



## INGERSOLL - RAND (INDIA) LIMITED

### REGISTERED OFFICE & CORPORATE OFFICE

Plot No. 7 & 8, Phase 1,  
Peenya Industrial Area,  
Bangalore - 560 058

### REGIONAL AND OTHER OFFICES

Ahmedabad-Bangalore-Chennai-  
Indore-Kolkata-Lucknow-Mumbai-  
Nagpur-New Delhi-Pune-  
Secunderabad-Tiruchengodu

### MANUFACTURING FACILITY

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

### BOARD OF DIRECTORS

Mr. Daljit L. Mirchandani	Chairman and President
Mr. Dean Iacopetti	
Mr. Hemraj C. Asher	
Mr. Darius C. Shroff	

### OFFICERS

Mr. Daljit L. Mirchandani	President
Mr. Jaideep Wadhwa	Vice President & General Manager - Industrial Technologies
Mr. B. Jayaraman	Vice President - Finance
Mr. Prasad Y. Naik	Vice President - Information Technology

### COMPANY SECRETARY

Mr. P. R. Shubhakar

### AUDITORS

Price Waterhouse, Bangalore

### SOLICITORS

Crawford Bayley & Co., Mumbai

### BANKERS

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

### REGISTRAR AND SHARE TRANSFER AGENTS

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

*HIGHLIGHTS OF THE YEAR*

	2006-07	2005-06
Domestic Sales	<b>Rs. 5,468.42 million</b>	Rs. 4,273.66 million
Export Sales	<b>Rs. 1,004.80 million</b>	Rs. 915.28 million
Total Sales	<b>Rs. 6,473.22 million</b>	Rs. 5,188.94 million
Profit before tax	<b>Rs. 749.26 million</b>	Rs. 499.23 million
As a % of sales	<b>11.57</b>	9.62
Profit after tax	<b>Rs. 464.83 million</b>	Rs. 309.59 million
As a % of sales	<b>7.18</b>	5.97
Return on total resources (%)	<b>7.24</b>	5.24
Net worth per share	<b>Rs. 140.64</b>	Rs. 132.85
Earnings per share	<b>Rs. 14.72</b>	Rs. 9.81
Price earnings ratio	<b>18.87 times</b>	40.88 times
Dividend per share	<b>Rs. 6.00</b>	Rs. 6.00
Cover	<b>2.5 times</b>	1.6 times
Net sales/total assets	<b>0.9 times</b>	0.8 times
Profit after tax/gross fixed assets (%)	<b>47.28</b>	32.82
No. of employees	<b>822</b>	845
No. of shareholders	<b>17,775</b>	16,754

*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)	2,618,260	8%
Bodies Corporate & Trusts	647,765	2%
Directors and their relatives	86,600	0%*
Others	4,855,375	16%
<b>Total</b>	<b>31,568,000</b>	<b>100%</b>

\* Less than 1%



## NOTICE

Notice is hereby given that the Eighty-fifth Annual General Meeting of Ingersoll - Rand (India) Limited ("Company") will be held at Goldfinch Hotel, 32/3, Crescent Road, High Grounds, Off. Kumara Krupa Road, Bangalore 560 001 at 12.30 p.m. on Wednesday, July 25, 2007 to transact the following business: -

### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended on March 31, 2007 and the Reports of the Directors and the Auditors.
2. To declare a final dividend for the year ended on March 31, 2007.
3. To appoint a Director in place of Mr. Hemraj C. Asher, who retires by rotation, and, being eligible, offers himself for reappointment.
4. To appoint M/s. Price Waterhouse, Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the Accounts of the Company for the year ending March 31, 2008.

### SPECIAL BUSINESS

5. To consider, and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:-  
"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act"), and subject to such approvals as may be necessary and in furtherance to the resolution passed at the Eighty-first Annual General Meeting held on June 25, 2003 and Eighty-fourth Annual General Meeting held on June 28, 2006, in respect of remuneration of Mr. Daljit L. Mirchandani, Chairman and President of the Company, consent of the Company be and is hereby accorded to revision by the Board of Directors of the annual remuneration

payable to Mr. Daljit L. Mirchandani, as set out in the Explanatory Statement annexed hereto, with liberty to the Board of Directors to alter, modify and vary the terms and conditions of reappointment and/or agreement and remuneration, such that the total remuneration does not exceed the limits specified in Schedule XIII to the Act or Section 309 of the Act, with or without approval of the Central Government (as the case may be) and as may be agreed to between the Board of Directors and Mr. Daljit L. Mirchandani.

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 including execution of an agreement with Mr. Daljit L. Mirchandani in terms of this resolution".

### NOTES: -

- (a) The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, ( the "Act") in respect of item no. 5 is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY, IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from July 6, 2007 to July 13, 2007, both days inclusive.
- (d) The Final Dividend on Equity Shares as recommended by the Directors for the year ended 31<sup>st</sup> March, 2007, if declared at the meeting will be made payable on July 30, 2007 to those members whose names appear in the Register of Members of the Company as on July 6, 2007. 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 and Central Depository Services (India) Limited for this purpose as on July 6, 2007.

- (e) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable rules and regulations followed by 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 accounts in which they wish to receive dividend, to their Depository Participants.
- (f) Under Section 205A read with Section 205C of the Act, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to the Investor Education and Protection Fund of the Central Government.

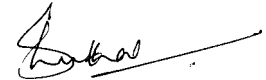
Members who have not encashed the dividend warrant(s) so far for Final Dividend of financial year 1999-2000 or any subsequent dividend payment(s) are requested to make their claims to the Company / Registrar and Share Transfer Agents immediately. Please note that as per Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said Investor Education and Protection Fund in respect of individual amounts

which remain unclaimed or unpaid for a period of seven years from the due date of payment and no payment shall be made in respect of any such claims.

- (g) Members are requested to bring the copy of their Annual Report and the Attendance Slip at the Annual General Meeting.
- (h) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Secretary of the Company so as to reach atleast seven days before the date of the meeting, so that the information required may be made available at the meeting, to the best extent possible.
- (i) As required under Clause 49 of the listing agreement of the Stock exchanges, the relevant details of persons seeking appointment / re-appointment as directors are furnished in the Corporate Governance Report forming part of this Annual Report.

By Order of the Board of Directors,

For *INGERSOLL - RAND (INDIA) LIMITED*



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

Mumbai, June 19, 2007



## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENT

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

ITEM NO. 5: -

At the 81<sup>st</sup> Annual General Meeting held on June 25, 2003 members approved reappointment of Mr. Daljit L. Mirchandani as the Managing Director of the Company, designated as "President " for a period of five years from April 15, 2003 to April 14, 2008. Members also delegated powers to the Board of Directors ("the Board") to alter, modify, amend and vary the terms and conditions of the reappointment and/or Agreement and remuneration of Mr. Daljit L. Mirchandani so as not to exceed the limits specified in Schedule XIII to the Act, or any statutory modification / re-enactment thereof, as may be agreed to by the Board and Mr. Daljit L. Mirchandani, pursuant to which annual increments were given to him.

At the meeting of the Board of the Company held on April 28, 2006, the Board approved revision in commission payable to Mr. Daljit L. Mirchandani effective April 15, 2005 at a rate not exceeding 1% of the net profits of the Company as the Board may decide from time to time subject to a maximum of 90% of annual salary.

The Board has since approved revision in remuneration payable to Mr. Daljit L. Mirchandani effective April 15, 2006. It is now intended to pay commission to Mr. Daljit L. Mirchandani at such amount as may be decided by the Board from time to time, without any maximum limits, and monetary equivalent of stock options as mentioned below, such that the total remuneration payable to Mr. Daljit L. Mirchandani does not exceed the limits specified in Schedule XIII to the Act or Section 309 of the Act, with or without approval of the Central Government, as the case may be.

The revised terms and conditions of appointment of Mr. Daljit L. Mirchandani are as follows:

- (i) (a) The Company shall pay to the President with effect from January 1, 2007, in consideration of the performance of his duties, a salary of Rs. 6,42,540/- (Rupees Six Lakhs Forty Two Thousand Five Hundred Forty Only) per month.
- (b) The Board shall also have the right to pay a yearly bonus/ commission at such rate or of such amount as may be decided by the Board from time to time.

- (c) The President is also entitled to stock options offered by Ingersoll-Rand Company Limited, USA (IR-USA), Ingersoll-Rand (India) Limited does not have any scheme for stock options. The monetary equivalent of stock options of IR-USA, as and when exercised by the President shall be paid to him by Ingersoll-Rand (India) Limited, subject to deduction of income tax at source.
  - (d) Minimum salary and perquisites as mentioned in Schedule XIII of the Companies Act, 1956 shall be paid in the event of absence or inadequacy of profits in any year and, in any other case, the remuneration shall not exceed the limit specified in Section 309 of the Act, without approval of the Central Government.
- (ii) In addition to salary and commission as per (i) above, the President shall be entitled to the following perquisites:-
- (a) HOUSING I – The expenditure on hiring unfurnished accommodation will be subject to the ceiling of sixty per cent of the salary; or  
HOUSING II – The Company shall provide unfurnished residential accommodation to the President; or  
HOUSING III – In case no accommodation is provided by the Company, a house rent allowance be paid subject to the ceiling as set out in Housing I above.  
EXPLANATION – The expenditure incurred on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. It shall be subject to a ceiling of ten per cent of the salary.  
The Company shall be entitled to use one-third of the residential accommodation in all the aforesaid three cases.
  - (b) MEDICAL BENEFIT:- The benefit of the Company's Group Medical Benefit Scheme or any other scheme for the time being in force for the President and his family including the reimbursement of other medical expenses outside the purview of the above Scheme provided that the total expenses thereof shall not exceed one month's salary in a year or three months' salary over a period of three years.
  - (c) LEAVE TRAVEL BENEFIT:- Leave travel benefit once for every year of service for the President 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;
- (d) PERSONAL ACCIDENT INSURANCE:- Personal Accident Insurance for a maximum sum assured of Rs 50,00,000/- (Rupees Fifty Lakhs Only).
- (e) KEY MAN INSURANCE:- Key Man Insurance policy for a maximum premium upto Rs. 3,00,000/- per annum.
- (f) FEES OF CLUBS:- Membership of two clubs, in which the Company has corporate membership as Company's nominee, the monthly subscription thereto being borne and paid by the Company.
- (g) HARD FURNISHING ALLOWANCE:- A hard furnishing allowance of a maximum of Rs 10,00,000/- (Rupees Ten Lakhs Only) for the duration of his appointment, subject to the overall limits specified under 'Explanation' under item (ii) (a) above.
- (iii) The President shall also be entitled to the benefit of Provident Fund, Superannuation Fund and Gratuity as per the Company's rules, provided that the Company's contribution to the Superannuation Fund shall be upto 15% of the salary, provided further that such contribution together with contribution of the Provident Fund shall not exceed 27% of the salary as laid down in the Income-tax Rules, 1962. Gratuity shall be payable at the rate of one month's salary for fifteen years of service and one-half month's salary for balance years of service.
- (iv) Earned / privilege leave and sick leave in accordance with the rules of the Company but not exceeding one month's privilege leave for every eleven months of service, subject to the further condition that leave accumulated but not availed of will be allowed to be encashed.
- (v) Reimbursement of actual travelling, entertainment and other expenses reasonably incurred in or about the business of the Company.
- (vi) Provision of a motor car and the services of a driver for which all the expenses for maintenance and running of the motor car to be borne and paid by the Company for use on Company's business. The use of a motor car as aforesaid shall not be considered as a perquisite. Use of car for private purpose shall be billed by the Company to the President.
- (vii) Provision of telephone at the residence. The use of telephone shall not be treated as a perquisite. Long distance personal calls to be recovered by the Company.
- OTHER CONDITIONS APPLICABLE TO MR. DALJIT L. MIRCHANDANI:
- (i) He shall not engage himself, directly or indirectly in any other business, occupation or employment which competes with the business of the Company provided that he may hold directorship of any other Company or Companies not competing 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, directly or indirectly, be concerned or interested in any selling agency of the Company without the prior approval of the board of directors and the Central Government.
- (iv) His employment shall forthwith determine if he becomes insolvent or makes any composition or arrangement with his creditors or ceases to be a Director of the Company. He shall cease to be a director if this Agreement is terminated or otherwise for any reason he ceases to be a Director of the Company.
- (v) He shall not be entitled to any fees for attending meetings of the Board of Directors or Committee thereof.
- (vi) Either party is entitled to terminate the Agreement by giving six month's notice in writing.
- (vii) The Company has 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 all other Directors for the time being of the Company renders his retirement desirable.
- Your Directors consider that the remuneration and perquisites proposed to be paid to Mr. Daljit L. Mirchandani are commensurate with his duties and responsibilities as the Managing Director designated as the President and therefore recommend the resolution for your approval.



It is now proposed to enter into an Agreement with Mr. Daljit L. Mirchandani incorporating the above terms and conditions of his appointment. The Agreement dated April 25, 2003 entered into with Mr. Daljit L. Mirchandani on his reappointment, the Supplemental Agreements dated April 17, 2004, July 20, 2005, June 28, 2006, November 2, 2006 and January 22, 2007 thereto entered into on revision of annual salary and the draft agreement now proposed to be entered into with him are open for inspection by the members at the Registered office of the Company on all days between 10.30 a.m. and 12.30 p.m. except Sundays and holidays until the day prior to the date of the Annual General Meeting.

This notice and explanatory statement may be treated as an abstract of the revised terms of appointment of Mr. Daljit L. Mirchandani and Memorandum of Interest pursuant to the provisions of Section 302 of the Act.

Mr. Daljit L. Mirchandani is interested in the variation of the contract since it relates to remuneration payable to him. None of the other directors is concerned or interested in the said ordinary resolution.

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

By Order of the Board of Directors,

For *INGERSOLL - RAND (INDIA) LIMITED*

A handwritten signature in black ink, appearing to read 'Shubhakar', written over a horizontal line.

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

Mumbai, June 19, 2007



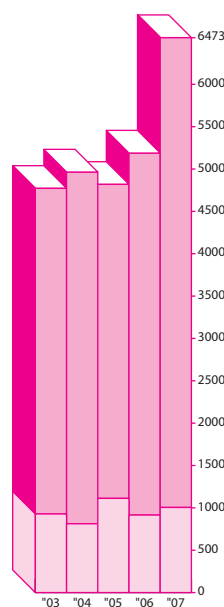
**DIRECTORS' REPORT**

To  
THE MEMBERS,  
INGERSOLL - RAND (INDIA) LIMITED

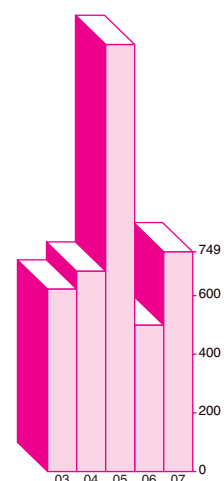
Your Directors have pleasure in submitting the Eighty-fifth Annual Report along with the Audited Balance Sheet and Profit and Loss Account for the year ended March 31, 2007.

