King India Private Limited, India	61.41	44.96
- Ingersoll-Rand International (India) Limited, India	N.A	13.85
(l) Outstanding Intercorporate Loans receivable (including interest thereon)		
- Ingersoll-Rand International (India) Limited, India	875.00	791.01
- Thermo King India Private Limited, India	595.00	522.71
(m) Outstanding Payables		
- Ingersoll Rand International Limited, Ireland	75.83	68.12
- Officina Meccaniche Industriali SRL, Italy	16.84	18.27
- Ingersoll - Rand CZ s.r.o, Czech Republic	15.73	N.A

Note: The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors.

SCHEDULE TO ACCOUNTS
13 - NOTES TO THE FINANCIAL STATEMENTS - Contd.

	2011 (Rs. Million)	2010 (Rs. Million)		
18. Employee Benefits				
The details of the Employee Benefit Schemes are as under:				
(i) Defined Benefit Plans				
Gratuity:				
The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides for a lump sum payment to vested employees at retirement or termination of employment, whichever is earlier, based on the respective employee's last drawn salary and years of employment with the Company. The employee's gratuity funds are managed by an Insurance Company.				
(A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation				
(a) Obligations at the beginning of the year	138.12	131.03		
(b) Add: Current Service Cost	8.23	7.27		
(c) Add: Interest Cost	10.63	8.41		
(d) Add: Past Service Cost	0.39	—		
(e) Add: Actuarial (Gain) / Losses due to change in assumptions	(3.64)	29.19		
(f) (Less): Benefits paid during the year	(14.53)	(37.78)		
Obligations at the end of the year	<u>139.20</u>	<u>138.12</u>		
(B) Reconciliation of opening and closing balances of the fair value of plan assets				
(a) Fair Value of Plan assets at the beginning of the year	88.21	69.78		
(b) Add: Expected Return on Plan Assets	7.90	6.00		
(c) Add: Actuarial Gain / (Loss)	(2.73)	2.00		
(d) Add: Contributions	13.78	13.94		
(e) (Less): Benefits Paid	—	(3.51)		
(f) Fair Value of Plan assets at the end of the year	<u>107.16</u>	<u>88.21</u>		
(C) Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognised in the balance sheet:				
(a) Present Value of Obligation as at March 31, 2011	139.20	138.12		
(b) (Less): Fair Value of Plan Assets as at March 31, 2011	107.16	88.21		
(c) Amount recognised in the Balance Sheet	<u>(32.04)</u>	<u>(49.91)</u>		
(D) Expenses recognised in Profit and Loss account under "Payments to and Provision for Employees" in Schedule 11:				
(a) Current service cost as per valuation report	8.23	7.27		
(b) Add: Interest cost	10.63	8.41		
(c) Less: Expected Return on Plan Assets	(7.90)	(6.00)		
(d) Add: Past service cost	0.39	—		
(e) Less: Actuarial Gain due to change in assumptions	(0.91)	27.19		
(f) Net gratuity cost	<u>10.44</u>	<u>36.87</u>		
(E) Percentage of each major category of Plan Assets to total Fair Value of Plan Assets				
(a) Bank Deposits	0.00%	0.00%		
(b) Government Securities	17.83%	3.45%		
(c) Equities	23.41%	7.57%		
(d) NCDs issued by Corporates	44.87%	65.75%		
(e) Others	13.89%	23.23%		
(F) Actuarial Assumptions				
(a) Discount rate per annum	8.40%	8.10%		
(b) Expected rate of Return on Plan Assets	8.30%	9.00%		
(c) Expected salary increase per annum	8.00%	8.00%		
(d) Average past service of employees	11.42 Years	13 Years		
(e) Mortality rate	LIC (1994-96) published table of Mortality rate	LIC (1994-96) published table of Mortality rate		
(G) Experience history				
Experience history	Year ended			
	2008	2009	2010	2011
1 Defined benefit Obligations at the end of the year	(139.31)	(131.05)	(138.12)	(139.20)
2 Plan assets at the end of the year	67.13	69.78	88.21	107.16
3 Funded Status	(72.18)	(61.27)	(49.91)	(32.04)
4 Experience Gain/ (Loss) adjustment on plan liabilities	(13.48)	7.13	(10.92)	(0.66)
5 Experience Gain/ (Loss) adjustment on plan assets	(0.99)	N/A	2.00	(2.73)
6 Actuarial Gain/ (Loss) due to change of assumptions	N/A	N/A	(18.27)	4.30

Notes:

The estimates of future increase in salary, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

(ii) Defined Contribution Plans

Contribution to Provident and other funds under "Payments to and Provision for Employees" (Schedule 11) includes Rs. 26.33 million (2010: Rs. 24.94 million), being expenses debited under the defined contribution plans.

