

August 2, 2016

DGM – Corporate Relations,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Scrip Code: 500210

The Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C-1,
Block G, Bandra – Kurla Complex,
Bandra (East), Mumbai – 400 051
Scrip Symbol: INGERRAND EQ

The Listing Department,
Ahmedabad Stock Exchange Limited,
Kamdhenu Complex,
Opp. Sahajanand College,
Panjarapole, Ahmedabad – 380 015
Scrip Code: 26610

Dear Sir/Madam,

Sub: Annual Report for financial year 2015-16

Pursuant to the provisions of Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find herewith the Annual Report of the Company for the financial year 2015-16.

The aforesaid Annual Report for the financial year 2015-16 was approved and adopted by the shareholders in the 94th Annual General Meeting held on July 27, 2016.

You are requested to kindly take the same on record.

Thanking you,

Very truly yours,
For **Ingersoll – Rand (India) Limited**



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



WORKING TOGETHER
for **ENDURING RESULTS**

ANNUAL REPORT 2015 - 16

Ingersoll-Rand (India) Limited

REGISTERED OFFICE & CORPORATE OFFICE

8th Floor, Tower D,
IBC Knowledge Park,
No. 4/1, Bannerghatta Main Road,
Bangalore – 560029

REGIONAL AND OTHER OFFICES

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

MANUFACTURING FACILITY

21-30, G.I.D.C. Estate,
Naroda,
Ahmedabad - 382 330

BOARD OF DIRECTORS

Mr. Roman Steinhoff Chairman
Ms. Jayantika Dave
Mr. Hemraj C. Asher
Mr. Darius C. Shroff

OFFICERS

Mr. G. Madhusudhan Rao Vice President - Finance
Mr. Prasad Y. Naik Vice President - Information Technology
Mr. Amar Kaul Vice President & General Manager - Air Solutions
(Manager under Companies Act, 2013)

COMPANY SECRETARY

Mr. P. R. Shubhakar

AUDITORS

Price Waterhouse & Co Bangalore LLP
Chartered Accountants

SOLICITORS

Crawford Bayley & Co.
Mumbai

BANKERS

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

REGISTRAR AND SHARE TRANSFER AGENTS

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

This is Ingersoll Rand

Vision A world of sustainable progress and enduring results.

Purpose We advance the quality of life by creating comfortable, sustainable and efficient environments.

Values

INTEGRITY:

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

RESPECT:

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

TEAMWORK:

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

INNOVATION:

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

COURAGE:

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



Achieving Premier Performance – Our Strategy

Growth Excellence. We use analytics to make clear, strategic choices on what markets to pursue and how to succeed by introducing productive, energy-efficient and reliable products and services to deliver on our customers' needs.

Operational Excellence. We pursue continuous improvement that drives growth, creates value, fosters employee engagement and enhances quality to make the customer experience better.

Winning Culture. We engage our employees and develop a workforce with diverse backgrounds and skills to foster an environment of innovation that leads to products and services that are better for our customers, society and the environment.

Dear Shareholder



Welcome to the 94th Annual General Meeting of your Company. This year, Ingersoll Rand has continued to invest in people, technology, science, as well as in products and service capabilities to cater to our customers' needs for energy efficient products, while enhancing productivity and helping control the world's carbon footprint.

The world economy is witnessing volatility, with global growth slowing down from 3.4% in 2014 to 3.1% in 2015. Declining commodity prices, including the sharp fall in crude oil prices, unstable financial markets, substantial contraction in world trade, rebalancing of the global economy including China, and instability in exchange rates have added to the volatile environment. A global slow growth environment continues in 2016.

However, despite the global economic conditions, 2015 remained largely positive for India overall registering a GDP growth rate of 7.2% in 2014-15 predicted to rise to 7.6% in 2015-16, making it the fastest growing economy in the world. As per the Economic Survey FY16, in a weak global scenario, India's growth has been largely positive on the back of consumption. However, the growth for capital goods sector has remained lackluster. Manufacturing, Construction, Mining and Utilities account for approximately 28% of the Indian GDP. There was negligible amount of capital investment in these sectors. As per the analysts, capacity utilization in Cement, Steel and Power, our major customers, remained below their existing installed capacity. Index of Industrial Production (IIP) data numbers published by the Government of India shows a negative growth of 1.4%

YoY basis in the capital goods sector. This year, the Government of India has continued to rekindle business sentiment and encourage investment in the economy. The 'Make in India' campaign with its objective of improving the growth rate in the manufacturing sector is expected to show results.

2015 was the proof that our strategy, culture and business operating system deliver superior results. We continued our focus on our customers' needs and on the elements of our business within our control, while anticipating the issues beyond our control. We were successful in maintaining our export revenues at the same level as previous year, despite weak global economic conditions in the European and American markets. In India, our endeavor has been to create markets "In India; For India; By India" by delivering on products, services and solutions that are reliable and engineered for a greater customer experience.

Teamwork for continuous improvement is fundamental to what we do at Ingersoll Rand. Staying close to our customers, we create products, services and solutions that deliver greater reliability and enhanced customer experience. Guided by our business operating system, we believe employee engagement is an enabler to improve our business processes, reduce complexity, and ultimately deliver growth and margin enhancement. Through our businesses and as volunteers in our communities, we work to improve the quality of life and advance sustainability across the globe.

Financial Highlights

For the year ending March 31, 2016, we recorded revenues of 658.83 Cr which was 1% higher compared to the previous year. Our profits after tax stood at 62.24 Cr, which were at 9.40% of revenues. There was a decline of 0.7 points in the profits after tax due to onetime tax refund of 9.86 Cr reported as exceptional item in the previous year.

Growth Excellence

Reflecting back at 2015, we are proud of the progress we have made despite the challenging economic conditions. We positioned ourselves well to leverage our strengths and take advantage of the opportunities presented to us.

In 2014, we had initiated our Naroda manufacturing facility transformation with an investment of INR 100 crores. We successfully completed the Phase-1 of this transformation in presence of India and global



leaders. The Phase-2 and Phase-3 work is progressing as per the schedule with the completion of the Phase-2 factory building, and concurrent construction of Phase 2 factory and Phase 3 office building. This development has been achieved with utmost focus on safety resulting in zero lost time. The support of our employees has allowed for effective transitions of product lines, stores and offices, without any interruptions in business operations.

In line with Ingersoll Rand's commitment to innovation, we launched a breakthrough pioneering design in water-cooled refrigerated dryers to provide Energy Efficiency, Reliability and Productivity to our customers. We launched small T-30 compressors in India under the umbrella of Evolution brand to fill the gap in the 2.2 kW range.

This year, we also recorded dramatic growth in the oil-free category, closing the year with double digit growth over last year. We successfully served our customers in Power, Pharmaceuticals and Food & Beverage industries. With a strong services strategy, as well as new machines joining our rental fleet, we were able to grow our rental services business significantly this year too. Our in-house capability of SCADA (Supervisory Controls & Data Acquisition), trainings on electrical safety and technical competency for all our Service engineers' trainings have provided a strong foundation for the coming years.

Operational Excellence

Our financial performance highlights a commitment we all share at Ingersoll Rand: to focus on innovation and create a better experience for our customers. Therefore, we continue to fully deploy a business operating system that enables us to perform with discipline and precision. We have also created a culture that embodies employee engagement, diversity and a passion for helping our customers succeed.

On the new product development side, there were multiple patent applications filed by the Naroda manufacturing facility this year. With the development of new products including HTCX valve, split piston and

alike, we are looking at achieving higher VAVE (Value Analysis/Value Engineering) savings.

2015 also saw a significant improvement in the CSI (Customer Satisfaction Index) for our distributors as well as direct customers. The CSI score recorded for our direct customers showed 35% improvement in 2015 compared to 2014. The CSI score for our distributors showed an increase of 123% as compared to 2014, which was the highest till date portraying positive customer feedback and satisfaction with our offerings. We launched several platforms for our distributors, including a distributor portal, a DVP (Distributor Value Package) scheme and training programs. We also participated in some trade shows together with our channel partners. Our initiatives gained greater momentum this year towards building a strong association with our channel partners.

Winning Culture

We engage our employees and develop a workforce with diverse backgrounds and skills to foster a culture of innovation that leads to products and services that are better for our customers, society and the environment.

For the fourth consecutive year, Ingersoll Rand has been recognized amongst the Top 25 Dream Companies to Work For at the World HRD Congress. We have also been awarded the top honors for "Talent Management Strategy" and "Diversity Impact" in recognition of our people practices and progressive policies, their impact on business results, employee engagement and culture. Within the organization, we have continued successfully with our journey to become a premier performing company in India with our efforts towards building a progressive, diverse and inclusive culture in the organization. In the Employee Engagement Survey in India, we recorded a 100% participation rate with a





positive improvement in the Employee Engagement Index by 13 points over the last four years. Our employees have validated the company's leadership model over the years and our scores are a testimony to the fact that we are on the right path on building a Winning Culture in our organization.

CSR Excellence

Ingersoll Rand strives towards making a difference in the locations where it operates. In compliance with the Companies Act 2013, we initiated several projects to further Education, Healthcare & Sanitation, Livelihood and Sustainability around the areas of our operations. We continued our long-term engagement with Agastya Foundation to support our existing projects and introduce additional Mobile Science Labs in Mumbai and Naroda. We expanded our scope with Akshaya Patra to support 9,609 children for their mid-day meals and provide support for the vital Aanganwadi program in Gujarat under the government ICDS scheme. Further to the mass destruction and havoc caused by floods in Chennai, your Company is providing crucial disaster relief in the region with Habitat for Humanity.

Our employees match their engagement at the workplace with involvement in the communities where they live and work. This year, our employees volunteered their time and effort to do their bit and strengthen our communities.

Delivering Enduring Results

As we enter a new financial year, the global economy continues to be fragile and uncertain, especially with regards to the impact of the Chinese slowdown and the Eurozone crisis. In India however, in 2016-17, the World Bank has projected growth at 7.8% and the Indian economy is expected to outperform emerging markets in the year.

Ingersoll Rand begins this year with strong foundations molded by our strategy, discipline, innovation and the commitment of our employees to our vision, purpose and values. We will continue to focus on our growth opportunities, operating system, differentiated product portfolio and culture to overcome the market challenges, service our customers and create value for our shareholders.

Sincerely,

Roman Steinhoff



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Highlights of the Year

| | | 2015-16 | | 2014-15 | |
|---|-----|------------------|-----|------------------|--|
| Domestic Sales | Rs. | 4,973.15 million | Rs. | 5,079.12 million | |
| Export Sales | Rs. | 1,488.18 million | Rs. | 1,447.33 million | |
| (Less): Excise Duty | Rs. | (633.57) million | Rs. | (559.37) million | |
| Other Revenue from Operations | Rs. | 760.53 million | Rs. | 588.24 million | |
| Total Revenue from Operations | Rs. | 6,588.29 million | Rs. | 6,555.32 million | |
| Profit before tax | Rs. | 835.25 million | Rs. | 1,009.46 million | |
| As a % of revenue | | 12.68 | | 15.40 | |
| Profit after tax | Rs. | 622.45 million | Rs. | 661.46 million | |
| As a % of revenue | | 9.45 | | 10.09 | |
| Return on total resources (%) | | 5.32 | | 5.81 | |
| Net worth per share | Rs. | 315.72 | Rs. | 303.22 | |
| Earnings per share | Rs. | 19.72 | Rs. | 20.95 | |
| Price earnings ratio | | 32.77 times | | 48.18 times | |
| Dividend per share | Rs. | 6.00 | Rs. | 6.00 | |
| Cover | | 3.3 times | | 3.5 times | |
| Net sales/total assets | | 0.5 times | | 0.5 times | |
| Profit after tax/gross fixed assets (%) | | 51.39 | | 39.78 | |
| No. of employees | | 684 | | 724 | |
| No. of shareholders | | 23,746 | | 20,578 | |

Distribution Schedule Of Shareholdings

| | Number of Shares | Percentage(%) |
|--|------------------|---------------|
| Principals | 23,360,000 | 74% |
| Institutional Investors (Includes Govt./Govt. sponsored Financial Institutions/Foreign Banks/ Other Banks/Mutual Funds) | 2,781,381 | 9% |
| Bodies Corporate & Trusts | 603,176 | 2% |
| Directors and their relatives | 105,000 | 0% * |
| Others | 4,718,443 | 15% |
| Total | 31,568,000 | 100% |

* Less than 1%

Notice

Notice is hereby given that the Ninety-Fourth Annual General Meeting of Ingersoll-Rand (India) Limited (the "Company") will be held at Vivanta by Taj, 41/3, Mahatma Gandhi Road, Bangalore - 560 001 at 12.00 noon on Wednesday, July 27, 2016 to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2016 and Statement of Profit and Loss for the financial year ended on March 31, 2016 together with the reports of the Directors and the Auditors.
2. To declare dividend on equity shares of the Company for the financial year ended on March 31, 2016.
3. To appoint a Director in place of Ms. Jayantika Dave (DIN: 01585850), who retires by rotation, and, being eligible, offers herself for reappointment and to consider, and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Ms. Jayantika Dave, Director who retires by rotation from the Board of Directors, pursuant to Article 131 of the Articles of Association of the Company and Section 152 of the Companies Act, 2013, being eligible for reappointment, be and is hereby reappointed as a Director of the Company liable to retire by rotation."

4. To consider, and, if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and further based on the recommendation of the Audit Committee and the Board of Directors, the appointment of M/s. Price Waterhouse & Co Bangalore LLP, Chartered Accountants, (Firm Registration No. 0075675/S-200012) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting be and is hereby ratified

at such remuneration and reimbursement of out-of-pocket expenses, as may be mutually agreed between the Board of Directors of the Company (including a Committee thereof) and the Statutory Auditors plus service tax and such other taxes and the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, relevant, usual and/or expedient for implementing and giving effect to this resolution.

SPECIAL BUSINESS

5. To consider, and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee, approval of the Board of Directors and pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, and subject to approvals, sanctions or permissions as may be necessary, approval of the Company be and is hereby accorded to the reappointment and terms of remuneration of Mr. Amar Kaul, as the Manager of the Company, designated as "Vice President & General Manager - Air Solutions" for a period of one month from July 22, 2016 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. Amar Kaul, 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 Section 197 and Schedule V to the Companies Act, 2013 as may be agreed to between the Board of Directors and Mr. Amar Kaul.

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 for giving effect to this resolution."

6. To consider, and, if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Sekhar Natarajan (DIN : 01031445), in respect of whose appointment, the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years from July 27, 2016.

7. To consider, and, if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and subject to guidelines and approvals of the Central Government as may be applicable, M/s. Ashish Bhavsar & Associates, Cost Accountants, Ahmedabad, the Cost Auditors appointed by the Board of Directors of the Company to conduct audit of the cost records of the Company for the financial year ending on March 31, 2017 at a remuneration of Rs. 175,000/- plus service tax and such other taxes, as may be applicable, and reimbursement of approved out-of-pocket expenses in connection with audit of the cost accounts of the Company be and is hereby ratified and the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, relevant, usual and / or expedient for implementing and giving effect to this resolution.

NOTES: -

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING ('AGM') 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 IN THE ENCLOSED PROXY FORM AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THIS AGM.

- (b) A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member.
- (c) A Corporate Member intending to send its authorised representative to attend this AGM in terms of Section 113 of the Companies Act, 2013 is requested to send to the Company a certified copy of the Board resolution authorizing such representative to attend and vote on its behalf at this AGM.
- (d) The Register of Members and the Share Transfer Books of the Company will remain closed from July 19, 2016 to July 22, 2016, both days inclusive, for the purpose of payment of dividend, if declared at this AGM.
- (e) The Final Dividend on Equity Shares as recommended by the Board of Directors for the financial year ended on March 31, 2016, if declared at this AGM, will be paid :
- (i) in respect of shares held in electronic form on the basis of beneficial ownership as per details furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL), as at the end of business on July 18, 2016;
- (ii) in respect of shares held in physical form to those Members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Registrar and Share Transfer Agents on or before July 18, 2016. The Company will dispatch the dividend warrants from August 1, 2016.
- (f) The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for

depositing dividends. Bank account details given by Members to their Depository Participant(s) (DP(s)) and passed on to the Company by such DP's would be printed on the dividend warrants of the concerned Members. Members who hold shares in dematerialized form must therefore give instructions regarding their bank account details to their DP's. The Company will not act on any request received directly from Members for changes in their bank account details. Further, instructions, if any, given by Members for shares held in physical form will not be applicable to the dividend paid on shares held in electronic form.

Pursuant to Section 205 A of the Companies Act, 1956 (Section 124 of the Companies Act, 2013, once notified), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund of the Central Government. Accordingly, the Company would be transferring the Final Dividend 2008-09 for the financial year ended on March 31, 2009 and the Interim Dividend 2009-10 for the financial year ended on March 31, 2010 on or before October 22, 2016 and November 29, 2016 respectively.

Members are requested to ensure that they claim the dividends referred to above, before it is transferred to the said Fund. Members are requested to make their claims to the Company/Registrar and Share Transfer Agents immediately. Members are also requested to furnish Bank Account No., Name of the Bank, Branch, IFSC Code and Place with PIN Code No. where the account is maintained to prevent fraudulent encashment of dividend warrants.

- (g) Pursuant to Section 72 of the Companies Act, 2013 Members holding shares in dematerialized form may file nomination in the prescribed Form SH-13 (in duplicate) with the respective DPs and in respect of shares held in physical form, such nomination may be filed with the Company's Registrar and Share Transfer Agents.
- (h) The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account

Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agents of the Company.

- (i) The Ministry of Corporate Affairs (MCA) has taken Green Initiative in Corporate Governance allowing paperless compliance by companies through electronic mode. Taking advantage of this Green Initiative of the MCA, your Company has decided to send the electronic copy of this Annual Report to the e-mail addresses of the Members registered with the Company. Please note that the said documents would also be available on the Company's website www.ingersollrand.co.in from where it can be downloaded by the Members. In case you desire to receive the above mentioned documents in physical form, you are requested to send an e-mail to the Company's Registrar and Share Transfer Agents to csg-unit@tsrdarashaw.com mentioning your folio / DP ID and Client ID.
- (j) Please note that you are entitled to receive the above mentioned documents free of costs upon a requisition from you as a Member of the Company. Members holding shares in dematerialized form who wish to receive the above mentioned documents in electronic form and who have so far not registered their e-mail addresses may do so with their concerned DP. Members holding shares in physical form who wish to receive the above mentioned documents in electronic form are requested to register their e-mail id with the Company's Registrar and Share Transfer Agents.
- (k) Members who wish to attend this AGM 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 this AGM.
- (l) Members are requested to affix their signature at the place provided on the attendance slip annexed to the proxy form and handover the slip at the entrance to the place of this AGM. The identity/signature of the Members holding shares in dematerialized form are

- liable for verification with the specimen signatures furnished by NSDL/CDSL. Such Members are advised to bring the Depository Participant (DP ID) and account number (Client ID) to this AGM for recording of attendance at this AGM.
- (m) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Secretary of the Company so as to reach at least seven days before the date of this AGM, so that the information required may be made available at this AGM, to the best extent possible.
- (n) As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant details of persons seeking to be appointed as Directors, at this AGM as stated at Item Nos. 3 and 6 have been furnished in the Corporate Governance Report forming part of this Annual Report.
- (o) The explanatory statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at this AGM is annexed hereto.
- (p) E- VOTING (Voting through electronic means)
- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 substituted vide notification dated March 19, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide Members the facility to exercise their right to vote at this 94th AGM by electronic means and the business may be transacted through e-Voting Services provided by NSDL. The instructions for e-Voting are as under:-
- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/DPs):
- i. Open e-mail and open PDF file viz. "Ingersoll Rand India e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-Voting. Please note that the password is an initial password.
 - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
 - iii. Click on Shareholder – Login.
 - iv. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - v. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi. Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
 - vii. Select "EVEN" of Ingersoll-Rand (India) Limited.
 - viii. Now you are ready for e-Voting as Cast Vote Page opens.
 - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
 - xii. Institutional holders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to evoting@irco.com with a copy marked to evoting@nsdl.co.in.
- B. In case a Member receives a physical copy of the Notice of this AGM (for Members whose e-mail addresses are not registered with the Company/DPs or upon request):
- i. Initial password is provided as below/at the bottom of the Attendance Slip for this AGM: EVEN (E-Voting Event Number) USER ID PASSWORD/PIN.

-
- ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-Voting user manual for Members available at Downloads section of www.evoting@nsdl.com
- III. If you are already registered with NSDL for e-Voting, then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail address in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-Voting period commences on July 24, 2016 (9.00 am IST) and ends on July 26, 2016 (5.00 pm IST). During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of July 20, 2016, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting after July 26, 2016 (5.00 pm IST). Once the vote on a resolution is cast by the Members, the Member shall not be allowed to change it subsequently.
- VI. Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of Notice of this AGM and holds shares as on the cut-off date i.e. July 20, 2016 may obtain a User ID and Password by sending a request at evoting@nsdl.co.in.
- VII. A person whose name is recorded in the Register of Members or in the beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting as well as voting at this AGM through polling paper.
- VIII. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
- IX. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of July 20, 2016.
- X. Ms. Aditi Misra, Crawford Bayley & Co., Advocates and Solicitors, Mumbai has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- XI. The Scrutinizer shall, immediately after the conclusion of the e-Voting period, unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make, not later than three (3) days of the conclusion of this AGM, a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company or a person authorized by him in writing who shall countersign the same.
- XII. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.ingersollrand.co.in and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results will also be communicated to BSE Limited, National Stock Exchange of India Limited and Ahmedabad Stock Exchange Limited, where the shares of the Company are listed.
- XIII. Members who do not have access to e-Voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company at Unit: Ingersoll-Rand (India) Limited, TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011, in the enclosed postage pre-paid self-addressed envelope, not later than July 26, 2016 (5.00 pm IST). Ballot Forms deposited in person or sent by post or courier at the expense of the member will also be accepted. Any change of address of Members or queries relating to their shares may also be addressed to the Registrar and Share Transfer Agents at the aforesaid address.
- Members have the option to request for physical copy of the Ballot Form by sending an e-mail to csg-unit@tsrdarashaw.com by mentioning their Folio/DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer not later than July 26, 2016 (5.00 pm IST). Ballot Forms received after this date will be treated as

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

- (q) All documents referred to in this Notice and accompanying explanatory statement are open for inspection at the registered office of the Company on all working days of the company between 10.00 am IST and 1.00 pm IST upto the date of this AGM and at the venue of this AGM for the duration of this AGM.
- (r) With a view to serving the members better and of administrative convenience, an attempt would be made to consolidate multiple folios. Members who hold shares in identical names and in the same order

of names in more than one folio are requested to write to the Companies Registrar and Share Transfer Agent M/s TSR Darashaw Limited to consolidate their holdings in one folio.

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

P. R. SHUBHAKAR
General Manager - Corp. Finance
and Company Secretary
Mumbai, May 26, 2016

Registered Office:

8th Floor, Tower D, IBC Knowledge Park,
No. 4/1, Bannerghatta Main Road,
Bangalore – 560029
CIN: L05190KA1921PLC036321
Website: www.ingersollrand.co.in

Annexure to the Notice

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

As required by Section 102 of the Companies Act, 2013, the following explanatory statement sets out the material facts relating to the business mentioned under Item Nos. 5, 6 and 7 of the accompanying notice dated May 26, 2016.

ITEM NO. 5

Mr. Amar Kaul was appointed as a Manager under the provisions of the Companies Act, 1956 at the meeting of the Board of Directors (the 'Board') of the Company held on July 21, 2011 and designated as "Vice President & General Manager – Air Solutions" for a period of five years from July 22, 2011 to July 21, 2016. The Members at the 90th Annual General Meeting held on July 19, 2012 have approved his appointment.

At the meeting of the Board held on May 26, 2016, the Board has, subject to approval of the Members at this Annual General Meeting appointed, Mr. Amar Kaul as the "Manager" of the Company, designated as "Vice President & General Manager – Air Solutions" for a period of one month from July 22, 2016 to August 21, 2016. It is also the intention of the Board to appoint Mr. Amar Kaul as Director and Managing Director of the Company later.

The terms and conditions as set out in the Agreement to be executed between the Company and Mr. Amar Kaul ("VP & GM") are as under:

- I. (a) Monthly compensation to the VP & GM as under:
 - (i) Basic salary of Rs. 3,46,668/- (Rupees Three Lakhs Forty Six Thousand Six Hundred Sixty Eight Only);
 - (ii) House Rent Allowance of Rs. 1,73,334/- (Rupees One Lakh Seventy Three Thousand Three Hundred Thirty Four Only) ;
 - (iii) Education Allowance of Rs. 100/- (Rupees One Hundred Only) ;
 - (iv) Special Allowance of Rs. 3,36,669/- (Rupees Three Lakhs Thirty Six Thousand Six Hundred Sixty Nine Only) ;
 - (v) 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.
- (b) Minimum salary and perquisites as mentioned in Schedule V of the Companies Act, 2013, shall be paid in the event of absence or inadequacy of profits in any year.
- (c) Monetary equivalent of stock options offered by Ingersoll-Rand plc, as and when exercised by the VP & GM shall be paid to him by the Company. The value of stock options will be determined at prevailing rates.
- II. In addition to monthly compensation and commission as per (I) above, the VP & GM shall be entitled to the following perquisites:-
 - a. Medical benefit: The benefit of the Company's Group Medical Benefit Scheme or any other Scheme for the time being in force for medical services/benefits, for the VP & GM and his family and 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 VP & GM 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 upto a maximum of Rs. 75,000/- (Rupees Seventy Five Thousand Only) per year.
 - c. Personal Accident Insurance: Personal Accident Insurance for a maximum sum assured of Rs. 3,12,00,000/- (Rupees Three Crores Twelve Lakhs Only).
 - d. Car Allowance: Payment towards expenses incurred by the VP & GM for running and maintenance of his personal motor car subject to a maximum of Rs. 7,90,000/- (Rupees Seven Lakhs Ninety Thousand Only) per year.
 - e. Vehicle Maintenance: Payment towards expenses incurred by the VP & GM for maintenance of his personal motor car, subject to a maximum of Rs. 28,800/- (Rupees Twenty Eight Thousand Eight Hundred Only) in a year.
- III. The VP & GM shall also be entitled to the benefit of Provident Fund and Gratuity as per the Company's rules. Gratuity shall be payable to an approved fund at the rates prescribed under the Payment of Gratuity

Act, 1972, 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. The Company shall pay or reimburse to the VP & GM, the actual travelling, entertainment and other expenses reasonably incurred by him 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 VP & GM:

- (i) He shall not engage himself directly or indirectly in any other business, occupation or employment which competes with the business of the Company.
- (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 to the other party.
- (vi) The Company to 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. Amar Kaul are commensurate with his duties and responsibilities.

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

ITEM NO. 6

The Nomination and Remuneration Committee at its meeting held on May 26, 2016 recommended to the Board of Directors of the Company (the 'Board') the appointment of Mr. Sekhar Natarajan as an Independent Director at this Annual General Meeting.

Mr. Sekhar Natarajan is a Chartered Accountant and a Cost Accountant by qualification, has served more than 30 years in Monsanto India Limited in various capacities. Presently, he is a Non-Executive Chairman of Monsanto India Limited providing strategic counsel, business guidance and representing that company on industry platforms.