**1. FINANCIAL RESULTS**

**SALES**  
(in Millions of Rs.)



**PROFIT BEFORE TAX**  
(in Millions of Rs.)



	(Rupees in Million)	
	2006-2007	2005-2006
Gross Profit	813.87	583.42
Less: Depreciation	62.69	62.52
Less: Interest	9.12	14.54
<i>Profit before taxation and exceptional items</i>	742.06	506.36
Less: Provision for Current Tax	290.70	157.48
Deferred Tax for the year	(15.77)	17.91
Fringe Benefit Tax	7.94	16.65
<i>Net Profit after taxation and before exceptional items</i>	459.19	314.32
Exceptional Items		
Add: Profit on sale of climate control business	7.70	—
Less: Voluntary retirement compensation	0.50	7.13
Taxation on above	1.56	(2.40)
	2.06	4.73
<i>Net Profit</i>	464.83	309.59
Add: Balance brought forward from Balance Sheet	1,588.81	1,526.20
	2,053.64	1,835.79
<i>Appropriations:</i>		
Interim Dividend	94.70	94.70
Tax thereon	13.29	13.29
Proposed Final Dividend	94.70	94.70
Tax thereon	16.10	13.29
Total Dividend	189.40	189.40
Total tax thereon	29.39	26.58
Total for the year	218.79	215.98
General Reserve Account	47.00	31.00
Balance carried to Balance Sheet	1,787.85	1,588.81
	2,053.64	1,835.79

**2. MANAGEMENT DISCUSSION AND ANALYSIS**

(a) *Industry Structure and Development:* The industry witnessed continued buoyancy during the year under review. The growth of the manufacturing sector augurs well for the long-term outlook of your Company.

(b) *Segment-wise operational performance:* The operations of your Company are segmented into two business groups – Air Solutions and Construction Technologies & Compact Vehicle Technologies.

The Air Solutions business grew by 17% in the period under review, aided by strong performance in domestic sales. The “Solutionizing” business for delivery of total solutions to the customer in the field of compressed air systems continued to show strong performance.

In the case of Construction Technologies & Compact Vehicle Technologies, the sales of road construction equipment showed a significant growth during the year.

The Climate Control business was sold to Thermo King India Private Limited during the year.

The profit before tax and exceptional items has improved significantly to Rs. 742 million as against Rs. 506 million in the previous year.

(c) *Outlook:* The outlook for the major business of your Company – Air Solutions remains strong. Air Solutions business growth is expected to continue from capacity expansions in the manufacturing sector and recurring revenue from after-market area. Launch of new products will also enable sustaining the momentum of growth.

Your Company will continue to sell and market utility equipment, loaders and attachments forming part of the Construction Technologies & Compact Vehicle Technologies Segment. The continued growth in the construction segment is likely to boost the sale of these products in the financial year 2007-08.

(d) *Threat and concerns:* The markets for all your Company’s products continue to be extremely competitive. Material cost escalations on metals and other inputs continue to have an impact on the profitability. With strong focus on operational efficiency and improvement in productivity, your Company should be able to retain its position as the preferred choice of customers.

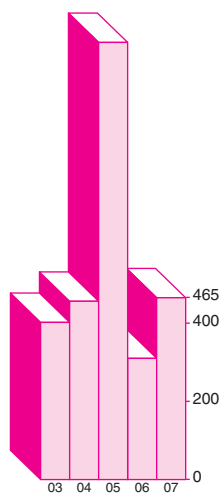
(e) *Internal control systems and their adequacy:* Your Company has effective and adequate internal control systems, which ensure reliable financial reporting, safeguarding of assets and adherence to management policies.

As a subsidiary of an American publicly listed company, your Company complies with the requirements of the Sarbanes Oxley Act of 2002. A local team of managers check the adequacy of internal controls and its implementation once in each quarter.

The internal audit team regularly reports to the Management and the Audit Committee on their findings and also on the steps to be taken with regard to deviations, if any.

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

**PROFIT AFTER TAX**  
(in Millions of Rs.)



Normal foreseeable risks to the Company's assets are adequately covered by comprehensive insurance. Risk assessments, inspections and safety audits are conducted regularly.

### 3. EXPORTS

Exports for the year has increased to Rs. 1,005 million as against Rs. 915 million in the previous year.

### 4. DIVIDEND

Your company declared an interim dividend at the rate of Rs. 3/- per share, absorbing Rs. 94.70 million. Your Directors now recommend payment of a final dividend for the year ended March 31, 2007 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. 29.39 million (previous year Rs. 26.58 million) has been appropriated out of profits.

### 5. SALE OF ROAD DEVELOPMENT BUSINESS

Your parent company viz. Ingersoll – Rand Company, U.S.A. has announced that it has agreed to sell its worldwide road development business to AB Volvo (Publ), Sweden. On completion of the sale, your Company will no longer have access to the technical know-how and engineering support services from the parent company. This would severely affect your Company's road development business in India. Considering the above, your Directors have at their meeting held on March 16, 2007 agreed to sell the undertaking relating to your Company's road development business in India to Volvo India Private Limited for an aggregate consideration of Rs. 2,318.20 million. The consent of the members for this sale has been obtained by means of postal ballot, the results of which were announced at the Extraordinary General Meeting held on April 28, 2007. The sale is likely to be completed before June 30, 2007.

### 6. FIXED DEPOSITS

Fixed deposits were not accepted during the year. There are no unclaimed deposits as on March 31, 2007.

### 7. DIRECTORS

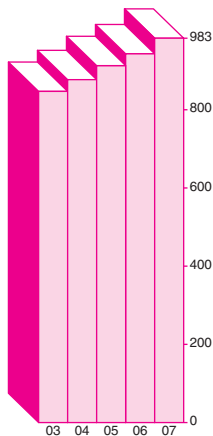
In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Hemraj C. Asher retires by rotation, and being eligible, offers himself for re-appointment. As required, details concerning the Director retiring by rotation has been included in the Corporate Governance Report.

### 8. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) that in the preparation of annual accounts, the applicable accounting standards have been followed;
- (b) that appropriate accounting policies have been selected and applied consistently, and judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2007 and of the profit of the Company for the year April 1, 2006 to March 31, 2007;

**GROSS BLOCK**  
(in Millions of Rs.)



- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) that the annual accounts have been prepared on a going concern basis.

**9. CORPORATE GOVERNANCE**

As per Clause 49 of the Listing agreement with the stock exchanges, a separate section on Corporate Governance, together with a certificate from the Company’s auditors confirming compliance, is set out in the Annexure forming part of this report.

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

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

**11. AUDITORS**

Members are requested to appoint Auditors for the period from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting, and to authorise the Board of Directors to fix their remuneration. Messrs. Price Waterhouse retire, and being eligible, offer themselves for reappointment.

Messrs. Price Waterhouse have furnished a written certificate to the Company certifying that, if they are appointed Auditors of your Company, such appointment would be within the limits specified in Section 224 (1) (B) of the Companies Act, 1956.

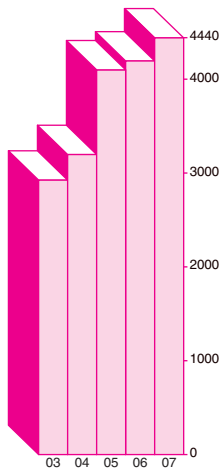
**12. EMPLOYEES**

The particulars of employees required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, are given along with and form part of this Report.


**13. APPRECIATION**

Your Board takes this opportunity to express its sincere appreciation of the excellent contribution made by all its employees towards the overall performance of your Company. Your Directors also thank all the shareholders, distributors, suppliers, bankers and other business associates for their valuable service and support during the year.

**NET WORTH**  
(in Millions of Rs.)



For and on behalf of the Board of Directors



Daljit L. Mirchandani  
Chairman and President

Bangalore, April 28, 2007

**REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement)

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

**A. MANDATORY REQUIREMENTS**

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Ingersoll – Rand (India) Limited as a part of the Ingersoll – Rand group is committed to the highest standards of Corporate Governance and has over the years practiced good corporate governance and is committed to provide value to all its stakeholders. The Company believes in managing its affairs with diligence, transparency, accountability and responsibility. Good Corporate Governance is an integral part of the Company's value system. Corporate Governance as a whole entails the conduct and the manner in which the Company deals with its stakeholders. The Company is committed to conducting business in accordance with the highest legal and ethical standards, superior product quality and services to its customers.

**2. BOARD OF DIRECTORS**

As at March 31, 2007, the Company's Board of Directors headed by its executive Chairman, Mr. D. L. Mirchandani, comprised of 4 Directors, out of which, two are independent directors.

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

Name of Director	Status i.e. Executive and Non-Executive & Independent	No. of Board Meetings		Attendance at the last AGM
		Held during the year	Attended during the year	
Mr. D. L. Mirchandani (Chairman & Managing Director)	Executive	6	6	Yes
Mr. Hemraj C. Asher	Non - Executive & Independent	6	6	Yes
Mr. Darius C. Shroff	Non - Executive & Independent	6	6	Yes
Mr. Dean Iacopetti	Non-Executive	6	1	No

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. D. L. Mirchandani (Chairman & Managing Director)	1	NIL
Mr. Hemraj C. Asher	9	7
Mr. Darius C. Shroff	8	7
Mr. Dean Iacopetti	NIL	NIL

\* Audit Committee and Shareholders' / Investors Grievance Committee

*Number of Board Meetings:*

Six Board Meetings were held during the year 2006-07 on April 28, 2006, June 28, 2006, July 31, 2006, October 19, 2006, January 22, 2007 and March 16, 2007.

The Company has adopted Codes of Conduct for Executive Directors & Senior Management and Non – Executive Directors separately. The Managing Director has given a declaration to the effect that all the Directors and Senior Management personnel of the Company have affirmed compliance with the Code.

### 3. REMUNERATION TO DIRECTORS

The details of remuneration paid to Directors for the year ended March 31, 2007 is as follows:

Name of Director	Sitting Fees (Rs.)	Salaries and Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. D. L. Mirchandani (Chairman and Managing Director)	NIL	9,665,287	6,060,613	15,725,900
Mr. Hemraj C. Asher	NIL	NIL	700,000	700,000
Mr. Darius C. Shroff	NIL	NIL	700,000	700,000
Mr. Dean Iacopetti	NIL	NIL	NIL	NIL

#### *Criteria for payments to Executive Directors:*

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

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

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

#### *Service Contract / Notice Period:*

The agreement with the Chairman & Managing Director is for a period of five years. Either party to the agreement is entitled to terminate the agreement by giving six month's notice to the other party.

#### *Criteria for payments to Non-executive Directors:*

Non – Executive Directors are paid remuneration by way of fixed commission, which will be determined by the Board of Directors in terms of the special resolution passed by the shareholders at the Annual General Meeting held on August 23, 2004. The criterion for payment of remuneration is the advice given by Non – Executive Directors to the Management from time to time on strategic matters.

### 4. REMUNERATION COMMITTEE

The remuneration committee was reconstituted on April 28, 2006 and comprised of Mr. Hemraj C. Asher, Mr. Darius C. Shroff and Mr. Dean Iacopetti. Mr. Dean Iacopetti is the Chairman of the Committee. The Committee met three times during the year on October 19, 2006, January 22, 2007 and March 16, 2007.

Name of Director	No. of meetings held	No. of meetings attended
Mr. Dean Iacopetti, Chairman	3	1
Mr. Hemraj C. Asher	3	3
Mr. Darius C. Shroff	3	3

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

- Review the remuneration package, service agreement and other employment conditions of Managing Director
- Decide the actual salary, allowances, perquisites, retiral and increments of Managing Director
- Decide the amount of commission payable to Managing Director
- Periodically review and suggest revision of the total remuneration package of Managing Director;

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

### 5. AUDIT COMMITTEE

The Audit Committee held four meetings during the year on April 28, 2006, July 31, 2006, October 19, 2006 and January 22, 2007. The details of composition of the Present 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. D. L. Mirchandani	4	4

Mr. P. R. Shubhakar, Company Secretary, acts as the Secretary of the Committee.

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

- Oversight of the Company's financial reporting process and disclosure of financial information to ensure it is correct, sufficient and credible;
- Compliance with accounting standards and changes required, if any, in accounting policies and practices
- Review with the Management the quarterly financial statements before submission to the Board
- Reviewing with the management the annual financial statements before submission to the Board for approval, primarily focusing on
  - Changes in accounting policies
  - Significant adjustments made in financial statements arising out of audit findings
- Review of the adequacy of the internal control systems with the Management, internal auditors and statutory auditors
- Recommending to the Board, the appointment / re-appointment of statutory auditors and fixation of fees
- Approval for payment to statutory auditors for other services
- Reviewing the adequacy of internal audit function
- Review with internal auditors of any significant findings and follow-ups thereon
- Review of the Company's financial risk and management policies
- Review functioning of the Whistle Blower mechanism

#### 6. INVESTORS/SHAREHOLDERS GRIEVANCE COMMITTEE

As of March 31, 2007, the Investors/Shareholders Grievance Committee comprises of

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

The Committee meetings are held as and when required, usually fortnightly. 8 meetings of the Committee were held during the year.

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

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

The Board of Directors have delegated the powers to approve transfer and transmission of shares, issue of duplicate shares and approving of split and consolidation requests upto 500 shares to Mr. P. R. Shubhakar, Company Secretary or Mr. B. Jayaraman, Vice President -Finance.

Mr. P. R. Shubhakar, Company Secretary is the Compliance Officer. The Registrar and Share Transfer Agents of the Company - TSR Darashaw Limited (formerly known as Tata Share Registry Limited), attend to all grievances of the shareholders and investors received.

During the year, 1,691 grievances/correspondences were received from shareholders/investors and 1 complaint was received from Securities Exchange Board of India (SEBI). All investor grievances/correspondences, including a complaint from SEBI, have been redressed to the satisfaction of the investors. There was one outstanding complaint as of April 28, 2007.

All valid requests for share transfers received during the year have been acted upon. However there were three share transfer requests pending as on March 31, 2007. The same was received on and after March 29, 2007 and have been processed on April 4, 2007.