(iii) Accounting Standards Board Guidance on implementing Accounting Standard (AS) 15 on Employee Benefits, states that benefits involving employer established provident funds, which require interest shortfall to be recompensed, are to be considered as defined benefit plans. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly the company is unable to exhibit the related information.

SCHEDULE TO ACCOUNTS

13 - NOTES TO THE FINANCIAL STATEMENTS - *Contd.*

	2011 (Rs. Million)	2010 (Rs. Million)
19. Extra ordinary and Prior Period Items include:		
(A) Extra ordinary Items		
(a) Net Expenses relating to Road Development Business sold in earlier year	—	(8.11)
(b) Sales Tax relating to Businesses sold in earlier year	—	(21.01)
(c) Voluntary Retirement Compensation	—	(10.32)
(d) Liabilities no longer required	—	11.90
	<u>—</u>	<u>(27.54)</u>
(B) Prior Period Items		
(a) Cost Contribution (Management Fees)	(10.81)	(10.34)
	<u>(10.81)</u>	<u>(10.34)</u>
Total (A+B)	<u>(10.81)</u>	<u>(37.88)</u>

20. Employee Share-based Payments

- (a) Certain executives of the Company are eligible to participate in the employee share based payment plans of Ingersoll Rand Company Limited (the holding company), which are explained below:
- (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 Company's Class A common shares.
- (iii) **Incentive Stock Option Plan of 2007 (2007 plan)**
On June 6, 2007, the shareholders of the Company approved the Incentive Stock Plan of 2007, which authorizes the 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 instalments 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 costs related to such share based payments pertaining to the Company's employees are being recharged to the Company by the holding company at the time of exercise of the options/ rights. However, as at the year end, the Company has accrued for the expected proportionate costs of share based payments pertaining to the Company's employees.
- (b) 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

	2011	2010
	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	29,186	40.91
(b) granted during the year	1,374	47.34
(c) forfeited/ cancelled during the year	4,739	35.92
(d) exercised during the year	6,206	41.23
(e) outstanding at the end of the year	19,615	40.14
(f) exercisable at the end of the year	17,168	39.77
(B) SAR 1998		
(a) outstanding at the beginning of the year	49,525	35.28
(b) granted during the year	—	—
(c) forfeited/ cancelled during the year	1,953	39.43
(d) exercised during the year	44,382	34.80
(e) outstanding at the end of the year	3,190	39.43
(f) exercisable at the end of the year	3,190	39.43
(C) RSU		
(a) outstanding at the beginning of the year	3,213	—
(b) granted during the year	414	—
(c) forfeited/ cancelled during the year	1,982	—
(d) exercised during the year	519	—
(e) outstanding at the end of the year	1,126	—
(f) exercisable at the end of the year	—	—
(D) The Weighted average share price at the date of exercise		
Date of exercise		
Feb 16, 2010		31.59
May 4, 2010	37.35	
Oct. 29, 2010	38.90	
Nov. 12, 2010	42.54	
Jan. 24, 2011	45.37	
(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, 2011	Weighted Average Contractual Life (years)
5.00 - 60.00	23,931	4.42
	Outstanding as at March 31, 2010	Weighted Average Contractual Life (years)
	81,924	3.12

SCHEDULE TO ACCOUNTS
13 - NOTES TO THE FINANCIAL STATEMENTS - Contd.