During his long career with Monsanto, Mr. Sekhar Natarajan held several leadership positions across functions including that of Chief Financial Officer, Business Development Head, Sales and Marketing Head, Managing Director for South Asia Business, Global Corporate Strategy Lead at Monsanto's headquarters in St. Louis, USA and finally, prior to retirement, as the CEO and the India Region Lead.

Since his retirement in 2010, Mr. Sekhar Natarajan has been the Managing Partner of S N Consultants – a firm providing strategic advise to Indian and Multinational companies. He is also active in advising on M&A matters.

Mr. Sekhar Natarajan is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director.

Mr. Sekhar Natarajan is also a Director on the Board of Monsanto India Limited, Accelya Kale Solutions Limited and Maharashtra Hybrid Seeds Company Private Limited.

Mr. Sekhar Natarajan does not hold any shares in the Company either in his own name or through any other persons on a beneficial basis.

The Company has received a notice in writing from a Member along with deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Sekhar Natarajan for the office of Director of the Company.

The Company has received a declaration from Mr. Sekhar Natarajan that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mr. Sekhar Natarajan fulfills

the conditions for appointment as Independent Director as specified in the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Sekhar Natarajan is interested in the resolution set out at Item No. 6 of this Notice with regard to his appointment.

None of the Directors or Key Managerial Personnel of the Company and their relatives are, in any way, interested or concerned, financially or otherwise, in the resolution.

ITEM NO. 7

The Board of Directors (the 'Board') at its meeting held on May 26, 2016 has, on the recommendation of the Audit Committee, appointed M/s. Ashish Bhavsar & Associates, Cost Accountants, Ahmedabad as Cost Auditors to conduct the cost audit of the Company as per the Companies (Cost Records and Audit) Rules, 2014 for the financial year ending on March 31, 2017. M/s. Ashish Bhavsar & Associates, Cost Accountants, Ahmedabad have submitted a letter confirming their eligibility for appointment as cost auditors.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors shall be ratified by the Members of the Company.

The Board has, subject to the ratification by the Members at this Annual General Meeting, determined the remuneration of the cost auditors at Rs. 1,75,000/-

plus reimbursement of out-of-pocket expenses actually incurred by them and approved by the Company in connection with the cost audit.

None of the Directors or Key Managerial Personnel of the Company and their relatives are, in any way, interested or concerned, financially or otherwise, in the resolution.

The Agreement to be executed between the Company and Mr. Amar Kaul, the draft letter of appointment of Mr. Sekhar Natarajan as Independent Director of the Company and the letter of eligibility of appointment of the Cost Auditors in respect of Item Nos. 5, 6 and 7 respectively of this Notice are available for inspection as provided in the Notes to this Notice.

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

Mumbai, May 26, 2016

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

Registered Office:
8th Floor, Tower D, IBC Knowledge Park,
No. 4/1, Bannerghatta Main Road,
Bangalore – 560029
CIN: L05190KA1921PLC036321
Website: www.ingersollrand.co.in

Directors' Report

To
THE MEMBERS,
INGERSOLL-RAND (INDIA) LIMITED

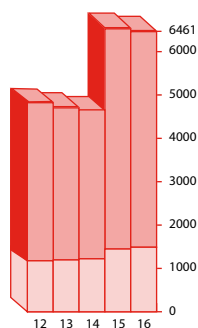
Your Directors are pleased to submit the Ninety-Fourth Annual Report along with the Audited Balance Sheet and Statement of Profit and Loss for the year ended March 31, 2016, that is, the year under review.

1. FINANCIAL SUMMARY OF THE COMPANY

(Rupees in Million)

GROSS SALES (in Millions of Rs.)

 Total Sales
 Total Export

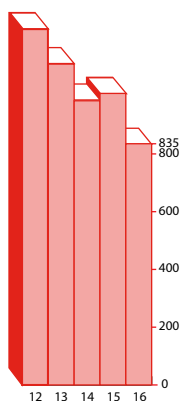


| | 2015-2016 | 2014-2015 |
|---|-----------------|-----------------|
| Gross Profit | 975.71 | 1,049.48 |
| Less: Depreciation | (119.29) | (115.59) |
| Less: Interest | (4.30) | (20.78) |
| Profit before taxation and exceptional items | 852.12 | 913.11 |
| Exceptional Item – Sales tax refund relating to earlier years | (16.87) | 96.35 |
| Profit before taxation and after exceptional items | 835.25 | 1,009.46 |
| Less: Provision for Current Tax | (278.80) | (356.90) |
| Deferred Tax for the year | 59.46 | (5.07) |
| Write back relating to prior years (net) | 6.54 | 13.97 |
| Net Profit | 622.45 | 661.46 |
| Add: Balance brought forward from Balance Sheet | 6,226.32 | 5,800.17 |
| | <u>6,848.77</u> | <u>6,461.63</u> |
| Appropriations: | | |
| Depreciation adjustment | – | 7.69 |
| Interim Dividend (including tax thereon) | 113.98 | 113.64 |
| Proposed Final Dividend (including tax thereon) | 113.98 | 113.98 |
| Balance carried to Balance Sheet | 6,620.81 | 6,226.32 |
| | <u>6,848.77</u> | <u>6,461.63</u> |

2. MANAGEMENT DISCUSSION AND ANALYSIS

- I. **Industry Structure and Development:** The Economic Survey of India reports the India GDP growth for fiscal 2015-16 at 7.5% making it the fastest growing economy in the World. The rise in growth can be credited to several factors including structural reforms and higher investment, higher discretionary demand on Pay Commission wage hike, low inflation, high corporate profitability, ongoing implementation of public capex and an accommodative monetary policy stance. The effect of gradual implementation of structural reforms is also expected to contribute to higher growth despite lack of progress on big ticket reforms including Land Acquisition Amendment Bill and the Goods and Services Tax. The Make in India campaign has successfully built a positive sentiment for the investors

PROFIT BEFORE TAX
(in Millions of Rs.)



and positioned India well for attracting Foreign Direct Investment (FDI) and boosting industrial progress within the country. Your Company's products are primarily sold to industries in the automotive, metals, pharmaceutical and textile sectors and these sectors have shown positive growth improving the revenue growth this year.

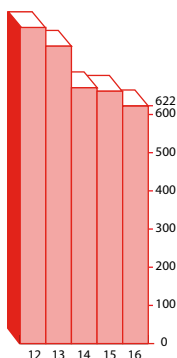
- II. **Segment-wise operational performance:** Air Solutions is the only continuing segment in your Company's operations. The gross revenue of Air Solutions business in the year under review was INR 6,765 million as against INR 6,515 million in the previous financial year. Your Company continues to focus on local innovation and developing products 'for India and by India'.

Your Company had set up a manufacturing facility at Mahindra World City in Chennai for manufacture of refrigeration products and to be sold exclusively to Ingersoll Rand Climate Solutions Private Limited (IRCSPL). At a meeting of the Board of Directors held on 21st September 2015, your Directors decided to discontinue the operations at the Company's plant in Chennai on account of lack of future orders from IRCSPL and entered into a termination agreement for terminating the supply agreement with IRCSPL. In terms of the termination agreement, IRCSPL will reimburse all the loss, expenses and taxes that may be suffered by your Company by way of damages upto the time all assets of Chennai Plant are disposed of and proceeds received by the Company. The gross revenue from Chennai Plant was INR 357 million during the year under review as against INR 502 million in the previous financial year.

The profit before tax and after exceptional items is Rs. 835 million in the year under review as against Rs. 1,009 million in the previous financial year.

- III. **Outlook:** The outlook for the financial year 2016-17 is optimistic with the GDP growth rate projected to be around 7.5%. The raise in foreign investment limits in sectors of defense, real estate and insurance and foreign equity in railways should boost the Indian Economy. As per a report by CMIE (Centre for Monitoring Indian Economy), the slow but steady improvement in size of the Indian economy is likely to continue in 2016-17. Your Company will continue to focus on revenue growth through value added services. Cost reduction will continue to be a focus area to ensure profitability.
- IV. **Threat and concerns:** The primary threat continues to be leading competitors that are using price pressures as a tool to win the market share. However, your Company is securing customer orders and mindshare with superior product quality and strong brand image. Our focus on innovation ensures that we stay ahead of competition. High inflation and fluctuation in foreign currency rates will have impact on imports. Localization of components, value analysis and value engineering initiatives has helped offset inflation and differentiate your Company's products from the competition.
- V. **Safety, Health and Environment:** Your Company continues to operate with the vision of building an 'Incident Free' and 'Zero Environment Incidents' organization. The management is committed to conducting the Company's 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 focus area during the year under review. Employees across the Company were extensively

PROFIT AFTER TAX
(in Millions of Rs.)



trained and educated on safety awareness, process safety management and road safety measures. Regular health checkups and hygiene studies are conducted every year for the employees. Your Company also achieved substantial savings by carrying out energy audits and implementing key projects to save energy.

VI. Technology Innovation: Your Company continues to invest in product innovation and operational excellence to drive growth and profitability. We believe that innovation will be key to meet our customer needs and accelerate our performance. This year, your Company launched Ultra EL, a high-performance lubricant incorporating the latest performance-additive technologies. The product will provide various performance benefits when compared to ultra coolant and other fluids available in the marketplace today. Ingersoll Rand Ultra EL is a high-performance compressor coolant based on a blend of PAG and POE base stocks and incorporates the latest performance additive technology. The new generation of coolant technology for rotary screw air compressors has been developed extensively over a period of three years during which every possible aspect was subjected to rigorous laboratory analysis, controlled compressor endurance tests and field trials. The main goal of the development work was to produce a product that would last up to 16,000 hours in a rotary screw air compressor, twice the expected life of similar products available in the market place today.

Your company also announced the launch of Contact Cooled Rotary Screw Air Compressors with a new level of reliability, efficiency, productivity and serviceability. Contact Cooled Rotary Screw Air Compressors will cater to industries like textile, sugar, rubber, general machinery, automobile, engineering, fabrication, cement, ceramics, ferrous & non ferrous, air separation, paper and rice amongst others. This new offering will be manufactured in your Company's manufacturing plant at Naroda, Gujarat. The New 30-37 kW Air Compressors comes with best of time proven designs and technologies with new advanced features while increasing productivity, reducing cost of operation by consuming less power and consumables.

3. DIVIDEND

Your Company declared an interim dividend at the rate of Rs. 3/- per share, absorbing Rs. 94.70 million. Your Directors now recommend payment of final dividend for the year under review at the rate of Rs. 3/- per share, bringing the total dividend for the year to Rs. 6/- per share (60%). The total dividend, if approved by the shareholders at the Annual General Meeting, would absorb Rs. 189.40 million out of the profits for the year (previous year Rs. 189.40 million). Dividend distribution tax payable by the Company amounting to Rs. 38.56 million (previous year Rs. 38.22 million) has been appropriated out of profits.

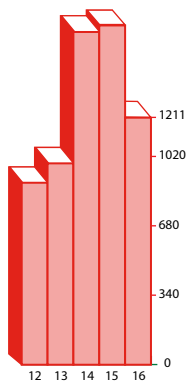
4. RESERVES

Pursuant to the provisions of the Companies Act, 2013, your Directors have decided to carry forward the full profits for the year under review in the Statement of Profit and Loss.

5. MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments which has occurred, affecting the financial position of the Company between the end of the financial year of the Company i.e. March 31, 2016 and the date on which this report has been signed.

GROSS BLOCK
(in Millions of Rs.)



6. CHANGE IN REGISTERED OFFICE

Pursuant to the approval from Members, through postal ballot, the Registered office of the Company has been changed from “Plot No. 35, KIADB Industrial Area, Bidadi, Bangalore 562 109” to “8th Floor, Tower D, IBC Knowledge Park, No. 4/1, Bannerghatta Main Road, Bangalore – 560029” with effect from April 25, 2016.

7. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS IMPACTING THE GOING CONCERN STATUS

There are no significant and material order(s) passed by any of the Regulators or Courts or Tribunals which could impact the going concern status of the Company and its future operations.

8. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company’s management is responsible for establishing and maintaining an adequate system of internal controls over financial reporting. Accordingly, your Directors have laid down internal financial controls to be followed by the Company and such policies and procedures to be adopted by the Company for ensuring efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the accuracy and completeness of the accounting records and the timely preparation of financial information. The internal controls are commensurate with the size, scale and complexity of your Company’s operations and facilitate prevention and timely detection of any irregularities, errors and frauds. The internal controls are continuously assessed and improved/modified to meet changes in business conditions, statutory and accounting requirements.

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 Company through its own Corporate Internal Audit Department carries out periodic audits to independently assess the design and operating effectiveness of the internal control system to provide a credible assurance to the Board of Directors and the Audit Committee regarding the adequacy and operating effectiveness of the internal control system. The observations arising out of audit are periodically reviewed by the Audit Committee and compliance ensured.

9. DETAILS OF JOINT VENTURES, SUBSIDIARIES AND ASSOCIATES

Ingersoll Rand Company, USA is the holding Company and Ingersoll-Rand plc, Ireland, is the ultimate holding company of your Company. Your Company does not have any associate, subsidiary or joint venture either in India or anywhere else in the world.

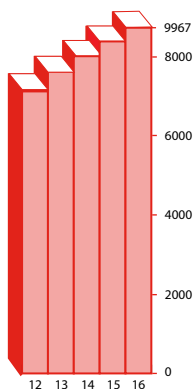
10. DEPOSITS

During the year under review, your Company has not accepted any fixed deposits from the public within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. There are no unclaimed deposits as on March 31, 2016.

11. STATUTORY AUDITORS

The Statutory Auditors of the Company, M/s. Price Waterhouse & Co, Bangalore LLP (Firm Registration No. 007567S/S-200012), Chartered Accountants, Bangalore, were appointed at the 92nd Annual General Meeting held on 12th September, 2014 as the auditors for a period of 3 years until the conclusion of the 95th Annual General Meeting in year 2017. Pursuant to the proviso to Section 139(1) of the Companies Act, 2013, the appointment is required to be ratified by the Members at the forthcoming Annual General Meeting. The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Act and that the ratification, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder. The ratification proposed is within the time frame for transition under the third proviso to sub-section (2) of Section 139 of the Companies Act, 2013.

NET WORTH
(in Millions of Rs.)



12. COST AUDITORS

As per Section 148 of the Act read with Companies (Cost Records and Audits) Rules, 2014, as amended, on the recommendation of the Audit Committee, the Board of Directors has appointed M/s. Ashish Bhavsar & Associates, Cost Accountants, as cost auditors for conducting the Cost Audit for the year ending on March 31, 2017. The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed thereunder. As required under the Companies Act, 2013, the remuneration payable to cost auditors is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a resolution seeking Members' ratification for the remuneration payable to M/s. Ashish Bhavsar & Associates, Cost Accountants is included in the Notice convening the Annual General Meeting.

13. SHARE CAPITAL

The Company has only one class of share viz. equity share with a face value of Rs. 10 each. During the year under review, there is no change in the issued and subscribed capital of your Company. The outstanding capital as on March 31, 2016 is Rs. 315.68 million comprising 31,568,000 equity shares of Rs. 10/- each. Share capital audit as per the directives of the Securities and Exchange Board of India is being conducted on a quarterly basis by M/s. Parikh & Associates, Company Secretaries and the Audit Reports are duly forwarded to the stock exchanges where the equity shares of your Company are listed.

14. EXTRACT OF THE ANNUAL RETURN

The Extract of Annual Return as per Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is set out in Annexure A forming part of this report.

15. NUMBER OF MEETINGS OF THE BOARD

Six meetings of the Board of Directors were held during the year under review. For details of the meetings of the Board of Directors, please refer to the corporate governance report of this annual report on page no. 52.

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

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo required to be disclosed as per the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is set out in Annexure B forming part of this report.

17. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has a long and proud history of supporting good activities of philanthropic organizations. Each year, your Company contributes time and financial support to the communities and beneficiaries in and around its areas of operation. Your Company undertakes its Corporate Social Responsibility (CSR) activities through a variety of effective programs. This year, your Company has continued its CSR initiatives to focus on providing education, healthcare & sanitation, livelihood and furthering sustainability. These activities are in accordance with Schedule VII of the Companies Act, 2013. The Board of Directors and CSR Committee review and monitor from time to time all the CSR activities being undertaken by the Company.

The details of CSR activities carried out by your Company during the year under review are set out in Annexure C forming part of this report.

18. INDEPENDENT DIRECTORS

The Board has an optimum combination of Independent and Non-Independent Directors. In line with the requirements of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, half of the Board comprises of Independent Directors. Mr. Hemraj C. Asher and Mr. Darius C. Shroff, independent directors of the Company hold office up to the conclusion of the 97th Annual General Meeting which will be held in the year 2019. The independent directors have given a declaration confirming that they meet the criteria of independence as laid down under Section 149 (6) the Companies Act, 2013 and Regulation 16 (1) (b) of SEBI (Listing Obligations & Disclosures Requirement) Regulation 2015.

Your Company has been familiarizing the Independent Directors on its Board with detailed presentations on Company's operations, business model, strategic business plans, new products, significant aspects of industry in which Company operates and future outlook.

19. AUDIT COMMITTEE

The Audit Committee comprises of Mr. Hemraj C. Asher, Chairman, Mr. Darius C. Shroff and Mr. Roman Steinhoff. The powers and role of Audit Committee are included in the corporate governance report section of the annual report on page no. 53. All the recommendation made by the Audit Committee was accepted by the Board of Directors.

20. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, Mr. Venkatesh Valluri relinquished his office as Director and Non-Executive Chairman of the Company with effect from November 5, 2015. The Board appointed Mr. Roman Steinhoff as Non-Executive Chairman of the Company to replace Mr. Venkatesh Valluri. The Board of Directors placed on record their sincere appreciation for the valuable contribution made by Mr. Venkatesh Valluri during his tenure as Director on the Board.

In accordance with the provisions of Section 152 (6) of the Companies Act, 2013 and the Article 131 of the Articles of Association of the Company, Ms. Jayantika Dave retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers herself for re-appointment. The brief resume and other details of Ms. Jayantika Dave as required under SEBI (Listing Obligations & Disclosures Requirement) Regulation 2015 are provided in the Corporate Governance Report that forms part of this report.

The Company has received a notice in writing from a Member proposing the candidature of Mr. Sekhar Natarajan for the office of Director of the Company. The Board has recommended for the appointment of Mr. Sekhar Natarajan as an Independent Director at this Annual General Meeting. The brief resume and other details of Mr. Shekhar Natarajan are provided in the Corporate Governance Report that forms part of this Report.

Mr. Amar Kaul was appointed as a Manager under the provisions of the Companies Act, 1956 at the meeting of the Board of Directors of the Company held on July 21, 2011 and designated as “Vice President & General Manager – Air Solutions” for a period of five years from July 22, 2011 to July 21, 2016. The Members at the 90th Annual General Meeting held on July 19, 2012 have approved his appointment.

At the meeting of the Board held on May 26, 2016, the Board has, subject to approval of the Members at this Annual General Meeting, appointed Mr. Amar Kaul as the “Manager” of the Company, for a further period of one month from July 22, 2016 to August 21, 2016. It is also the intention of the Board to appoint Mr. Amar Kaul as Director and Managing Director of the Company later.

There are no changes in Key Managerial Personnel during the year under review.

21. PARTICULARS OF EMPLOYEES

Pursuant to Section 197 (12) read with Rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration of directors and key managerial personnel are furnished in Annexure D forming part of this report.

22. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

Your Company has an effective Vigil Mechanism system which is embedded in its Code of Conduct. The Code of Conduct of your Company serves as a guide for daily business interactions, reflecting your Company’s standard for appropriate behaviour and living corporate values. The Code of Conduct is applicable to all employees of the Company. The suppliers and vendors of the Company are also required to adhere to Code of Conduct as it is a prerequisite for conducting business with your Company.

The Whistle Blower Policy has been uploaded on the website of the Company www.ingersollrand.co.in. The Company’s Whistle Blower Policy is the mechanism for directors and employees of the Company to raise concerns about unethical behavior, actual or suspected fraud or violation of the Company’s code of conduct, violations of legal or regulatory requirements, incorrect or misrepresentation in any financial statements and reports etc. The policy provides for adequate safeguards against victimization of those who avail the mechanism and also provides for direct access to the Chairman of Audit Committee in exceptional cases.

23. POLICY ON DIRECTORS’ APPOINTMENT AND REMUNERATION

The Nomination and Remuneration Committee of the Company which comprises Mr. Hemraj C. Asher, Chairman Mr. Roman Steinhoff, Director and Mr. Darius C. Shroff, Director has formulated a policy relating to the remuneration of the directors, key managerial personnel and other employees of the Company. The Company’s policy on directors’ appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a director and other details are set out in Annexure E forming part of this report.

24. ANNUAL EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of the Board as a whole, the Directors individually as well as the working of the Board and its Committees.

25. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

During the year under review, your Company has not given any loans or provided any guarantees or made any investments within the meaning of Section 186 of the Companies Act, 2013.

26. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions (RPTs) that were entered into during the year were on an arm’s length basis and were in

the ordinary course of business. All RPTs are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature. A statement giving details of all RPTs is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The particulars of related party transactions are stated in the Note no. 33 in the financial statements of the Company.

There are no materially significant related party transactions entered into by the Company with its promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

As per Regulation 23(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, material RPTs shall require prior approval of the Members. A transaction with a related party shall be considered material if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual turnover as per last audited financial statements of the Company. In pursuance of the same, the shareholders of the Company have approved and authorised the Board of Directors and Audit Committee to enter into transactions, in excess of 10% of the Company's annual turnover, with Ingersoll Rand Company, USA and Ingersoll Rand International Limited, Ireland up to December 31, 2020.

The Related Party Transactions Policy of the Company approved by the Board of Directors is displayed on website of the Company www.ingersollrand.co.in

27. SECRETARIAL AUDIT REPORT

The Board of Directors appointed Mr. Natesh K, Practicing Company Secretary, to conduct the Secretarial Audit. The Secretarial Audit Report issued by Mr. Natesh K is set out in Annexure F forming part of this report.

There is no qualification, reservation or adverse remark or disclaimer made by the auditor in his report and by the company secretary in practice for the year under review.

28. CORPORATE GOVERNANCE CERTIFICATE

The Company is committed to adhere to highest standards of Corporate Governance in all areas of its functioning. As required under Regulation 34 read with Schedule V of SEBI (Listing Obligations & Disclosures Requirement) Regulation 2015, a report on Corporate Governance together with a certificate from Mr. Natesh K, Practicing Company Secretary confirming compliance with the requirements of Corporate Governance is set out in Annexure G, forming part of this report.

29. RISK MANAGEMENT POLICY

Your Company has constituted a Risk Management Committee which comprises Mr. Roman Steinhoff – Chairman, Mr. Darius C. Shroff, Director, Ms. Jayantika Dave, Director, Mr. Amar Kaul, Vice President – Air Solutions and Mr. G. Madhusudhan Rao, Vice President – Finance.

The Committee has formulated a risk management policy which identifies the elements of risk, which in the opinion of the Board of Directors, threatens the existence of the Company; sets out the objectives and elements of risk management within the organization; and helps to promote risk awareness amongst employees along with facilitating integration of risk management within the corporate culture.

The formulation and monitoring of the Risk Management Policy at the corporate levels illustrates the executive management's commitment to implement and continuously develop risk management within the Company.

30. BUSINESS RESPONSIBILITY STATEMENT

Business Responsibility Report as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been hosted on the website of the Company www.ingersollrand.co.in and is available to all the members, and should be deemed as contained in this annual report. A physical copy of the Business Responsibility Report will be made available on a request by any member in writing to the company secretary any

member interested in obtaining a physical copy of the same may write to the Company Secretary at the registered office of the Company.

31. PREVENTION OF SEXUAL HARASSMENT POLICY

The Company has in place a policy on prevention of sexual harassment in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, no complaints were received by the Company relating to sexual harassment.

32. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations provided to them, your Directors, pursuant to sub-section (5) of Section 134 of the Companies Act, 2013, state:

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- (b) that appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit and loss of the Company for the year ended March 31, 2016;
- (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, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis;
- (e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

33. ACKNOWLEDGEMENTS

Your Directors express their gratitude to the various stakeholders – customers, shareholders, banks, dealers, vendors and other business partners for the continued cooperation and support extended by them during the year under review. Your Directors would also like to acknowledge the exceptional contribution and commitment from all the employees of the Company during the year under review.