## 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
EGM	April 28, 2007	Goldfinch Hotel, 32/3, Crescent Road, High Grounds, Off. Kumara Krupa Road, Bangalore 560 001	12.00 Noon	—
AGM	June 28, 2006	Taj Gateway Hotel on Residency Road, No. 66, Residency Road, Bangalore 560 025	3.00 P. M.	—
EGM	September 23, 2005	Hotel Atria, No 1, Palace Road, Bangalore 560 001	10.30 A. M.	1
AGM	July 20, 2005	Hotel Atria, No 1, Palace Road, Bangalore 560 001	3.00 P. M.	—
AGM	August 23, 2004	Sunville Pavillion, Good Housekeeping, Dr. A. B. Road, Worli, Mumbai 400 018	3.00 P. M.	2

## 8. NOTES ON DIRECTORS SEEKING RE-APPOINTMENT/APPOINTMENT

Mr. Hemraj C. Asher

Mr. Hemraj C. Asher has a degree in law and is an eminent solicitor. He is a senior partner in M/s. Crawford Bayley & Co for the last 38 years. He has been a Director on the Board of the Company since November 1972 and takes active interest in the affairs of the Company. He is also a Director on the Board of the following companies:

Name of the Company	Designation	Chairman / Membership of Audit Committee / Shareholders'/Investors' Grievance Committee / Remuneration Committee of the Board
Allied Pickfords Private Limited	Director	
Atchison Casting Corporation Private Limited	-do-	
ARI Consolidated Investments Limited	-do-	
Saurer India Private Limited	- do -	
Bimag Machines Private Limited	- do -	
Delimon Protos India Private Limited	-do-	
Diamant Boart Marketing Private Limited	-do-	
Elof Hanson (India) Private Limited	- do -	
Grant Investrade Limited	- do -	
Gulf Oil Corporation Limited	- do -	Audit Committee - Member
Hind Filters Limited	- do -	
Hinduja TMT Limited	- do -	Investors' Grievance Committee – Member Audit Committee - Member
The Indian Card Clothing Company Limited	-do-	Investors' Grievance Committee - Chairman Audit Committee - Member
KELTECH Energies Limited	-do-	
Lloyd's Register Industrial Services (India) Private Limited	Alternate Director	
Lakshmi Synthetic Machinery Manufacturers Limited (in Liquid)	Director	
Migatron India Private Limited	-do-	
Monsanto India Limited	-do-	Investors' Grievance Committee - Chairman Audit Committee - Member
PRS Technologies Private Limited	-do-	
TUV India Private Limited	-do-	
Wisden Data Services Pvt Limited	-do-	
Wisden Online India Pvt Limited	-do-	



**9. DISCLOSURES**

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

Transactions with the related parties are disclosed in Note 18 of Schedule 14 to the financial statements in the Annual Report.

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

**10. CEO/CFO CERTIFICATION**

The Chairman and Managing Director and Vice President – Finance have certified to the Board compliance in respect of all matters specified in sub clause V of Clause 49 of the Listing Agreement.

**11. MEANS OF COMMUNICATION**

- Half yearly report sent to each household of shareholders No
- Quarterly Results –  
Which newspapers normally published in The Business Standard  
Vijay Karnataka / Prajavani / Kannada Prabha  
Any Web site, where displayed Yes. As per clause 51 of the Listing Agreement, the quarterly results are displayed on the Electronic Data Information Filing and Retrieval (EDIFAR) web site maintained by National Informatics Centre (NIC). The name of the website is <http://sebidifar.nic.in>  
The domain name of the Company's website is [www.ingersollrand-india.com](http://www.ingersollrand-india.com) and the quarterly results are available on this website.
- Presentation made to Institutional Investors or to Analyst No
- Whether Management Discussion and Analysis Report is a part of annual report or not Yes

**12. GENERAL SHAREHOLDER INFORMATION**

- AGM - Date July 25, 2007  
- Time 12.30 PM.  
- Venue Goldfinch Hotel,  
32/3, Crescent Road, High Grounds,  
Off. Kumara Krupa Road,  
Bangalore 560 001
- Financial Calendar April 2007 to March 2008
  - (a) First Quarter Results Last week of July 2007
  - (b) Second Quarter Results Last week of October 2007
  - (c) Third Quarter Results Last week of January 2008
  - (d) Results for the year ending March 2008 April / May 2008
- Date of Book Closure July 6, 2007 to July 13, 2007  
(Both days inclusive)
- Dividend Payment Date July 30, 2007
- Listing on Stock Exchange The Bombay Stock Exchange Limited  
Ahmedabad Stock Exchange Limited  
National Stock Exchange of India Limited.  
Listing fees for the period 2006 - 2007 has been paid to the stock exchanges.



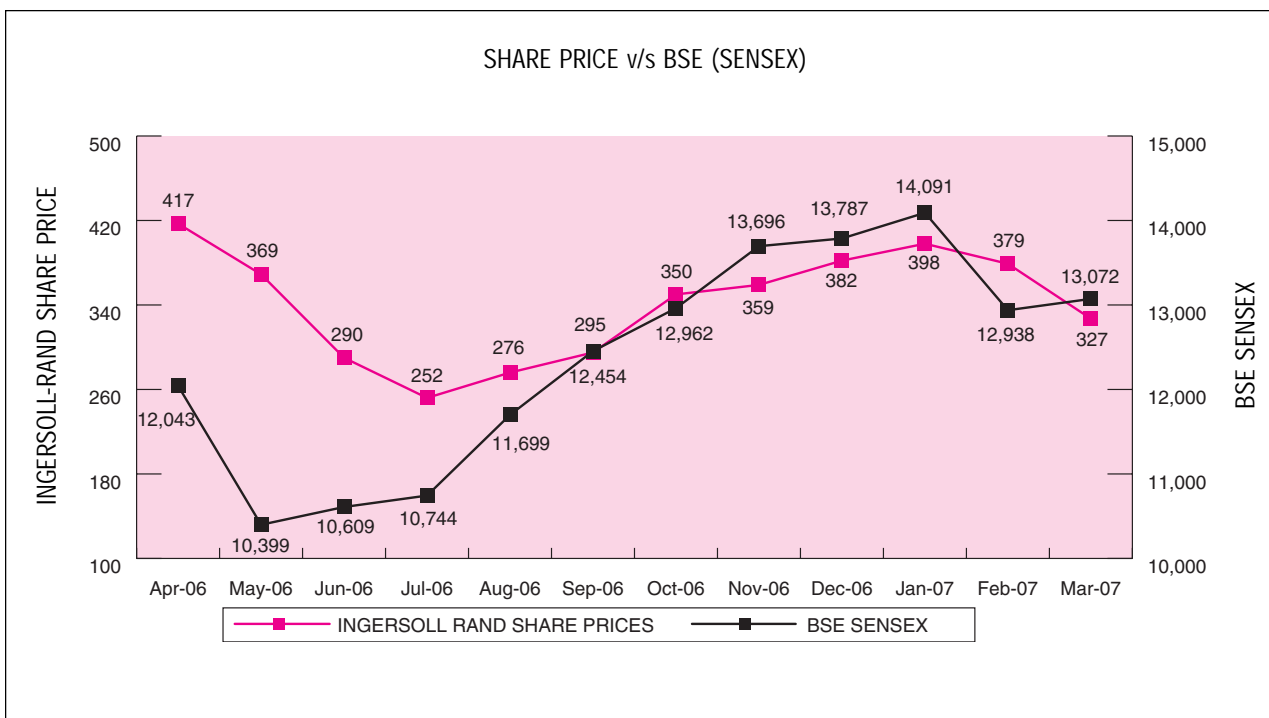
- Stock Code  
 Bombay Stock Exchange Limited 500210  
 Ahmedabad Stock Exchange Limited 26610  
 National Stock Exchange of India Ltd. INGERRAND EQ  
 Demat ISIN No. for NSDL and CDS INE177A01018

- Monthly Highs and Lows for the period April 2006 to March 2007

(in Rupees)

	Bombay Stock Exchange Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High	Low	High	Low
April 2006	417.45	361.50	424.95	310.00
May 2006	368.70	288.00	385.00	275.30
June 2006	289.55	226.00	304.45	220.00
July 2006	252.00	225.10	259.15	225.75
August 2006	275.95	240.85	285.00	235.00
September 2006	294.75	265.75	302.95	264.35
October 2006	349.90	275.75	355.00	275.00
November 2006	359.40	317.65	364.40	311.00
December 2006	381.75	333.90	390.00	330.00
January 2007	398.40	361.45	410.00	350.00
February 2007	378.55	328.85	382.00	323.00
March 2007	326.75	277.75	333.95	277.15

- 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  
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 25,378

- Distribution and Shareholding Pattern as on March 31, 2007

No. of equity shares held	No. of folios	%	No. of shares	%
Upto 500	15,333	86.26	1,914,912	6.06
501 – 1000	1,745	9.82	1,343,534	4.25
1001 – 2000	414	2.33	621,296	1.97
2001 – 3000	101	0.57	258,710	0.82
3001 – 4000	43	0.24	144,566	0.46
4001 – 5000	41	0.23	189,546	0.60
5001 – 10000	54	0.30	405,905	1.29
10001 and above	44	0.25	26,689,531	84.55
TOTAL	17,775	100.00	31,568,000	100.00
No. of shareholders in physical mode	2,960		24,102,593	
No. of shareholders in electronic mode	14,815		7,465,407	

- Shareholding pattern as on March 31, 2007 is as follows

Category	No. of shares	%
Ingersoll-Rand Company, New Jersey, U.S.A.	23,360,000	74.00
Foreign Institutional Investors	19,259	0.06
Non Resident Indians	74,644	0.24
Unit Trust of India	200	*0.00
Insurance Companies	1,220,446	3.87
Nationalised Banks and other Banks	9,950	0.03
Foreign Banks	400	*0.00
Mutual Funds	1,368,005	4.33
Domestic Companies	643,615	2.04
Trusts	4,150	0.01
Directors and Their Relatives	86,600	0.27
General Public	4,780,731	15.15
	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, 2007
Mr. D. L. Mirchandani (Chairman and Managing Director)	NIL
Mr. Hemraj C. Asher	8,000
Mr. Darius C. Shroff	10,000
Mr. Dean Iacopetti	NIL

- Dematerialisation of shares and liquidity  
23.65% of the paid-up capital has been dematerialised as on 31.03.2007. However, 74% of the paid-up capital held by Ingersoll-Rand Company, New Jersey, U.S.A. has not been dematerialised.
- Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion dates and like impact on equity  
Not issued
- Plant Locations  
Bangalore and Ahmedabad
- 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  
*Compliance Officer*  
The Company Secretary  
Ingersoll-Rand (India) Limited  
Plot No 7 & 8, Phase 1,  
Peenya Industrial Area,  
Bangalore 560 058  
Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

#### NON-MANDATORY REQUIREMENTS

- Shareholder rights –  
The half-yearly declaration of financial performance including summary of the significant events in last six months should be sent to each household of shareholders  
As the Company's half-yearly results are published in English newspapers having circulation all over India, in Kannada newspaper (having circulation in Karnataka), company's website and EDIFAR website, the same is not being sent to the shareholders separately. There are no second half-yearly results as the audited results are taken on record by the Board of Directors and then communicated to the shareholders through the Annual Report.
- Code of Conduct for Prevention of Insider Trading  
Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a Code of Conduct for Prevention of Insider Trading with effect from August 1, 2002. This Code of Conduct is applicable to all Directors and such employees of the Company who are expected to have access to Company's unpublished price sensitive information.

3. Disclosure Practices for Prevention of Insider Trading  
As required by SEBI regulations, the Company has adopted a Policy for Corporate Disclosure Practices for Prevention of Insider Trading with effect from August 1, 2002. This policy is applicable to all Directors and employees of the Company.
4. Secretarial Audit  
As stipulated by SEBI, a qualified Company Secretary carries out the Secretarial Audit to reconcile the total Admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total Issued and Listed Capital. This audit is carried out every quarter and the report is submitted to the Stock Exchanges as well as placed before the Board of Directors. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of Shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.
5. Whistle Blower Policy  
The Company has adopted a Whistle Blower Policy as a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct and it affirms that no personnel have been denied access to the Audit Committee.

### Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of Ingersoll-Rand (India) Limited

We have examined the compliance of conditions of Corporate Governance by Ingersoll-Rand (India) Limited, for the year ended March 31, 2007, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: New Delhi  
Date: April 28, 2007

S. Dutta  
Partner  
Membership No.: F50081  
For and on behalf of  
*PRICE WATERHOUSE*  
Chartered Accountants



## *ANNEXURE TO DIRECTORS' REPORT*

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

### *(A) CONSERVATION OF ENERGY*

- (a) The following energy conservation measures were taken:-
- i. Automatic power factor control unit is installed by which power factor is controlled above 0.9.
  - ii. Ordinary fluorescent lamps are being progressively replaced with T5 energy efficient lamps.
  - iii. Automatic level controller and dry run protection for bore well pumps.
  - iv. Organized awareness programmes for conservation of energy among employees.
  - v. Energy saver in industrial fans in assembly shop and fabrication shop.
  - vi. Optimum use of blowers through smart controllers.
  - vii. Independent control switches at each location to switch on only required lights.
  - viii. Energy meters installed for individual load centers for monitoring electricity utilization as well as energy conservation.
  - ix. Compressors XF-60 & XF-100 with microprocessor control for automatic demand control of compressed air is installed.
  - x. Use of LPG in canteen in place of coal and other fuels.
  - xi. Air leakages reduced to less than 3%.
  - xii. 400 watts mercury vapor lamps are being replaced with 250 watts metal halide lamps in assembly and fabrication shop.
  - xiii. Conversion of water-cooled air dryer to air-cooled air dryer.
  - xiv. Energy saver for welding generators for reduction of electrical energy in idle hours and automatically switch off, if the machine is running in idle for a long period.
  - xv. Energy saver for air conditioners.
  - xvi. Provision of air receiver for utilization of test air facility for plant usage.
  - xvii. Transformers are loaded at optimum efficiency.
  - xviii. LED indicating lamps is provided on power panels.
  - xix. Variable frequency drive has been installed for compressors.
  - xx. Shutting down all electrical machines and appliances when not in use.
  - xxi. Outdoor factory lights are replaced by metal halide lamps of low wattage and hi-lumen.
  - xxii. Electronic fan regulators are used in place of conventional regulators.
  - xxiii. Using electronic battery chargers in place of conventional battery chargers.
  - xxiv. Lighting load shifted to 200 Kva DG set from 500Kva DG for optimum use.
  - xxv. Use of solar heater in canteen to save energy.
  - xxvi. Balanced use of grid and DG power to reduce MD charges controlled by MD controller.
  - xxvii. Rainwater harvesting implemented there by reduced usage of bore well pumps.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:  
Creating a facility for non-destructive tests of products in a shorter time, which will reduce energy requirements.
- (c) Impact of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:  
Our total energy cost is less than one per cent of total sales and considering the nature of our production process, further conservation could at best be marginal.
- (d) Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in the schedule thereto:  
Not applicable in case of your Company.