	2011 (Rs. Million)	2010 (Rs. Million)
(F) The weighted average fair value at the grant date of the stock options granted during the year was estimated to be \$ 10.41 (2010: \$10.44) per share, using the Black-Scholes option-pricing model. The following assumptions were used:		
Dividend yield	1.33%	1.43%
Volatility	37.48%	37.38%
Risk-free rate of return	2.45%	2.36%
Expected life	5.10 years	5.10 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:		
(a) Expense arising from employee share-based payment plans (included under "Salaries, Wages, Bonus and Commission" in Schedule 11)	(8.25)	0.78
(b) Closing balance of liabilities arising from employee share-based payment plans	10.90	33.82
(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	—	—
The above information has been compiled from the data provided by the holding company, which has been relied upon by the auditors.		
21. Earnings per share		
The numbers used in calculating basic and diluted earnings per equity share are as stated below:		
Profit after taxation and before exceptional items	693.36	499.95
Profit after Taxation	686.23	474.03
Weighted average number of shares	31,568,000	31,568,000
Face Value per share (Rs.)	10.00	10.00
Earning per share before extra ordinary and prior period items (Basic and Diluted) (Rs.)	21.96	15.84
Earning per share (Basic and Diluted) (Rs.)	21.74	15.02
22. Provision for warranty as disclosed in Schedule 9 are as follows:		
At the beginning of the year	39.60	41.20
Add: Additional provisions made during the year (Note 6 above)	36.83	42.46
	76.43	83.66
(Less): Utilised (incurred and charged against provision) during the year	36.16	44.06
At the end of the year	40.27	39.60
Note: 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.		
23. The Excise Duty charged to Profit and Loss Account Rs. 333.95 million (2010: Rs. 208.03 million) has been disclosed as follows:		
— Deduction from Sales (Gross)	325.95	201.48
— Under Cost of Goods Sold	8.00	6.55
	333.95	208.03
24. During the year, there have been no significant purchases of machinery spares, which are of irregular usage.		
25. Previous year's figures have been regrouped wherever necessary.		

Signatures to Schedules '1' to '14' forming part of Balance Sheet and Profit & Loss Account.

For **PRICE WATERHOUSE**
Firm Registration No. 301112E
Chartered Accountants

RADHAKRISHNAN B.
Partner
Membership No. F25516
Place: Bangalore
Date : April 27, 2011

VENKATESH VALLURI
Chairman

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

H. C. ASHER
Director

B. JAYARAMAN
Vice President - Finance
Place: Bangalore
Date : April 27, 2011

SCHEDULE TO ACCOUNTS

14. (i) QUANTITATIVE INFORMATION REGARDING CAPACITIES AND PRODUCTION IN RESPECT OF EACH CLASS OF GOODS MANUFACTURED

Class of Goods manufactured	Annual Installed Capacity at the year end (as certified by the Management and accepted by the Auditors without verification, being a technical matter) (Nos.)	Actual Production for the year (Nos.)
Air Compressors	90,000 (90,000)	75,322 (56,076)
Air Conditioner Bus Package	1,000 (—)	535 (111)

NOTE: Figures in brackets are in respect of the year ended 31st March, 2010.

14 (ii) VALUE AND QUANTITATIVE INFORMATION IN RESPECT OF OPENING AND CLOSING STOCK OF FINISHED GOODS, PURCHASES, SALES AND CONSUMPTION OF RAW MATERIALS, SPARE PARTS AND COMPONENTS FOR THE YEAR ENDED 31ST MARCH, 2011

	Opening Stock		Closing Stock	
	Quantity Nos.	Value (Rs. Million)	Quantity Nos.	Value (Rs. Million)
1. Opening and Closing Stocks of Goods Produced and Purchased:				
<i>A) Goods Produced:</i>				
Air Compressors	59 (26)	4.42 (68.26)	3,156 (59)	51.20 (4.42)
Air Conditioner Bus Package	1 (—)	0.27 (—)	— (1)	— (0.27)
<i>B) Goods Purchased For Resale:</i>				
	— (—)	— (—)	— (—)	— (—)
		4.69 (68.26)		51.20 (4.69)

Note: Figures in brackets are in respect of the year ended 31st March 2010

	2011		2010	
	Quantity Nos.	Value (Rs. Million)	Quantity Nos.	Value (Rs. Million)
2. Details of Sales Turnover:				
<i>A) Goods Produced:</i>				
Air Compressors				
Complete Machine and Accessories	72,217	2,666.96	56,043	1,948.34
Air Conditioner Bus Package	536	161.90	110	39.75
Spare Parts and Components		1,815.72		1,577.46
Excise Duty		325.95		201.48
		4,970.53		3,767.03
Note: 8 nos. (2010: Nil) of Air Compressors supplied under warranty.				
3. Details of Raw Materials, Spare Parts and Components Consumed:				
Castings, Bars, Plates, Channels, Angles, Flats, etc. - Metric Tonnes	3,407	240.70	2,548	151.46
Spare Parts and Components (which individually do not account for more than 10% of the total consumption)		3,008.07		2,268.40
		3,248.77		2,419.86

SCHEDULE TO ACCOUNTS

15. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS REQUIRED PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I. Registration Details

Registration No.