For and on behalf of the Board of Directors

Roman Steinhoff
Chairman

Mumbai, May 26, 2016

Annexure A

Form No. MGT 9
EXTRACTS OF ANNUAL RETURN
Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company
(Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

| | |
|---|--|
| i. CIN | L05190KA1921PLC036321 |
| ii. Registration Date | 1st December, 1921 |
| iii. Name of the Company | Ingersoll-Rand (India) Limited |
| iv. Category/Sub-category of the Company | Public Limited Company |
| v. Address of the Registered office & contact details | 8th Floor, Tower D, IBC Knowledge Park, No. 4/1, Bannerghatta Main Road, Bangalore – 560029 Tel.: +91 80 2216 6000 |
| vi. Whether listed company | Yes |
| vii. Name, Address & contact details of the Registrar & Transfer Agent, if any. | TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Ind. Est., 20, E Moses Road, Mahalaxmi, Mumbai - 400 011. Tel : +91 22 6656 8484 |

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All business activities contributing 10% or more of the total turnover of the Company are given below -

| Sl. No. | Name & Description of main products/services | NIC Code of the Product /service | % to total turnover of the company |
|---------|---|----------------------------------|------------------------------------|
| 1 | Air Compressors - Complete Machines & Spare Parts | 2813 | 90% |

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

| Sl. No. | Name & Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|---|-----------------|--------------------------------|------------------|---|
| 1 | Ingersoll-Rand Company 800-E, Beaty Street, Davidson, North Carolina, USA | Foreign Company | Holding Company | 74% | Sections 2(46) and 2(87) of Companies Act, 2013 |

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Shareholding

| | Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|------|--|---|----------|------------|-------------------|---|----------|------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (A) | Promoters | | | | | | | | | |
| (1) | Indian | | | | | | | | | |
| (a) | Individuals/Hindu Undivided Family | - | - | - | - | - | - | - | - | - |
| (b) | Central Government | - | - | - | - | - | - | - | - | - |
| (c) | State Governments(s) | - | - | - | - | - | - | - | - | - |
| (d) | Bodies Corporate | - | - | - | - | - | - | - | - | - |
| (e) | Financial Institutions/Banks | - | - | - | - | - | - | - | - | - |
| (f) | Any other (specify) | - | - | - | - | - | - | - | - | - |
| | Sub-Total (A) (1) | - | - | - | - | - | - | - | - | - |
| (2) | Foreign | - | - | - | - | - | - | - | - | - |
| (a) | Non-Resident Individuals | - | - | - | - | - | - | - | - | - |
| (b) | Other Individuals | - | - | - | - | - | - | - | - | - |
| (c) | Bodies Corporate | 23,360,000 | - | 23,360,000 | 74% | 23,360,000 | - | 23,360,000 | 74% | - |
| (d) | Banks/FI | - | - | - | - | - | - | - | - | - |
| (e) | Any Other (specify) | - | - | - | - | - | - | - | - | - |
| | Sub-Total (A) (2) | 23,360,000 | - | 23,360,000 | 74% | 23,360,000 | - | 23,360,000 | 74% | - |
| | Total Shareholding of Promoter (A) = (A)(1)+(A)(2) | 23,360,000 | - | 23,360,000 | 74% | 23,360,000 | - | 23,360,000 | 74% | - |
| (B) | Public Shareholding | | | | | | | | | |
| (1) | Institutions | | | | | | | | | |
| (a) | Mutual Funds | 1,181,499 | 450 | 1,181,949 | 4% | 1,182,863 | 450 | 1,183,313 | 4% | - |
| (b) | Financial Institutions/Banks | 26,687 | 1,200 | 27,887 | 0% | 16,814 | 1,200 | 18,014 | 0% | - |
| (c) | Central Government | - | - | - | - | - | - | - | - | - |
| (d) | State Government(s) | - | - | - | - | - | - | - | - | - |
| (e) | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (f) | Insurance Companies | 1,378,208 | 50 | 1,378,258 | 4% | 1,350,111 | 50 | 1,350,161 | 4% | - |
| (g) | Foreign Institutional Investors/FPI-CORPS | 175,873 | 100 | 175,973 | 1% | 229,793 | 100 | 229,893 | 1% | - |
| (i) | Any Other (Specify) | - | - | - | - | - | - | - | - | - |
| | Sub-Total (B) (1) | 2,762,267 | 1,800 | 2,764,067 | 9% | 2,779,581 | 1,800 | 2,781,381 | 9% | - |
| (2) | Non-Institutions | | | | | | | | | |
| | Bodies Corporate | 752,057 | 5,800 | 757,857 | 2% | 595,186 | 5,800 | 600,986 | 2% | - |
| | i) Indian | | | | | | | | | - |
| | ii) Overseas | | | | | | | | | - |
| | Individuals | - | - | - | - | - | - | - | - | - |
| | Individual Shareholders holding nominal Share Capital upto Rs.1 Lakh | 3,847,065 | 386,058 | 4,233,123 | 14% | 3,986,864 | 359,530 | 4,346,394 | 14% | - |
| (ii) | Individual Shareholders holding nominal Share Capital in excess of Rs.1 Lakh | 448,059 | - | 448,059 | 1% | 477,049 | - | 477,049 | 1% | - |
| (c) | Any Other (Specify) | - | - | - | - | - | - | - | - | - |
| (i) | Trust | 4,894 | - | 4,894 | 0% | 2,190 | - | 2,190 | 0% | - |
| | Sub-total (B) (2) | 5,052,075 | 393,858 | 5,443,933 | 17% | 5,061,289 | 365,330 | 5,426,619 | 17% | - |
| | Total Public Shareholding (B) = (B)(1)+(B)(2) | 7,814,342 | 393,658 | 8,208,000 | 26% | 7,840,870 | 367,130 | 8,208,000 | 26% | - |
| | TOTAL (A)+(B) | 31,174,342 | 393,658 | 31,568,000 | 100% | 31,200,870 | 367,130 | 31,568,000 | 100% | - |
| (C) | Shares held by Custodians/Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| | GRAND TOTAL (A)+(B)+(C) | 31,174,342 | 393,658 | 31,568,000 | 100% | 31,200,870 | 367,130 | 31,568,000 | 100% | - |

(ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---------|------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | % change in shareholding during the year |
| 1 | Ingersoll-Rand Company | 23,360,000 | 74% | - | 23,360,000 | 74% | - | - |
| | | 23,360,000 | 74% | - | 23,360,000 | 74% | - | - |

(iii) Change in Promoter's Shareholding

| Sl. No. | Name of the Shareholder | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| 1 | Ingersoll-Rand Company | | | | |
| | At the beginning of the year | 23,360,000 | 74% | 23,360,000 | 74% |
| | Date wise increase / decrease in Promoters Shareholding during the year alongwith the reasons for increase / decrease | No transactions during the year | | | |
| | At the end of the year | 23,360,000 | 74% | 23,360,000 | 74% |

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs :

| Sl. No. | Name of the Shareholder | Date | Shareholding at the beginning of the year | | Reason | Cumulative Shareholding during the year | |
|------------------------|---|-------------|---|----------------------------------|-----------------|---|----------------------------------|
| | | | No. of Shares | % of total Shares of the company | | No. of Shares | % of total Shares of the company |
| 1. | General Insurance Corporation of India | | | | | | |
| | At the beginning of the year | 01-Apr-2015 | 547,024 | 1.73% | | | |
| | Date wise increase / decrease in Shareholding during the year alongwith the reasons for increase / decrease | 10-Apr-2015 | -5,000 | -0.02% | Market Sale | 542,024 | 1.72% |
| | At the end of the year | 31-Mar-2016 | 542,024 | 1.72% | | | |
| 2. | IDFC Premier Equity Fund | | | | | | |
| | At the beginning of the year | 01-Apr-2015 | 530,084 | 1.68% | | | |
| | Date wise increase / decrease in Shareholding during the year alongwith the reasons for increase / decrease | | - | - | | - | - |
| | At the end of the year | 31-Mar-2016 | 530,084 | 1.68% | | | |
| 3. | Bajaj Allianz Life Insurance Company Ltd. | | | | | | |
| | At the beginning of the year | 01-Apr-2015 | 528,754 | 1.67% | | | |
| | Date wise increase / decrease in Shareholding during the year alongwith the reasons for increase / decrease | 10-Apr-2015 | 10,000 | 0.03% | Market Purchase | 538,754 | 1.70% |
| | | 24-Apr-2015 | -8,490 | -0.03% | Market Sale | 530,264 | 1.67% |
| | | 29-May-2015 | 9,988 | 0.03% | Market Purchase | 540,252 | 1.70% |
| | | 05-Jun-2015 | -30,252 | -0.09% | Market Sale | 510,000 | 1.61% |
| | | 12-Jun-2015 | 5,000 | 0.02% | Market Purchase | 515,000 | 1.63% |
| | | 26-Jun-2015 | 8,800 | 0.03% | Market Purchase | 523,800 | 1.66% |
| | | 03-Jul-2015 | 15,000 | 0.05% | Market Purchase | 538,800 | 1.71% |
| | | 10-Jul-2015 | 400 | 0.00% | Market Purchase | 539,200 | 1.71% |
| | | 17-Jul-2015 | -5,000 | -0.02% | Market Sale | 534,200 | 1.69% |
| | | 07-Aug-2015 | -10,000 | -0.03% | Market Sale | 524,200 | 1.66% |
| | | 14-Aug-2015 | -10,000 | -0.03% | Market Sale | 514,200 | 1.63% |
| | | 28-Aug-2015 | -2,000 | -0.01% | Market Sale | 512,200 | 1.62% |
| | | 10-Sep-2015 | -1,791 | -0.01% | Market Sale | 510,409 | 1.61% |
| | | 11-Sep-2015 | -3,906 | -0.01% | Market Sale | 506,503 | 1.60% |
| | | 16-Sep-2015 | -12,000 | -0.04% | Market Sale | 494,503 | 1.56% |
| | | 09-Oct-2015 | -10,000 | -0.03% | Market Sale | 484,503 | 1.53% |
| | | 06-Nov-2015 | -2,322 | -0.01% | Market Sale | 482,181 | 1.52% |
| | | 11-Dec-2015 | 5,000 | 0.02% | Market Purchase | 487,181 | 1.54% |
| | | 18-Dec-2015 | 500 | 0.00% | Market Purchase | 487,681 | 1.54% |
| | | 08-Jan-2016 | 5,000 | 0.02% | Market Purchase | 492,681 | 1.56% |
| | | 19-Feb-2016 | 2,000 | 0.01% | Market Purchase | 494,681 | 1.57% |
| | | 26-Feb-2016 | 500 | 0.00% | Market Purchase | 495,181 | 1.57% |
| | | 04-Mar-2016 | -1,637 | -0.01% | Market Sale | 493,544 | 1.56% |
| | | 11-Mar-2016 | 1,000 | 0.00% | Market Purchase | 494,544 | 1.56% |
| | | 18-Mar-2016 | 3,720 | 0.02% | Market Purchase | 498,264 | 1.58% |
| 25-Mar-2016 | 10,000 | 0.03% | Market Purchase | 508,264 | 1.61% | | |
| 31-Mar-2016 | 8,300 | 0.03% | Market Purchase | 516,564 | 1.64% | | |
| At the end of the year | 31-Mar-2016 | 516,564 | 1.64% | | | | |

| Sl. No. | Name of the Shareholder | Date | Shareholding at the beginning of the year | | Reason | Cumulative Shareholding during the year | |
|---------|---|-------------|---|----------------------------------|-----------------|---|----------------------------------|
| | | | No. of Shares | % of total Shares of the company | | No. of Shares | % of total Shares of the company |
| 4. | United India Insurance Company Limited | | | | | | |
| | At the beginning of the year | 01-Apr-2015 | 291,523 | 0.92% | | | |
| | Date wise increase / decrease in Shareholding during the year alongwith the reasons for increase / decrease | | - | - | | - | - |
| | At the end of the year | 31-Mar-2016 | 291,523 | 0.92% | | | |
| 5. | UTI - MNC Fund | | | | | | |
| | At the beginning of the year | 01-Apr-2015 | 117,000 | 0.37% | | | |
| | Date wise increase / decrease in Shareholding during the year alongwith the reasons for increase / decrease | | - | - | | - | - |
| | At the end of the year | 31-Mar-2016 | 117,000 | 0.37% | | | |
| 6. | Akash Bhanshali | | | | | | |
| | At the beginning of the year | 01-Apr-2015 | 111,285 | 0.35% | | | |
| | Date wise increase / decrease in Shareholding during the year alongwith the reasons for increase / decrease | | - | - | | - | - |
| | At the end of the year | 31-Mar-2016 | 111,285 | 0.35% | | | |
| 7. | Sundaram Mutual Fund A/C Sundaram Infrastructure Advantage Fund | | | | | | |
| | At the beginning of the year | 01-Apr-2015 | 110,000 | 0.34% | | | |
| | Date wise increase / decrease in Shareholding during the year alongwith the reasons for increase / decrease | 09-Oct-2015 | -854 | 0.00% | Market Sale | 109,146 | 0.35% |
| | | 16-Oct-2015 | -4,129 | -0.01% | Market Sale | 105,017 | 0.33% |
| | | 23-Oct-2015 | -5,312 | -0.02% | Market Sale | 99,705 | 0.32% |
| | | 30-Oct-2015 | -5,233 | -0.02% | Market Sale | 94,472 | 0.30% |
| | | 27-Nov-2015 | -6,472 | -0.02% | Market Sale | 88,000 | 0.28% |
| | | 18-Dec-2015 | -3,000 | -0.01% | Market Sale | 85,000 | 0.27% |
| | At the end of the year | 31-Mar-2016 | 85,000 | 0.27% | | | |
| 8. | The Emerging Markets Small Cap Series of The Dfa Investment Trust Company | | | | | | |
| | At the beginning of the year | 01-Apr-2015 | 87,207 | 0.28% | | | |
| | Date wise increase / decrease in Shareholding during the year alongwith the reasons for increase / decrease | 10-Apr-2015 | 1,803 | 0.00% | Market Purchase | 89,010 | 0.28% |
| | | 01-May-2015 | 905 | 0.00% | Market Purchase | 89,915 | 0.28% |
| | | 08-May-2015 | 2,581 | 0.01% | Market Purchase | 92,496 | 0.29% |
| | | 16-Oct-2015 | -3,488 | -0.01% | Market Sale | 89,008 | 0.28% |
| | At the end of the year | 31-Mar-2016 | 89,008 | 0.28% | | | |

| Sl. No. | Name of the Shareholder | Date | Shareholding at the beginning of the year | | Reason | Cumulative Shareholding during the year | |
|------------|---|-------------|---|----------------------------------|--------|---|----------------------------------|
| | | | No. of Shares | % of total Shares of the company | | No. of Shares | % of total Shares of the company |
| 9. | Tata Trustee Co. Ltd A/c Tata Mutual Fund - Tata Infrastructure Fund | | | | | | |
| | At the beginning of the year | 01-Apr-2015 | 72,036 | 0.23% | | | |
| | Date wise increase / decrease in Shareholding during the year alongwith the reasons for increase / decrease | - | - | - | | - | - |
| | At the end of the year | 31-Mar-2016 | 72,036 | 0.23% | | | |
| 10. | Profitex Shares and Securities Private Limited | | | | | | |
| | At the beginning of the year | 01-Apr-2015 | 66,077 | 0.21% | | | |
| | Date wise increase / decrease in Shareholding during the year alongwith the reasons for increase / decrease | - | - | - | | - | - |
| | At the end of the year | 31-Mar-2016 | 66,077 | 0.21% | | | |

Notes:

The details of shareholding, given above, is from 01-Apr-2015/the date of entering the Top 10 shareholders list till 31-Mar-2016 / the date of leaving Top 10 shareholders list.

(v) Shareholding of Directors & Key Managerial Personnel

| Sl. No. | Name of the Director / Key Managerial Personnel | Shareholding at the end of the year | | Cumulative Shareholding during the year | |
|---------|---|-------------------------------------|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | Mr. Hemraj C. Asher (Independent Director) | | | | |
| | At the beginning of the year | 8,000 | 0.03% | | |
| | Date wise increase / decrease in Shareholding during the year alongwith the reasons for increase / decrease | - | - | - | - |
| | At the end of the year | 8,000 | 0.03% | | |
| 2 | Mr. Darius C. Shroff (Independent Director) | | | | |
| | At the beginning of the year | 10,000 | 0.03% | | |
| | Date wise increase / decrease in Shareholding during the year alongwith the reasons for increase / decrease | - | - | - | - |
| | At the end of the year | 10,000 | 0.03% | | |
| 3 | Mr. G. Madhusudhan Rao (Vice President - Finance) | | | | |
| | At the beginning of the year | 100 | 0.00% | | |
| | Date wise increase / decrease in Shareholding during the year alongwith the reasons for increase / decrease | - | - | - | - |
| | At the end of the year | 100 | 0.00% | | |

V. INDEBTEDNESS - Not Applicable

Indebtedness of the Company including interest outstanding/accrued but not due for payment - NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time director and/or Manager:

(Rs. Million)

| Sl. No. | Particulars of Remuneration | Mr. Amar Kaul, Manager | Total Amount |
|---------|---|------------------------|--------------|
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in Section 17(1) of Income Tax Act, 1961 | 11.81 | 11.81 |
| | (b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961 | - | - |
| 2 | Stock option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission | | |
| | as % of profit | - | - |
| | others (specify) | - | - |
| 5 | Others, please specify | - | - |
| 6 | Total (A) | 11.81 | 11.81 |
| | Ceiling as per the Act | | 31.12 |

B. Remuneration to other directors:

(Rs. Million)

| Sl. No. | Particulars of Remuneration | Name of the Directors | | | Total Amount |
|---------|--|------------------------|---------------------|----------------------|--------------|
| 1 | Independent Directors | | Mr. Hemraj C. Asher | Mr. Darius C. Shroff | |
| | (a) Fee for attending Board / Committee meetings | | - | - | - |
| | (b) Commission | | 1.20 | 1.20 | 2.40 |
| | (c) Others, please specify | | - | - | - |
| | Total (1) | | 1.20 | 1.20 | 2.40 |
| 2 | Other Non Executive Directors | Mr. Venkatesh Valluri* | Ms. Jayantika Dave | Mr. Roman Steinhoff | |
| | (a) Fee for attending Board / Committee meetings | - | - | - | - |
| | (b) Commission | 0.80 | 1.20 | - | 2.00 |
| | (c) Others, please specify | - | - | - | - |
| | Total (2) | 0.80 | 1.20 | - | 2.00 |
| | Total (B)=(1+2) | | | | 4.40 |
| | Total Managerial Remuneration (A+B) | | | | 15.58 |
| | Overall Ceiling as per the Act | | | | 68.46 |

*ceased to be director with effect from November 5, 2015

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

(Rs. Million)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------|---|---|--|--------------|
| 1 | Gross Salary | Mr. P. R. Shubhakar, General Manager - Corp. Finance & Company Secretary | Mr. G. Madhusudhan Rao, Vice President - Finance | Total |
| | (a) Salary as per provisions contained in Section 17(1) of Income Tax Act, 1961 | 6.66 | 9.18 | 15.84 |
| | (b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | | | |
| | as % of profit | - | - | - |
| | others, specify | - | - | - |
| 5 | Others, please specify | - | - | - |
| 6 | Total | 6.66 | 9.18 | 15.84 |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES - NONE

Annexure B

THE INFORMATION REQUIRED UNDER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

CONSERVATION OF ENERGY

(a) The following energy conservation measures were taken:

- I. New energy efficient transformer in utility building.
- II. Installed VFD in 75 KW evolution plant compressors having start delta starter for energy optimization.
- III. 45 KW Nirvana & 45 KW ML45 compressor installations in plant compressor room to optimize consumption in non-peak hours.
- IV. Programmable motorized servo valve in T30 air pipe to optimize leakage in non-peak hour.
- V. Switching off high bay lights above LRBU & centac test cell to minimize energy wastage.
- VI. Optimization of plant voltage in lighting and accessories to operate in lower band (390 to 410 V) without affecting performance.
- VII. Implementation of online monitoring & control in phase-1 building Trane chiller to minimize wastage & to achieve optimum performance.
- VIII. Installation of LED tube light in R&D lab.
- IX. Installation New APFC panel to improve PF 0.99.
- X. Independent control switches at each location to switch on required lights in new factory building.
- XI. Energy meters installed for individual load centers for monitoring electricity utilization.
- XII. Replacing old energy inefficient cooling towers & pumps with new efficient cooling towers & centralised for LRBU, CENTAC & Rotary.
- XIII. New green building design with IGBC rating in plant transformation
- XIV. Installation of new crane with VFD to save energy and improve performance.
- XV. Timer operated switches to turn on/off street lights as per requirement to optimise working hours & energy.
- XVI. Installed auto shut off taps to save water wastage.
- XVII. Installed VFD and occupancy sensors in LRBU paint booth.
- XVIII. Installed VFD in SCBU paint booth blower
- XIX. Demand controller mechanism has been installed to optimize maximum demand in GEB line.

(b) Additional investments and proposals, if any, being implemented for reduction in energy consumption:

- Gas operated heater to replace electrical heater at component cleaning machines.
- Solar roof top installation in factory building.
- LED high bay light fitting in factory building.
- Energy audit of entire plant & its energy saving project proposal.
- Phase-2 HVAC on line / control monitoring system implementation.

(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.

TECHNOLOGY ABSORPTION

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

FORM B

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

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

(A) COMPRESSORS & DRYERS

Types:

- (i) Reciprocating air-cooled – single and multi-stage.
- (ii) Rotary Screw
- (iii) Centrifugal
- (iv) Refrigerated Dryers
- (v) Desiccant Dryers

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

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 worldwide.

3. Future Plan of Action:

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

4. Expenditure of R & D:

| | |
|---|-------------------|
| (i) Capital | Rs. 9.07 Million |
| (ii) Recurring | Rs. 23.85 Million |
| (iii) Total | Rs. 32.92 Million |
| (iv) Total R & D expenditure as a percentage of total turnovers | 0.56% |

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 dryer technology with set up of production base at Naroda
- (iv) Expansion of an in-house test laboratory to validate processes before commencing production.

2. Benefits derived as a result of the above efforts:

- (i) Up gradation of facilities and processes in line with the latest global trends
- (ii) Up gradation 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:

| Technology Imported | Year | Status |
|---|------|---------------|
| Refrigerated compressed air dryers | 2013 | In production |
| New Centrifugal compressor with energy efficient design | 2014 | In production |

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

| | | |
|---|---------------|-----------------|
| Total foreign exchange used and earned: | | (Rs. Million) |
| (i) Earnings in foreign exchange on account of exports, deemed exports, Income from services rendered and recovery of expenses and engineering fees. | | 1,787.05 |
| (ii) Value of imports calculated on c.i.f. basis | 1,592.43 | |
| (iii) Expenditure in foreign currency on account of travelling, IT Infra and others | 147.73 | |
| (iv) Remittance in foreign exchange on account of dividend | <u>140.16</u> | <u>1,880.32</u> |
| Net Earnings / (Outgo) in Foreign Exchange | | <u>(93.27)</u> |

For and on behalf of the Board of Directors

Roman Steinhoff
Chairman

Mumbai, May 26, 2016

Annexure C

1. Brief outline and overview of Company's CSR policy, including overview of projects or programs proposed to be undertaken:

At Ingersoll Rand, we are passionate about creating a better future. We believe in Corporate Social Value creation and building a mutually beneficial relationship with the communities we operate in. Our CSR Policy and projects are built on this very foundation and our approach continues to be to engage with the right partners engaged in advancing the core beliefs of Ingersoll Rand.

We are focused on building an organization-wide culture of innovation and collaborating extensively through a Public Private Partnership (PPP) approach to investigate new technologies, create path breaking solutions and better address the needs of our population.

Overview of Company's CSR policy

Ingersoll Rand, its Management, Board of Directors and the Employees are dedicated to advancing the quality of life through its various endeavors and our CSR commitments. We pledge to come together and make a difference in the communities where we operate through our focus on providing education, healthcare & sanitation, livelihood and sustainability. To ensure we fulfill our intent of being a responsible corporate citizen, we are actively engaged in giving to the less fortunate and participating in community relations activities in the country. Our approach to CSR is to engage with the right organizations engaged in advancing the core beliefs of Ingersoll Rand.

All our CSR projects are selected and implemented in accordance with our CSR Policy. The company's detailed CSR Policy is uploaded on the website www.ingersollrand.co.in.

Details of CSR projects undertaken during the year 2015-16

Promoting science education through Agastya International Foundation

A need assessment survey across our areas of presence studies the socio economic conditions in these regions and reveals that the role of state and NGOs in India needs to be revisited. While ensuring enrolment to schools and reducing drop outs are the primary responsibilities of the State authorities, creating conducive learning environment in the state run schools is the need of the hour. Rote-based, didactic and uninspiring education methods of government schools have failed to provide vulnerable and disadvantaged children the tools to overcome their constraints. Instead they have produced apathy, leading to low school attendance, a dropout rate of over 70 % between Class 1 and 9 and poorly skilled graduates.

Agastya seeks to address the challenges in the rote based learning system by propagating a creative temper among disadvantaged and vulnerable children and teachers by engaging, minds-on, experiential learning methods, teacher education and effective and, environmentally friendly channels.

This year, Ingersoll Rand strengthened its partnership with Agastya and continued its support to ongoing projects for the year and initiated new projects in additional locations to create a far reaching impact across the regions of our presence and the country.

Ingersoll Rand Science Centre at Government Girls Senior Secondary School, Jacobpura, Gurgaon

Ingersoll Rand has continued to extend operational support to the Science Centre in Jacobpura for this year keeping in perspective a successful program benefitting multiple students, teachers and schools in the region. Government school teachers and children from neighboring schools have also visited the centre for an opportunity to interact with simple science experiments and models.

Overall during this year, 105 government schools visited the Science Center benefitting 7,412 students along with 103 school teachers under various programs like community visits, Science Fairs, Teachers training, Young Instructors Learning, Summer camps.

At the close of the project, the Science Centre is expected to generate over 12,000 student and 125 teachers exposures and train 40 teachers and 50 Young Instructor leaders. The program continues to foster curiosity, critical thinking and creativity through hands-on programs and provides a strong and dynamic learning resource base for local schools.

Ingersoll Rand Mobile Science Lab at Chennai, Bidadi, Naroda, Mumbai and Sahibabad

In 2014-15, Ingersoll Rand supported Agastya for 3 Mobile Science Labs (MSL) in Chennai, Bidadi and Naroda. On the back of phenomenal success of these projects, this year we expanded the scope to include beneficiaries in Mumbai. The MSL is a very powerful and innovative instrument to revolutionize rural education and make hands-on education increasingly accessible. Each MSL targets government school children and teachers with 200+ hands-on science models covering a wide range of topics in Physics, Chemistry, Biology and for Class 5 through 10. The teaching approach is consistent with the National Curriculum Framework and the topics overlap the NCERT syllabus.

In 2015-16, the Ingersoll Rand Mobile Science Lab in Chennai successfully conducted 38 school visits leading to 4,034 student exposures and 265 teacher exposures. Three science fairs were conducted and 131 Young Instructors demonstrated scientific phenomena. The Science Fair were visited by 59 teachers and delivered 2,474 students exposures. In Bidadi, our Mobile Science Lab conducted 88 school visits benefitting 13,431 students, 397 teachers under various programs like Community Visits, Science Fairs etc. The Mobile Science Labs in Naroda and Mumbai are currently focused on pre-launch activities including procuring the models, selection of schools, hiring and training of Instructors and will start outreach in June once the schools reopen after summer vacations.

With each Ingersoll Rand MSL, we access schools in remote locations and raise awareness on the importance of hands-on science at a mass level. The MSLs have helped catalyze local schools and educators to improve the content and quality of education for rural children and teachers.

Meeting nutritional requirements and promoting education with Akshaya Patra

Ingersoll Rand School Meal Program

Ingersoll Rand has partnered with Akshaya Patra for a highly successful school meal program built on a unique Public Private Partnership model. The model is running successfully over the last 15 years across 10 states in India in a partnership with the State Government and Corporate houses. Ingersoll Rand's partnership has furthered our commitment to bring about meaningful and lasting impact in the lives of underprivileged children. The ultimate goal of this program is to promote basic education of underprivileged children by addressing the root cause of illiteracy-poverty and hunger.

By implementing the Mid-Day Meal Scheme in the Government schools and Government aided schools, we aim to fight hunger and bring children to school. A strong incentive to parents, thereby encouraging enrolment, reducing absenteeism and dropout rates, the program has been able to create a positive impact on health and nutrition of children.

In 2015-16, Ingersoll Rand is supporting 9,609 children in Bangalore and Ahmedabad covering 61 schools in these locations.

With the successful implementation of the program, children supported by Ingersoll Rand,

- will get hot, nutritious meals every day in schools, protecting them from hunger
- will be encouraged to come to school every day and get education
- will have improved nutritional status, physical and cognitive development

Ingersoll Rand support to Integrated Child Development Services/ Aanganwadi Project

Integrated Child Development Services (ICDS) Scheme represents one of the world's largest and most unique programs for early childhood development. The ICDS scheme was launched by the government with an objective to improve the nutritional and health status of children in the age-group 0-6 years and to enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education.

This year, Ingersoll Rand has extended support to the ICDS scheme by providing infrastructure support towards efficiently running the Akshaya Patra kitchens that cater to the Aanganwadis. The organization has provided kitchen equipment including vegetable washer and vegetable peeler that will contribute to better functioning of kitchens, increasing safety and quality of output.

Public Private Partnership with Government of Gujarat and Naisargik Trust for Aanganwadis

Ingersoll Rand is providing infrastructure support to Integrated Child Development Services (ICDS) scheme and the Aanganwadi centers in urban and semi urban areas of Ahmedabad. The project has been implemented in collaboration with Ahmedabad Municipal Corporation (AMC) and Naisargik Trust. The joint program is aimed at children of 0-6 years of age and pregnant and lactating mothers who gather at the Aanganwadi centers for mid-day meals and other services.