**(B) TECHNOLOGY ABSORPTION**

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

**FORM B**

FORM FOR DISCLOSURE OF PARTICULARS WITH REGARD TO ABSORPTION

**RESEARCH AND DEVELOPMENT (R & D)**

1. Specific areas in which R & D is carried out by the Company:
  - (A) COMPRESSORS
 

Types -	(i)	Reciprocating air cooled – single and multi stage.
	(ii)	Reciprocating water-cooled.
	(iii)	Rotary screw.
	(iv)	Centrifugal.
AREAS –	(i)	Thermodynamics
	(ii)	Energy efficiency
	(iii)	Fluid flow
	(iv)	Multi-user application adoption
	(v)	Manufacturing technology – CNC
	(vi)	Modulation and control systems
	(vii)	Digital pulsation analysis for acoustic and mechanical vibrations
	(viii)	Microprocessor based control
	(ix)	Torsional vibration analysis of different drives
  - (B) CONSTRUCTION TECHNOLOGIES & COMPACT VEHICLE TECHNOLOGIES
 

TYPES–	(i)	Hydraulic rock breakers - applications on stationary as well as mobile equipments.
	(ii)	Portable air compressors
	(iii)	Vibratory compactors (Asphalt / Soil)
	(iv)	Asphalt pavers
	(v)	Paver finisher / Pneumatic tyre roller machine
	(vi)	Light towers
AREAS	(i)	Structurals
	(ii)	Energy efficiency
	(iii)	Mechanical transmissions
	(iv)	Hydraulics
	(v)	Heat treatment
2. Benefits derived as a result of the above R & D:
  - (i) Improved efficiency of products and better customer satisfaction.
  - (ii) Upgrading our existing machines and introducing new products consuming less energy to the user.
  - (iii) Continuously exploring possibilities of indigenisation without compromising on quality and thereby saving valuable foreign exchange.
  - (iv) Expanding the range of our existing product lines by adding new products.
  - (v) Offering optimum product choice at home and abroad for diverse applications.
  - (vi) Unique status of worldwide single source manufacturer of certain compressors.
  - (vii) Have developed a resident technology base that has quick response to changing scenarios.
  - (viii) With installation of Quality System and Total Quality Management, we have been able to get ISO-9001 certification for both the Bangalore Plant and Ahmedabad Plant. Additionally, both the Plants have been certified to ISO – 14001 for their environment management systems.
3. Future Plan of Action:
  - (i) Introduce, develop and also export higher efficiency air compressor and packages.
  - (ii) Introduce larger sizes of centrifugal compressors.
  - (iii) Introduce comprehensive range of stationary screw compressors for industrial use.



(Rs. Million)

4.	Expenditure of R & D :	
	(a) Capital	—
	(b) Recurring	18.48
	(c) Total	18.48
	(d) Total R & D expenditure as a percentage of total turnover	0.3%

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

- Efforts, in brief, made towards technology absorption, adaptation and innovation:
  - Being constantly in touch with our Principals, Ingersoll-Rand Company and various divisions in New Jersey, U.S.A., we are able to keep up-to-date with technology changes.
  - State of art design / development of new line up of non-lubricated air-cooled reciprocating compressors, both, single and two stage.
  - Export base for centrifugal compressor parts.
  - Development of large water-cooled reciprocating compressors.
  - Absorbing CNC manufacturing technology in-house, and applying it to diverse products.
  - Import substitution on several mechanical transmissions, valve components, control panels and also progressive indigenisation of all product lines.
  - Setting up a development laboratory in-house to validate processes before commencing production.
- Benefits derived as a result of the above efforts:
  - Upgrading products constantly with modern features in consultation with our Principals.
  - Product improvement through high efficiency and reduction in cost per unit.
  - Better raw material usage.
  - Simplified processes.
  - Product made efficient through adaptation of modern technology to save energy and also to be more environment friendly.
  - Timely response with the help of in-house engineering analysis.
  - More efficient use of raw material using nesting techniques to cut down wastage of resources.
  - Reduction in manufacturing cost through improvement in productivity and thereby offset general cost escalation in inputs.
  - More accurate designs and reduction in cycle time for custom built machines.
- In case of imported technology [imported during the last 5 years reckoned from the beginning of the financial year], following information is furnished:

<u>Technology Imported</u>	<u>Year</u>	<u>Status</u>
Energy efficient air compressors	2004	Partially absorbed
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 Parent Company in the U.S.A. for adapting to the most modern technology available in the World.		

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

(f) Total foreign exchange used and earned:		(Rs. Million)
(i) Earnings in foreign exchange on account of exports, deemed exports, income from services rendered and recovery of expenses and engineering fees.		1,042.40
(ii) Value of imports calculated on c.i.f. basis	1,539.26	
(iii) Expenditure in foreign currency on account of travelling, royalty and engineering fees and others	16.95	
(iv) Remittance in foreign exchange on account of dividend	140.16	1,696.37
Net Earnings / (Outgo) in Foreign Exchange		<u>(653.97)</u>

For and on behalf of the Board of Directors

Daljit L. Mirchandani  
Chairman and President

Bangalore, April 28, 2007

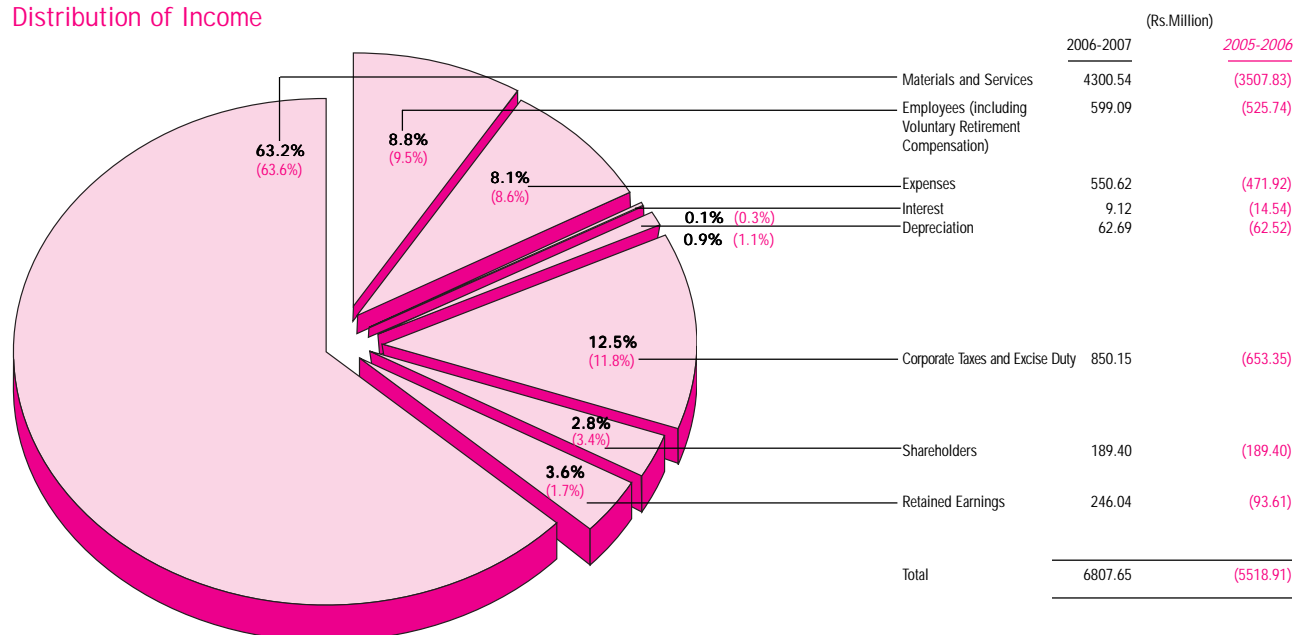


**ANNEXURE TO THE BOARD OF DIRECTORS' REPORT**  
*Information as per Section 217(2A) of the Companies Act, 1956, for the year ended March 31, 2007*

Name and Age	Designation, Nature of duties and Date of commencement of Employment	Qualification/ Experience	Gross Remuneration Rs.	Last Employment Designation/Name of Company/Period
<i>(A) EMPLOYED THROUGH THE YEAR:</i>				
Glenville da Silva (50)	Vice President & General Manager Construction Technologies & Compact Vehicle Technologies (09-06-1980)	B.E. (Chem)., DMM, MFM (27)	11,900,005	Production Trainee Zuari Agro Chemicals Ltd. (1)
Jaideep Wadhwa (43)	Vice President & General Manager Industrial Technologies (01-05-2005)	B.A. Maths (Hons), MBA, Gen Mgmt (21)	10,341,402	Executive Director Ingersoll-Rand Wadco Tools Pvt. Ltd. (15)
Jayaraman B. (53)	Vice President - Finance (17-05-2000)	B.Com., A.C.A. (31)	6,857,832	Chief Finance Officer & Assistant Finance Manager (Asia Pacific) Delphi Automotive Systems Ltd. (5)
Mirchandani D. L. (59)	Chairman & President (15-04-1998)	B.Sc. Engg. (Elec) (36)	15,725,900	Executive Director Kirtoskar Oil Engines Ltd. (17)
Prasad Naik (48)	Vice President Information Technology (01-04-1999)	B.Com., D.B.M., D.F.M., M.M.S (18)	4,610,600	General Manager, MIS Kirtoskar Ferrous Industries Ltd. (6)
<i>(B) EMPLOYED FOR PART OF THE YEAR:</i>				
Arora P. S. (44)	Regional Head - Parts Sales Construction Technologies (22-02-1996)	D.M.E. (23)	208,680	Service Manager Drillcon Pvt. Ltd. (1)
Biswajit Bose (44)	Executive - Services Air Solutions (01-04-1989)	D.M.E. (19)	89,418	Sales Assistant Hydran International (1)
Britto A. R. P. (46)	Manager - Engineering Construction Technologies (12-04-1988)	B.E (Mech.) (22)	484,591	Engineer - Development VST Tillers & Tractors Ltd. (3)
Harkesh Jaggi (35)	Regional Head - Northern Region I Construction Technologies (14-08-2000)	B.E (Mech.), MBA, PGDFM (14)	238,308	Deputy Manager New Holland Tractor (I) Pvt. Ltd. (2)
Manish Varma (39)	Regional Head - Northern Region II Construction Technologies (01-08-1989)	B.E (Mech.) (17)	259,100	—
Nalin Shah (60)	General Manager Human Resources & Indl. Relations (28-07-1977)	B.E (Mech.) (29)	2,605,485	Battiboi & Company, Production Planning Controller (7)
Radhakrishnan Nair (60)	Stenographer Shared Services (01-02-1984)	S.S.L.C. (41)	212,938	Stenographer Orient Corporation (9)
Subramanian M. (55)	Vice President - Human Resources & Organisation Development (01-02-2006)	B.E. P.G.D.B.A. (32)	2,636,857	HR Director, South Asia, Madura Coats Ltd. (31)
Suresh G. (35)	Junior Engineer Air Solutions (09-08-1991)	NAC, ITI, DME (15)	524,524	—
Varma D. K. (58)	Vice President - Human Resources and Organisation Development (27-04-1999)	M.Tech., PGDBM (34)	845,431	Vice President (H.R) Kirtoskar Oil Engines Ltd. (6)

- Notes: 1 Gross remuneration as above includes salary, commission, Voluntary Retirement Compensation and related Payments, Company's contribution to Provident Fund and Superannuation Schemes, Leave Travel Benefits, Medical Benefits, Personal Accident and Group Insurance Premium, Actual House Rent Paid/Allowance, monetary value of car and other perquisites and other allowances as applicable.
- 2 None of the above mentioned employees is a relative of any Director of the Company.
- 3 All the employees have adequate experience to discharge responsibilities assigned to them.
- 4 The nature of employment in all cases is contractual.

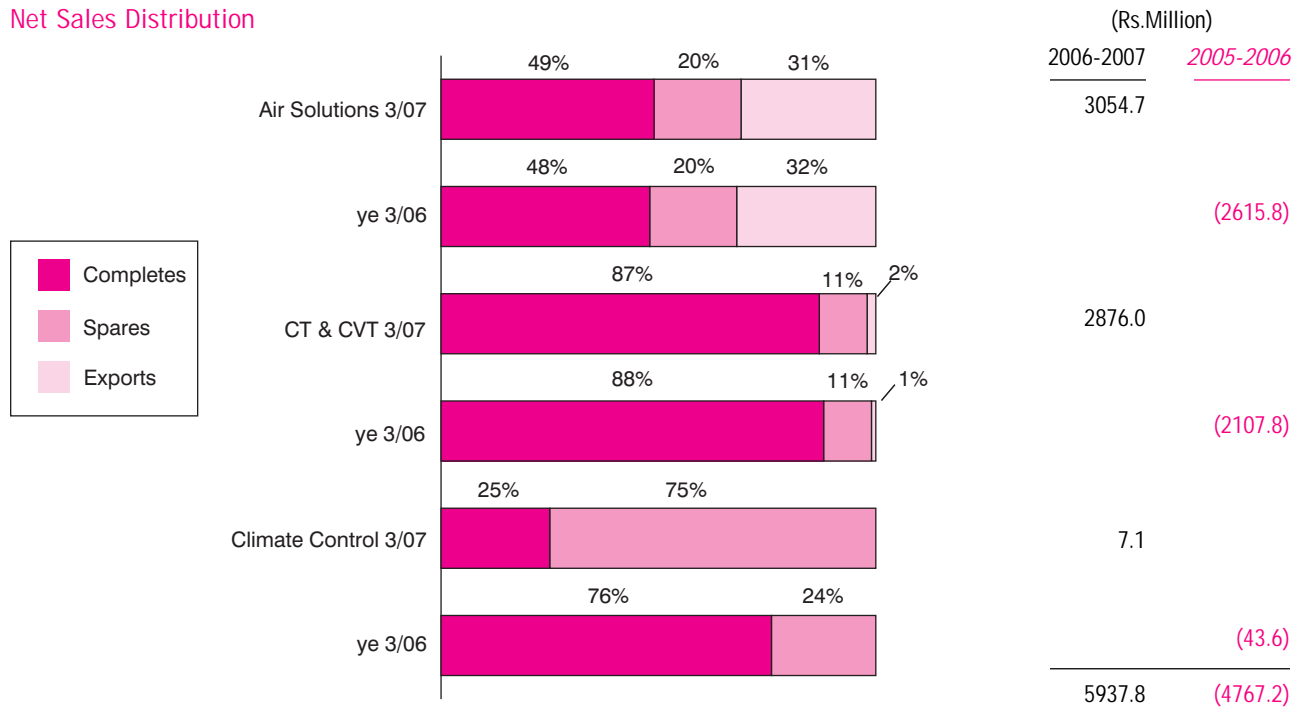
### Distribution of Income



### TEN YEARS AT A GLANCE :

(Rs. '000)	2006-07	2005-06	2004-05
1. Sales	6,473,220	5,188,937	4,818,702
2. Other Income	326,728	329,964	280,761
3. Total Income	6,799,948	5,518,901	5,099,463
4. CAGR For Total Income (%)	4.70	—	—
5. Manufacturing and Other Expenses	5,450,679	4,513,710	4,294,691
6. Depreciation	62,689	62,526	66,627
7. Interest	9,123	14,541	18,526
8. Voluntary Retirement Compensation	500	7,130	30,272
9. Profit Before Depreciation & Income Tax	811,956	561,758	1,522,541
10. Profit Before Tax	749,267	499,232	1,455,914
11. Tax	284,434	189,639	337,710
12. Profit After Tax	464,833	309,593	1,118,204
13. CAGR For Profit After Tax (%)	-0.92	—	—
14. Dividend	189,408	189,408	189,408
15. Dividend - Rs. per share	6.00	6.00	6.00
16. Fixed Assets (Net)	413,838	412,513	413,084
17. Current Assets, Loans and Advances	5,935,442	5,445,373	4,892,297
18. Total Assets	6,371,870	5,880,476	5,327,974
19. Share Capital	315,680	315,680	315,680
20. Market Price Per Share : 52 Weeks High & Low	H 417.45	H 426.70	H 322.80
(H - High; L - Low)	L 225.10	L 257.30	L 188.10
21. Reserves and Surplus	4,124,041	3,878,004	3,784,394
22. Net Worth	4,439,721	4,193,684	4,100,074
23. Loans (Secured and Unsecured)	—	—	—

