

From the Chairman's desk

Dear Shareholders,

I welcome you to the 93rd Annual General Meeting of your Company. Your company has continued to deliver innovative solutions to pressing global challenges in 2014. We are on the right path with a focus on the right businesses, right operating system and right people to attain high engagement and results. Our consistent performance over time has solidified our reputation as a company that delivers results with the highest level of integrity while being a socially responsible business, at the same time.

2014 was a year of change with the new government in India laying emphasis on reforms aimed at faster economic growth thus building a road map for development in the country. Ingersoll Rand welcomes the policies of the new government, which aim to provide a positive environment for the economic growth of the country. The year was also marked with challenges in the power generation and power transmission sectors. The Government of India's big-ticket announcements like Make in India, Smart Cities, investment in Infrastructure, opening up of Foreign Direct Investment (FDI) in several sectors and steps taken to streamline the decision making process, removing bottlenecks in investment and the surge in investor interest is expected to fuel growth in the coming years. Assuming that a number of these reforms take root, I would expect the economy to grow in the region of 7% over the next three to four years.

Ingersoll Rand has successfully identified these positive trends and our strategy and portfolio, has positioned us well to take advantage of these opportunities. Your company is working with an objective to create markets "In India; For India; By India" by using the Technology and Innovation convergence approach. We are deploying strategic innovations and solutions to achieve market expansion through a new definition of collective collaboration across industries and other relevant stakeholders. This will help in lowering capital investments and increasing returns.

We are growing Ingersoll Rand by developing new, more productive and efficient products, thus increasing our service businesses and expanding market coverage in terms of geography. We continue to execute our growth strategy and refine our product development process. Through rigorous analysis, we provide a set of alternatives and choose the best solutions for our customers, and in turn, our businesses.



Financial Highlights

We recorded revenues of INR 655.53 crores during the year ending March 31st, 2015. This was 13% higher compared to revenues of the previous year. Our profits after tax stood at Rs. 66.15 crores, which were at 10.1% of revenues.

Growth opportunities with differentiated products and solutions

2014 was a year of many small and big initiatives that helped us deliver a strong performance. We started the Naroda plant transformation with an investment of INR 100 crores to make our operations safe, efficient and lean to provide better service to our customers. With a successful completion of Phase I of our transformation journey, the plant is ready to kick-off Phase II now.

This year, we achieved a significant milestone with the installation of our 250th Oil-Free Rotary Machine in the field. This achievement reinforces customer confidence in what we have built over the years and shows acceptance by the key industry verticals like power, pharmaceuticals, food & beverage, chemicals, electronics, automobile and textile sectors.

Focusing on growth, we also launched the 3CIII standard design-CENTAC, gear-driven 30-37kW Chakra as well as oil-free scroll products in the country to showcase our ability to generate local design and launch innovative localized products in the market.



The Right Operating System

We've matured in our operational excellence journey — focusing the whole company on creating a lean operating system where we use standard work to create value, reduce cycle times and enhance quality that makes the customer experience better.

In 2014, we recorded a cumulative 4 million man-hours Lost Time Injury (LTI) free for four years in a row since July 2010. The Naroda plant is one of our flagship facilities and we are upgrading the facility by introducing new flexible production techniques, enhanced process efficiency methods and new technologies. Through this transformation, we are achieving operational excellence with a significant 3P (Production, Preparation, Process) re-layout that will reduce flow time and lead time, achieve 95%+ on-time delivery, improve Inventory turns, and reduce COPQ and labor costs.

We also launched six growth projects with focused approach in areas including – Oil-free Screw, Vertical Market, Channel Development, Parts Growth, Air Treatment, Contact-Cooled Rotary. Our growth projects and new customer acquisition also resulted in significant market share increase for us this year.

Talent & Building a Progressive, Diverse and Inclusive Culture

Our philosophy is to make our company a great place for people to work which in turn drives a great customer experience and ultimately, grows shareholder value.

We've applied this philosophy to how we operate, and we continue to measure our progress. Your company has been named as the '2014 Dream Company to Work For' in the manufacturing sector as part of the Global HR Excellence Awards organized by the World HRD Congress. For the second consecutive year, we retained the number 1 position within the manufacturing sector and also moved up one spot to number 3 in India across industries. Ingersoll Rand has cultivated its talent and enabled a value based Winning Culture by adopting best in class HR practices in the industry and driving excellence in training.



Building a PDI culture continues to be a part of our enterprise strategy and to further this endeavor, your company initiated an innovative series to celebrate the Indian Culture. Celebrating diversity of the nation and to increase employee awareness, respect and appreciation of regional differences in India, an event series was initiated this year to celebrate various regions of the country.

Talent attraction and retention continues to be a priority for the company and we've taken all important steps to have an engaged employee force. We will continue to build on this Winning Culture and our HR Excellence as a vital part of our Path to Premier Performance to achieve the outcomes: Engaged Employees, Delighted Customers and Confident Shareholders.

CSR Excellence

At Ingersoll Rand, we believe in creating sustainable products and in making a positive impact with a ripple effect to last the ages. We believe in better, happier, healthier future by Corporate Social Value creation and building a mutually beneficial relationship with the communities we operate in.

This year marked the introduction of the CSR Rules under the Companies Act, 2013. As a socially responsible corporate citizen, your company has increased its CSR budgets to meet the government mandate. Our CSR Policy details out our deep focus on providing Education, Healthcare & Sanitation, Livelihood and furthering Sustainability around the areas of our operations.



All our 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. Our work on Swachh Bharat Mission with Habitat for Humanity, spreading Science Education with Agastya, providing mid-day meals for children with Akshaya Patra, supporting Eye care with Sankara Foundation and supporting Lake Uttarahalli with United Way - are all steps towards improving the living standards of the societies where Ingersoll Rand operates.

We continue to responsibly engage to improve societal issues, through our innovative CSR programmes as you'll read about in this year's report.

Working towards a better tomorrow

Looking ahead, we won't change what's working — focusing on the fundamentals of growth, our operating system and our culture to serve our customers. We want to be a company people want to work for, customers want to buy from, investors want to invest in and a company admired by the world.

In 2014, Ingersoll Rand globally made a public commitment to significantly increase energy efficiency and reduce environmental impacts from our operations and product portfolio by 2030, with key milestones specified for 2020. We acknowledge the significant risks of climate change and deteriorating environmental health pose to the world and the urgent need to address and adapt to the effects of climate change. As the Indian economy develops, it is essential to drive robust initiatives to improve energy efficiency and sustainability.

I am optimistic about our future. We have together accomplished a lot and it is now our responsibility, individually and collectively to take the company to the next growth phase. We are committed to drive profitable growth by leveraging what has been created and lead the innovation for emerging economies. Your company is ready to lead the future in the emerging markets, where it plays, and this market will become the ground for the rest of world to learn from.



Venkatesh Valluri
Chairman