As part of the project, Ingersoll Rand has distributed cooking gas stoves to 665 Aanganwadi centers across five zones in the Ahmedabad region. The provision of gas stoves will help Aanganwadis to provide hot, nutritious and quick meals to the children and mothers visiting these Aanganwadi centers.

With this project, Ingersoll Rand is taking a step further towards providing healthcare and meeting nutritional requirements of the beneficiaries. The project will create an impact towards improving the health status of the children and young mothers and lay a foundation for their psychological and physical development.

Mission Education with Smile Foundation

Furthering its focus on promoting education, Ingersoll Rand has partnered with Smile Foundation in Kolkata to support 150 children under the Mission Education program. With this project, Ingersoll Rand will provide quality education to children from remote, urban and semi urban areas. The program will help bring these children into mainstream in a sustained manner and strengthen their abilities to cope up with the formal education system.

The project will directly benefit and empower children in the age group of 03-18 years from underprivileged communities in India. Indirectly, the program will also benefit the families of these children, teachers/educators through training sessions and community sensitization programs and community workers through mobilization programs. Some of the key activities conducted as part of the program include classroom teaching learning, progress assessment of students, co-curricular activities such as health awareness, art & craft/ music/ dance activities, physical education activities etc.

With a successful running of this program, we hope to make a difference in the:

- regular attendance and retention of these children in the education program
- holistic development through curricular and co-curricular activities
- overall improvement in the health status
- increase in confidence amongst all the beneficiaries towards working for better quality of life

Providing Disaster Relief with Habitat for Humanity

Ingersoll Rand is a responsible corporate citizen and we believe in providing support to our government and affected communities in times of natural disaster. Every year, 5% of our CSR budgets are kept aside for spend on unforeseen emergencies for the betterment of the affected communities.

The Tamil Nadu Flood Disaster was declared as a 'Disaster of Severe Nature' by the Central Government this year and Chennai was declared as Disaster Zone by the State Government. The Tamil Nadu floods caused immense loss to human lives, household and infrastructure with greater impact on the poor and the marginalized living in poor vulnerable pockets of Tamil Nadu.

In response to the devastating floods in the Chennai region, Ingersoll Rand pledged support and disaster relief through its partner Habitat for Humanity. Disaster response is an integral part of the mission of Habitat for Humanity and Ingersoll Rand partnered with them in this time of a national disaster.

Provision of Hygiene Kits to 75 flood affected beneficiaries

This was a part of an immediate response mechanism to help the flood affected people to recover from their loss and to improve their living conditions through provision of Humanitarian aid kits and Hygiene kits.

Repair & Renovation of School Building affected by the floods

In the second phase of relief work in the region, Ingersoll Rand has allocated funds for the repair and renovation of Corporation Primary School, Perumal Koil Street, Taramani, Chennai. As part of the project:

- The damaged school walls will be repaired and plastered
- A new toilet block with 5 Units will be constructed for girl students
- The existing toilets will be repaired and made functional for students and teachers

With this project, Ingersoll Rand is working towards increasing resilience of the flood affected Schools and to help school going children regain their confidence and restart life with education, health and hygiene.

2. Composition of the CSR Committee:

Your Company has constituted a Corporate Social Responsibility Committee pursuant to Section 135 of the Companies Act, 2013 comprising Mr. Roman Steinhoff, Chairman, Mr. Hemraj C. Asher, Director and Ms. Jayantika Dave, Director.

3. Average net profit of the company for last three financial years: INR 1,035.10 Million

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): INR 20.70 Million

5. Details of CSR spend during the financial year:

(a) Total amount to be spent for the financial year: INR 20.70 Million

(b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the financial year is detailed below:

| Sl. No. | CSR project or activity identified | Sector in which the Project is Covered | Projects or Programs (1) Local Area or other (2) Specify the State and District where the projects was undertaken | Amount outlay (Budget) project or programs wise (INR) | Amount spent on the projects or programs Direct expenditure on projects or programs overheads (INR) | Cumulative expenditure up to the reporting period (INR) | Amount spent: Direct or through implementing agency |
|---------|--|--|---|---|---|---|---|
| 1. | Mobile Science lab, science center and mega science fair | Promotion of education | Gurgaon, Haryana, Chennai, Tamil Nadu, Bidadi, Bangalore | 9,309,399 | 9,309,399 | 9,309,399 | Agastya International Foundation |
| 2. | Mid-day meals to underprivileged children | Eradication of hunger | Bangalore, Karnataka | 2,077,500 | 2,077,500 | 2,077,500 | The Akashya Patra Foundation |
| 3. | Mid-day meals to underprivileged children | Eradication of hunger | Ahmedabad, Gujarat | 4,059,750 | 4,059,750 | 4,059,750 | The Akashya Patra Foundation |
| 4. | Vegetable washer & vegetable peeler (Mid-day meals) | Eradication of hunger | Ahmedabad, Gujarat | 2,070,000 | 2,070,000 | 2,070,000 | The Akashya Patra Foundation |
| 5. | Mission education project | Promotion of education | Kolkata, West Bengal | 1,252,095 | 1,252,095 | 1,252,095 | Smile Foundation |

| Sl. No. | CSR project or activity identified | Sector in which the Project is Covered | Projects or Programs (1) Local Area or other (2) Specify the State and District where the projects was undertaken | Amount outlay (Budget) project or programs wise (INR) | Amount spent on the projects or programs Direct expenditure on projects or programs overheads (INR) | Cumulative expenditure up to the reporting period (INR) | Amount spent: Direct or through implementing agency |
|---------|--|--|---|---|---|---|---|
| 6. | Procure and distribution of Gas stoves to Aanganawadi Centers at Ahmedabad | Promotion of education | Ahmedabad, Gujarat | 1,428,168 | 1,428,168 | 1,428,168 | Naisargik Trust |
| 7. | Provide Humanitarian Aid Kits to 75 families affected by floods at Chennai | Promoting health care and sanitation | Chennai, Tamil Nadu | 562,500 | 562,500 | 562,500 | Habitat For Humanity India Trust |
| 8. | Repair and renovation of the school damaged by floods at Tamil Nadu | Promotion of education | Chennai, Tamil Nadu | 440,100 | 440,100 | 440,100 | Habitat For Humanity India Trust |
| | | | Total | 21,199,512 | 21,199,512 | 21,199,512 | |

6. Reasons for not spending the prescribed amount

Not applicable

7. Responsibility Statement

‘The implementation and monitoring of the Corporate Social Responsibility (CSR) Policy, is in compliance with the CSR objectives and policy of the Company.’

Roman Steinhoff
Chairman
CSR Committee

Conclusion

CSR is the company’s commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders. At Ingersoll Rand, we are passionate about creating a better future. The Company believes in Corporate Social Value creation and building a mutually beneficial relationship with the communities the Company operates in. The CSR Policy and projects are built on this very foundation and the Company’s approach continues to be to engage with the right partners engaged in advancing its core beliefs.

Annexure D

INFORMATION PURSUANT TO RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

| Sl. No | Name and designation of Director/KMP | Remuneration for FY 15-16 (INR million) | % increase in remuneration in FY 15-16 | Ratio of remuneration of each director to median remuneration of employees of FY 15-16 | Comparison of remuneration of KMP against the performance of the Company |
|--------|---|---|--|--|--|
| 1. | Mr. Roman Steinhoff, Non-Executive Chairman | - | Not Applicable | Not Applicable | Not Applicable |
| 2. | Mr. H. C. Asher, Independent Director | 1.20 | - | | Not Applicable |
| 3. | Mr. D. C. Shroff, Independent Director | 1.20 | - | | Not Applicable |
| 4. | Ms. Jayantika Dave, Non-Executive Director | 1.20 | | | Not Applicable |
| 5. | Mr. Venkatesh Valluri, Non-Executive Director * | 0.80 | - | Not Applicable | Not Applicable |
| 6. | Mr. Amar Kaul, Manager under the Companies Act, 1956 | 11.81 | 15.00 | Not Applicable | Refer Note No. 2 |
| 7. | Mr. Madhusudhan Rao, Vice President - Finance | 9.18 | 8.00 | Not Applicable | Refer Note No. 2 |
| 8. | Mr. P. R. Shubhakar General Manager – Corp. Finance & Company Secretary | 6.66 | 11.50 | Not Applicable | Refer Note No. 2 |

* Ceased to be Director w.e.f November 5, 2015

Notes:

- The Company does not pay any remuneration to non-executive directors other than commission.
- Salaries of employees of the Company are driven by the Company's Remuneration Policy basis the performance of respective business segments, market situation, forecast for the ensuing financial year and the comparative information as available with Company.

| | | |
|-------|---|---|
| (ii) | The percentage increase in the median remuneration of employees in the financial year; | 17.57 |
| (iii) | The number of permanent employees on the rolls of company; | 684 |
| (iv) | The explanation on the relationship between average increase in remuneration and company performance; | The increase in remuneration is not solely based on Company performance but also includes various other factors like individual performance and goals achieved, industry trends, economic situation, future growth prospects, anticipated need to retain employees etc. The Board believes that the increase is fair and equitable. |

| | | |
|--------|---|--|
| (v) | Variations in the market capitalization of the company as at the closing date of the current financial year and previous financial year | March 31, 2016: Rs. 20,396.08 million March 31, 2015: Rs. 31,869.47 million |
| (vi) | Price earnings ratio as at the closing date of the current financial year and previous financial year | March 31, 2016: 32.77 times March 31, 2015: 48.18 times |
| (vii) | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; | Average percentage increase in the salaries of employees other than the managerial personnel is 17.57% as against average percentage increase in salaries of managerial personnel is 18.99% |
| (viii) | The key parameters for any variable component of remuneration availed by the directors; | The key parameter for variable remuneration availed by directors include financial performance, time spent in attending meetings, time spent participating in strategy development, advice given to management on strategic matters etc. |
| (ix) | The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; | Not applicable as the Company does not have any executive director |
| (x) | Affirmation that the remuneration is as per the remuneration policy of the company. | It is hereby affirmed that the remuneration is as per the remuneration policy of the Company. |

ANNEXURE TO THE BOARD OF DIRECTORS' REPORT
INFORMATION AS PER SECTION 197 (12) READ WITH RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014, FOR THE YEAR ENDED MARCH 31, 2016

| Name and Age | Designation and date of commencement of employment | Qualification/Experience | Gross Remuneration Rs. | Particulars of last employment held Designation and Name of the Company (Period for which held in years) |
|--|--|---|------------------------|--|
| (A) EMPLOYED THROUGH THE YEAR | | | | |
| Atul Marwah 45 Years | HR Leader - Air Solutions 02-Jul-2006 | Microbiologist 21 Years | 6,058,397 | Spinneys Abudhabi Group Service Manager 7 Years |
| Prasad Naik 56 Years | Vice President - Information Technology 01-Apr-1999 | B.Com, D.B.M, D.F.M, M.M.S 25 Years | 11,050,862 | General Manager, MIS Krilosakar Ferrous Industries Limited 6 Years |
| P. R. Shubhakar 51 Years | General Manager - Corporate Finance & Company Secretary 17-Aug-2000 | B.Com, ACA, ACS 26 Years | 6,654,765 | Sr. Manager Finance & Company Secretary B C Components India Private Limited 1 Year |
| K. Balu 46 Years | VP, Product Management, AP & India 02-Apr-2001 | BE - Mechanical Maintenance 25 Years | 7,729,492 | Krilosakar Pneumatic Co. Ltd. Manager 8 Years |
| Sandeep Taneja 41 Years | Finance Leader - Air Solutions 01-Aug-2012 | Master of Business Administration, Case Western Reserve University 23 Years | 6,039,999 | Corning Technologies India Private Limited Finance Manager 1 Year |
| G. Madhusudhan Rao 59 Years | Vice President - Finance 05-Sep-2012 | B.Com, ACA, ACS 31 Years | 9,180,895 | Finance Director Northern Operating Services Private Limited 2 Years |
| Amar Kaul 46 Years | Vice President and General Manager 10-May-2011 | B. Tech, Engg. Business Management 23 Years | 11,808,368 | Senior Vice President Bharat Forge Limited 7 Years |
| (B) EMPLOYED FOR THE PART OF THE YEAR | | | | |
| Nil | Nil | Nil | Nil | Nil |

- Notes :
- Gross remuneration as above includes salary, Company's contribution to provident fund, leave travel benefit, medical benefits, personal accident and group insurance premium, house rent allowance, and other allowances as applicable.
 - None of the above mentioned employees is a relative of any director of the Company.
 - All the employees have adequate experience to discharge responsibilities assigned to them.

Annexure E

Nomination and Remuneration Policy

1. PREAMBLE

- 1.1 Ingersoll–Rand (India) Limited (the ‘Company’) recognizes the importance of attracting, retaining and motivating personnel of high calibre and talent for the purpose of ensuring efficiency and high standard in the conduct of its affairs and achievement of its goals besides securing the confidence of the shareholders in the sound management of the Company. For the purpose of attaining these ends, the Company has constituted a Nomination and Remuneration Committee which is entrusted with the task of devising a transparent reasonable and fair policy of remuneration for its directors, key managerial personnel and other employees.
- 1.2 The Companies Act, 2013 vide sub-section (3) of Section 178, the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement as amended by the Securities and Exchange Board of India vide Master Circular dated April 17, 2014 makes it mandatory for the Board of Directors of every listed company to constitute a Nomination and Remuneration Committee.
- 1.3 The objective of the Nomination and Remuneration Committee is to assist the Board of Directors of the Company in fulfilling its responsibilities to shareholders by :
 - 1.3.1 ensuring that the Board of Directors is comprised of individuals who are best able to discharge the responsibilities of directors in consonance with the Companies Act, 2013 and the norms of corporate governance contained in the Companies (Corporate Social Responsibility Policy) Rules, 2014; and
 - 1.3.2 ensuring that the nomination processes and remuneration policies are equitable and transparent.
- 1.4 The responsibilities of the Committee include :
 - 1.4.1 formulating a criteria for determining qualifications, positive attributes and independence of a director;
 - 1.4.2 recommending to the Board of Directors a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
 - 1.4.3 formulating a criteria for evaluation of performance of Independent Directors and the

Board of Directors and on the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director;

- 1.4.4 devising a policy on Board diversity; and
 - 1.4.5 identifying persons who are qualified to become directors and who may be appointed as part of the ‘senior management’ or core management team of the Company in accordance with the criteria laid down, and recommending to the Board of Directors the appointment and removal of such personnel.
- 1.5 This Nomination and Remuneration Policy has been formulated with a view to :
 - 1.5.1 devise a transparent system of determining the appropriate level of remuneration throughout all levels of employees and teams in the Company;
 - 1.5.2 encourage personnel to perform to their highest level;
 - 1.5.3 provide consistency in remuneration throughout the Company; and
 - 1.5.4 offer incentives on the premise of aligning the performance of the business with the performance of key employees and teams within the Company.
 - 1.6 The Nomination and Remuneration Policy elucidates the types of remuneration to be offered by the Company and factors to be considered by the Board of Directors of the Company, Nomination and Remuneration Committee and management of the Company in determining the appropriate remuneration policy for the Company.
- ### 2. DEFINITIONS
- Some of the key terms used in the Nomination and Remuneration Policy are as under:
- 2.1 ‘Board’ means the Board of Directors of Ingersoll – Rand (India) Limited or the Company.
 - 2.2 ‘Committee’ means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with Section 178 of the Companies Act, 2013.
 - 2.3 ‘Director’ means a director appointed on the Board of the Company including executive; non-executive; and independent directors.

2.4 'Employee' means every employee of the Company (whether working in India or abroad), including the directors in the employment of the Company.

2.5 'Key managerial personnel' includes managing director, or Chief Executive Officer or manager and in their absence, a whole-time director; company secretary; and Chief Financial Officer.

2.6 'Member' means a director of the Company appointed as member of the Committee.

2.7 'Nomination and Remuneration Policy' shall mean the policy of remuneration of directors, key managerial personnel and other employees of the Company determined by the Nomination and Remuneration Committee.

2.8 'Senior management' means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

3. NOMINATION AND REMUNERATION COMMITTEE

3.1 The Committee shall be formed by the Board of the Company. It shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors. The Board of the Company shall nominate directors as Members of the Committee from time to time.

3.2 The Chairman of the Committee shall be an independent director but shall not be the Chairperson of the Company. He shall be present at the Annual General Meeting, to answer the shareholders' queries and may determine as to who should answer the queries.

3.3 The presently nominated members of the Committee are :

- (i) Mr. H. C. Asher, Chairman
- (ii) Mr. Roman Steinhoff
- (iii) Mr. D. C. Shroff

4. LETTER OF ENGAGEMENT OR CONTRACT OF EMPLOYMENT

4.1 Non-executive directors shall enter into a letter of engagement with the Company, the terms and conditions of which shall be approved by the Board. The letter of engagement shall set forth the terms and conditions of the engagement, the performance expectations for the position, the remuneration package and added incentives for the director, the availability of the latter being contingent upon fulfillment of certain

expectations of the Company measured by benchmarks of performance defined by the Company.

4.2 Executive directors, key managerial personnel and senior management employees shall enter into a contract with the Company clearly setting out the terms and conditions of the remuneration package for such person. The contract of employment shall set out the expectations for the performance, the key performance indicators, measures and criteria for assessment or evaluation of performance.

4.3 The Committee and the Board must approve the contracts of employment for the senior management and directors.

4.4 The Board shall disclose the terms and conditions of any contract of employment in accordance with the law.

5. REMUNERATION STRUCTURE

5.1 REMUNERATION TO DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

The Board shall, in consultation with the Committee approve and finalize the forms of remuneration to be offered to directors, key managerial personnel, senior management and other employees. The remuneration package shall be composed of amounts that are fixed and variable and the endeavour of the Board and the Committee shall be to strike a balance between the fixed and variable components and thereby promote sustainable value for the Company and its shareholders over time.

5.1.1 Fixed Remuneration

The contract of employment entered into by the executive directors, key managerial personnel and senior management employees with the Company shall demarcate a fixed gross annual salary or base salary payable to the employee. The fixed remuneration or salary shall be determined according to complexities of the position and role of the employee, the relevant laws and regulations, conditions prevalent in the labour market and the scale of the business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company.

5.1.2 Performance Based Remuneration or Incentive-Based Payments

The performance-based or incentive-based payments shall form part of the variable component of the salary payable to the

employee. In addition to the fixed remuneration, the Company shall implement a system of bonuses and incentives reflecting short and long term performance objectives appropriate to the working of the Company and designed to lay emphasis on the direct relationship between performance and remuneration. Performance based remuneration shall be proportionate to and contingent upon the attainment of specific performance targets by employees in the Company. Incentive-based payments take into account factors such as performance of the employee, his conduct, responsibilities, position and role and shall be calculated as a percentage of the fixed remuneration.

5.1.3 Severance Fees or Termination Benefits

Each contract of employment entered into by the executive directors, key managerial personnel and senior management employees with the Company shall demarcate in advance the entitlement to payment upon termination of employment for each employee. Making of such payments shall be approved by the Board and the Committee and shall be in consonance with the Nomination and Remuneration Policy of the Company.

5.1.4 Employee Benefits

The Company shall comply with all legal and industrial obligations in determining the benefits available with employees, namely short-term benefits such as salaries, social security contributions, profit sharing and bonuses, post-employment benefits such as gratuity, pension retirement benefits, post-employment life insurance and post-employment medical care; other long-term employee benefits, including long-service leave, long-term disability benefits and termination benefits.

5.2 REMUNERATION TO NON-EXECUTIVE DIRECTORS

The Company shall pay remuneration to non-executive directors in such a manner so as to attract and maintain high quality members on the Board. Non-executive directors shall receive a fixed remuneration, including superannuation for their service and may be issued securities in the Company. Non-executive directors shall not be entitled to any performance-based incentives, bonus payments or retirement benefits.

6. DISCLOSURES

6.1 The Nomination and Remuneration Policy shall be disclosed in the Board's report of the Company prepared in accordance with sub-section (3) of Section 134 of the Companies Act, 2013.

6.2 The Nomination and Remuneration Policy and the criteria for evaluation of performance or evaluation criteria as laid down by the Committee shall be disclosed in the Annual Report of the Company.

6.3 Payments to non-executive directors shall be either disclosed in the Annual Report of the Company or put up on the website of the Company and reference drawn thereto in the Annual Report. Further, the number of shares and convertible instruments held by non-executive directors shall be disclosed by the Company in its Annual Report.

6.4 With regard to payment of remuneration, the section on the corporate governance of the Annual Report of the Company shall contain the following disclosures, namely:

6.4.1 All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc;

6.4.2 Details of fixed component and performance linked incentives, along with the performance criteria;

6.4.3 Service contracts, notice period, severance fees; and

6.4.4 Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.

7. REVIEW AND IMPLEMENTATION

7.1 The Executive Management shall conduct an evaluation of performance for all employees on an annual basis to monitor and review, and if necessary, revise the appropriateness of each remuneration package.

7.2 The remuneration package payable to the employees of the Company shall be approved by the Board.

7.3 The Committee shall be responsible for monitoring the implementation of the policy, conducting a review of the same from time to time and advising the Board on the mode of revision of the policy such as inclusion of long-term incentives that would contribute towards creating a sustainable value for shareholders of the Company.

Annexure F

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

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

The Members

INGERSOLL-RAND (INDIA) LIMITED

8th Floor, Tower D, IBC Knowledge Park,
No. 4/1, Bannerghatta Main Road,
Bangalore, Karnataka- 560029, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Ingersoll-Rand (India) Limited** (hereinafter called the 'company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on, 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent applicable to Overseas Direct Investment (ODI), Foreign Direct Investment (FDI) and External Commercial Borrowings (ECB).

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable)**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable)** and
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998. **(Not Applicable)**

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Equity Listing Agreements entered into by the Company with Bombay Stock Exchange Limited, the National Stock Exchange of India Limited and Ahmedabad Stock Exchange Limited.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws/guidelines/rules applicable specifically to the Company (as certified by the management):

| Sl. No. | Acts |
|---------|---|
| 1 | Air (Prevention and Control of Pollution) Act, 1981 |
| 2 | Apprentices Act, 1961 |
| 3 | Collection of Statistics Act, 1953 |
| 4 | Competition Act, 2002 |
| 5 | Contract Labour (Regulation and Abolition) Act, 1970 |
| 6 | Customs Act, 1962 |
| 7 | Employees' Provident Funds & Miscellaneous Provisions Act, 1952 |
| 8 | Employees' State Insurance Act, 1948 |
| 9 | Environment Protection Act, 1986 |
| 10 | Factories Act, 1948 |
| 11 | Foreign Exchange Management Act, 1999 |
| 12 | Income Tax Act, 1961 |
| 13 | Indian Contract Act, 1872 |
| 14 | Industrial Disputes Act, 1947 |
| 15 | Industrial Employment (Standing Orders) Act, 1946 |
| 16 | Industries (Development & Regulation) Act, 1951 |
| 17 | Labour Welfare Fund Act of various States |
| 18 | Minimum Wages Act, 1948 |
| 19 | Competition Act, 2002 |
| 20 | Payment of Bonus Act, 1965 |
| 21 | Payment of Gratuity Act, 1972 |
| 22 | Payment of Wages Act, 1936 |
| 23 | Sale of Goods Act, 1930 |
| 24 | Sales Tax / Value Added Tax Acts of various States |
| 25 | Shops and Establishments Acts of various States |
| 26 | The Central Excise Act, 1944 |
| 27 | Water (Prevention and Control of Pollution) Act, 1974 |
| 28 | Wealth Tax Act, 1957 |
| 29 | Workmen's Compensation Act, 1923 |
| 30 | Registration Act, 1908 |
| 31 | Applicable Stamps Act(s) and the rules made thereunder |

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, women director and independent Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there are no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place.

Place: Bangalore
Date: May 26, 2016

Natesh K
Practicing Company Secretary
FCS No. 7277; CP No.6835

Note: This report is to be read with my letter of even date which is annexed to this report and forms an integral part of this report.

The Members

INGERSOLL-RAND (INDIA) LIMITED
8th Floor, Tower D, IBC Knowledge Park,
No. 4/1, Bannerghatta Main Road,
Bangalore, Karnataka- 560029, India

My report of even date is to be read along with this letter.

- (1) Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
- (2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed provide a reasonable basis for my opinion.
- (3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- (4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- (5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- (6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Bangalore
Date: May 26, 2016

Natesh K
Practicing Company Secretary
FCS No. 7277; CP No.6835

Annexure G

Report on Corporate Governance

Pursuant to Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

A. MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Ingersoll-Rand (India) Limited as a part of the Ingersoll-Rand group is committed to the highest standards of business ethics and values. The Company has over the years consistently demonstrated good corporate governance practices 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. The Company has an obligation, to conduct business in accordance with highest ethical and legal standards, superior product quality and services, to all our stakeholders including shareholders, employees, customers, suppliers and communities.

2. BOARD OF DIRECTORS

Your Company's Board has an optimum combination of executive, non-executive, independent and women directors as per requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The terms and conditions of appointment of the Independent Directors are disclosed in the Company's website at www.ingersollrand.co.in

Number of Board Meetings:

Six Board Meetings were held during the year 2015-16 on May 12, 2015, August 13, 2015, September 7, 2015, September 21, 2015, November 5, 2015 and February 4, 2016.

Also a separate meeting of Independent Directors was held on February 3, 2016 which was attended by both the 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 (September 23, 2015) |
|----------------------------------|---|------------------------|--------------------------|---|
| | | Held during the year * | Attended during the year | |
| Mr. Roman Steinhoff (Chairman) # | Non-Executive | 6 | 4 | Yes |
| Mr. Hemraj C. Asher | Non-Executive & Independent | 6 | 6 | Yes |
| Mr. Darius C. Shroff | Non-Executive & Independent | 6 | 6 | Yes |
| Ms. Jayantika Dave | Non-Executive | 6 | 4 | Yes |
| Mr. Venkatesh Valluri * | Non-Executive | 5 | 5 | Yes |

Appointed as Chairman w.e.f. November 5, 2015

* Ceased to be Director w.e.f. November 5, 2015

* Excluding the separate meeting of the independent directors in which non-independent directors were not present.

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. Roman Steinhoff (Chairman) | NIL | NIL |
| Mr. Hemraj C. Asher | 4 | 5 |
| Mr. Darius C. Shroff | 2 | 1 |
| Ms. Jayantika Dave | 1 | NIL |

* Only Audit Committee and Stakeholders Relationship Committee are considered as per regulations.