Net Sales Distribution



	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	
	4,964,733	4,772,169	4,067,266	3,377,755	4,134,338	3,727,955	4,183,483	1.
	236,913	249,323	216,022	203,784	208,309	153,379	111,478	2.
	5,201,646	5,021,492	4,283,288	3,581,539	4,342,647	3,881,334	4,294,961	3.
	—	—	—	—	—	—	—	4.
	4,022,089	3,793,949	3,673,284	3,177,276	3,468,950	3,020,244	3,390,196	5.
	55,222	54,747	53,868	59,287	66,718	64,138	59,938	6.
	12,741	23,902	16,015	6,109	3,427	3,250	34,344	7.
	2,570	30,316	54,671	47,737	43,744	3,551	75,719	8.
	738,097	676,657	575,317	779,800	826,526	854,289	794,702	9.
	682,875	621,910	521,448	720,513	759,808	790,151	734,764	10.
	226,749	220,105	158,060	210,000	236,000	247,600	225,000	11.
	456,126	401,805	363,388	510,513	523,808	542,551	509,764	12.
	—	—	—	—	—	—	—	13.
	189,408	189,408	157,840	252,544	252,544	220,976	205,192	14.
	6.00	6.00	5.00	8.00	8.00	7.00	6.50	15.
	406,839	414,907	430,206	457,614	560,120	579,264	544,709	16.
	3,938,498	3,570,476	3,383,352	3,000,545	2,631,425	2,657,240	1,998,716	17.
	4,440,160	4,081,170	3,894,956	3,459,004	3,197,652	3,243,516	2,553,556	18.
	315,680	315,680	315,680	315,680	315,680	315,680	315,680	19.
	H 311.25	H 239.70	H 167.85	H 235.65	H 595.00	H 620.00	H 431.00	20.
	L 195.10	L 141.65	L 92.80	L 115.40	L 182.00	L 285.00	L 280.00	
	2,881,505	2,608,799	2,408,533	2,200,300	1,983,487	1,730,117	1,431,587	21.
	3,197,185	2,924,479	2,724,213	2,515,980	2,299,167	2,045,797	1,747,267	22.
	228	228	228	50,286	362	438	78,755	23.



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

1. We have audited the attached Balance Sheet of *Ingersoll-Rand (India) Limited* as at March 31, 2007 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - 4.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - 4.2 In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - 4.3 The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - 4.4 In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - 4.5 On the basis of written representations received from the directors, as on March 31, 2007, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, together with the notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;
    - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

S. Dutta  
Partner  
Membership No.: F50081  
For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Place : New Delhi  
Date : April 28, 2007

**Annexure to the Auditors' Report referred to in paragraph 3 of our report of even date:**

- (i)
  - (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
  - (b) The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which we consider reasonable. Pursuant to the programme, a physical verification was carried out during the year and this revealed no material discrepancies.
  - (c) During the year, the Company has not disposed of a substantial part of its fixed assets.
- (ii)
  - (a) The inventory (excluding stocks with third parties) of the Company has been physically verified by the management during the year. In respect of inventory lying with third parties, those have substantially been confirmed by them during the year. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company has maintained proper records of inventory, and the discrepancies between the physical inventory and the book stock, which have been properly dealt with in the books, were not material.

- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Act and accordingly clause (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of the Order are not applicable.
- (iv) In our opinion, having regard to the information and explanations that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, we have neither come across nor have been informed of any major weaknesses in the internal control system in the aforesaid areas.
- (v) In our opinion and according to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in register maintained under that Section. Accordingly, clause (v)(b) of the Order is not applicable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- (ix) (a) In our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess, as may be applicable and any other material statutory dues with the appropriate authorities as observed by us during the course of our examination of the books of account carried out in accordance with generally accepted auditing practices in India.
- (b) As at the year end, disputed dues on account of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, as may be applicable, that have not been deposited on account of a dispute are as follows:

Rs.

Excise duty matters:

Appeal pending before The Commissioner of Excise, Ahmedabad - II towards CENVAT Credit for the period 1997-98 to 1998-99	19,152,880
Appeal pending before The Commissioner of Appeals, Bangalore towards CENVAT Credit for the period 1999-2000 to 2002-03	612,608

Income Tax matters:

Demands arising out of notice under Section 156 of the Income Tax Act for Assessment Year 2004-05, against which the Company has filed an appeal with the Commissioner of Income Tax (Appeals), Bangalore.	30,589,073
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- (x) The Company has neither accumulated losses as at March 31, 2007 nor has it incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial year.
- (xi) The Company has not borrowed any funds from financial institutions, banks or through debentures.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company has not given any guarantees for loans taken by others from banks or financial institutions, which has also been confirmed by the management.
- (xiv) On the basis of an overall examination, in our opinion, there are no funds raised on a short term basis that have been used for long term investment, which has also been confirmed by the management.
- (xv) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, no fraud on or by the Company has been noticed or reported during the year nor have we been informed of such case by the management.
- (xvi) The other clauses of the Order namely clauses (xiii), (xiv), (xvi), (xviii), (xix) and (xx) were not applicable to the Company during the year.

S. Dutta  
Partner

Membership No.: F50081

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Place : New Delhi

Date : April 28, 2007



BALANCE SHEET AS AT 31ST MARCH, 2007

	SCHEDULE	(Rs. Million)	2007 (Rs. Million)	2006 (Rs. Million)
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Capital	1	315.68		315.68
Reserves and Surplus	2	4,124.04		3,878.00
			4,439.72	4,193.68
DEFERRED TAX LIABILITY [Schedule 14 Note 8 (c)]			4.47	20.38
<b>TOTAL</b>			<b>4,444.19</b>	<b>4,214.06</b>
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	3	983.23		943.28
Less : Depreciation		570.55		549.06
Net Block		412.68		394.22
Capital Work-In-Progress		1.16		18.29
			413.84	412.51
<b>INVESTMENTS</b>	4		22.59	22.59
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
Inventories	5	1,093.07		896.06
Sundry Debtors	6	1,321.58		1,348.29
Cash and Bank Balances	7	2,588.52		2,518.92
Loans and Advances	8	932.27		682.11
		5,935.44		5,445.38
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
Liabilities	9	1,657.81		1,482.81
Provisions	10	269.87		183.61
		1,927.68		1,666.42
<b>NET CURRENT ASSETS</b>			4,007.76	3,778.96
<b>TOTAL</b>			<b>4,444.19</b>	<b>4,214.06</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	14			

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

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

S. DUTTA  
Partner  
For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants  
New Delhi : April 28, 2007

B. JAYARAMAN  
Vice President - Finance

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

D. L. MIRCHANDANI  
Chairman and President

H. C. ASHER  
Director

Bangalore : April 28, 2007

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

	SCHEDULE	(Rs. Million)	2007 (Rs. Million)	2006 (Rs. Million)
<b>INCOME</b>				
Sales (Gross) [Schedule 14 Note 1(ix)]			6,473.22	5,188.94
Less: Excise Duty			535.40	421.78
Sales (Net)			5,937.82	4,767.16
Other Income	11		326.73	329.97
			<u>6,264.55</u>	<u>5,097.13</u>
<b>EXPENDITURE</b>				
Manufacturing and Other Expenses	12		5,450.68	4,513.71
Depreciation	3		62.69	62.52
Interest	13		9.12	14.54
			<u>5,522.49</u>	<u>4,590.77</u>
<b>PROFIT / (LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEMS</b>				
Continuing Operations [Schedule 14 Note 2(iii)]		605.18		481.51
Discontinuing Operations [Schedule 14 Note 2(iii)]		202.98		99.74
Discontinued Operations [Schedule 14 Note 2(iii)]		(66.10)	742.06	(74.89)
PROVISION FOR TAXATION (Schedule 14 Note 8)				
Current Tax				
Continuing Operations [Including for Wealth Tax Rs. 0.05 million (2006: Rs. 0.13 million)]		207.03		126.37
Discontinuing Operations		83.67		31.11
Deferred Tax		(15.77)		17.91
Fringe Benefit Tax		7.94	282.87	16.65
<b>NET PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL ITEMS</b>			<u>459.19</u>	<u>314.32</u>
<b>EXCEPTIONAL ITEMS</b>				
Add : Profit on Sale of Climate Control Business		7.70		—
(Less): Voluntary Retirement Compensation		(0.50)		(7.13)
		<u>7.20</u>		<u>(7.13)</u>
Taxation On Above				
[Includes Deferred Tax Credit Rs. 0.14 million (2006: Deferred Tax Credit Rs. 1.92 million)] [Schedule 14 Note 8 (c)]		1.56		(2.40)
			<u>5.64</u>	<u>(4.73)</u>
<b>NET PROFIT</b>			<u>464.83</u>	<u>309.59</u>
Balance Brought Forward			1,588.81	1,526.20
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			<u>2,053.64</u>	<u>1,835.79</u>
<b>APPROPRIATIONS:</b>				
Transfer To General Reserve			47.00	31.00
Interim Dividend [Including Tax Thereon]			107.99	107.99
Proposed Final Dividend [Including Tax Thereon]			110.80	107.99
Balance Carried Forward			1,787.85	1,588.81
			<u>2,053.64</u>	<u>1,835.79</u>
<b>EARNINGS PER SHARE BEFORE EXCEPTIONAL ITEMS</b>				
(Basic and Diluted) (Rs.)			14.55	9.96
<b>EARNINGS PER SHARE (Basic and Diluted) (Rs.)</b> (Schedule 14 Note 19)			14.72	9.81

NOTES TO THE FINANCIAL STATEMENTS 14  
The Schedules referred to herein form an integral part of the Profit and Loss Account

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

S. DUTTA  
Partner  
For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants  
New Delhi : April 28, 2007

B. JAYARAMAN  
Vice President - Finance

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

D. L. MIRCHANDANI  
Chairman and President

H. C. ASHER  
Director

Bangalore : April 28, 2007



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	2007 (Rs. Million)	2006 (Rs. Million)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation from Continuing Operations and before exceptional items	605.18	481.51
Adjustments for:		
Depreciation	40.03	42.98
Interest expense	3.19	1.69
Interest income	(166.33)	(113.82)
(Profit)/loss on sale/ write off of fixed assets	3.01	(0.62)
Bad debts written off	—	1.69
Provision for doubtful debts (net)	6.13	—
Unrealised foreign exchange (gain)/ loss	(6.66)	(22.78)
Provision for doubtful debts written back	—	(6.20)
Provision no longer required written back	—	(3.02)
<i>Operating profit before working capital changes</i>	<i>484.55</i>	<i>381.43</i>
Adjustments for changes in working capital :		
- (Increase)/Decrease in sundry debtors	(189.25)	65.53
- (Increase)/Decrease in other receivables	(83.75)	(24.89)
- (Increase)/Decrease in inventories	(151.30)	46.88
- Increase/(Decrease) in trade and other payables	247.14	446.37
- Increase/(Decrease) in employee related provisions	51.52	3.26
- Increase/(Decrease) in provision for warranty	31.92	(3.78)
- Adjustment for unrealised foreign exchange (gain)/ loss	6.66	22.78
Transfer of Net Current Assets to Thermo King India Pvt. Ltd. [Schedule 14 Note 2(i)]	(24.90)	—
Taxes Paid		
- Income Tax paid	(277.16)	(180.35)
- Fringe Benefit Tax paid	(7.55)	(19.65)
Exceptional Items :		
- Voluntary Retirement Compensation	(0.50)	(7.13)
<i>Net Cash from Continuing Operations</i>	<i>87.38</i>	<i>730.45</i>
<i>Net Cash from Discontinuing Operations</i>	<i>254.05</i>	<i>125.57</i>
<i>Net Cash from/ (used in) Discontinued Operations</i>	<i>34.25</i>	<i>(68.33)</i>
<i>Net cash from/ (used in) operating activities</i>	<i>375.68</i>	<i>787.69</i>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(31.53)	(52.45)
Capital work in progress	(0.57)	(11.87)
Proceeds from sale of fixed assets	4.82	2.97
Transfer of Fixed Assets (Net) to Thermo King India Pvt. Ltd. [Schedule 14 Note 2(i)]	(0.80)	—
Exceptional items :		
- Proceeds from sale of Climate Control Business (Net of expenses incurred) [Schedule 14 Note 2(i)]	33.40	—
Loan granted to fellow subsidiaries	(230.00)	(260.00)
Repayment of loan by Ingersoll - Rand Wadco Tools Private Limited	25.00	—
Interest received	164.45	113.39
<i>Net cash from/ (used in) Continuing Operations</i>	<i>(35.23)</i>	<i>(207.96)</i>
<i>Net cash from/ (used in) Discontinuing Operations</i>	<i>(37.87)</i>	<i>—</i>
<i>Net cash from/ (used in) Discontinued Operations</i>	<i>(6.85)</i>	<i>—</i>
<i>Net cash from/ (used in) investing activities</i>	<i>(79.95)</i>	<i>(207.96)</i>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	(3.19)	(1.69)
Dividend paid [Including Tax Thereon Rs. 26.56 million (2006: Rs. 26.49 million)]	(217.01)	(215.91)
<i>Net cash from/ (used in) Continuing Operations</i>	<i>(220.20)</i>	<i>(217.60)</i>
<i>Net cash from/ (used in) Discontinuing Operations</i>	<i>(5.93)</i>	<i>(12.85)</i>
<i>Net cash from/ (used in) Discontinued Operations</i>	<i>—</i>	<i>—</i>
<i>Net cash from/ (used in) financing activities</i>	<i>(226.13)</i>	<i>(230.45)</i>
<i>Net Increase/(decrease) in cash and cash equivalents</i>	<i>69.60</i>	<i>349.28</i>
<i>Cash and cash equivalents as at 31.03.2006</i>	<i>2,518.92</i>	<i>2,169.64</i>
<i>Cash and cash equivalents as at 31.03.2007</i>	<i>2,588.52</i>	<i>2,518.92</i>

Notes:

- The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2007 and the relative Profit and Loss Account for the year ended on that date.
- The above Cash Flow Statement has been prepared in consonance with the requirements of Accounting Standard (AS) - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India and the reconciliations required for the purpose are as made by the Company.
- Previous year's figures have been regrouped/ reclassified wherever necessary in order to conform with current year's classification.

