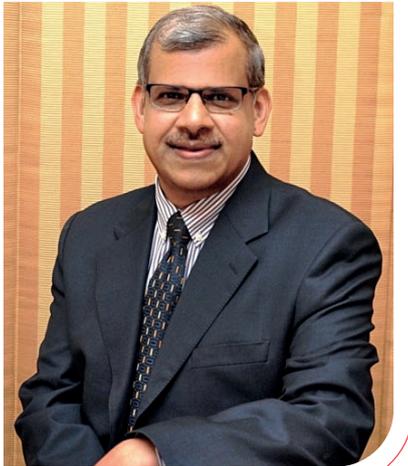


Chairman's Message



Venkatesh Valluri
Chairman

Our Path to Premier Performance



Dear Shareholders,

You must be aware that 2011 was a difficult year for the Indian economy. The sluggish growth in industries such as automotive, metals, pharmaceutical, textile, among others, where our products are primarily sold, affected our equipment sales. However, we focused on value added services to fuel growth, improving performance for our customers, creating a highly engaged workplace and delivering shareholder value. We grew our revenues by 20 percent for the year ending March 31st 2012 compared to the previous year. In the same period we also improved our profitability by 20%.

We also solidified a strong foundation for growth based on our commitment to three key enterprise strategies:

- growing through innovation, emerging markets and services;
- deploying operational excellence; and
- building a progressive, diverse and inclusive culture.

Ingersoll Rand has been operating in India for over 90 years and is a market leader in the Indian air-compressors industry. We have been innovators in compressor technology and have had several industry firsts to our credit. We have been able to do this by creating an Organizational mindset of 'Customer First' and building sustainable solutions. At the core of this approach is to innovate relevantly for the markets in which we operate.

While the outlook for 2012-13 is cautious growth, it is expected that there will be a slowdown in the industries where we operate because of the deceleration in the economic growth of the country. Over the last few years we have been positioning ourselves to address the volatility of the local and global markets. We are well-prepared to address these challenges through our focus on operational excellence, geographic expansion and Customer driven Innovation initiatives.

Financial Highlights

For the year ending March 31st 2012, we recorded revenues of Rs. 588 crores, compared to Rs. 488 crores of the previous year. In a tough economic environment we continued to demonstrate our ability to grow profitably by improving productivity and driving growth. These results were also strengthened, by an increase in our profitability. Our profits after tax recorded an increase of 20%, from Rs. 68.6 crores to Rs. 82.7 crores.

Growth through Innovation, Emerging Markets and Services

India as an emerging economy presents its own unique set of opportunities and challenges. To succeed in an emerging economy, organizations need to innovate for the needs of the market, offer solutions and value that are relevant. Ingersoll Rand believes that product innovation for emerging economies is critical for businesses to succeed in such markets. To respond to the needs of this market, we are constantly innovating our products and services, and creating solutions that drive value for the customer and our organization.

We have been attempting to lead the markets by listening to the needs of our customers. Continuing on the path of 'customer focused innovation', we launched a new product 'Evolution' this year. We realised that our customers in tier two and tier three Indian cities needed compressed air for running pneumatic tools and other auxiliary equipments in their manufacturing plants. While these customers are price sensitive, yet "Reliability" and "Performance" of the compressor is key to their purchase decision. With their feedback, we incorporated significant customer-centric innovations in our design to enhance reliability and performance of the 'Evolution' air compressor. By providing a solution that provides significant value to customers, we are confident of our position to capture the value segment in India through our product differentiation, innovation and product proposition.

Operational Excellence

The company has been aggressively working on rationalizing costs and improving the plant utilisation. It has embarked on a major initiative to upgrade its supplier base, enhance training and operational excellence

practices for the workforce. In every area of its operations, the company is actively working towards taking unwanted costs out and enhance productivity.

Progressive, Diverse and Inclusive Culture

Growth through innovation is only possible when we fully engage the hearts, minds and passion of our employees. Ingersoll Rand is building a progressive, diverse and inclusive culture by promoting an environment where creativity is nurtured and individual talents are respected. As our organization grows to better reflect the diverse nature of the markets we serve, our diversity focus enhances our ability to develop products and services that meet new and growing needs of the Indian customer. In addition to spurring innovation, our culture helps us maintain a competitive edge in attracting and retaining top young talent.

Moving Forward

While we continue to go through challenging times, we have high aspirations to grow, improve our business, reduce costs and generate sustainable, profitable growth. Our focus for the year ahead is on positioning Ingersoll Rand to continue growing revenues, earnings and cash flow by developing products and solutions that embrace the principles of sustainability and environmental responsibility.

As we look to 2012 and beyond with confidence, we express our appreciation and gratitude to our employees, associates and shareholders.



Venkatesh Valluri
Chairman