As per disclosure received from Directors, none of the Directors serve as member of more than 10 Committees nor are they the Chairman/Chairperson of more than 5 Committees as per the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

3. AUDIT COMMITTEE

The Audit Committee held four meetings during the year on May 12, 2015, August 12, 2015, November 5, 2015 and February 4, 2016. 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* | 3 | 3 |
| Mr. Roman Steinhoff# | 1 | 1 |

* Ceased to be Director w.e.f November 5, 2015

Inducted into Committee w.e.f. November 6, 2015

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 Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of the regulation, inter alia consists of

- Overseeing of the Company's financial reporting process and disclosure of financial information to ensure it is correct, sufficient and credible;
- Reviewing with the management the quarterly and annual financial statements before submission to the Board for approval, primarily focusing, inter alia, on
 - Any change in accounting policies and practices and reasons for the change;
 - Significant adjustments made in financial statements arising out of audit findings;
 - Major accounting entries based on exercise of judgment by Management;
 - Compliance with accounting standards;
 - The going concern assumption;
- Compliance with stock exchange and legal requirements concerning financial statements;
- Related party transactions;
- 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;
- Discussing with the Statutory Auditors before the audit commences, the nature and scope of audit as well as conduct post-audit discussions to ascertain any area of concern;
- Reviewing the adequacy of internal audit function, coverage and frequency or internal audit;
- Review with internal auditors and senior management, 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;
- Reviewing the effectiveness of the system for monitoring compliance with laws and regulations;
- 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, direct and indirect tax compliance, receivables, C forms and compliances in general. The minutes of the Audit Committee Meetings are placed before the Board for their review.

The Committee relies on the expertise and knowledge of the management, the Internal Audit Team and Statutory Auditors in carrying out its responsibilities. It also uses external expertise where necessary. Management is responsible

for the preparation, presentation and integrity of the Company's financial reporting. Management is also responsible for internal control over financial reporting and all procedures are designed to ensure compliance with Accounting Standards, applicable laws and regulations as well as for objectively reviewing and evaluating the adequacy, effectiveness and quality of the Company's system of internal control.

4. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee is duly constituted under the provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of composition of the Stakeholders Relationship Committee and attendance of Members are as follows:

| Name of Director | No. of meetings held | No. of meetings attended |
|---------------------------------|----------------------|--------------------------|
| Mr. Darius C. Shroff (Chairman) | 16 | 16 |
| Mr. Hemraj C. Asher | 16 | 16 |

The terms of reference of the Stakeholders Relationship Committee, inter alia, consists of

- Monitor redressal of investors/shareholders grievances;
- Approve transfer and transmission of shares;
- Issue of duplicate share certificates;
- Approving of split and consolidation requests;
- Review of shares dematerialized;
- Oversee the performance of the Company's Registrars and Share Transfer Agents;
- 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. G. Madhusudhan Rao, 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, 508 grievances / queries were received from shareholders/investors and 4 complaints were received from Securities Exchange Board of India (SEBI) and other statutory authorities. All investor grievances/queries and 3 complaint from statutory authorities have been resolved to the satisfaction of the complainants before the end of the financial year. 1 complaint relating to transmission of shares was open on March 31, 2016 and has been closed by SEBI on May 2, 2016. There was no outstanding complaint at the beginning of the year or on date of this report.

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, 2016.

5. NOMINATION AND REMUNERATION COMMITTEE

As on March 31, 2016 the Nomination and Remuneration Committee comprises of Mr. Roman Steinhoff, Mr. Hemraj C. Asher and Mr. Darius C. Shroff. Mr. Hemraj C. Asher is the Chairman of the Committee. The Nomination Remuneration Committee met once during the year on May 12, 2015 and was attended by all the then members of the Committee.

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

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Formulate and recommend to the Board a policy for payment of remuneration to Managing Director, Non-Executive Directors, Key Managerial Personnel etc. and its review from time to time.

- Periodically review and suggest revision of the total remuneration package of Managing Director and Key Managerial Personnel under the provisions of Companies Act.
- Decide the actual salary, allowances, perquisites, retrials and increments of Managing Director/Manager under the Companies Act.
- Decide the amount of commission payable to Managing Director/Manager under the provisions of Companies Act.

In determining the remuneration package of the Managing Director/ Manager under the provisions of Companies Act, 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.

6. REMUNERATION TO DIRECTORS

Criteria for payments to Non-executive Directors:

Non-Executive Directors have been paid remuneration by way of fixed commission, which will be determined by the Board of Directors in terms of the special resolution passed by the shareholders at the Annual General Meeting held on September 12, 2014.

The Company has formulated a Nomination and Remuneration Policy as per which the criterion for payment of remuneration to Non-Executive Directors inter alia includes the time spent in attending Board/Committee meetings, time spent in perusing the paper/records/documents, time spent in participating in strategy development and advice given to the Management from time to time on strategic matters.

The details of remuneration paid/payable to Non-Executive Directors for the year 2015-16 are given below:

| Name of the Director | Sitting fees (INR) | Commission (INR) |
|---------------------------------|--------------------|------------------|
| Mr. Roman Steinhoff (Chairman) | NIL | Nil |
| Mr. Hemraj C. Asher | NIL | 1,200,000 |
| Mr. Darius C. Shroff | NIL | 1,200,000 |
| Ms. Jayantika Dave | NIL | 1,200,000 |
| Mr. Venkatesh Valluri | NIL | 800,000 |

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 | September 23, 2015 | Eagleton – The Golf Resort, 30th Km., Bangalore-Mysore Highway, Shyanamangala Cross, Bidadi Industrial Area, Bangalore 562 109 | 12.00 Noon | 2 |
| AGM | September 12, 2014 | Eagleton – The Golf Resort, 30th Km., Bangalore-Mysore Highway, Shyanamangala Cross, Bidadi Industrial Area, Bangalore 562 109 | 12.00 Noon | 1 |
| AGM | July 19, 2013 | Eagleton – The Golf Resort, 30th Km., Bangalore-Mysore Highway, Shyanamangala Cross, Bidadi Industrial Area, Bangalore 562 109 | 12.00 Noon | - |

During the year 2016-17, the company had passed one special resolution through postal ballot for changing its registered office. Ms. Aditi Misra, Advocate, Crawford Bayley & Co, Mumbai was scrutinizer for electronic voting (e-voting) / postal ballot process in accordance with provisions of Sections 108 and 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014. She has submitted her report on April 16, 2016.

Details of voting pattern submitted by scrutinizer is as follows:

| Category | Mode of voting | No. of shares held | No. of votes polled | % of votes polled on outstanding shares | No. of votes in favour | No. of votes against | % of votes in favour on votes pooled | % of votes in favour on votes pooled |
|--------------------------------|----------------|--------------------|---------------------|---|------------------------|----------------------|--------------------------------------|--------------------------------------|
| Promoter and promoter group | E-voting | 23,360,000 | 23,360,000 | 100.00% | 23,360,000 | 0 | 100.00% | 0.00 |
| | Postal ballot | | 0 | 0 | 0 | 0 | 0 | 0.00 |
| | Total | | 2,336,000 | 100.00% | 23,360,000 | 0 | 100.00% | 0.00 |
| Public – Institutional holders | E-voting | 2,773,104 | 2,387,035 | 86.08% | 2,387,035 | 0 | 100.00% | 0.00 |
| | Postal ballot | | 72,556 | 2.62% | 72,556 | 0 | 100.00% | 0.00 |
| | Total | | 2,459,591 | 88.70% | 2,459,591 | 0 | 100.00% | 0.00 |
| Public – Others | E-voting | 5,434,896 | 10,552 | 0.19% | 10,075 | 477 | 95.48% | 4.52% |
| | Postal ballot | | 75,408 | 1.39% | 75,308 | 100 | 99.87% | 0.13% |
| | Total | | 85,960 | 1.58% | 85,383 | 577 | 99.33% | 0.67% |
| Total | E-voting | 31,568,000 | 25,757,587 | 81.59% | 25,757,110 | 477 | 100.00% | 0 |
| | Postal ballot | | 147,964 | 0.47% | 147,864 | 100 | 99.93% | 0.07% |
| | Grand Total | | 25,905,551 | 82.06% | 25,904,974 | 577 | 100.00% | 0.00 |

8. NOTES ON DIRECTORS SEEKING RE-APPOINTMENT/APPOINTMENT

Ms. Jayantika Dave

Ms. Jayantika is a Post Graduate in Management (HR & Marketing) from Delhi University. She is a certified Executive Coach from ICF, a certified assessor for Intercultural Development Inventory (IDI), for Myers Briggs Type Indicator (MBTI), and for Personality & Profiles Inventory (PAPI). She has more than three decades of experience in various capacities in Human Resources functions with different IT and Technology firms. She was working as Vice President – Human Resources for Ingersoll Rand group in India till December 2014. Prior to joining Ingersoll Rand group in 2009, she served as Director, Human Resources, Agilent Technologies Private Limited.

Ms. Jayantika Dave is also Director on the Board of IL&FS Tamil Nadu Power Company Limited.

Ms. Jayantika Dave does not hold any shares in the Company either in her name or for other persons on a beneficial basis.

Mr. Sekhar Natarajan

Mr. Sekhar Natarajan is a Chartered Accountant and a Cost Accountant by qualification, has served more than 30 years in Monsanto India Limited in various capacities. Presently, he is a Non-Executive Chairman of Monsanto India Limited providing strategic counsel, business guidance and representing that company on industry platforms.

During his long career with Monsanto, Mr. Sekhar Natarajan held several leadership positions across functions including that of Chief Financial Officer, Business Development Head, Sales and Marketing Head, Managing Director for South Asia Business, Global Corporate Strategy Lead at Monsanto's headquarters in St. Louis, USA and finally, prior to retirement, as the CEO and the India Region Lead.

Since his retirement in 2010, Mr. Sekhar Natarajan has been the Managing Partner of S N Consultants – a firm providing strategic advise to Indian and Multinational companies. He is also active in advising on M&A matters.

Mr. Sekhar Natarajan is also a Director on the Board of Monsanto India Limited, Accelya Kale Solutions Limited and Maharashtra Hybrid Seeds Company Private Limited.

Mr. Sekhar Natarajan does not hold any shares in the Company either in his own name or through any other persons on a beneficial basis.

9. DISCLOSURES

All the transactions with related parties were in the ordinary course of business and on arms' length basis. In terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has obtained prior approval of the audit committee for entering into any transaction with related parties. The audit committee granted omnibus approval for certain transactions to be entered into with the related parties, during the year. All material related party transactions have been approved by the shareholders through ordinary resolution and the related parties abstained from voting on such resolutions. There are no related party transactions entered into by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. which had potential conflict with the interest of the Company at large. The register of contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with the related parties are disclosed in Note 33 to the financial statements in the Annual Report.

A firm of qualified Practicing Company Secretaries carried out a Share Capital audit to reconcile the total admitted equity share capital with the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The said report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. This report is sent to all the Stock Exchanges on a quarterly basis within 30 days from the end of every quarter.

In terms of the provisions of Section 177(9) of the Companies Act, 2013 the Company has implemented a vigil mechanism which includes implementation of the whistleblower policy. No employee has been denied access to the chairman of audit committee. The Company in conjunction with the Legal and Ethics Team of its ultimate holding company has informed its employees that any non-compliant behavior of directors or employees, including non-compliance of its code of conduct, may be reported by them using the ethics hotline or ethics email id.

The Company has carried out the board and directors performance evaluation during the year. The performance of the independent directors was evaluated by the Board as a whole and the director being evaluation did not participate in the meeting at the time of their evaluation. The independent directors evaluated the performance of the non-independent directors and Chairman of the Board.

During the year under review, the Company has taken steps to familiarize its directors including independent directors about the Company operations, business model, strategic business plans, new products, industry in which the Company operates and their roles and responsibilities.

10. COMPLIANCES

The Company has complied with all the requirements of regulations and guidelines of the Securities and Exchange Board of India (SEBI). Consequently, no penalties were imposed or strictures passed against your Company by SEBI, Stock Exchanges or statutory authorities. The Company has complied with and adopted the mandatory requirements of the Corporate Governance Code.

Status of compliance of Non-Mandatory requirements:

The Company has not set up a separate office for the Chairman or Independent Directors. However, they do have access to the Company information whenever required.

The Company has published its quarterly, half yearly and annual accounts in two newspapers including one vernacular newspaper having wide circulation. The results are promptly put up on the website of the Company besides being sent to the stock exchanges. The Company has not circulated separately half yearly financial reports to its shareholders.

There are no audit qualifications in the auditor's report.

The Company does not have a Managing Director. The Chairman is a Non-Executive Director.

Internal auditor has direct access to the audit committee. The audit plan and performance of the internal audit team is reviewed by the audit committee.

11. CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Directors and Senior Management and all its employees. The Code of Conduct is also posted on the Company's website www.ingersollrand.co.in All Directors and Senior Management personnel of the Company have affirmed compliance with the Code. A declaration signed by the Chairman to this effect is appended at the end of this Report.

12. CEO/CFO CERTIFICATION

A certificate from the Manager under the provisions of Companies Act, 2013 and Vice President – Finance on the integrity of the financial statements and other matters of the Company for the financial year ended March 31, 2016 was placed before the Board at its meeting held on May 26, 2016.

13. RISK MANAGEMENT

The Board has established a risk assessment and minimization procedure which is reviewed by the Board periodically. There is a structure in place to identify and mitigate various identifiable risks faced by the Company from time to time. These risks are reviewed by the Risk Management Committee of the Board and new risks are identified. After identification, controls are put in place with specific responsibility of the concerned officer of the Company.

14. MEANS OF COMMUNICATION

The last year's audited accounts were announced by the Company within 60 days of closure of the financial year. The quarterly results during the year were announced within 45 days of close of the fiscal quarter. The results were published in leading newspapers. The financial results, press releases and other major events/developments concerning the Company were also posted on the Company's website www.ingersollrand.co.in

- Half yearly report sent to each household of shareholders No
- Quarterly Results – Which newspapers normally published in
Any Website, where displayed The Financial Express
Kannada Prabha
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

15. GENERAL SHAREHOLDER INFORMATION

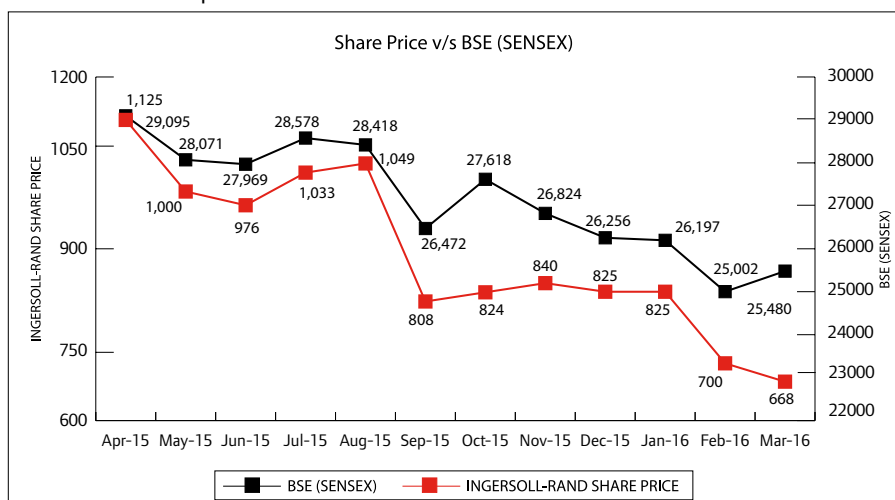
- AGM - Date July 27, 2016
- Time 12.00 Noon
- Venue Vivanta by Taj,
41/3, Mahatma Gandhi Road,
Bangalore - 560 001
- Financial Calendar April 2016 to March 2017
- (a) First Quarter Results Last week of July 2016
- (b) Second Quarter Results Second week of November 2016
- (c) Third Quarter Results First week of February 2017
- (d) Results for the year ending March 2017 Second week of May 2017

- 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 2015-2016 from July 19, 2016 to July 22, 2016 (Both days inclusive)
- Dividend Payment Date August 1, 2016
- Listing on Stock Exchange BSE Limited
Ahmedabad Stock Exchange Limited
National Stock Exchange of India Limited
Listing fees for the period 2016-2017 has been paid to the stock exchanges.
- Stock Code
BSE 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 2015 to March 2016

(in Rupees)

| | BSE Limited (BSE) | | National Stock Exchange of India Limited (NSE) | |
|----------------|-------------------|--------|--|--------|
| | High | Low | High | Low |
| April 2015 | 1,125.00 | 931.00 | 1,124.40 | 928.00 |
| May 2015 | 1,000.10 | 882.00 | 999.00 | 885.00 |
| June 2015 | 976.35 | 840.00 | 977.90 | 839.95 |
| July 2015 | 1,033.10 | 904.50 | 1,035.00 | 928.80 |
| August 2015 | 1,049.00 | 743.00 | 1,047.80 | 727.30 |
| September 2015 | 807.50 | 729.00 | 804.70 | 721.00 |
| October 2015 | 823.90 | 757.95 | 823.00 | 758.00 |
| November 2015 | 840.20 | 720.00 | 839.95 | 705.00 |
| December 2015 | 825.00 | 757.00 | 830.85 | 757.50 |
| January 2016 | 825.00 | 665.05 | 830.00 | 666.00 |
| February 2016 | 700.00 | 583.00 | 698.00 | 582.25 |
| March 2016 | 668.45 | 607.00 | 672.00 | 602.45 |

- 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 10,770.

- Distribution and Shareholding Pattern as on March 31, 2016

| No. of equity shares held | No. of folios | % | No. of shares | % |
|--|---------------|---------------|-------------------|---------------|
| Upto 500 | 21,569 | 90.83 | 2,001,587 | 6.34 |
| 501 – 1,000 | 1,458 | 6.14 | 1,123,791 | 3.56 |
| 1,001 – 2,000 | 405 | 1.71 | 600,336 | 1.90 |
| 2,001 – 3,000 | 122 | 0.51 | 311,549 | 0.99 |
| 3,001 – 4,000 | 54 | 0.23 | 172,092 | 0.55 |
| 4,001 – 5,000 | 31 | 0.13 | 148,473 | 0.47 |
| 5,001 – 10,000 | 55 | 0.23 | 418,324 | 1.33 |
| 10,001 and above | 52 | 0.22 | 26,791,848 | 84.86 |
| Total | 23,746 | 100.00 | 31,568,000 | 100.00 |
| No. of shareholders in physical mode | 1,680 | 1.16 | 367,130 | 1.25 |
| No. of shareholders in electronic mode | 22,066 | 98.84 | 31,200,870 | 98.75 |

- Shareholding pattern as on March 31, 2016 is as follows

| Category | No. of shares | % |
|-----------------------------------|-------------------|---------------|
| Ingersoll-Rand Company, USA | 23,360,000 | 74.00 |
| Foreign Institutional Investors | 53,010 | 0.17 |
| Foreign Portfolio Investor - Corp | 176,883 | 0.56 |
| Non Resident Indians | 139,537 | 0.44 |
| Unit Trust of India | 200 | 0.00 |
| Insurance Companies | 1,350,161 | 4.28 |
| Nationalized & Other Banks | 17,864 | 0.06 |
| Foreign Banks* | 150 | 0.00 |
| Mutual Funds | 1,183,113 | 3.75 |
| Domestic Companies | 600,986 | 1.90 |
| Trusts | 2,190 | 0.01 |
| Directors & their relatives | 105,000 | 0.33 |
| General Public | 4,578,906 | 14.50 |
| Total | 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, 2016 |
|---------------------------------|---|
| Mr. Roman Steinhoff (Chairman) | NIL |
| Mr. Hemraj C. Asher | 8,000 |
| Mr. Darius C. Shroff | 10,000 |
| Ms. Jayantika Dave | NIL |

- 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, 2016, 98.84% of the paid-up capital has been dematerialised.
- Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion dates and likely impact on equity

Not issued
- Plant Location

21-30, 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
8th Floor, Tower D,
IBC Knowledge Park,
No. 4/1, Bannerghatta Main Road,
Bangalore – 560029
E-mail: p_r_shubhakar@irco.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

Mumbai
May 26, 2016

For and on behalf of the Board of Directors
Roman Steinhoff
Chairman

Declaration - Compliance with Code of Conduct

In accordance with Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Roman Steinhoff, Chairman of the Board of Directors of the Company, hereby declare that the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2016.

Mumbai
May 26, 2016

For Ingersoll-Rand (India) Limited
Roman Steinhoff
Chairman
(DIN: 07079541)

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identity No: L05190KA1921PLC036321

Nominal Capital: Rs. 31,56,80,000

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 period from April 01, 2015 to November 30, 2015 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period December 01, 2015 to March 31, 2016. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes 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.

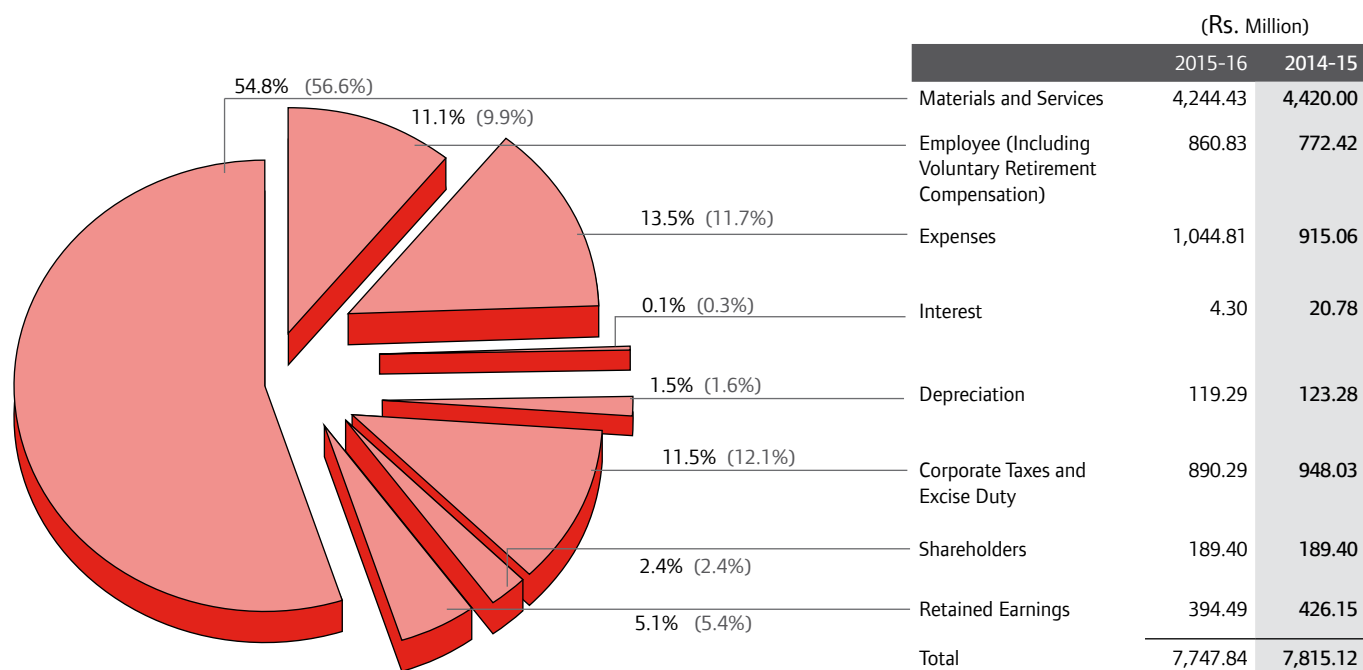
This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of my information and according to the explanations and information furnished to us, I certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Listing Agreement / Regulations. As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the company has complied with items C, D and E.

Place: Bangalore
Date: May 26, 2016

Natesh K
Practicing Company Secretary
FCS No. 7277; CP No.6835

Distribution of Income

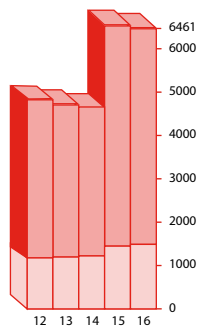
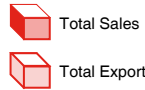


Ten years at a glance

| | (Rs.'000) | | |
|--|------------------------|------------------------|----------------------|
| | 2015-16 | 2014-15 | 2013-14 |
| 1. Sales | 6,461,330 | 6,526,450 | 5,877,851 |
| 2. Other Income | 1,303,380 | 1,288,670 | 1,074,460 |
| 3. Total Income | 7,764,710 | 7,815,120 | 6,952,311 |
| 4. CAGR For Total Income (%) | 1.34 | - | - |
| 5. Manufacturing and Other Expenses | 6,172,300 | 6,109,920 | 5,334,240 |
| 6. Depreciation | 119,290 | 115,590 | 81,060 |
| 7. Interest | 4,300 | 20,780 | 11,870 |
| 8. Voluntary Retirement Compensation | - | - | - |
| 9. Profit Before Depreciation & Income Tax | 954,540 | 1,125,050 | 1,065,411 |
| 10. Profit Before Tax | 835,250 | 1,009,460 | 984,351 |
| 11. Tax | 212,800 | 348,000 | 314,780 |
| 12. Profit After Tax | 622,450 | 661,460 | 669,571 |
| 13. CAGR For Profit After Tax (%) | 2.96 | - | - |
| 14. Dividend | 189,408 | 189,408 | 189,408 |
| 15. Dividend - Rs. per share | 6.00 | 6.00 | 6.00 |
| 16. Fixed Assets (Net) | 1,125,480 | 1,549,490 | 1,163,241 |
| 17. Current Assets, Loans and Advances | 10,483,260 | 9,762,030 | 9,770,561 |
| 18. Total Assets | 11,608,740 | 11,311,520 | 10,933,802 |
| 19. Share Capital | 315,680 | 315,680 | 315,680 |
| 20. Market Price Per Share : 52 Weeks High & Low (H - High ; L - Low) | H 1,125.00 L 583.00 | H 1,107.80 L 420.00 | H 473.95 L 301.00 |
| 21. Reserves and Surplus | 9,651,000 | 9,256,510 | 8,830,361 |
| 22. Net Worth | 9,966,680 | 9,572,190 | 9,146,041 |
| 23. Loans (Secured and Unsecured) | - | - | - |

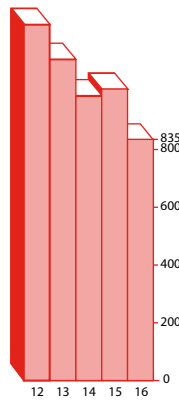
GROSS SALES

(in Millions of Rs.)



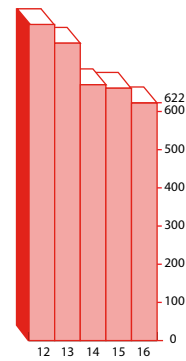
PROFIT BEFORE TAX

(in Millions of Rs.)