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

B. JAYARAMAN  
Vice President - Finance

D. L. MIRCHANDANI  
Chairman and President

S. DUTTA  
Partner  
For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants  
New Delhi : April 28, 2007

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

H. C. ASHER  
Director

Bangalore : April 28, 2007



*SCHEDULES TO ACCOUNTS*

	2007 (Rs. Million)	2006 (Rs. Million)
1. CAPITAL :		
Authorised:		
32,000,000 (2006: 32,000,000) Equity Shares of Rs. 10 each	320.00	320.00
Issued, Subscribed and Paid-Up :		
31,568,000 (2006: 31,568,000) Equity Shares of Rs. 10 each fully paid-up	315.68	315.68
(Of the above shares		
(i) 31,301,500 (2006: 31,301,500) shares are allotted as fully paid-up by way of bonus shares by capitalisation of Share Premium and General Reserves		
(ii) 23,360,000 (2006: 23,360,000) shares are held by the Holding Company, Ingersoll - Rand Company, New Jersey, U.S.A.)		
	<u>315.68</u>	<u>315.68</u>
2. RESERVES AND SURPLUS :		
General Reserve [Schedule 14 Note 24 (a)]		
Balance as at last Balance Sheet date	2,289.19	2,258.19
Add: Transferred from Profit and Loss Account	47.00	31.00
	<u>2,336.19</u>	<u>2,289.19</u>
Profit and Loss Account Balance	1,787.85	1,588.81
	<u>4,124.04</u>	<u>3,878.00</u>



SCHEDULES TO ACCOUNTS

3. FIXED ASSETS: [Schedule 14 Note1 (ii)]

(Rs. Million)

PARTICULARS	C O S T				D E P R E C I A T I O N / A M O R T I S A T I O N				N E T B O O K V A L U E	
	AS AT 1ST APRIL, 2006	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	AS AT 31ST MARCH, 2007	AS AT 1ST APRIL, 2006	CHARGE FOR THE YEAR	DEDUCTIONS DURING THE YEAR	UPTO 31ST MARCH, 2007	AS AT 31ST MARCH, 2007	AS AT 31ST MARCH, 2006
Land - Leasehold	10.06	—	—	10.06	1.94	0.14	—	2.08	7.98	8.12
Land - Freehold	1.43	—	—	1.43	—	—	—	—	1.43	1.43
Buildings	125.93	8.80	3.51	131.22	42.51	3.57	0.63	45.45	85.77	83.42
Plant and Machinery (includes Computer Systems)	495.01	64.28	28.65	530.64	337.26	36.16	25.53	347.89	182.75	157.75
Computer Software	33.76	3.82	—	37.58	13.79	6.99	—	20.78	16.80	19.97
Electrical Installations	39.86	0.95	0.01	40.80	19.36	1.67	—	21.03	19.77	20.50
Furniture, Fixtures and Equipment	93.69	6.73	9.58	90.84	46.51	4.78	7.31	43.98	46.86	47.18
Vehicles	21.56	—	12.22	9.34	8.21	1.55	5.98	3.78	5.56	13.35
Small Tools	121.98	11.63	2.29	131.32	79.48	7.83	1.75	85.56	45.76	42.50
	943.28 (913.45)	96.21 (52.45)	56.26 (22.62)	983.23 (943.28)	549.06 (506.80)	62.69 (62.52)	41.20 (20.26)	570.55 (549.06)	412.68	394.22
Capital Work-In-Progress (including advances for capital expenditure Rs. 0.73 million (2006: Rs. 0.82 million))									1.16	18.29
NOTES:- 1) Buildings include Rs. 2.70 million (2006: Rs. 2.70 million) for an ownership flat in a Co-operative Society in which 5 shares (2006: 5 shares) of Rs. 50 each fully paid up are held by the Company.									413.84	412.51
2) Figures in brackets are in respect of the previous year ended 31st March, 2006.										

	(Rs. Million)	2007 (Rs. Million)	2006 (Rs. Million)
4. INVESTMENTS: [Schedule 14 Note 1 (iii)]			
LONG TERM - At Cost			
Trade			
Unquoted:			
Indian Infrastructure Equipment Limited		22.50	22.50
1,500,000 (2006: 1,500,000) Equity Shares of Rs. 10 each fully paid			
Non Trade			
Quoted:			
Unit Trust of India (UTI)			
900 (2006: 900) Bonds of Rs.100 each		0.09	0.09
		22.59	22.59
5. INVENTORIES: [Schedule 14 Note 1 (iv)]			
Stores and spares		—	1.60
Stock-In-Trade			
Raw Materials and Components (including manufactured components)	750.35		648.76
Inventory In-Transit	130.54		104.05
Work-In-Progress	146.87		112.66
Finished Goods	65.31		28.99
		1,093.07	894.46
		1,093.07	896.06

*SCHEDULES TO ACCOUNTS*

	(Rs. Million)	2007 (Rs. Million)	2006 (Rs. Million)
6. SUNDRY DEBTORS:			
(Unsecured)			
Debts Exceeding Six Months :			
Considered Good	110.77		103.09
Considered Doubtful	24.95		21.11
	<u>135.72</u>		<u>124.20</u>
Other Debts-Considered Good	1,210.81		1,245.20
		1,346.53	1,369.40
Less: Provision for Doubtful Debts (net of Rs. 0.02 million transferred to Thermo King India Pvt. Ltd.) [Refer Schedule 14 Note 2(i)]		24.95	21.11
		<u>1,321.58</u>	<u>1,348.29</u>
7. CASH AND BANK BALANCES:			
Cash on Hand		0.51	0.54
Cheques on Hand		26.16	2.23
With Scheduled Banks in			
Current Account	176.73		89.48
Dollar Deposit Account	17.84		351.88
Fixed Deposit Account	2,367.28		2,074.79
		<u>2,561.85</u>	<u>2,516.15</u>
		<u>2,588.52</u>	<u>2,518.92</u>
8. LOANS AND ADVANCES:			
(Unsecured and considered good)			
Loans to Employees' Co-operative Credit Societies		9.13	15.72
Loans to Fellow Subsidiaries: [Interest accrued thereon Rs. 3.12 million (2006: Rs. 1.25 million)] [Maximum during the year Rs. 528.12 million (2006: Rs. 321.25 million)]		528.12	321.25
Advance Income Tax [including Fringe Benefit Tax Rs. 2.61 million (2006: Rs. 3.00 million)] (Net of Provision)		42.75	58.37
Tender Security and Other Deposits		39.46	39.47
Balance with Excise Authority		68.73	67.24
Advances Recoverable in Cash or in Kind or For Value to be Received		244.08	180.06
		<u>932.27</u>	<u>682.11</u>



SCHEDULES TO ACCOUNTS

	2007 (Rs. Million)	2006 (Rs. Million)
9. LIABILITIES:		
Acceptances	268.13	218.50
Payable to Ingersoll - Rand Company, New Jersey and its affiliates	416.74	510.83
Sundry Creditors (including book overdraft Rs. Nil 2006: Rs. 2.31 million) [Schedule 14 Note 5]	733.08	602.06
Advance Payments for which value has still to be given	236.30	146.82
Unclaimed Dividend *	3.56	4.60
	1,657.81	1,482.81
*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
10. PROVISIONS:		
Proposed Final Dividend (Including tax thereon)	110.80	107.99
Warranty	62.06	30.13
Leave Encashment	25.86	45.49
Deferred Benefits to Employees	14.94	—
Gratuity [Schedule 14 Note 24 (b)]	56.21	—
	269.87	183.61
11. OTHER INCOME:		
Agency Commission	7.22	4.07
Income from Services Rendered	69.85	73.55
Lease Rentals	4.01	1.22
Recovery of Freight, Insurance and Packing Expenses	30.00	25.74
Duty Drawback	14.23	6.98
Sales Tax Set Off/Refund	—	23.83
Interest [Gross of Tax Deducted at Source (TDS)] :		
Deposits [TDS Rs. 29.01 million (2006: Rs. 21.37 million)]	135.25	105.57
Loans [TDS Rs. 6.53 million (2006: Rs. 1.07 million)]	29.12	4.77
Income Tax Refund	1.95	3.48
Carried Forward...	291.63	249.21

SCHEDULES TO ACCOUNTS

	(Rs. Million)	(Rs. Million)	2007 (Rs. Million)	2006 (Rs. Million)
11. OTHER INCOME: (Continued)				
		Brought Forward...	291.63	249.21
Income from Sale of Scrap			10.22	9.33
Profit on Sale of Fixed Assets (Net)			—	0.62
Provision no longer required written back			—	3.02
Provision for doubtful debts written back (Net)			—	6.20
Engineering Fees			17.85	61.30
Sundry Income			7.03	0.29
			<u>326.73</u>	<u>329.97</u>
12. MANUFACTURING AND OTHER EXPENSES:				
COST OF GOODS SOLD: *				
Opening Stock:				
Raw Materials and Components	752.81			726.78
Less: State level Value Added Tax Credit	—			(0.60)
Work-In-Progress	112.66			131.63
Finished Goods	<u>28.99</u>			<u>80.99</u>
		894.46		938.80
Add:Purchases (Net) (Schedule 14 Note 7)		<u>4,419.08</u>		<u>3,410.16</u>
		5,313.54		4,348.96
Less: Closing Stock:				
Raw Materials and Components	880.89			752.81
Work-In-Progress	146.87			112.66
Finished Goods	<u>65.31</u>			<u>28.99</u>
		<u>1,093.07</u>		<u>894.46</u>
			4,220.47	3,454.50
Consumption of Packing Materials and Stores			80.07	53.33
Excise Duty			0.93	15.35
			<u>4,301.47</u>	<u>3,523.18</u>
PAYMENTS TO AND PROVISION FOR EMPLOYEES:				
Salaries, Wages, Bonus and Commission **		470.10		397.00
Contribution to Provident Fund and Other Funds		78.24		63.58
Staff Welfare		<u>50.25</u>		<u>58.03</u>
			598.59	518.61
Carried Forward...			4,900.06	4,041.79



SCHEDULES TO ACCOUNTS

	(Rs. Million)	2007 (Rs. Million)	2006 (Rs. Million)
12. MANUFACTURING AND OTHER EXPENSES: (Continued)			
Brought Forward...		4,900.06	4,041.79
OPERATING AND OTHER EXPENSES:			
Power and Fuel	34.63		35.11
Repairs and Maintenance - Buildings	41.43		16.62
- Machinery	19.82		21.58
- Others	3.77		2.12
Rent	22.01		21.94
Rates and Taxes	2.59		5.94
Insurance	11.09		9.60
Travelling	70.14		67.58
Dealer Incentives	41.65		38.05
EDP Expenses	12.61		23.16
Freight, Insurance and Other Handling Charges	59.76		44.39
Communication	24.99		25.48
Loss on Exchange (Net)	36.04		3.53
Loss on Sale/ write off of Fixed Assets (Net)	8.01		—
Miscellaneous Expenses	148.24		153.06
		536.78	468.16
AUDITOR'S REMUNERATION:			
As Auditors - Audit Fees [includes relating to earlier year Rs. 0.60 million (2006: Rs. Nil)]	2.50		1.30
Other Services	5.75		0.75
Reimbursement of Out-Of-Pocket Expenses	0.15		0.02
		8.40	2.07
Bad Debts Written Off	1.58		1.69
Provision for Doubtful Debts (Net)	3.86	5.44	—
		5,450.68	4,513.71
* includes write off on account of obsolescence and scrap and spoilage Rs. 46.17 million (2006: Rs. 8.37 million), write back Rs. 4.21 million (2006: Rs. 13.61 million), etc.			
** Includes provision for leave encashment (net) and gratuity Rs. 79.39 million (2006: Rs. 3.26 million)			
13. INTEREST EXPENSES :			
Interest - Others		9.12	14.54
		9.12	14.54

*SCHEDULE TO ACCOUNTS*

14 - NOTES TO THE FINANCIAL STATEMENTS

1. Significant Accounting Policies :

(i) Basis of Accounting :

The financial statements are prepared under the historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956.

(ii) Fixed Assets and Depreciation :

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

(b) Depreciation on fixed assets for the year has been provided at the rates specified in Schedule XIV to the Companies Act, 1956:

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

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

a) in respect of assets acquired during 1986, at the SLM equivalent of rates corresponding to the rates applicable under the Income Tax Rules in force at the time of acquisition of the assets.

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

(iii) In respect of additions to/deletions from the assets, on a prorata basis except in respect of assets of a cost not exceeding Rs.5,000, where depreciation has been charged at the rate of 100 percent for the whole year.

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

(d) In respect of assets leased out, over its useful life estimated at five years.

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

(iii) Investments :

Investments (all long term) are stated at cost, except where there is a diminution in value other than temporary, in which case a provision is made to the carrying value to recognise the decline.

(iv) Inventories :

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

(v) Taxation :

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

(vi) Deferred Taxation :

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

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

(vii) Fringe Benefit Tax :

Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of "Fringe Benefit" as defined under the Income Tax Act, 1961.

(viii) Foreign Currency Transactions :

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

Foreign currency liabilities pertaining to the acquisition of fixed assets from a country outside India are restated at the rates prevailing at the year end and resultant differences arising out of such restatement are adjusted to the cost of fixed assets.

All monetary assets and liabilities denominated in foreign currency are restated at the rate of exchange ruling at the year end and resultant gain / loss is recognised in the Profit and Loss Account, except those covered by forward contracted rates where the premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

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

*SCHEDULE TO ACCOUNTS*

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

- (ix) Revenue Recognition :
- (a) Sales are recognised upon despatch or in accordance with the terms of sale and are recorded inclusive of excise duty but are net of trade discounts, sales tax and adjustments for liquidated damages.
- (b) Revenue from engineering fees on time-and-materials contracts and other services is recognised as and when services are rendered.
- (x) Retirement Benefits : (Refer Note 24 below)
- (a) The Company has various schemes of retirement benefits such as provident fund, superannuation fund and gratuity fund.
- (b) Company's contributions to provident fund and superannuation fund are charged to the Profit and Loss Account and Gratuity is provided for on the basis of an actuarial valuation carried out as at the year end.
- (c) Deferred Benefit to Employees is provided for on the basis of an actuarial valuation carried out as at the year end.
- (d) The Company accrues for leave encashment liability on the basis of an actuarial valuation carried out as at the year end.
- (xi) Voluntary Retirement Scheme :
- Voluntary retirement compensation payments are charged to the Profit and Loss Account during the year in which they are incurred.
- (xii) Borrowing Costs :
- Borrowing costs are accounted on an accrual basis.
- (xiii) Contingent Liabilities :
- Contingent Liabilities are disclosed after an evaluation of the facts and legal aspects of the matter involved.
- (xiv) Earnings per share :
- Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.
- (xv) Provisions :
- Provisions are recognised when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, only when such reimbursement is virtually certain.
- (xvi) Impairment of Assets :
- At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount an impairment loss is recognised in the Profit and Loss Account to the extent the carrying amount exceeds the recoverable amount.
2. (i) Pursuant to an agreement dated June 30, 2006 with Thermo King India Private Limited, India, (Thermo King) a fellow subsidiary, and as approved by the shareholders of the Company, the net assets of the Climate Control Business has been sold to Thermo King as a going concern, with effect from July 1, 2006 for a net consideration of Rs.33.40 million.