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 State Code

0	8
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Balance Sheet Date

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Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue																				
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			N	I	L																
			N	I	L																
Bonus Issue	Private Placement																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L					<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L				
			N	I	L																
			N	I	L																

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>4</td><td>1</td><td>9</td><td>1</td><td>6</td><td>0</td></tr></table>			1	4	1	9	1	6	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>9</td><td>6</td><td>1</td><td>1</td><td>5</td><td>7</td><td>9</td></tr></table>			9	6	1	1	5	7	9
		1	4	1	9	1	6	0											
		9	6	1	1	5	7	9											
Sources of Funds	Reserves and Surplus																		
Paid-up Capital	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>7</td><td>8</td><td>7</td><td>6</td><td>7</td><td>4</td><td>9</td></tr></table>			7	8	7	6	7	4	9									
		7	8	7	6	7	4	9											
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>1</td><td>5</td><td>6</td><td>8</td><td>0</td></tr></table>				3	1	5	6	8	0	Unsecured Loans									
			3	1	5	6	8	0											
Secured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L												
			N	I	L														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				Investments									
			N	I	L														
Deferred Tax Liability	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L												
			N	I	L														
Application of Funds	Miscellaneous Expenditure																		
Net Fixed Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L												
			N	I	L														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>5</td><td>3</td><td>8</td><td>0</td><td>1</td></tr></table>				2	5	3	8	0	1	Deffered Tax Assets									
			2	5	3	8	0	1											
Net Current Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>1</td><td>3</td><td>8</td><td>8</td></tr></table>				4	1	3	8	8										
			4	1	3	8	8												
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>7</td><td>8</td><td>9</td><td>7</td><td>2</td><td>3</td><td>0</td></tr></table>				7	8	9	7	2	3	0	Total Expenditure								
			7	8	9	7	2	3	0										
Accumulated Losses	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>4</td><td>0</td><td>4</td><td>3</td><td>2</td><td>1</td></tr></table>				4	4	0	4	3	2	1								
			4	4	0	4	3	2	1										
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				Profit After Tax									
			N	I	L														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>6</td><td>8</td><td>6</td><td>2</td><td>2</td><td>1</td></tr></table>				6	8	6	2	2	1
			N	I	L														
			6	8	6	2	2	1											

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>4</td><td>6</td><td>4</td><td>4</td><td>5</td><td>7</td><td>6</td></tr></table>			4	6	4	4	5	7	6	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>4</td><td>4</td><td>0</td><td>4</td><td>3</td><td>2</td><td>1</td></tr></table>			4	4	0	4	3	2	1		
		4	6	4	4	5	7	6													
		4	4	0	4	3	2	1													
Other Income	Profit After Tax																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>7</td><td>7</td><td>8</td><td>9</td><td>9</td><td>1</td></tr></table>				7	7	8	9	9	1	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>6</td><td>8</td><td>6</td><td>2</td><td>2</td><td>1</td></tr></table>				6	8	6	2	2	1		
			7	7	8	9	9	1													
			6	8	6	2	2	1													
+ - Profit Before Tax	+ -																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>0</td><td>1</td><td>9</td><td>2</td><td>4</td><td>6</td></tr></table>				1	0	1	9	2	4	6	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
			1	0	1	9	2	4	6												

(Please tick appropriate box + for Profit - for Loss)

Earning per Share in Rs.

		2	1	.	7	4
--	--	---	---	---	---	---

 Dividend Rate %

		6	0
--	--	---	---

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

8	4	1	4	4	0	.	0	0
---	---	---	---	---	---	---	---	---

Product Description

A	I	R	.	C	O	M	P	R	E	S	S	O	R	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

INGERSOLL-RAND (INDIA) LIMITED

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

April 27, 2011

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, 4 th 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 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 :

2003-2004 (Final)	September 23, 2011
2004-2005 (Interim)	November 22, 2011
2004-2005 (Final)	August 20, 2012
2005-2006 (Interim)	December 29, 2012
2005-2006 (Final)	July 31, 2013
2006-2007 (Interim)	November 11, 2013
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

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 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, 2011 if declared at the Annual General Meeting will be made payable on July 25, 2011 to those members whose names appear in the Register of Members of the Company on June 30, 2011. 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 [CDS] for this purpose as on June 30, 2011.

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 Agent 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 and
Company Secretary



Ingersoll-Rand (India) Limited

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