PROFIT AFTER TAX

(in Millions of Rs.)



| 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 | |
|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----|
| 5,898,371 | 5,997,141 | 4,970,526 | 3,760,037 | 4,056,434 | 5,306,573 | 6,473,220 | 1. |
| 1,037,480 | 1,005,880 | 778,991 | 571,449 | 765,117 | 559,746 | 326,728 | 2. |
| 6,935,851 | 7,003,021 | 5,749,517 | 4,331,486 | 4,821,551 | 5,866,319 | 6,799,948 | 3. |
| - | - | - | - | - | - | - | 4. |
| 5,318,250 | 5,322,800 | 4,352,041 | 3,307,541 | 3,414,289 | 4,424,359 | 5,450,679 | 5. |
| 51,760 | 50,360 | 47,530 | 41,486 | 41,632 | 42,453 | 62,689 | 6. |
| 10,900 | 4,710 | 5,340 | 18,539 | 1,731 | 8,772 | 9,123 | 7. |
| - | - | - | 10,316 | 4,847 | - | 500 | 8. |
| 1,163,250 | 1,282,800 | 1,059,051 | 773,040 | 1,068,960 | 3,799,353 | 811,956 | 9. |
| 1,111,490 | 1,232,440 | 1,011,521 | 731,554 | 1,027,328 | 3,756,900 | 749,267 | 10. |
| 332,060 | 404,810 | 325,300 | 257,522 | 355,274 | 951,570 | 284,434 | 11. |
| 779,430 | 827,630 | 686,221 | 474,032 | 672,054 | 2,805,330 | 464,833 | 12. |
| - | - | - | - | - | - | - | 13. |
| 189,408 | 757,632 | 189,408 | 189,408 | 189,408 | 189,408 | 189,408 | 14. |
| 6.00 | 24.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 15. |
| 1,020,281 | 453,761 | 253,621 | 239,154 | 223,472 | 226,724 | 413,838 | 16. |
| 9,175,640 | 8,999,040 | 9,357,978 | 8,731,850 | 8,378,020 | 8,005,710 | 5,935,442 | 17. |
| 10,195,921 | 9,452,801 | 9,611,599 | 9,020,530 | 8,648,984 | 8,289,491 | 6,371,870 | 18. |
| 315,680 | 315,680 | 315,680 | 315,680 | 315,680 | 315,680 | 315,680 | 19. |
| H 543.70 | H 558.50 | H 518.40 | H 376.90 | H 421.45 | H 422.10 | H 417.45 | 20. |
| L 383.05 | L 355.20 | L 337.00 | L 264.55 | L 204.75 | L 251.25 | L 225.10 | |
| 8,382,394 | 7,823,829 | 7,876,749 | 7,411,020 | 7,158,220 | 6,707,773 | 4,124,041 | 21. |
| 8,698,074 | 8,139,509 | 8,192,429 | 7,726,700 | 7,473,900 | 7,023,453 | 4,439,721 | 22. |
| - | - | - | - | - | - | - | 23. |

Independent Auditors' Report

To the Members of Ingersoll-Rand (India) Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Ingersoll-Rand (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the Accounting Standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (ICAI). Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'The Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and 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 it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2016, on its financial position in its financial statements – Refer Notes 5 and 16;
 - ii. The Company has long-term contracts as at March 31, 2016, for which there were no material foreseeable losses. The Company did not have any derivative contract as at March 31, 2016; and
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For **Price Waterhouse & Co Bangalore LLP**
Firm Registration Number: 007567S/S-200012
Chartered Accountants

Mumbai
May 26, 2016

Shivakumar Hegde
Partner
Membership Number: 204627

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Ingersoll-Rand (India) Limited on the financial statements for the year ended March 31, 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Ingersoll-Rand (India) Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with

generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For Price Waterhouse & Co Bangalore LLP

Firm Registration Number: 007567S/S-200012

Chartered Accountants

Mumbai
May 26, 2016

Shivakumar Hegde
Partner
Membership Number: 204627

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Ingersoll Rand (India) Limited on the financial statements as of and for the year ended March 31, 2016.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The Company does not own any immovable properties as disclosed in Note 8.1 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The physical verification of inventory, excluding stocks with third parties, have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of the loans given. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 of the Act.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.
We have broadly reviewed the same, 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.
- vii. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of profession tax, sales tax, withholding income tax, service tax and value added tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance and other material statutory dues, as applicable, with the appropriate authorities.
- b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs and value added tax, which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of excise as at March 31, 2016, which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs.) | Period to which the amount relates | Forum where the dispute is pending |
|--------------------------|----------------|-----------------|------------------------------------|---|
| The Income Tax Act, 1961 | Income Tax | - (*1) | 2002-03 | The Income Tax Appellate Tribunal (ITAT), Bangalore |
| | | - (*2) | 2003-04 | |
| | | - (*3) | 2004-05 | |
| | | - (*4) | 2006-07 | |
| | | - (*5) | 2008-09 | |
| | | - (*6) | 2008-09 | The Commissioner of Income Tax (Appeals), Bangalore |
| | | 12,717,314 (*7) | 2010-11 | ITAT, Bangalore |

| Name of the statute | Nature of dues | Amount (Rs.) | Period to which the amount relates | Forum where the dispute is pending |
|---------------------------------|----------------|----------------|------------------------------------|--|
| The Central Excise Act, 1994 | Excise Duty | 6,705,998 | 2007-08 | The Commissioner of Central Excise (Appeals), Bangalore |
| | | 238,801,533 | 2008-13 | The Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Ahmedabad |
| | | 52,339,860 | 2009-13 | |
| The Central Sales Tax Act, 1956 | Sales Tax | 4,691,907 (*8) | 2010-11 | The Gujarat Value Added Tax Tribunal, Ahmedabad |
| | | 44,116,629 | 2011-12 | The Joint Commercial Tax Commissioner, Ahmedabad |
| The Finance Act, 1994 | Service Tax | 39,251,809 | 2008-16 | CESTAT, Ahmedabad |

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

(*2) Rs.26,346,404 has been deposited "under protest" by the Company.

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

(*4) Rs.18,338,642 has been deposited "under protest" by the Company.

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

(*6) Rs.3,538,403 has been deposited "under protest" by the Company.

(*7) Rs.16,189,585 has been deposited "under protest" by the Company.

(*8) Rs.11,850,000 has been deposited "under protest" by the Company.

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any monies by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 0075675/S-200012
Chartered Accountants

Mumbai
May 26, 2016

Shivakumar Hegde
Partner
Membership Number: 204627

Balance Sheet

(All amounts in Rupees Million, unless otherwise stated)

| Particulars | Note | As at | |
|--|------|-------------------------|-------------------------|
| | | March 31, 2016 | March 31, 2015 |
| Equity and Liabilities | | | |
| Shareholders' Funds | | | |
| Share Capital | 3 | 315.68 | 315.68 |
| Reserves and Surplus | 4 | 9,651.00 | 9,256.51 |
| | | <u>9,966.68</u> | <u>9,572.19</u> |
| Non-current Liabilities | | | |
| Long-term Provisions | 5 | 23.44 | 25.23 |
| | | <u>23.44</u> | <u>25.23</u> |
| Current Liabilities | | | |
| Trade Payables | 6 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 25.35 | 17.94 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,058.65 | 1,252.29 |
| Other Current Liabilities | 7 | 361.08 | 266.49 |
| Short-term Provisions | 5 | 173.54 | 177.38 |
| | | <u>1,618.62</u> | <u>1,714.10</u> |
| Total | | <u><u>11,608.74</u></u> | <u><u>11,311.52</u></u> |
| Assets | | | |
| Non-current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 8.1 | 775.49 | 1,093.08 |
| Intangible Assets | 8.2 | - | - |
| Capital Work-in-Progress | | 349.99 | 456.41 |
| Deferred Tax Assets (Net) | 9 | 92.78 | 33.32 |
| Long-term Loans and Advances | 10 | 1,775.97 | 1,790.32 |
| | | <u>2,994.23</u> | <u>3,373.13</u> |
| Current Assets | | | |
| Inventories | 11 | 952.00 | 1,124.37 |
| Trade Receivables | 12 | 1,363.34 | 1,784.00 |
| Cash and Bank Balances | 13 | 4,764.08 | 4,175.97 |
| Short-term Loans and Advances | 14 | 515.46 | 550.47 |
| Other Current Assets | 15 | 1,019.63 | 303.58 |
| | | <u>8,614.51</u> | <u>7,938.39</u> |
| Total | | <u><u>11,608.74</u></u> | <u><u>11,311.52</u></u> |

The accompanying notes are an integral part of these financial statements.

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

For and on behalf of Board of Directors

For [Price Waterhouse & Co Bangalore LLP](#)
Firm Registration No.: 007567S/S-200012
Chartered Accountants

ROMAN STEINHOFF
Chairman

H. C. ASHER
Director

SHIVAKUMAR HEGDE
Partner
Membership Number: 204627

G. MADHUSUDHAN RAO
Vice President - Finance

AMAR KAUL
Vice President and
General Manager

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

Place: Mumbai
Date: May 26, 2016

Place: Mumbai
Date: May 26, 2016

Statement of Profit and Loss

(All amounts in Rupees Million, unless otherwise stated)

| Particulars | Note | Year Ended | |
|---|------|----------------|----------------|
| | | March 31, 2016 | March 31, 2015 |
| Revenue from operations (gross) | 18 | 7,221.86 | 7,114.69 |
| (Less): Excise duty | | (633.57) | (559.37) |
| Revenue from operations (net) | | 6,588.29 | 6,555.32 |
| Other income | 19 | 542.85 | 604.08 |
| Total revenue | | 7,131.14 | 7,159.40 |
| Expenses: | | | |
| Cost of materials consumed | 20 | 4,305.53 | 4,285.96 |
| Changes in inventories of finished goods and work-in-progress | 21 | (55.74) | 136.48 |
| Employee benefits expense | 22 | 860.83 | 772.42 |
| Finance costs | 23 | 4.30 | 20.78 |
| Depreciation and amortisation expense | 24 | 119.29 | 115.59 |
| Other expenses | 25 | 1,044.81 | 915.06 |
| Total expenses | | 6,279.02 | 6,246.29 |
| Profit before exceptional items and tax | | 852.12 | 913.11 |
| Exceptional item - Sales tax (provision)/refund relating to earlier years | 39 | (16.87) | 96.35 |
| Profit before tax from continuing operations | | 811.98 | 968.26 |
| Profit before tax from discontinued operations | | 23.27 | 41.20 |
| Total profit before tax | | 835.25 | 1,009.46 |
| Tax expense: | | | |
| Current tax | | | |
| Continuing operations | | 270.75 | 342.90 |
| Discontinued operations | | 8.05 | 14.00 |
| Deferred tax (credit)/charge | | (59.46) | 5.07 |
| Write back relating to prior years (net) | | (6.54) | (13.97) |
| Profit for the year | | 622.45 | 661.46 |
| Earnings per equity share | 26 | | |
| [Nominal value per share Rs.10 (March 31, 2015: Rs.10)] | | | |
| Basic and Diluted | | 19.72 | 20.95 |

The accompanying notes are an integral part of these financial statements.

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

For **Price Waterhouse & Co Bangalore LLP**
Firm Registration No.: 0075675/S-200012
Chartered Accountants

SHIVAKUMAR HEGDE
Partner
Membership Number: 204627

Place: Mumbai
Date: May 26, 2016

For and on behalf of Board of Directors

ROMAN STEINHOFF
Chairman

H. C. ASHER
Director

G. MADHUSUDHAN RAO
Vice President - Finance

AMAR KAUL
Vice President and
General Manager

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

Place: Mumbai
Date: May 26, 2016

Cash Flow Statement

(All amounts in Rupees Million, unless otherwise stated)

| | Year Ended | |
|---|-----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| A. Cash Flow from Operating Activities | | |
| Profit before taxation and exceptional item, including discontinued operations | 835.25 | 1,009.46 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 119.29 | 115.59 |
| Interest expense | 4.30 | 20.78 |
| Interest income | (483.02) | (526.42) |
| Loss/(Profit) on disposal of fixed assets (Net) | 38.80 | (5.28) |
| Bad debts written off | 34.22 | 50.33 |
| Unrealised foreign exchange (gain)/ loss | (6.03) | (42.64) |
| Provision for Doubtful Advances (Net) | 1.39 | 2.59 |
| Provision for doubtful debts written back (Net) | (23.26) | (9.43) |
| Operating profit before working capital changes | 520.94 | 614.98 |
| Changes in Working Capital: | | |
| Increase/(Decrease) in trade payables | (186.23) | (56.58) |
| Increase/(Decrease) in short-term provisions | (3.84) | 10.81 |
| Increase/(Decrease) in other current liabilities | 37.79 | 2.58 |
| Increase/(Decrease) in long-term provisions | (1.79) | (2.86) |
| (Increase)/Decrease in trade receivables | 427.95 | (81.87) |
| (Increase)/Decrease in inventories | 172.37 | 228.16 |
| (Increase)/Decrease in long-term loans and advances | 0.59 | (13.18) |
| (Increase)/Decrease in short-term loans and advances | 35.01 | 49.99 |
| (Increase)/Decrease in other current assets | (17.38) | (128.33) |
| Adjustment for unrealised foreign exchange gain/(loss) | 6.03 | 42.64 |
| Cash Generated from Operations | 991.44 | 666.34 |
| Taxes paid (net of refunds) | (326.15) | (373.47) |
| Net cash generated from/(used in) operating activities | 665.29 | 292.87 |
| B. Cash flow from Investing Activities | | |
| Purchase of tangible assets (including capital work in progress) | (443.96) | (601.67) |
| Sale of tangible assets [includes Rs.60.45 (March 31, 2015: Nil) recovered from IRCSP] (Note 40) | 101.74 | 6.12 |
| Investments in term deposits (with original maturity more than 3 months but less than 12 months) | (3,325.00) | (6,700.00) |
| Proceeds on maturity of term deposits (with original maturity more than 3 months but less than 12 months) | 4,300.00 | 6,700.00 |
| Interest received | 492.83 | 554.72 |
| Net cash from/(used in) investing activities | 1,125.61 | (40.83) |

Cash Flow Statement (Contd.)

(All amounts in Rupees Million, unless otherwise stated)

| | Year Ended | |
|---|-----------------|-----------------|
| | March 31, 2016 | March 31, 2015 |
| C. Cash flow from Financing Activities | | |
| Dividends paid | (189.30) | (188.95) |
| Dividend distribution tax | (38.56) | (35.04) |
| Interest paid | - | (16.98) |
| Net cash from/(used in) financing activities | <u>(227.86)</u> | <u>(240.97)</u> |
| Net Increase/(decrease) in cash and cash equivalents | 1,563.04 | 11.07 |
| Cash and Cash equivalents at the beginning of the year | <u>2,270.53</u> | <u>2,259.46</u> |
| Cash and Cash equivalents at the end of the year | <u>3,833.57</u> | <u>2,270.53</u> |
| Cash and cash equivalents comprise of: | | |
| Cash on hand | 0.03 | 0.04 |
| Cheques on hand | 6.89 | 2.07 |
| Balances with banks (including demand deposits) | 3,827.95 | 2,267.45 |
| Effect of exchange differences on balances with banks in foreign currency | <u>(1.30)</u> | <u>0.97</u> |
| Total | <u>3,833.57</u> | <u>2,270.53</u> |

Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss for the year ended on that date.
2. The above Cash Flow Statement has been prepared under the indirect method in consonance with the requirements of Accounting Standard (AS) - 3 on Cash Flow Statements and the reallocations required for the purpose are as made by the Company.
3. Refer Note 40 for disclosure relating to discontinued operations.
4. Prior 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 & Co Bangalore LLP**
Firm Registration No.: 007567S/S-200012
Chartered Accountants

SHIVAKUMAR HEGDE
Partner
Membership Number: 204627

Place: Mumbai
Date: May 26, 2016

For and on behalf of Board of Directors

ROMAN STEINHOFF
Chairman

H. C. ASHER
Director

G. MADHUSUDHAN RAO
Vice President - Finance

AMAR KAUL
Vice President and
General Manager

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

Place: Mumbai
Date: May 26, 2016

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

1. General Information

Ingersoll-Rand (India) Limited (the 'Company') is a public limited company incorporated in 1921 under provisions of the Companies Act, 1913 and existing under the provisions of the Companies Act, 1956/ Companies Act, 2013. The Company has a manufacturing plant in Naroda, Gujarat and is primarily engaged in the business of manufacturing and sales of industrial air compressors of various capacities and related services. During the year, the Company also manufactured air conditioner package under contract manufacturing arrangement for its fellow subsidiary in India from a plant at Chennai, the business of which has since been discontinued (refer Note 40). The Company sells air compressors primarily in India and also exports the products to North American, South American, Asian and European countries. The equity shares of the Company are listed on the Bombay Stock Exchange Limited, the National Stock Exchange of India Limited and the Ahmedabad Stock Exchange Limited.

2. Summary of significant accounting policies

2.1 Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.2 Tangible Assets

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements under the head 'Other current assets'. Any expected loss is recognised immediately in the Statement of Profit and Loss. Losses arising from the retirement of and gains or losses arising from disposal of fixed assets which are carried at cost or revalued amount are recognised in the Statement of Profit and Loss.

Based on a technical evaluation carried out by management, depreciation is provided on straight-line method (SLM) over the estimated useful life of the assets, which is similar to the useful life of fixed assets prescribed under Schedule II to the Companies Act, 2013. In respect of additions to/ deletions from the fixed assets, depreciation is provided for on a prorata basis, except in respect of fixed assets of a cost not exceeding Rs.5,000, where depreciation has been charged fully in the year of purchase. Leasehold land is amortised over period of lease on SLM. The estimated useful life of fixed assets given on lease is two years. In respect of fixed assets which are not directly connected with the production activity, such as Research and Development assets, the useful life is estimated at one year.

2.3 Intangible Assets

(a) Computer Software:

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

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

(b) Research and development cost:

Capital expenditure on Development is capitalised as fixed assets and depreciated in accordance with depreciation policy of the Company. Revenue expenditure incurred during the research phase is expensed as incurred.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

Development expenditure incurred on an individual project is recognised as an intangible asset when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale.
- There is an intention to complete the asset.
- There is an ability to use or sell the asset.
- The asset will generate future economic benefits.
- Adequate resources are available to complete the development and to use or sell the asset.
- The expenditure attributable to the intangible asset during development can be measured reliably.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use and it is amortised on SLM over the estimated useful life.

Expenditure that cannot be distinguished between research phase and development phase is expensed as incurred.

2.4 Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/ cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

2.5 Investments

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

2.6 Inventories

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

2.7 Current and Deferred Tax

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

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

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

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

2.8 Foreign Currency Transactions

Initial Recognition:

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition:

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

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

Forward Exchange Contracts:

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

2.9 Revenue Recognition

Sale of goods:

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

Sale of services:

Service Revenue is recognised as and when services are performed and are recognised exclusive of service tax. Revenue from extended warranty services is recognised rateably over the extended warranty period. Revenue from services contract is recognised rateably over the period in which such services are rendered.

2.10 Other Income and Other Operating Revenue

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

Income from export incentives is recognised on an accrual basis.

2.11 Leases

As a lessee:

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

As a lessor:

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

2.12 Employee Benefits

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

In respect of other employees, Provident Fund contributions are made to a Trust administered by the Company. The Company's liability is determined by an independent actuary (using the Projected Unit Credit method) at the end of

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

the year, and any shortfall in the fund size maintained by the Trust is additionally provided for by the Company.

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

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

Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

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

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

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

2.13 Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.14 Provisions

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

2.15 Contingent Liabilities

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

2.16 Earnings per Share

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

2.17 Segment Reporting

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

2.18 Cash and Cash Equivalents

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

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | As at | |
|---|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 3. Share Capital | | |
| Authorised | | |
| 32,000,000 (March 31, 2015: 32,000,000) equity shares of Rs.10 each | 320.00 | 320.00 |
| Issued | | |
| 31,568,000 (March 31, 2015: 31,568,000) equity shares of Rs.10 each | 315.68 | 315.68 |
| Subscribed and fully paid up | | |
| 31,568,000 (March 31, 2015: 31,568,000) equity shares of Rs.10 each fully paid-up | 315.68 | 315.68 |
| [The above includes 31,301,500 (March 31, 2015: 31,301,500) shares allotted as fully paid-up by way of bonus shares by capitalisation of Share Premium and General Reserves. The Company had last issued bonus shares in the financial year ended March 31, 1992] | | |
| Total subscribed and fully paid up Share Capital | 315.68 | 315.68 |

(a) Reconciliation of number of equity shares

| | As at March 31, 2016 | | As at March 31, 2015 | |
|---|----------------------|---------------|----------------------|---------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Balance as at the beginning of the year | 31,568,000 | 315.68 | 31,568,000 | 315.68 |
| Movement during the year | - | - | - | - |
| Balance as at the end of the year | <u>31,568,000</u> | <u>315.68</u> | <u>31,568,000</u> | <u>315.68</u> |

(b) Rights, preferences and restrictions attached to shares

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

(c) Equity shares held by holding company

| | As at | |
|--|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 23,360,000 (March 31, 2015: 23,360,000) equity shares held by Ingersoll-Rand Company, New Jersey, USA, the holding company | 233.60 | 233.60 |

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

| | As at | |
|--|---------------------|---------------------|
| | March 31, 2016 | March 31, 2015 |
| Number of Equity Shares: | | |
| Ingersoll-Rand Company, New Jersey, USA, the holding company | 23,360,000 (74%) | 23,360,000 (74%) |

(e) Shares reserved for issue under options

There are no shares reserved for issue under any option.

(f) Aggregate number of shares allotted as fully paid up by way of bonus shares/pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding March 31, 2016):

During the period of five years immediately preceding March 31, 2016, no shares are allotted as fully paid up by way of bonus shares or pursuant to contract(s) without payment being received in cash.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | As at | |
|--|------------------------|------------------------|
| | March 31, 2016 | March 31, 2015 |
| 4. Reserves and Surplus | | |
| General Reserve: | | |
| Balance as at the beginning of the year | 3,030.19 | 3,030.19 |
| Add/(Less): Transfer | - | - |
| Balance as at the end of the year | <u>3,030.19</u> | <u>3,030.19</u> |
| Surplus in Statement of Profit and Loss | | |
| Balance as at the beginning of the year | 6,226.32 | 5,800.17 |
| Profit for the year | 622.45 | 661.46 |
| Appropriations: | | |
| Depreciation on revision in estimated useful life (refer Note 24) | - | (7.69) |
| Interim dividend on equity shares for the year | (94.70) | (94.70) |
| Dividend distribution tax on interim dividend on equity shares for the year | (19.28) | (18.94) |
| Proposed final dividend on equity shares for the year | (94.70) | (94.70) |
| Dividend distribution tax on proposed final dividend on equity shares for the year | (19.28) | (19.28) |
| Balance as at the end of the year | <u>6,620.81</u> | <u>6,226.32</u> |
| Total Reserves and Surplus | <u><u>9,651.00</u></u> | <u><u>9,256.51</u></u> |

5. Provisions

| | Long term as at | | Short term as at | |
|---|---------------------|---------------------|----------------------|----------------------|
| | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| Provision for employee benefits | | | | |
| Compensated absences | <u>12.40</u> | <u>13.66</u> | <u>14.11</u> | <u>13.10</u> |
| | <u>12.40</u> | <u>13.66</u> | <u>14.11</u> | <u>13.10</u> |
| Other Provisions | | | | |
| Litigations/disputes | 9.26 | 8.67 | - | - |
| Proposed final dividend on equity shares [Rs.3 per share on Equity Shares of Rs.10 each (March 31, 2015: Rs.3 per share)] | - | - | 94.70 | 94.70 |
| Tax on proposed final dividend | - | - | 19.28 | 19.28 |
| Warranties | <u>1.78</u> | <u>2.90</u> | <u>45.45</u> | <u>50.30</u> |
| | <u>11.04</u> | <u>11.57</u> | <u>159.43</u> | <u>164.28</u> |
| Total Provisions | <u><u>23.44</u></u> | <u><u>25.23</u></u> | <u><u>173.54</u></u> | <u><u>177.38</u></u> |

Provision for Litigations/Disputes

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

Provision for Warranties

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

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | Provision for Litigations/Disputes | | Provision for Warranties | |
|---|------------------------------------|-------------------|--------------------------|-------------------|
| | As at | | As at | |
| | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| Balance as at the beginning of the year | 8.67 | 8.67 | 53.20 | 38.97 |
| Add: Additions | 0.59 | - | 22.85 | 40.02 |
| Add: Warranty liability taken over * | - | - | - | 7.81 |
| (Less): Amounts used | - | - | (28.82) | (33.60) |
| Balance as at the end of the year | <u>9.26</u> | <u>8.67</u> | <u>47.23</u> | <u>53.20</u> |
| Classified as Non-Current | 9.26 | 8.67 | 1.78 | 2.90 |
| Classified as Current | - | - | 45.45 | 50.30 |

* from Cameron Manufacturing (India) Private Limited (Refer Note 38).

| | As at | |
|---|-----------------|-----------------|
| | March 31, 2016 | March 31, 2015 |
| 6. Trade Payables | | |
| (a) Total outstanding dues of micro enterprises and small enterprises (refer Note 36), and | 25.35 | 17.94 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| - Acceptances | 170.53 | 195.97 |
| - Others | 643.44 | 783.02 |
| - Payable to Ingersoll-Rand Company, New Jersey, USA, the holding company and fellow subsidiaries | 244.68 | 273.30 |
| | <u>1,058.65</u> | <u>1,252.29</u> |
| Total Trade Payables | <u>1,084.00</u> | <u>1,270.23</u> |

| | As at | |
|--|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 7. Other Current Liabilities | | |
| Income received in advance | 53.14 | 23.46 |
| Unpaid dividends (refer note below) | 5.94 | 5.84 |
| Advance from customers | 77.77 | 71.38 |
| Creditors for capital goods: | | |
| Payable to fellow subsidiaries | 11.27 | 13.04 |
| Payable to others | 108.47 | 50.00 |
| Employee benefits payable | 41.05 | 29.87 |
| Statutory dues including provident fund and tax deducted at source | 32.65 | 44.13 |
| Others | 30.79 | 28.77 |
| Total Other Current Liabilities | <u>361.08</u> | <u>266.49</u> |

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

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

8.1 Tangible Assets

| Particulars | Gross Block | | | | | Depreciation | | | | | Net Block |
|--|-----------------|---------------|---------------|--|-----------------|---------------|---------------|---------------|--|----------------|----------------|
| | April 1, 2015 | Additions | Disposal | Reclassified to Assets held for sale (refer Note 40) | March 31, 2016 | April 1, 2015 | For the year | Disposal | Reclassified to Assets held for sale (refer Note 40) | March 31, 2016 | March 31, 2016 |
| Land - Leasehold | 213.45 | - | - | 203.39 | 10.06 | 11.26 | 1.03 | - | 8.36 | 3.93 | 6.13 |
| Buildings (Note 1) | 493.53 | 302.59 | 22.56 | 441.57 | 331.99 | 64.93 | 22.84 | 20.67 | 36.32 | 30.78 | 301.21 |
| Leasehold Improvements | 61.85 | - | - | - | 61.85 | 28.37 | 13.70 | - | - | 42.07 | 19.78 |
| Plant and Machinery | 476.04 | 207.03 | 77.05 | 203.20 | 402.82 | 187.25 | 39.14 | 60.14 | 22.44 | 143.81 | 259.01 |
| Computer Systems | 101.59 | 37.57 | - | 6.91 | 132.25 | 86.68 | 12.78 | - | 5.45 | 94.01 | 38.24 |
| Electrical Installations | 73.21 | 116.97 | 15.94 | 44.65 | 129.59 | 34.93 | 16.32 | 14.81 | 9.73 | 26.71 | 102.88 |
| Furniture, Fixtures and Equipment | 70.62 | 5.59 | 26.22 | 6.91 | 43.08 | 45.56 | 3.98 | 22.40 | 1.63 | 25.51 | 17.57 |
| Vehicles | 4.69 | - | 1.04 | - | 3.65 | 2.34 | 0.71 | 1.04 | - | 2.01 | 1.64 |
| Small Tools | 82.52 | 4.75 | 55.44 | - | 31.83 | 51.91 | 1.20 | 39.68 | - | 13.43 | 18.40 |
| Office Equipment | 48.99 | 0.23 | 3.09 | 18.20 | 27.93 | 20.96 | 7.59 | 3.09 | 7.38 | 18.08 | 9.85 |
| Total A | 1,626.49 | 674.73 | 201.34 | 924.83 | 1,175.05 | 534.19 | 119.29 | 161.83 | 91.31 | 400.34 | 774.71 |
| Assets given on Operating Lease: Plant and Machinery | 16.27 | - | - | - | 16.27 | 15.49 | - | - | - | 15.49 | 0.78 |
| Total B | 16.27 | - | - | - | 16.27 | 15.49 | - | - | - | 15.49 | 0.78 |
| Total A+B | 1,642.76 | 674.73 | 201.34 | 924.83 | 1,191.32 | 549.68 | 119.29 | 161.83 | 91.31 | 415.83 | 775.49 |