The details of net assets sold to Thermo King is as follows:

			(Rs. Million)
Fixed Assets (Net)			0.80
Current Assets, Loans and Advances			
Inventories (Net)		16.39	
Sundry Debtors	20.21		
Less: Provision for Doubtful Debts	(0.02)	20.19	
Loans and Advances		0.41	36.99
Less :			
Current Liabilities and Provisions			
Liabilities		12.09	
Provisions		—	12.09
			<u>25.70</u>

- (ii) Subject to the approval of the shareholders, the Board of Directors (the "Board") have at their meeting held on March 16, 2007 agreed to sell, transfer, assign or otherwise dispose of the whole of the Company's undertaking relating to Road Development Business (the "undertaking") to Volvo India Pvt. Ltd. for a consideration of Rs. 2,318.20 million with effect from the date as may be agreed between the Board and Volvo India Pvt. Ltd.



*SCHEDULE TO ACCOUNTS*

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

(iii) Summarised financial results of the Continuing Operations, Discontinuing Operations (Road Development Business) and the Discontinued Operations (Drilling Solutions & Climate Control Business) are shown below :

	(Rs. Million)			
	Continuing Operations	Discontinuing Operations	Discontinued Operations*	Total
Sales (Net)	3,938.95 (3,266.87)	1,628.97 (1,049.45)	369.90 (450.84)	5,937.82 (4,767.16)
Other Income	293.23 (285.33)	31.12 (29.56)	2.38 (15.08)	326.73 (329.97)
Manufacturing and Other Expenses	3,583.78 (3,026.02)	1,435.37 (953.44)	431.53 (534.25)	5,450.68 (4,513.71)
Depreciation	40.03 (42.98)	15.81 (12.98)	6.85 (6.56)	62.69 (62.52)
Interest	3.19 (1.69)	5.93 (12.85)	—	9.12 (14.54)
Profit (+) / Loss (-) before taxation and exceptional items	+ 605.18 (+ 481.51)	+ 202.98 (+ 99.74)	- 66.10 (- 74.89)	+ 742.06 (+ 506.36)
Fixed Assets ( Net)	231.39 (247.12)	182.45** (165.39)	—	413.84 (412.51)
Investments	22.59 (22.59)	—	—	22.59 (22.59)
Current Assets, Loans and Advances				
Inventories (Net)	780.38 (629.08)	243.32 (166.44)	69.37 (100.54)	1,093.07 (896.06)
Sundry Debtors (Net)	1,164.14 (981.05)	65.41 (161.31)	92.03 (205.93)	1,321.58 (1,348.29)
Other Current Assets	3,485.00 (3,140.42)	27.17 (33.64)	8.62 (26.97)	3,520.79 (3,201.03)
Less :				
Current Liabilities and Provisions	1,628.49 (1,296.14)	253.05 (254.21)	46.14 (116.07)	1,927.68 (1,666.42)
	4,055.01 (3,724.12)	265.30 (272.57)	123.88 (217.37)	4,444.19 (4,214.06)

\* Refer Note 17 for details of Climate Control Business.

\*\* Includes freehold land amounting to Rs. 1.43 million, which is used commonly between Discontinuing Operations and the Continuing Operations but will be sold as a part of the Discontinuing Operations.

NOTE: Figures in brackets are in respect of the year ended 31st March, 2006

	2007 (Rs. Million)	2006 (Rs. Million)
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	3.48	7.48
4. Contingent liabilities not provided for :		
(a) Claims against the Company not acknowledged as debts	36.72	21.88
(b) Bills discounted	—	42.33
(c) Sales tax / excise matters in dispute	29.97	19.15
(d) Bank guarantees / corporate guarantees	157.95	173.77
(e) Income Tax matters in dispute	79.20	49.19
5. (i) Total outstanding dues of small scale industrial undertaking (Refer Annexure 1)	129.77	80.84
Total outstanding dues of creditors other than small scale industrial undertaking	603.31	521.22
	733.08	602.06



SCHEDULE TO ACCOUNTS

14. NOTES TO THE FINANCIAL STATEMENTS – Contd.

	2007 (Rs. Million)	2006 (Rs. Million)
(ii) This being the first year of applicability, the Company is in the process of compiling the additional information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. The management does not envisage any material impact on the financials in this regard, which has been relied upon by the auditors.		
6 The Company has availed duty free licenses for import against which export obligations are outstanding as at 31st March 2007, customs duty thereon being	27.36	31.80
7 Purchases include provision on account of replacement of spares and accessories (Schedule 14 Note 21)	60.83	34.90
8. (a) (i) Provision for taxation for the current year ended 31st March 2007 has been calculated and for prior years retained in the books as at that date, keeping in view the current decisions of courts/appellate tax authorities.		
(ii) There is a taxable loss for the discontinued operations.		
(b) Transfer Pricing		
The Finance Act, 2001 has introduced, with effect from Assessment Year 2002-03 (effective April 1, 2001), detailed Transfer Pricing regulations for computing the taxable income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant on or before the due date for filing the return of income.		
For the year ended March 31, 2006, the Company had undertaken a transfer pricing study and obtained the prescribed certificate of the Accountant to comply with the said transfer pricing regulations which did not envisage any tax liability.		
For the tax year ended March 31, 2007, the Company will carry out a similar study to comply with the said regulations.		
(c) Deferred Taxation		
The net Deferred Tax Liability as on March 31, 2007 amounting to Rs. 4.47 million (2006: Deferred Tax Liability Rs. 20.38 million) has been arrived at as follows:		
(A) Deferred Tax Assets arising from:		
(i) Expenses charged in the financial statements but allowable as deductions in future years under the Income Tax Act, 1961.		
(a) Provision for Doubtful Debts	7.41	7.11
(b) Provision for Warranty	11.47	10.15
(c) Voluntary Retirement Compensation	5.82	10.42
(d) Provision for Gratuity	11.27	—
(e) Others	12.99	5.52
(B) Less: Deferred Tax Liabilities arising from:		
(i) Difference between carrying amount of fixed assets in the financial statements and the Income Tax Return.	(53.43)	(53.58)
Deferred Tax (Liability) / Asset	(4.47)	(20.38)
Charge to Profit and Loss Account (Note Below)	(15.91)	15.99
Note : Represented by		
Deferred Tax on Profit before exceptional items	(15.77)	17.91
Deferred Tax on exceptional items	(0.14)	(1.92)
	(15.91)	15.99

*SCHEDULE TO ACCOUNTS*

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

	(Rs. Million)	2007 (Rs. Million)	2006 (Rs. Million)
9. Remuneration to Directors :			
(i) Managerial Remuneration - (excluding contribution to group gratuity fund and provision for leave encashment)			
(a) Salary		7.34	8.00
(b) Commission		7.46	5.20
(c) Perquisites		0.67	1.45
(d) Contribution to provident fund and other funds		1.65	2.31
		<u>17.12</u>	<u>16.96</u>
Included in above is increased remuneration of Rs. 0.88 million (2006: Rs. 1.94 million) in respect of Whole-time Director which is approved by the Board of Directors of the Company pursuant to the authorisation given to them by the shareholders at annual general meetings.			
(ii) Calculation of net profit under Section 198 of the Companies Act, 1956:			
Profit as per Profit and Loss Account		464.83	309.59
Add :			
Directors' remuneration	17.12		16.95
Provision for taxation	284.43		189.64
Provision for depreciation	62.69		62.52
Provision for doubtful debts	3.86		—
Loss on sale/ write off of fixed assets	8.01		—
		<u>376.11</u>	<u>269.11</u>
		840.94	578.70
Less :			
Depreciation u/s. 350 of the Companies Act, 1956	(62.69)		(62.52)
Profit on sale of fixed assets	—		(0.62)
Provision no longer required	—		(3.02)
Provision for doubtful debts written back (Net)	—		(6.20)
Profit on sale of Climate Control Business	(7.70)		—
		<u>(70.39)</u>	<u>(72.36)</u>
Net Profit		<u>770.55</u>	<u>506.34</u>
(i) Commission payable to Whole-time Directors:			
At 1% of net profit for each Whole-time Director		7.71	10.13
Restricted to such amount as approved by the Board of Directors		6.06	3.80
(ii) Commission payable to Non Whole-time Directors:			
At 1% of net profit for all Non Whole-time Directors		7.71	5.06
Restricted to such amount as approved by the Board of Directors		1.40	1.40
10. (i) Refer Schedule 15 for quantitative information regarding capacities and production in respect of each class of goods manufactured and quantitative details pursuant to paragraphs 3(i)(a), 3(ii)(a) (1) and (2) and 3(ii)(b) of Part II of Schedule VI to the Companies Act, 1956			
(ii) Sales and purchases reported do not include materials sent to the sub-contractors and returned back.			
11. Value of imports calculated on CIF basis :			
(a) Raw materials		438.97	311.65
(b) Components and spares parts		805.03	628.41
(c) Capital goods		5.47	—
(d) Goods for resale		289.79	72.47
		<u>1,539.26</u>	<u>1,012.53</u>

**SCHEDULE TO ACCOUNTS**

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

	2007 (Rs. Million)	2006 (Rs. Million)
12. Expenditure in foreign currency on account of :		
(a) Travelling	5.24	9.48
(b) Others	11.71	7.50
	16.95	16.98
13. (a) Value of raw materials, spare parts and components consumed	3,985.44	3,268.30
(b) (i) Value of imported raw materials, spare parts and components consumed during the year	1,551.08	1,229.17
(ii) Percentage of total consumption	39%	38%
(c) (i) Value of indigenous raw materials, spare parts and components consumed during the year	2,434.36	2,039.13
(ii) Percentage of total consumption	61%	62%
<p>Note : The item "spare parts" in paragraph 4D(c) of Schedule VI to the Companies Act, 1956 is interpreted to mean the components used in the manufacture of finished goods, sold as such, and not spare parts used for the maintenance of plant and machinery.</p>		
14. (a) Remittance in foreign currency on account of dividend:		
(i) For the year 2004 - 2005 (Final Dividend)	—	70.08
(ii) For the year 2005 - 2006 (Interim Dividend)	—	70.08
(iii) For the year 2005 - 2006 (Final Dividend)	70.08	—
(iv) For the year 2006 - 2007 (Interim Dividend)	70.08	—
(b) Number of shares held by non-residents	23,360,000	23,360,000
(c) Number of non-resident shareholders	1	1
15. Earnings in foreign exchange on account of :		
(a) Exports calculated on FOB basis	1,004.80	915.28
(b) Commission	7.22	4.07
(c) Freight and insurance on exports	6.13	6.59
(d) Service Income/ Recovery of expenses	6.40	12.84
(e) Engineering fees	17.85	61.30
	1,042.40	1,000.08

**16. Disclosure as required by Accounting Standard (AS) 19, "Leases" issued by the Institute of Chartered Accountants of India (ICAI) are given below:**

**(1) Where the Company is a lessor:**

The Company had leased out certain equipment and these equipment were capitalised in the books of account under the block Plant and Machinery in accordance with AS 19 - "Leases" issued by ICAI. Depreciation was provided based on the estimated useful life of the asset.

**(i) Details in respect of assets given on operating Lease**

Gross Block	5.93	—
Accumulated depreciation	2.66	—
Depreciation for the year	1.07	—

**(ii) The lease income of Rs. 17.83 million (2006: Rs. 0.24 million) has been accrued on the basis of the lease agreement executed with the lessees.**

**(2) Where the Company is a lessee**

**(i) The Company's significant leasing arrangements are in respect of godowns/ residential/ office premises (Including furniture and fittings therein, as applicable). The aggregate lease rentals payable are charged to Profit and Loss Account as Rent in Schedule 12.**

**(ii) The Leasing arrangement, which are cancellable, range between 11 months and 3 years. They are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given. An amount of Rs. 27.59 million (2006: Rs. 22.06 million) towards deposit and unadjusted advance rent is recoverable from the lessor.**

**SCHEDULE TO ACCOUNTS**

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

17. Segment Information:

The business segment has been considered as the primary segment. The Company is organised into three main business segments, namely:

Construction Technologies and Compact Vehicle Technologies (CT & CVT)- comprising of specialty equipment, portable compressors and road construction equipment.

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

Climate Control (CCT) - comprising of freezers and chillers.