Notes:

- Buildings include Rs.0.67 towards a flat owned in a co-operative society in which 5 shares of Rs.50 each fully paid up, are held by the Company.
- The above assets include assets relating to Research and Development (R&D) facility. Refer Note 35(b) for disclosures relating to R&D related assets.

| Particulars | Gross Block | | | | | Depreciation | | | | | Net Block |
|--|-----------------|---------------|----------------------|---------------|-----------------|---------------|---------------|----------------------|--------------|----------------|-----------------|
| | April 1, 2014 | Addition | Adjustments (Note 3) | Disposal | March 31, 2015 | April 1, 2014 | For the year | Adjustments (Note 3) | Disposal | March 31, 2015 | March 31, 2015 |
| Land-Leasehold | 213.45 | - | - | - | 213.45 | 9.21 | 2.05 | - | - | 11.26 | 202.19 |
| Buildings (Note 1) | 507.06 | 4.71 | - | 18.24 | 493.53 | 52.05 | 31.12 | - | 18.24 | 64.93 | 428.60 |
| Leasehold Improvements | 51.85 | 10.00 | - | - | 61.85 | 17.29 | 11.08 | - | - | 28.37 | 33.48 |
| Plant and Machinery | 465.37 | 78.64 | 1.12 | 69.09 | 476.04 | 240.62 | 14.13 | 1.12 | 68.62 | 187.25 | 288.79 |
| Computer Systems | 79.49 | 22.10 | - | - | 101.59 | 60.36 | 26.32 | - | - | 86.68 | 14.91 |
| Electrical Installations | 53.14 | 0.09 | 25.07 | 5.09 | 73.21 | 11.09 | 10.50 | 18.41 | 5.07 | 34.93 | 38.28 |
| Furniture, Fixtures and Equipment | 63.19 | 10.73 | 3.56 | 6.86 | 70.62 | 37.61 | 9.94 | 4.71 | 6.70 | 45.56 | 25.06 |
| Vehicles | 4.69 | - | - | - | 4.69 | 1.62 | 0.72 | - | - | 2.34 | 2.35 |
| Small Tools | 83.05 | 0.97 | (1.50) | - | 82.52 | 56.87 | 3.64 | (8.60) | - | 51.91 | 30.61 |
| Office Equipment | 73.63 | 4.55 | (28.25) | 0.94 | 48.99 | 23.56 | 13.79 | (15.64) | 0.75 | 20.96 | 28.03 |
| Total A | 1,594.92 | 131.79 | - | 100.22 | 1,626.49 | 510.28 | 123.29 | - | 99.38 | 534.19 | 1,092.30 |
| Assets given on Operating Lease: Plant and Machinery | 16.27 | - | - | - | 16.27 | 15.49 | - | - | - | 15.49 | 0.78 |
| Total B | 16.27 | - | - | - | 16.27 | 15.49 | - | - | - | 15.49 | 0.78 |
| Total A+B | 1,611.19 | 131.79 | - | 100.22 | 1,642.76 | 525.77 | 123.29 | - | 99.38 | 549.68 | 1,093.08 |

Notes:

- Buildings include Rs.0.67 million towards a flat owned in a co-operative society in which 5 shares of Rs.50 each fully paid up, are held by the Company.
- The above assets include assets relating to R&D facility. Refer Note 35(b) for disclosures relating to R&D related assets.
- Pursuant to a technical evaluation carried out by management, certain assets have been reclassified during the year. However, there is no impact on the depreciation for the year on account of such reclassification.

8.2 Intangible Assets

| Particulars | Gross Block | | | | Depreciation | | | | Net Block |
|-----------------------|---------------|----------|----------|----------------|---------------|--------------|----------|----------------|----------------|
| | April 1, 2015 | Addition | Disposal | March 31, 2016 | April 1, 2015 | For the year | Disposal | March 31, 2016 | March 31, 2016 |
| Computer Software | 20.01 | - | - | 20.01 | 20.01 | - | - | 20.01 | - |
| March 31, 2016 | 20.01 | - | - | 20.01 | 20.01 | - | - | 20.01 | - |

| Particulars | Gross Block | | | | Depreciation | | | | Net Block |
|-----------------------|---------------|----------|----------|----------------|---------------|--------------|----------|----------------|----------------|
| | April 1, 2014 | Addition | Disposal | March 31, 2015 | April 1, 2014 | For the year | Disposal | March 31, 2015 | March 31, 2015 |
| Computer Software | 20.01 | - | - | 20.01 | 20.01 | - | - | 20.01 | - |
| March 31, 2015 | 20.01 | - | - | 20.01 | 20.01 | - | - | 20.01 | - |

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | As at | |
|--|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 9. Deferred Tax Assets (Net) | | |
| (A) Deferred tax assets arising from: Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961: | | |
| (a) Provision for doubtful debts, advances and other receivables | 25.75 | 26.99 |
| (b) Provision for warranty | 16.35 | 18.08 |
| (c) Difference between carrying amount of fixed assets in the financial statements and the income tax return | 18.98 | - |
| (d) Others | 31.70 | 20.81 |
| Total deferred tax assets | 92.78 | 65.88 |
| (B) Deferred tax (liabilities) arising from: | | |
| (a) Difference between carrying amount of fixed assets in the financial statements and the Income Tax Return | - | (32.56) |
| Total deferred tax (liabilities) | - | (32.56) |
| Total Deferred Tax Asset (Net) | 92.78 | 33.32 |

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

| | Year ended | |
|------------------------------|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| Deferred Tax (credit)/charge | (59.46) | 5.07 |
| Total | (59.46) | 5.07 |

| | As at | |
|---|-----------------|-----------------|
| | March 31, 2016 | March 31, 2015 |
| 10. Long-term Loans and Advances | | |
| Unsecured, considered good: | | |
| Loans and advances to Fellow Subsidiaries* | 1,470.00 | 1,470.00 |
| Taxes paid under protest | 76.41 | 117.78 |
| Advance Income tax [(Net of provision: Rs.3,868.64 (March 31, 2015: Rs.3,596.38)] | 138.97 | 43.71 |
| Capital Advances | 27.38 | 95.03 |
| Security Deposits | 61.92 | 62.51 |
| Advances recoverable | 1.29 | 1.29 |
| Total Long-term Loans and Advances | 1,775.97 | 1,790.32 |

* The loans advanced to fellow subsidiaries, on interest, are repayable on June 28, 2019 as per the loan agreements. These loans are backed by corporate guarantees issued to the Company by the ultimate holding company that are valid up to June 28, 2019.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | As at | |
|---|----------------|-----------------|
| | March 31, 2016 | March 31, 2015 |
| 11. Inventories | | |
| Raw Materials [(includes in transit: Rs.126.74 (March 31, 2015: Rs.145.53)] | 629.14 | 862.61 |
| Work-in-progress | 14.69 | 26.09 |
| Finished Goods [(includes in transit: Rs.70.51 (March 31, 2015: Rs.45.69)] | 308.17 | 235.67 |
| Total Inventories | 952.00 | 1,124.37 |
| (a) Details of Inventories | | |
| (i) Work-in progress: | | |
| Air Compressors | 14.69 | 26.06 |
| Air Conditioner Packages | - | 0.03 |
| Total | 14.69 | 26.09 |
| (ii) Finished goods: | | |
| Air Compressors | 308.17 | 230.67 |
| Air Conditioner Bus Package | - | 5.00 |
| Total | 308.17 | 235.67 |

| | As at | |
|--|-----------------|-----------------|
| | March 31, 2016 | March 31, 2015 |
| 12. Trade Receivables | | |
| Unsecured, considered good | | |
| Outstanding for a period exceeding six months from the date they are due for payment | 37.79 | 123.50 |
| Others | 1,325.55 | 1,660.50 |
| Unsecured, considered doubtful | | |
| Outstanding for a period exceeding six months from the date they are due for payment | 38.88 | 62.14 |
| Others | - | - |
| (Less): Provision for doubtful debts | (38.88) | (62.14) |
| Total Trade Receivables | 1,363.34 | 1,784.00 |

| | As at | |
|---|-----------------|-----------------|
| | March 31, 2016 | March 31, 2015 |
| 13. Cash and Bank Balances | | |
| Cash and Cash Equivalents | | |
| Cash on hand | 0.03 | 0.04 |
| Cheques on hand | 6.89 | 2.07 |
| Balances with banks | | |
| In current accounts | 96.20 | 64.86 |
| Exchange Earners' Foreign Currency accounts | 38.15 | 66.16 |
| Demand deposits (less than 3 months original maturity) | 3,692.30 | 2,137.40 |
| | 3,833.57 | 2,270.53 |
| Other bank balances | | |
| Term deposits with original maturity more than 3 months but less than 12 months | 925.00 | 1,900.00 |
| Unpaid dividend accounts | 5.51 | 5.44 |
| | 930.51 | 1,905.44 |
| Total Cash and Bank Balances | 4,764.08 | 4,175.97 |

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | As at | |
|--|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 14. Short-term Loans and Advances | | |
| Unsecured, considered good | | |
| Balance with government authorities | 458.72 | 450.89 |
| Other deposits | 5.13 | 3.85 |
| Prepaid expenses | 19.63 | 16.66 |
| Advances recoverable | 31.98 | 79.07 |
| Total Short-term Loans and Advances | 515.46 | 550.47 |

| | As at | |
|---|-----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 15. Other Current Assets | | |
| Unsecured, considered good (unless otherwise stated) | | |
| Unbilled revenues | 20.24 | 102.25 |
| Interest accrued on over-due trade receivables | - | 9.42 |
| Interest accrued on deposits with banks | 32.28 | 32.66 |
| Assets held for sale (at lower of cost and net realisable value) [refer Note 40] | 709.87 | - |
| Export incentive receivables | | |
| Considered good | 51.24 | 62.90 |
| Considered doubtful | 18.67 | 17.28 |
| (Less): Provision for doubtful receivables | (18.67) | (17.28) |
| Other receivables | | |
| Considered good | 206.00 | 96.35 |
| Considered doubtful | 16.87 | - |
| (Less): Provision for doubtful receivables | (16.87) | - |
| Total Other Current Assets | 1,019.63 | 303.58 |

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | As at | |
|--|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 16. Contingent Liabilities | | |
| (a) Claims against the Company not acknowledged as debts (Claims filed against the Company by customers/vendors/employees claiming damages for non-performance of contractual obligation/defective supply of products/termination of employment, which is disputed by the Company and the matters are lying under appeal with various forums) | 34.39 | 40.65 |
| (b) Value added tax/Sales tax matters in dispute [Relates to demand on account of non-submission of statutory forms to the department authorities substantiating the levy of concessional tax rate to customers. In connection with a dispute, the Company has furnished a Bank guarantee of Rs.7.40 (March 31, 2015: Rs.7.67)] | 44.79 | 15.10 |
| (c) Central Excise matters in dispute (Relates to adjustment on account of levy of additional duty and related demands made by the Excise department/Service tax department, which is disputed by the Company and are lying under appeal with various forums) | 313.14 | 202.33 |
| (d) Service tax matters in dispute (Relates to demand on account of input credits denied by the Service tax department, which is disputed by the Company and is lying under appeal with Custom Excise and Service Tax Appellate Tribunal) | 39.25 | - |
| (e) Income Tax matters [Relates to transfer pricing and other adjustments made by the Income Tax Department for the assessment years 2003-04 to 2007-08 and 2009-10 to 2012-13, which is disputed by the Company, the matters are lying under appeal with various forums and certain final orders are awaited. The Company has paid 'under protest' Rs.76.41 (March 31, 2015: Rs.117.78) to the Income Tax Department in this regard] | 175.18 | 169.64 |

Notes:

- (i) Considering the very nature of the disputes and the dependency on decisions pending with various forums, it is not practicable for the Company to estimate the timing of the cash outflows at this stage with respect to the above contingent liabilities.
- (ii) Contingent liabilities does not include guarantees issued by banks on behalf of the Company against advances received for supply of products in connection with customer bids and guaranteeing performance of products sold or timely completion of contractual obligations by the Company of Rs.399.02 (March 31, 2015: Rs.343.62).

| | As at | |
|--|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 17. Capital and Other Commitments | | |
| (a) Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) | 141.56 | 148.09 |
| Total | 141.56 | 148.09 |
| (b) Other Commitments | | |
| Duty free licenses for import: (Value of customs duty on goods imported by utilising licenses against which export obligations are outstanding at the year end) | 76.18 | - |
| Total | 76.18 | - |

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | Year ended | |
|---|-----------------|-----------------|
| | March 31, 2016 | March 31, 2015 |
| 18. Revenue from Operations (Gross) | | |
| Sale of Finished goods (*) | 6,461.33 | 6,526.45 |
| Sale of Services | | |
| Installation and commissioning | 284.96 | 275.73 |
| Business support and auxiliary services | 375.63 | 214.62 |
| Other operating revenue | | |
| Recovery of freight, insurance and packing expenses | 26.27 | 27.91 |
| Export incentives | 46.68 | 56.42 |
| Sale of scrap | 14.95 | 7.46 |
| Lease rentals - equipment | 12.04 | 6.10 |
| Total Revenue from operations (Gross) | 7,221.86 | 7,114.69 |

(*) Details of Sales (Finished goods):

| | Year ended | |
|--|-----------------|-----------------|
| | March 31, 2016 | March 31, 2015 |
| Air compressors - complete machine and accessories | 3,023.79 | 2,990.23 |
| Air conditioner packages | 325.30 | 454.96 |
| Spare parts and components | 2,478.67 | 2,521.89 |
| Excise duty on finished goods | 633.57 | 559.37 |
| Total | 6,461.33 | 6,526.45 |

| | Year ended | |
|--|-----------------|-----------------|
| | March 31, 2016 | March 31, 2015 |
| 19. Other Income | | |
| Interest Income on: | | |
| Deposits with banks | 309.76 | 335.25 |
| Loans advanced to fellow subsidiaries | 160.63 | 171.48 |
| Income tax refund | - | 10.27 |
| Others | 12.63 | 9.42 |
| Sub lease rentals of facilities | 34.46 | 35.17 |
| Profit on disposal of fixed assets (Net) | - | 5.28 |
| Provision for doubtful debts written back (Net) | 23.26 | 9.43 |
| Net gain on foreign currency translation and transaction | - | 21.66 |
| Miscellaneous | 2.11 | 6.12 |
| Total Other Income | 542.85 | 604.08 |
| 20. Cost of Materials Consumed | | |
| Raw material consumed (Note) | | |
| Opening inventory | 862.61 | 956.73 |
| Add: Purchases (Net) | 4,023.66 | 4,134.04 |
| (Less): Inventory at the end of the year | (629.14) | (862.61) |
| Cost of raw materials consumed during the year | 4,257.13 | 4,228.16 |
| Packing materials consumed | 48.40 | 57.80 |
| Total Cost of Materials Consumed | 4,305.53 | 4,285.96 |

Notes:

- (i) The above amount is net of Rs.58.78 (March 31, 2015: Nil) recovered from IRC SPL.
- (ii) Includes write back of provision for obsolescence Rs.33.70 (Provision for obsolescence March 31, 2015: Rs.38.54).

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | Year ended | |
|--|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 21. Changes in Inventories of Finished Goods and Work-in-Progress | | |
| (a) Opening inventories | | |
| Finished goods | 235.67 | 286.29 |
| Work-in-progress | 26.09 | 109.51 |
| Total opening inventories | 261.76 | 395.80 |
| (b) Closing inventories | | |
| Finished goods | 308.17 | 235.67 |
| Work-in-progress | 14.69 | 26.09 |
| Total closing inventories | 322.86 | 261.76 |
| (Increase)/decrease in inventories | (61.10) | 134.04 |
| Excise duty on opening stock of finished goods | (19.83) | (17.39) |
| Excise duty on closing stock of finished goods | 25.19 | 19.83 |
| Increase in excise duty | 5.36 | 2.44 |
| (Increase)/decrease in inventories | (55.74) | 136.48 |

| | Year ended | |
|---|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 22. Employee Benefits Expense | | |
| Salaries and wages [Refer note (a) below] (*) | 776.37 | 699.05 |
| Contribution to provident and other funds | 35.34 | 29.81 |
| Gratuity | 7.36 | 6.92 |
| Staff welfare expenses | 41.76 | 36.64 |
| Total Employee Benefits Expense | 860.83 | 772.42 |

(*) The above amount is net of Rs.23.02 (March 31, 2015: Nil) recovered from IRCSP

(a) Includes write back of provision for leave encashment (Net) Rs.0.25 [March 31, 2015: Rs.6.28].

(b) Defined Benefit Plan:

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

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

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | Gratuity | | Provident Fund | |
|---|----------------|----------------|----------------|----------------|
| | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| (i) Present Value of Defined Benefit Obligation | | | | |
| Balance at the beginning of the year | 143.30 | 133.94 | 385.08 | 313.10 |
| Add: Current Service Cost | 12.49 | 9.24 | 118.82 | 90.87 |
| Add: Interest Cost | 10.48 | 11.63 | 37.02 | 27.74 |
| Add: Actuarial (Gain)/Losses | (1.85) | 0.01 | 1.86 | (5.35) |
| Add: Transfer in/out (net) | - | 3.45 | - | - |
| (Less): Benefits paid during the year | (17.79) | (14.97) | (59.57) | (41.28) |
| Balance at the end of the year | 146.63 | 143.30 | 483.21 | 385.08 |

| | Gratuity | | Provident Fund | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| (ii) Fair Value of Plan Assets | | | | |
| Balance at the beginning of the year | 153.83 | 151.31 | 395.32 | 325.17 |
| Add: Expected Return on Plan Assets | 13.04 | 12.94 | 37.29 | 20.71 |
| Add: Actuarial Gain/(Loss) | 0.72 | 1.02 | - | - |
| Add: Contributions | - | - | 118.55 | 90.72 |
| (Less): Benefits Paid | (17.79) | (14.97) | (59.57) | (41.28) |
| Add: Transfer in | - | 3.53 | - | - |
| Others | 0.26 | - | - | - |
| Balance at the end of the year | 150.06 | 153.83 | 491.59 | 395.32 |
| Actual return on Plan Assets (%) | 9.00 | 9.00 | 8.75 | 8.75 |

| | Gratuity | | Provident Fund (*) | |
|--|----------------|----------------|--------------------|----------------|
| | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| (iii) Assets and Liabilities recognised in the Balance Sheet | | | | |
| Present Value of Defined Benefit Obligation | 146.63 | 143.30 | 483.21 | 385.08 |
| Less: Fair Value of Plan Assets | 150.06 | 153.83 | 491.59 | 395.32 |
| Amounts recognised as liability/(Asset) | (3.43) | (10.53) | - | - |
| Recognised/Disclosed under: | | | | |
| Advances recoverable (refer Note 14) | 3.43 | 10.53 | - | - |
| Total | 3.43 | 10.53 | - | - |

(*) Surplus relating to provident fund is not recognised as the plan assets belong to the Trust.

| | Gratuity | | Provident Fund | |
|---|----------------|----------------|----------------|----------------|
| | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| (iv) Expense recognised in the Statement of Profit and Loss | | | | |
| Current service cost | 12.49 | 9.24 | 118.82 | 90.87 |
| Add: Interest cost | 10.48 | 11.63 | 37.02 | 27.74 |
| (Less): Expected Return on Plan Assets | (13.04) | (12.94) | (37.96) | (27.81) |
| (Less): Actuarial (Gains)/Losses | (2.57) | (1.01) | 2.52 | 1.74 |
| (Less): Employee Contribution | - | - | (96.18) | (71.73) |
| Total Expense | 7.36 | 6.92 | 24.22 | 20.81 |

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | Gratuity | | Provident Fund | |
|---|-------------------|-------------------|-------------------|-------------------|
| | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| (v) Major Category of Plan Assets as a % of total Plan Assets | | | | |
| Cash (including Special Deposits) | 7.06% | 4.33% | 10.17% | 12.91% |
| Government Securities | 45.48% | 41.56% | 35.87% | 35.13% |
| Equity shares of listed companies | 0.00% | 0.00% | 2.85% | 0.00% |
| Non-Convertible Debentures issued by Corporate | 47.46% | 54.11% | 46.66% | 51.96% |
| Others | 0.00% | 0.00% | 4.45% | 0.00% |
| Total | 100.00% | 100.00% | 100.00% | 100.00% |
| (vi) Actuarial Assumptions | | | | |
| Discount rate per annum | 7.90% | 7.80% | 7.90% | 7.80% |
| Expected rate of Return on Plan Assets | 9.00% | 9.00% | 9.00% | 9.00% |
| Expected salary increase per annum | (*) | (*) | 8.00% | 8.00% |
| Attrition rate | 7.00% | 10.00% | 7.00% | 10.00% |

(*) Bargainable employees: 3% for two years and 5% thereafter, Others: 10% for next two years and 8% thereafter.

Notes:

- The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.
- The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.
- The discount rate is based on the prevailing market yield on Government securities as at the Balance Sheet date for the estimated term of obligation.

(vii) Amounts recognised in current year and previous four years

| | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Gratuity | | | | | |
| Defined Benefit Obligations | (146.63) | (143.30) | (133.94) | (142.51) | (141.22) |
| Plan assets | 150.06 | 153.83 | 151.31 | 160.20 | 130.10 |
| Funded Status | 3.43 | 10.53 | 17.37 | 17.69 | (11.12) |
| Experience Gain/(Loss) adjustment on plan liabilities | 0.30 | 2.15 | (3.19) | 4.40 | (6.84) |
| Experience Gain/(Loss) adjustment on plan assets | 0.72 | 1.02 | 1.62 | 2.12 | (0.14) |
| Actuarial Gain/(Loss) due to change of assumptions | 1.55 | (2.16) | 8.99 | (3.69) | 4.22 |
| Provident Fund | | | | | |
| Defined benefit Obligations | (483.21) | (385.08) | (313.10) | (275.85) | (262.71) |
| Plan assets | 491.59 | 395.32 | 325.17 | 285.11 | 271.53 |
| Funded Status | 8.38 | 10.24 | 12.07 | 9.26 | 8.82 |

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

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

| | Year ended | |
|---|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| Gratuity | 6.00 | - |
| Provident Fund (including employees' contribution) | 120.00 | 90.00 |
| (c) Defined Contribution Plans | | |
| Amount recognised in the Statement of Profit and Loss | | |
| (i) Provident fund paid to the authorities | 3.05 | 3.88 |
| (ii) Pension fund paid to the authorities | 9.73 | 7.23 |
| (iii) Employees State Insurance paid to the authorities | 0.27 | 0.26 |
| | <u>13.05</u> | <u>11.37</u> |

(d) Employee Share-based Payments

Certain executives of the Company are eligible to participate in the employee share based payment plans, as detailed below, of Ingersoll-Rand Company, New Jersey, USA, the holding company. The share based plans are assessed, managed and administered by the holding company. Based on a confirmation received from the ultimate holding company in an earlier year, the cost related to such share based payments will not be recharged to the Company, hence no liability has been recorded in the financial statements. Accordingly, details of number of options granted/ forfeited/ exercised/ outstanding has not been disclosed.

Details of share based plan are as follows:

- (i) Incentive Stock Option Plan of 1998 (1998 plan)
The stock options vest rateably 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 rateably over a three-year period from the date of grant and expire at the end of ten years. All exercised SARs are settled with the holding company's Class A common shares.
- (iii) Incentive Stock Option Plan of 2007 (2007 plan)
On June 6, 2007, the shareholders of the holding company approved the Incentive Stock Plan of 2007, which authorises the holding company to issue stock options and other share-based incentives. The plan replaces the 1998 plan which terminated in May 2007. The stock options vest rateably over a period of three years and expire at the end of ten years, subject to conditions related to termination of employment.
- (iv) Restricted Stock Unit (RSU)
Restricted Stock Unit (RSU) are share equivalents that are awarded to an employee with a promise to issue actual shares to holders of the RSU award at vesting. The RSU will vest in one-third installments over three years. Once they vest, each unit is converted into a share of stock at current value.

| | Year ended | |
|--|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 23. Finance Costs | | |
| Others | 4.30 | 20.78 |
| Total Finance costs | <u>4.30</u> | <u>20.78</u> |
| 24. Depreciation and Amortisation Expense | | |
| Depreciation on Tangible Assets | 119.29 | 115.59 |
| Total Depreciation and amortisation expense | <u>119.29</u> | <u>115.59</u> |

Note: Pursuant to a technical evaluation carried out during the previous year, management had revised the estimated useful life of fixed assets, which aligns to the rates prescribed under Schedule II of the Companies Act, 2013. As per Note 7(b) to Schedule II - Part 'C', as the remaining useful life of certain fixed assets as at April 1, 2014 was Nil, the carrying value of such assets, after retaining the residual value, was recognised in the opening balance of retained earnings aggregating to Rs.7.69.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | Year ended | |
|--|-----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 25. Other Expenses | | |
| Rent | 81.17 | 81.66 |
| Rates and taxes | 46.87 | 16.27 |
| Insurance | 13.67 | 10.91 |
| Power and fuel | 45.12 | 42.18 |
| Repairs and maintenance: | | |
| Buildings | 8.07 | 15.26 |
| Plant and machinery | 21.84 | 19.83 |
| Others | 0.15 | 1.50 |
| Engineering services - Product design, development, etc. | 8.07 | 1.53 |
| IT Infrastructure | 35.84 | 19.81 |
| Cost contribution (Management fees) | 128.55 | 79.34 |
| Communication | 41.34 | 31.59 |
| Travelling | 119.22 | 123.52 |
| Freight, Insurance and Other Handling Charges | 58.21 | 56.08 |
| Dealer commission | 5.23 | 8.87 |
| Advertising expenses | 4.50 | 5.52 |
| Warranty | 22.85 | 40.02 |
| Professional fees | 60.02 | 65.77 |
| Contractor charges | 69.12 | 69.85 |
| Provision for doubtful advances (net) | 1.39 | 2.59 |
| Bad debts written off | 34.22 | 50.33 |
| Loss on disposal of fixed assets (net) [#] | 38.80 | - |
| Net loss on foreign currency translation | 12.52 | - |
| Payments to auditors: | | |
| Statutory audit fees | 6.12 | 6.87 |
| Tax audit fees | 0.45 | 0.45 |
| Limited reviews | 0.85 | 0.85 |
| Certification | 0.81 | 0.80 |
| Expenditure towards Corporate Social Responsibility (CSR) activities [Refer note (a) below] | 25.84 | 16.96 |
| Miscellaneous (*) | 153.97 | 146.70 |
| Total Other expenses | 1,044.81 | 915.06 |
| (#) This amount is net of Rs.60.45 (March 31, 2015: Nil) recovered from IRCSP | | |
| (*) The above amount is net of Rs.42.38 (March 31, 2015: Nil) recovered from IRCSP | | |
| Notes: | | |
| (a) Corporate Social Responsibility Expenditure: | | |
| Gross amount required to be spent by the company during the year | 21.20 | 22.19 |
| Amount spent during the year on: | | |
| (i) Construction/acquisition of any asset | | |
| In Cash | - | - |
| Yet to be paid in cash | - | - |
| (ii) On purposes other than (i) above | | |
| In Cash | 25.84 | 6.96 |
| Yet to be paid in cash | - | 10.00 |
| | 25.84 | 16.96 |
| (b) Expenses capitalised as a part of Capital Work-in-Progress | | |
| Salaries and wages | 8.02 | 6.10 |
| Other expenses | - | 0.78 |
| Total | 8.02 | 6.88 |

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | Year ended | |
|---|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 26. Earnings per Equity Share | | |
| Weighted average number of shares outstanding | 31,568,000 | 31,568,000 |
| Basic and Diluted: | | |
| Profit after Tax | 622.45 | 661.46 |
| Basic and Diluted Earnings per Share (Rs.) | 19.72 | 20.95 |

| | Year ended | |
|--|-----------------|-----------------|
| | March 31, 2016 | March 31, 2015 |
| 27. CIF Value of Imports | | |
| Raw materials, components and spares parts | 1,585.17 | 1,550.28 |
| Capital Goods | 7.26 | 13.69 |
| Total | 1,592.43 | 1,563.97 |

| | Year ended | |
|--|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 28. Expenditure in foreign currency | | |
| Travelling | 9.62 | 8.06 |
| Cost contribution (Management fees) | 128.55 | 79.34 |
| Others | 9.56 | 19.09 |
| Total | 147.73 | 106.49 |

| | Year ended | |
|---|-----------------|-----------------|
| | March 31, 2016 | March 31, 2015 |
| 29. Details of Consumption and Purchases | | |
| (a) Details of Raw Materials/Packing materials consumed | | |
| Motors, Belt wheels, Castings, Crankshaft, Channels, Coolants, etc. | 472.33 | 511.81 |
| Spare Parts and Components (which individually do not account for more than 10% of the total consumption) | 3,784.80 | 3,716.35 |
| | 4,257.13 | 4,228.16 |
| Packing materials | 48.40 | 57.80 |
| Total | 4,305.53 | 4,285.96 |

(b) Value of imported and indigenous materials consumed

| | March 31, 2016 | | March 31, 2015 | |
|--|----------------|---------|----------------|---------|
| | Amount | % | Amount | % |
| Raw materials, spare parts, components and packing materials | | | | |
| Imported | 1,711.86 | 39.76% | 1,621.10 | 37.80% |
| Indigenous | 2,593.67 | 60.24% | 2,664.86 | 62.20% |
| | 4,305.53 | 100.00% | 4,285.96 | 100.00% |

| | Year ended | |
|---|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| 30. Dividend remitted in foreign exchange | | |
| For the year 2013-2014 (Final Dividend) | - | 70.08 |
| For the year 2014-2015 (Interim Dividend) | - | 70.08 |
| For the year 2014-2015 (Final Dividend) | 70.08 | - |
| For the year 2015-2016 (Interim Dividend) | 70.08 | - |
| Number of equity shares held by such non-resident | 23,360,000 | 23,360,000 |
| Number of non-resident shareholders | 1 | 1 |

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | Year ended | |
|---|-----------------|-----------------|
| | March 31, 2016 | March 31, 2015 |
| 31. Earnings in foreign currency | | |
| Exports calculated on FOB basis | 1,488.18 | 1,447.33 |
| Sale of tangible assets | 31.33 | - |
| Business support and auxiliary services | 267.54 | 126.64 |
| Total | 1,787.05 | 1,573.97 |

32. Segment Reporting:

The Company has considered business segments as the primary reporting segment on the basis that risk and returns of the Company is primarily determined by the nature of products and services. Consequently, the geographical segment has been considered as a secondary segment. The business segments have been identified on the basis of the nature of products and services, the risks and returns, internal organisation and management structure and the internal performance reporting systems. The business segments comprise of the following:

- (a) Air Solutions - comprising of reciprocating compressors, centrifugal compressors and system components
- (b) Environment Solutions - relating to contract manufacturing of air conditioner packages for a fellow subsidiary, which has since been discontinued (refer Note 40)

Geographical segment is considered based on sales within India and outside India.

| Particulars | Continuing Operations | | Discontinued Operations | | Total | |
|--|-----------------------|-----------------|-------------------------|----------------|------------------|------------------|
| | Air Solutions | | Environment Solutions | | | |
| | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| A. Primary Segment: Business Segment | | | | | | |
| Gross Revenue (excluding other operating revenue) | | | | | | |
| External Revenue | 6,764.99 | 6,514.88 | 356.93 | 501.92 | 7,121.92 | 7,016.80 |
| Intersegment Revenue | - | - | - | - | - | - |
| Total Gross Revenue | 6,764.99 | 6,514.88 | 356.93 | 501.92 | 7,121.92 | 7,016.80 |
| Result | | | | | | |
| Segment Result - Profit/(Loss) | 515.67 | 449.47 | 23.27 | 41.20 | 538.94 | 490.67 |
| Less: | | | | | | |
| Interest Expense | | | | | 4.30 | 20.78 |
| Unallocable Corporate Expenses | | | | | 128.55 | 79.34 |
| Add: | | | | | | |
| Interest Income | | | | | 483.02 | 526.42 |
| Unallocable Other Income/(Expense) | | | | | (53.86) | 92.49 |
| Profit Before Taxation | | | | | 835.25 | 1,009.46 |
| Other Information | | | | | | |
| Segment Assets | 3,943.74 | 3,698.95 | 1,011.82 | 1,354.27 | 4,955.56 | 5,053.22 |
| Unallocable Assets | | | | | 6,653.18 | 6,258.30 |
| Total Assets | | | | | 11,608.74 | 11,311.52 |
| Segment Liabilities | 1,473.12 | 1,382.02 | 18.34 | 101.86 | 1,491.46 | 1,483.88 |
| Unallocable Liabilities | | | | | 150.59 | 255.45 |
| Total Liabilities | | | | | 1,642.05 | 1,739.33 |
| Capital Expenditure (Including Capital Work-in-Progress) | 648.78 | 38.71 | 2.73 | 67.45 | 651.51 | 106.16 |
| Unallocable Capital Expenditure | | | | | 23.22 | 25.62 |
| Total Capital Expenditure | | | | | 674.73 | 131.78 |
| Depreciation | 97.76 | 76.80 | 21.53 | 38.79 | 119.29 | 115.59 |
| Total Depreciation | | | | | 119.29 | 115.59 |
| Non-Cash Expenses other than Depreciation | 6.13 | 51.44 | - | - | 6.13 | 51.44 |
| B. Secondary Segment: Geographical Segment | | | | | | |
| Gross Revenue | | | | | | |
| India | | | | | 5,366.20 | 5,442.83 |
| Outside India | | | | | 1,755.72 | 1,573.97 |
| | | | | | 7,121.92 | 7,016.80 |
| Total Assets | | | | | 11,608.74 | 11,311.52 |

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

33. Related Party Disclosures:

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

(i) Where control exists

| | |
|---|---------------------------|
| Ingersoll-Rand plc, Ireland | Ultimate Holding Company |
| Ingersoll-Rand Company, New Jersey, USA | Immediate Holding Company |

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

Fellow Subsidiaries:

| | |
|--|---|
| GHH - Rand Schraubenkompressoren GmbH, Germany | Ingersoll-Rand South East Asia (Pte) Ltd, Singapore |
| Hibon Inc., Canada | Ingersoll-Rand Technologies and Services Private Limited, India |
| Ingersoll Rand (China) Investment Company Limited, China | Nanjing Ingersoll-Rand Compressor Co. Ltd., China |
| Ingersoll Rand Italiana S.P.A., Italy | Officine Meccaniche Industriali SRL, Italy |
| Ingersoll Rand S.A. De C.V., Mexico | Plurifiter D.O.O, Slovenia |
| Ingersoll-Rand (Chang Zhou) Tools Co., Ltd., China | Reftrans, S.A., Spain |
| Ingersoll-Rand (China) Industrial Equipment Manufacturing Co. Limited, China | Shanghai Ingersoll Rand Compressor Limited, China |
| Ingersoll-Rand Air Solutions Hibon Sarl, France | Société Trane SAS, France |
| Ingersoll-Rand Climate Solutions Private Limited, India | Thermo King European Manufacturing Limited, Ireland |
| Ingersoll-Rand Company South Africa (Pty) Limited, South Africa | Thermo King India Private Limited, India |
| Ingersoll-Rand CZ s.r.o, Czech Republic | Thermoking Corporation, USA |
| Ingersoll-Rand European Sales Limited, UK | Trane Air Conditioning Systems (China) Co., Ltd., China |
| Ingersoll-Rand Global Holding Company Limited, USA | Trane BVBA, Belgium |
| Ingersoll-Rand International (India) Private Limited, India | Trane Exports LLC, USA |
| Ingersoll-Rand International Limited, Ireland | Trane India Limited, USA |
| Ingersoll-Rand Malaysia Co. Sdn. Bhd., Malaysia | Trane U.S. Inc, USA |

Key Management Personnel

Amar Kaul, Vice President & General Manager
G. Madhusudhan Rao, Vice President - Finance
Prasad Y Naik, Vice President - IT

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

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

(b) Transactions/Balances

| | Holding Company | | Fellow Subsidiaries | |
|---|-----------------|----------------|---------------------|----------------|
| | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| (a) Sale of finished goods | 1,050.73 | 996.54 | 615.51 | 847.55 |
| (b) Rent received | - | - | 34.31 | 31.44 |
| (c) Rent paid | - | - | 9.36 | 9.34 |
| (d) Purchase of raw materials, components and trading items | 3.11 | 52.94 | 925.82 | 676.16 |
| (e) Purchase of fixed assets | - | - | 25.87 | 17.55 |
| (f) Expenses recharged by other companies: | | | | |
| (i) Cost contribution (Management fees) | 128.55 | 79.34 | - | - |
| (ii) Professional fees | - | - | 2.85 | 12.13 |
| (iii) Advertising | - | - | 2.77 | 4.57 |
| (iv) Other Miscellaneous expenses | 2.53 | 3.79 | 19.58 | 19.30 |
| (g) Business support and auxiliary services income | 153.42 | 71.68 | 222.21 | 142.94 |
| (h) Interest Income on Intercompany Loans given | - | - | 160.63 | 171.48 |
| (i) Interest Income - Others | - | - | 12.63 | 9.42 |
| (j) Sale of fixed assets | - | - | 34.36 | - |
| (k) Expenses/losses recoverable | - | - | 184.63 | - |
| (l) Dividend paid | 140.16 | 140.16 | - | - |
| (m) Outstanding Receivables | 237.24 | 235.73 | 220.76 | 422.24 |
| (n) Other receivables | - | - | 200.14 | - |
| (o) Unbilled revenues | - | - | - | 82.81 |
| (p) Outstanding Intercompany Loans receivable* | - | - | 1,470.00 | 1,470.00 |
| (q) Outstanding Payables | 32.40 | 27.05 | 223.55 | 259.29 |

* Backed by corporate guarantees issued by ultimate holding company.

(c) Details relating to Key Management Personnel:

| | March 31, 2016 | March 31, 2015 |
|------------------------|----------------|----------------|
| Remuneration Paid:** | | |
| (a) Amar Kaul | 10.31 | 12.91 |
| (b) G. Madhusudhan Rao | 9.18 | 10.79 |
| (c) Prasad Y Naik | 10.40 | 9.58 |

** Excludes share based payments administered directly by the holding company

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

(d) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties

| | March 31, 2016 | March 31, 2015 |
|--|----------------|----------------|
| (a) Sale of finished goods | | |
| - Ingersoll-Rand International Limited, Ireland | 224.39 | 288.06 |
| - Ingersoll-Rand Climate Solutions Private Limited, India | 246.98 | 448.50 |
| (b) Rent received | | |
| - Ingersoll-Rand International (India) Private Limited, India | 3.23 | 3.68 |
| - Ingersoll-Rand Technologies and Services Private Limited, India | 3.69 | 4.04 |
| - Ingersoll-Rand Climate Solutions Private Limited, India | 27.39 | 23.73 |
| (c) Rent paid | | |
| - Ingersoll-Rand Technologies and Services Private Limited, India | 9.36 | 9.34 |
| (d) Purchase of raw materials, components and trading items | | |
| - Ingersoll Rand International Limited, Ireland | 690.38 | 445.69 |
| - GHH-Rand Schraubenkompressoren GmbH, Germany | 107.31 | 67.64 |
| - Ingersoll-Rand (China) Industrial Equipment Manufacturing Co. Limited, China | 84.88 | 110.86 |
| (e) Purchase of fixed assets | | |
| - Ingersoll-Rand Technologies and Services Private Limited, India | 8.13 | 3.58 |
| - Ingersoll-Rand Climate Solutions Private Limited, India | 16.71 | - |
| - Trane India Limited, USA | - | 12.82 |
| (f) Expenses recharged by other companies | | |
| - Ingersoll-Rand Technologies and Services Private Limited, India | 23.09 | 23.19 |
| - Ingersoll-Rand International (India) Private Limited, India | 2.11 | 12.13 |
| (g) Business support and auxiliary services | | |
| - Ingersoll-Rand Technologies and Services Private Limited, India | 58.53 | 44.98 |
| - Ingersoll-Rand Climate Solutions Private Limited, India | 40.50 | 33.79 |
| - Ingersoll Rand International Limited, Ireland | 49.60 | - |
| - Trane U.S. Inc, USA | 59.82 | 48.47 |
| (h) Interest Income on Intercompany Loans given | | |
| - Ingersoll-Rand Technologies and Services Private Limited, India | 95.62 | 102.10 |
| - Ingersoll-Rand Climate Solutions Private Limited, India | 56.89 | 60.70 |
| - Thermo King India Private Limited, India | 8.13 | 8.67 |
| (i) Interest Income - Others | | |
| - Ingersoll-Rand Climate Solutions Private Limited, India | 12.63 | 9.42 |
| (j) Sale of fixed assets | | |
| - Ingersoll Rand International Limited, Ireland | 19.52 | - |
| - Trane Air Conditioning Systems (China) Co Ltd | 12.74 | - |
| (k) Expenses/ losses recoverable | | |
| - Ingersoll-Rand Climate Solutions Private Limited, India | 184.63 | - |
| (l) Outstanding Receivables | | |
| - Ingersoll Rand International Limited, Ireland | 70.96 | 43.37 |
| - Ingersoll-Rand Climate Solutions Private Limited, India | 15.19 | 364.01 |
| - Ingersoll-Rand (China) Industrial Equipment Manufacturing Co. Limited, China | 44.09 | - |
| - Trane U.S. Inc, USA | 59.69 | - |
| (m) Other Receivables | | |
| - Ingersoll Rand International Limited, Ireland | 19.45 | - |
| - Ingersoll-Rand Climate Solutions Private Limited, India | 167.43 | - |
| (n) Unbilled revenues | | |
| - Ingersoll-Rand Climate Solutions Private Limited, India | - | 82.81 |

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

| | March 31, 2016 | March 31, 2015 |
|--|----------------|----------------|
| (o) Outstanding Intercompany Loans receivable | | |
| - Thermo King India Private Limited, India | 74.37 | 74.37 |
| - Ingersoll-Rand Climate Solutions Private Limited, India | 520.63 | 520.63 |
| - Ingersoll-Rand Technologies and Services Private Limited, India | 875.00 | 875.00 |
| (p) Outstanding Payables | | |
| - GHH-Rand Schraubenkompressoren GmbH, Germany | 26.93 | 27.27 |
| - Ingersoll Rand International Limited, Ireland | 145.75 | 158.85 |
| - Ingersoll-Rand (China) Industrial Equipment Manufacturing Co. Limited, China | 22.40 | 32.83 |

34. Leases

As a lessee:

Operating Lease

The Company has significant operating leases for premises. These lease arrangements range for a period between 11 months and 10 years, which include both cancellable and non-cancellable leases (generally, for a period upto 84 months). Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses. The Company has entered into certain sub-leases and all such sub-leases are cancellable and are for a period of 11 months, with an option of renewal on mutually agreeable terms.

| | Year ended | |
|---|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| With respect to all operating leases; | | |
| Lease payments recognised in the Statement of Profit and Loss during the year [Includes minimum lease payments of Rs.61.85 (March 31, 2015: Rs.50.39)] | 81.17 | 81.66 |

With respect to non-cancellable operating leases, the future minimum lease payments are as follows:

| | Year ended | |
|---|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| Not later than one year | 62.04 | 44.42 |
| Later than one year and not later than five years | 103.25 | 61.74 |
| Later than five years | 46.63 | - |

As a lessor:

Operating Lease

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

| | Year ended | |
|---|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| Sub-lease income recognised in the Statement of Profit and Loss during the year | 46.50 | 41.27 |

35. Particulars of Research and Development Expenditure (Note)

(a) Revenue expenditure debited to various heads of account:

| | Year ended | |
|---------------------------|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| Material consumed | 5.09 | 1.28 |
| Employee benefits expense | 14.41 | 14.97 |
| Others | 4.35 | 1.75 |
| Total | 23.85 | 18.00 |

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

(b) Capital (refer note below)

| Description - Gross block | Plant and Machinery | Furniture, Fixtures and Equipment | Electrical Installations | Computer Systems |
|------------------------------|---------------------|-----------------------------------|--------------------------|------------------|
| Balance as at March 31, 2015 | 6.55 | 0.32 | 0.05 | - |
| Additions during the year | 5.53 | - | 3.16 | 0.38 |
| Deletions during the year | - | - | - | - |
| Balance as at March 31, 2016 | 12.08 | 0.32 | 3.21 | 0.38 |
| Balance as at March 31, 2014 | 5.71 | 0.32 | 0.05 | - |
| Additions during the year | 0.84 | - | - | - |
| Deletions during the year | - | - | - | - |
| Balance as at March 31, 2015 | 6.55 | 0.32 | 0.05 | - |

Note: Vide letter dated February 12, 2016, the Department of Scientific & Industrial Research (DSIR), Ministry of Science and Technology, Government of India has accorded recognition to the Company's In-House R&D unit, Naroda, Ahmedabad. The above disclosure is based on requirement stipulated by DSIR, Ministry of Science and Technology, Government of India.

36. Dues to micro and small enterprises

| | Year ended March 31, 2016 | | Year ended March 31, 2015 | |
|--|------------------------------|---------|------------------------------|---------|
| | Non Current | Current | Non Current | Current |
| The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') to the extent such enterprises are identified by the Company: | | | | |
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | - | 25.35 | - | 17.94 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | - | 0.95 | - | 3.26 |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | 253.97 | - | 120.41 |
| Interest paid, other than under Section 16 for MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - | - | - |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - | - | - |
| Interest due and payable towards suppliers registered under MSMED Act, for payments already made | - | 1.05 | - | 2.64 |
| Further interest remaining due and payable for earlier years | - | 28.79 | - | 22.87 |

The Company has identified Small Enterprises and Micro Enterprises, as defined under the MSMED Act by requesting vendor confirmation to the letters circularised by the Company.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

37. The Company has not entered into any foreign currency forward contract to hedge its risk associated with foreign currency fluctuations.

The unhedged foreign currency exposures as at the Balance Sheet date are as follows:

| Particulars | Currency | As at | | As at | |
|----------------------|----------|------------------|----------------|----------------|----------------|
| | | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| | | Foreign Currency | | Indian Rupees | |
| Trade Receivables | USD | 8.16 | 5.31 | 541.74 | 332.62 |
| Trade Receivables | EUR | (*) | 0.01 | 0.06 | 0.79 |
| Trade Receivables | ZAR | 0.14 | 0.55 | 0.63 | 2.85 |
| Trade Payables | USD | 3.16 | 4.78 | 209.79 | 299.68 |
| Trade Payables | EUR | 0.39 | 0.86 | 29.40 | 58.48 |
| Trade Payables | GBP | 0.01 | 0.01 | 0.96 | 0.82 |
| Trade Payables | JPY | 4.74 | 3.96 | 2.80 | 7.59 |
| Advances recoverable | USD | 0.08 | 0.45 | 5.31 | 27.92 |
| Advances recoverable | EUR | (*) | 0.02 | 0.18 | 1.04 |

(*) Amount is below the rounding off norm adopted by the Company.

38. During the previous year, pursuant to the ultimate holding company acquiring the 'Centrifugal Compressor Division (CC Division) of Cameron International Corporation, USA, the Company had acquired the CC Division of Cameron Manufacturing (India) Private Limited by way of an 'Asset Transfer' arrangement with effect from January 1, 2015 for a net consideration of Rs.16.69 million.

39. The Company had a long standing dispute with the Department of Commercial Taxes, Government of Karnataka (the "Department"), in connection with the classification of certain road construction equipment manufactured and sold by the Company (that business has since been transferred/ sold to an independent third party as a part of global divestiture). The Department disputed the classification of the products under the Karnataka Sales Tax Act, 1957, and demanded sales tax at a higher rate than what was charged by the Company to its customers. The Company had remitted the differential tax "under protest", and charged the amounts to the Statement of Profit and Loss in the financial year 2002-03. The dispute, which was lying under appeal with various appellate authorities, was ruled in favour of the Company by the High Court of Karnataka in the year 2012-13 and thereafter the Company had filed an application to the Department seeking refund of tax in the year 2013-14.

The Company had received a recomputation statement from the Sales tax authorities confirming the excess tax paid aggregating to Rs.96.35 (March 31, 2015: Rs.96.35), which was recognised as income and disclosed as an 'Exceptional Item' in the Statement of Profit and Loss for the year ended March 31, 2015.

During the year, the Company realised Rs.73.62 (March 31, 2015: Nil) from the Department. Subsequent to March 31, 2016, the Company has received a letter from the Department stating that no further amounts are due to the Company. In light of this development subsequent to the year end, the Company has reassessed the recoverability of the remaining refund and provided for Rs.16.87 (March 31, 2015: Nil), which has been disclosed under 'Exceptional item' in the Statement of Profit and Loss.

40. Discontinued Operations

At the meeting of the Board of Directors ("the Board") held on September 21, 2015, the Board decided to discontinue the operations at the Chennai Plant (i.e., Environment Solutions Business) on account of lack of orders from Ingersoll-Rand Climate Solutions Private Limited (IRCSPL), a fellow subsidiary. The Company entered into a Termination Agreement with IRCSPL, whereby IRCSPL has agreed to reimburse all losses and expenses directly or indirectly suffered or incurred by the Company upto the time all assets are sold and proceeds received by the Company. Hence, the resulting estimated net loss has been shown as recoverable from IRCSPL and therefore, there is no impact on the results for the year. The carrying value of the assets relating to the Environment Solutions business have been stated at lower of cost and estimated net realisable value.

Notes to the Financial Statements

(All amounts in Rupees Million, unless otherwise stated)

The assets, liabilities, operating results and cash flows of the Company's discontinued operations are summarised below:

(I) Carrying amounts of assets and liabilities attributable to the discontinued operations:

| | As at | |
|---|-----------------|-----------------|
| | March 31, 2016 | March 31, 2015 |
| Fixed Assets (Net) | - | 852.34 |
| Current Assets | | |
| Inventories | - | 205.46 |
| Trade Receivables | 72.89 | 335.92 |
| Short-term Loans and Advances | 4.10 | 13.49 |
| Other Current Assets [includes tangible assets held for sale: Rs.709.87 (2015: Nil)] | 934.83 | 138.67 |
| Total assets | 1,011.82 | 1,545.88 |
| Trade Payables | 7.77 | 44.94 |
| Other Current Liabilities | 10.57 | 7.59 |
| Total Liabilities | 18.34 | 52.53 |
| Net Assets | 993.48 | 1,493.35 |

(II) Revenue and expenses in respect of ordinary activities attributable to the discontinued operations:

| | Year ended | |
|---|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| Revenue from operations | 327.15 | 454.96 |
| Total expenses | 303.88 | 413.76 |
| Income before taxes | 23.27 | 41.20 |
| Tax (Expense) | (8.05) | (14.00) |
| Income from discontinued operations, net of tax | 15.22 | 27.20 |

(III) Cash flows attributable to the discontinued operations:

| | Year ended | |
|----------------------|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| Operating activities | 93.29 | 55.49 |
| Investing activities | 98.31 | (5.88) |
| Net cash inflows | 191.60 | 49.61 |

41. Prior Year Figures

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

For **Price Waterhouse & Co Bangalore LLP**
Firm Registration No. (FRN): 007567S/S-200012
Chartered Accountants

SHIVAKUMAR HEGDE
Partner
Membership Number: 204627

Place: Mumbai
Date: May 26, 2016

For and on behalf of Board of Directors

ROMAN STEINHOFF **H. C. ASHER**
Chairman Director

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

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

Place: Mumbai
Date: May 26, 2016

INGERSOLL-RAND (INDIA) LIMITED

CIN: L05190KA1921PLC036321

Registered Office : 8th Floor, Tower D, IBC Knowledge Park, No. 4/1,

Bannerghatta Main Road, Bangalore – 560029

Website: www.ingersollrand.co.in

May 26, 2016

To,

THE SHAREHOLDERS OF

INGERSOLL - RAND (INDIA) LIMITED

Dear Member,

1. Depository System :

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

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

- | | |
|---|--|
| i) National Securities Depository Ltd Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel Mumbai - 400 013 Tel : 022 - 2499 4200 Fax : 022 - 2495 0664 | ii) Central Depository Services (India) Limited Phiroze Jeejeebhoy Towers. 17 th Floor, Dalal Street, Mumbai - 400 023 Tel : 022 - 2272 3333 Fax : 022 - 2272 3199 |
| iii) TSR Darashaw 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 or before the dates specified against each of the years shown below :

| | |
|---------------------|--------------------|
| 2008-2009 (Final) | October 22, 2016 |
| 2009-2010 (Interim) | November 29, 2016 |
| 2009-2010 (Final) | September 24, 2017 |
| 2010-2011 (Interim) | December 20, 2017 |
| 2010-2011 (Final) | August 23, 2018 |
| 2011-2012 (Special) | August 22, 2018 |
| 2011-2012 (Interim) | November 22, 2018 |
| 2011-2012 (Final) | August 21, 2019 |
| 2012-2013 (Interim) | December 7, 2019 |
| 2012-2013 (Final) | August 20, 2020 |
| 2013-2014 (Interim) | December 9, 2020 |
| 2013-2014 (Final) | October 14, 2021 |
| 2014-2015 (Interim) | December 12, 2021 |
| 2014-2015 (Final) | October 26, 2022 |
| 2015-2016 (Interim) | December 7, 2022 |

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, 2016 if declared at the Annual General Meeting will be made payable on August 1, 2016 to those members whose names appear in the Register of Members of the Company on July 18, 2016. 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 July 18, 2016.

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

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

Very truly yours,

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

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



Ingersoll Rand (India) Limited
8th Floor, Tower D, IBC Knowledge Park,
No.4/1, Bannerghatta Main Road,
Bangalore - 560029