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

Particulars	CT & CVT*		AS		CCT**		Total	
	2007 (Rs. Million)	2006 (Rs. Million)	2007 (Rs. Million)	2006 (Rs. Million)	2007 (Rs. Million)	2006 (Rs. Million)	2007 (Rs. Million)	2006 (Rs. Million)
<b>REVENUE</b>								
External Revenue	3,139.87	2,316.87	3,326.25	2,828.45	7.10	43.62	6,473.22	5,188.94
Intersegment Revenue	—	—	—	—	—	—	—	—
<b>Total Revenue</b>	<b>3,139.87</b>	<b>2,316.87</b>	<b>3,326.25</b>	<b>2,828.45</b>	<b>7.10</b>	<b>43.62</b>	<b>6,473.22</b>	<b>5,188.94</b>
<b>RESULT</b>								
Segment Result	294.39	94.94	369.77	322.04	(0.29)	(6.29)	663.87	410.69
Less:								
Interest							9.12	14.54
Unallocable Other Expenditure							104.06	3.62
Voluntary Retirement Compensation							0.50	7.13
Add:								
Profit on Sale of Climate Control Business							7.70	—
Profit on sale of Investments							—	—
Writeback of Provision for Warranty							—	—
Unallocable Other Income							191.37	113.83
Profit Before Taxation							749.26	499.23
<b>OTHER INFORMATION</b>								
Segment Assets	1,206.41	1,221.45	2,204.76	2,128.12	—	53.91	3,411.17	3,403.48
Unallocable Assets							2,960.70	2,477.00
<b>Total Assets</b>							<b>6,371.87</b>	<b>5,880.48</b>
Segment Liabilities	863.10	757.90	882.21	782.13	—	13.80	1,745.31	1,553.83
Unallocable Liabilities							186.84	132.97
<b>Total Liabilities</b>							<b>1,932.15</b>	<b>1,686.80</b>
Capital Expenditure (Excluding Capital Work in Progress)								
Segment Capital Expenditure	64.21	16.12	32.00	36.33	—	—	96.21	52.45
Unallocable Capital Expenditure							—	—
<b>Total Capital Expenditure</b>							<b>96.21</b>	<b>52.45</b>
Depreciation								
Segment Depreciation	25.97	23.68	36.72	38.84	—	—	62.69	62.52
Unallocable Depreciation							—	—
<b>Total Depreciation</b>							<b>62.69</b>	<b>62.52</b>
Non-Cash Expenses other than Depreciation	45.08	6.23	54.12	27.11	—	0.05	99.20	33.39
<b>GEOGRAPHICAL SEGMENT (based on secondary segmentation)</b>								
<b>REVENUE</b>								
India							5,468.42	4,273.66
Outside India							1,004.80	915.28
							<b>6,473.22</b>	<b>5,188.94</b>
<b>ASSETS</b>								
India							6,371.87	5,880.48
Outside India							—	—
							<b>6,371.87</b>	<b>5,880.48</b>

\* Subsequent to the sale of drilling solutions business to Atlas Copco (India) Limited (ACIL) and pursuant to an agreement with ACIL, the Company continues to manufacture drills. The segment revenue and results of CT&CVT segment includes revenue and results of Road Development Business (undertaking) (Refer Note 2 (iii) above) and of sale of drills to ACIL. Road development business (undertaking) will be sold to Volvo India Pvt. Ltd. on completion of statutory requirements. [Refer Note 2(ii) above]

\*\* Climate Control business has been sold to Thermo King India Pvt.Ltd. effective July 1, 2006. [Refer Note 2(i) above]



**SCHEDULE TO ACCOUNTS**

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

18. Related Party Disclosures :

18.1 Parties where control exists

Related Party	Relationship
Ingersoll - Rand Company Limited, Bermuda	Ultimate Holding Company
Ingersoll - Rand Company, New Jersey, U.S.A.	Substantial Interest in Voting Power of the Company (holds 74% of equity share capital as at 31st March, 2007)

18.2 Other Related Parties :

Fellow Subsidiaries :

ABG, Allgemeine Baumaschinen Gesellschaft, Germany	Ingersoll - Rand Philippines Inc., Philippines
Blaw-Knox Construction Equipment Corporation, U.S.A.	Ingersoll - Rand Drilling Machinery (Zhangjiakou) Company Limited, China
Clark Equipment Company, U.S.A.	Ingersoll - Rand Equipment de Construction, France
Club Car Inc., U.S.A.	Ingersoll - Rand Japan Limited, Japan
Etablissements Montabert S.A., France	Ingersoll - Rand Asia Pacific Inc., U.S.A.
GHH - Rand Schraubenkompressoren GmbH, Germany	Ingersoll - Rand European Sales Limited, United Kingdom
Hussmann do Brasil Ltda., Brazil	Ingersoll - Rand International (India) Limited
Hussmann Koxka, S. L., Spain	Ingersoll - Rand International Sales S.A., Switzerland
Ingersoll - Rand (Australia) Limited, Australia	Ingersoll - Rand Italiana, S.P.A., Italy
Ingersoll - Rand (China) Investment Company Limited, China	Ingersoll - Rand Malaysia Co. Sdn. Bhd., Malaysia
Ingersoll - Rand (Guilin) Tools Company Limited, China	Ingersoll - Rand South-East Asia (Pte) Limited, Singapore
Ingersoll - Rand (Hong Kong) Limited, Hong Kong	Ingersoll - Rand Wadco Tools Private Limited
Ingersoll - Rand (Wuxi) Road Machinery Company Limited, China	IRCR Manufacturing S.R.O., Czech Republic
Ingersoll - Rand Architectural Hardware (Australia) Pty. Limited, Australia	Luoyang Hussmann Refrigeration Company Limited, China
Ingersoll - Rand Brasil Ltda, Brazil	Nanjing Ingersoll -Rand Compressor Co. Ltd. China
Ingersoll - Rand Company Limited, United Kingdom	Schlage Lock Company, U.S.A.
Ingersoll - Rand Company South Africa (Pty) Limited, South Africa	Shanghai Ingersoll - Rand Compressor Limited, China
Ingersoll - Rand International Limited, Ireland	Thermo King India Private Limited
Ingersoll - Rand Machinery (Shanghai) Company Limited, China	Xuanhua Ingersoll - Rand Mining & Construction Machinery Limited, China

18.3 Key Management Personnel :

Whole-time Directors	Daljit L. Mirchandani Achal Raghavan (previous year)
Others	Glennville da Silva Jaideep Wadhwa B. Jayaraman Dilip K. Varma (part of the year) M. Subramanian (part of the year) Prasad Y.Naik

18.4 Transactions with Related Parties :

	Holding Company		Fellow Subsidiaries	
	2007	2006	2007	2006
	(Rs. Million)	(Rs. Million)	(Rs. Million)	(Rs. Million)
(a) Sale of finished goods	714.70	622.01	237.42	246.71
(b) Purchase of raw materials, components and trading items	172.85	198.97	715.18	452.19
(c) Income from services / Expenses recharged	3.72	7.96	32.50	13.68
(d) Agency Commission charged to other companies	0.02	—	7.20	3.99
(e) Engineering Fees charged to other companies	17.38	37.89	0.48	22.62
(f) Interest Income on Intercorporate Loans given	—	—	29.12	4.77
(g) Dividend Paid	140.16	140.16	—	—
(h) Outstanding Receivables	393.72	325.01	100.28	107.80
(i) Outstanding Intercorporate Loans receivable	—	—	528.12	321.25
(j) Outstanding Payables	153.11	284.88	263.63	225.94

Also refer note 2(i) above for details of sale of Climate Control Business to Thermo King India Pvt. Ltd, a Fellow Subsidiary.

*SCHEDULE TO ACCOUNTS*

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

18.5 Details relating to persons referred to in Note 18.3 above :	2007 (Rs. Million)	2006 (Rs. Million)
Remuneration Paid:		
(a) Daljit L. Mirchandani	15.73	10.81
(b) Achal Raghavan	—	4.75
(c) Glenville da Silva	11.90	5.24
(d) Jaideep Wadhwa	10.34	5.70
(e) B. Jayaraman	6.86	4.52
(f) Dilip K. Varma	0.85	9.22
(g) M. Subramanian	2.64	0.92
(h) Prasad Y.Naik	4.61	2.85
18.6 Names of parties having related party transaction in excess of 10% in line transactions :		
(a) Sale of finished goods		
- Nanjing Ingersoll - Rand Compressor Co. Ltd. China	61.28	67.15
- Ingersoll - Rand South - East Asia (Pte) Limited, Singapore	15.35	27.94
- Ingersoll - Rand Italiana, S.P.A., Italy	9.48	26.83
- Ingersoll - Rand International Sales S.A., Switzerland	—	80.84
- Ingersoll - Rand Company South Africa (Pty.) Limited, South Africa	49.17	N.A.
- Ingersoll - Rand European Sales Limited, United Kingdom	28.38	N.A.
- Ingersoll - Rand International Limited, Ireland	48.27	N.A.
(b) Purchase of raw material, components and trading items		
- Clark Equipment Company, U.S.A.	91.30	76.83
- GHH - Rand Schraubenkompressoren GmbH, Germany	37.74	21.87
- Ingersoll - Rand International Limited, Ireland	348.25	225.93
- ABG, Allgemeine Baumaschinen Gesellschaft, Germany	136.88	N.A.
(c) Expenses recharged to other Companies		
- Ingersoll - Rand (Hong Kong) Limited, Hong Kong	3.04	4.25
- Ingersoll - Rand Wadco Tools Private Limited	8.23	1.80
- Ingersoll - Rand International (India) Limited	11.42	2.70
- Thermo King India Private Limited	4.05	—
(d) Agency Commission charged to other companies		
- ABG, Allgemeine Baumaschinen Gesellschaft, Germany	7.20	3.31
(e) Engineering Fees charged to other companies		
- Clark Equipment Company, U.S.A.	—	19.70
- ABG, Allgemeine Baumaschinen Gesellschaft, Germany	0.48	N.A.
(f) Interest Income on Intercompany Loans given		
- Ingersoll - Rand International (India) Limited	20.44	—
- Ingersoll - Rand Wadco Tools Private Limited	6.70	4.29

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



*SCHEDULE TO ACCOUNTS*

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

	2007 (Rs. Million)	2006 (Rs. Million)
19. Earnings per share		
The numbers used in calculating basic and diluted earnings per equity share are as stated below:		
Profit after taxation and before exceptional items	459.19	314.32
Profit after Taxation	464.83	309.59
Weighted average number of shares	31,568,000	31,568,000
Earning per share before exceptional items (Basic and Diluted) (Rs.)	14.55	9.96
Earning per share (Basic and Diluted) (Rs.)	14.72	9.81
Face Value per share (Rs.)	10	10
20. Refer Schedule '16' for Balance Sheet Abstract and Company's General Profile as required by Part IV of Schedule VI to the Companies Act, 1956.		
21. Provision for warranty as disclosed in Schedule 10 are as follows :		
At the beginning of the year	30.13	33.91
Add: Additional provisions made during the year	60.83	34.89
	90.96	68.80
(Less): Utilised (incurred and charged against provision) during the year	28.90	38.67
At the end of the year	62.06	30.13
<p>Note: Warranties against manufacturing and other defects, as per terms of contract(s) with the customer, are provided for based on estimates made by the Company except where the Company has back to back arrangement with the suppliers.</p>		
22. The Excise Duty charged to Profit and Loss Account Rs. 536.33 million (2006: Rs. 437.13 million) has been disclosed as follows :		
- Deduction from Sales (Gross)	535.40	421.78
- Under Cost of Goods Sold	0.93	15.35
	536.33	437.13
23. During the year, there have been no significant purchases of machinery spares, which are of irregular usage.		
24. (a) Pursuant to the Institute of Chartered Accountants of India's decision to defer the applicability of Accounting Standard (AS) 15, Employee Benefits (revised 2005) to accounting periods commencing on or after December 7, 2006, the Company has decided not to opt for early adoption of the AS. Hence, the transitional provision entries for gratuity and leave encashment affecting the general reserve accounted for in the quarter ended June 30, 2006 have been reversed within the year and not reflected as a movement in the General Reserve account.		
(b) There is an additional charge of Rs. 68.01 million during the year based on the actuarial valuation for Gratuity benefits, as per the Projected Unit Credit Method.		
25. Previous year's figures have been regrouped wherever necessary.		

Signatures to Schedules '1' to '16' forming part of Balance Sheet and Profit and Loss Account.

S. DUTTA  
Partner  
For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants  
New Delhi : April 28, 2007

B. JAYARAMAN  
Vice President - Finance

D. L. MIRCHANDANI  
Chairman and President

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

H. C. ASHER  
Director

Bangalore : April 28, 2007



*SCHEDULE TO ACCOUNTS*

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

Class of Goods manufactured	Annual Installed Capacity at the year end (as certified by the Management and accepted by the Auditors without verification, being a technical matter) (Nos.)	Actual Production for the year (Nos.)
Air Compressors	90,000 (90,000)	61,290* (66,755)
Rock and Waterwell Drilling Equipment and Accessories (including Hammers and Bits)	6,939 (6,939)	28 (164)
Feeder Crushers	25 (25)	— (—)
Loaders	7 (7)	— (—)
Compaction Equipment	700 (600)	677** (468)
Pavers	20 (20)	19 (10)
Light Towers	350 (50)	316** (44)

\* 1 no. (2006: Nil) for Air Compressors replaced under warranty period, 1 no. (2006: Nil) scrapped and 1 no. (2006: Nil) capitalised.

\*\* Nil no. (2006: 1 no.) of Compaction Equipment scrapped and , and 1 No. (2006: Nil) of Light Towers capitalised during the year.

NOTE: Figures in brackets are in respect of the year ended 31st March, 2006.

(ii) VALUE AND QUANTITATIVE INFORMATION IN RESPECT OF OPENING AND CLOSING STOCK OF FINISHED GOODS, PURCHASES, SALES AND CONSUMPTION OF RAW MATERIALS, SPARE PARTS AND COMPONENTS FOR THE YEAR ENDED 31ST MARCH, 2007

	Opening Stock		Closing Stock	
	Quantity	Value	Quantity	Value
	Nos.	(Rs. Million)	Nos.	(Rs. Million)
1. Opening and Closing Stocks of Goods Produced and Purchased:				
A) Goods Produced:				
Air Compressors	81 (298)	16.07 (37.36)	156 (81)	57.01 (16.07)
Rock and Waterwell Drilling Equipment and Accessories (including Hammers and Bits)	— (1)	— (2.02)	— (—)	— (—)
Compaction Equipment	1 (5)	1.74 (21.77)	— (1)	— (1.74)
Pavers	— (—)	— (—)	— (—)	— (—)
Light Towers	1 (1)	0.33 (0.31)	— (1)	— (0.33)
B) Goods Purchased For Resale:				
Loaders	2 (17)	5.07 (13.41)	7 (2)	7.48 (5.07)
Utility Vehicles	10 (5)	1.96 (0.96)	4 (10)	0.82 (1.96)
Freezers and Chillers	25 (29)	3.82 (5.16)	— (25)	— (3.82)
		28.99 (80.99)		65.31 (28.99)



**SCHEDULE TO ACCOUNTS**

15. (ii) VALUE AND QUANTITATIVE INFORMATION IN RESPECT OF OPENING AND CLOSING STOCK OF FINISHED GOODS, PURCHASES, SALES AND CONSUMPTION OF RAW MATERIALS, SPARE PARTS AND COMPONENTS FOR THE YEAR ENDED 31ST MARCH, 2007 - Contd.

	Quantity	Value
	Nos.	(Rs. Million)
2. Details of Purchases for Resale:		
Loaders	123 (37)	112.07 (38.20)
Freezers and Chillers	10 (104)	1.46 (15.84)
Pavers	14 (6)	156.03 (59.94)
Utility Vehicles	— (10)	— (1.85)
Air Compressors	30 (—)	35.97 (—)
		305.53 (115.83)

NOTE: Figures in brackets are in respect of the year ended 31st March 2006

	2007		2006	
	Quantity	Value	Quantity	Value
	Nos.	(Rs. Million)	Nos.	(Rs. Million)
3. Details of Sales Turnover:				
A) Goods Produced:				
Air Compressors				
Complete Machine and Accessories	61,212	2,060.42	66,972	2,437.99
Rock Drilling and Waterwell Equipment (including Hammers and Bits)				
Complete Machine and Accessories	28	343.01	165	391.36
Vibratory Compactors				
Complete Machine and Accessories	678	1,225.04	471	860.59
Pavers				
Complete Machine and Accessories	19	93.99	10	48.79
Light Towers				
Complete Machine and Accessories	316	146.84	44	19.62
Spare Parts and Components		1,667.10		772.84
Excise Duty		535.40		421.78
B) Trading Items :				
Loaders	118	185.49	52	129.89
Freezers and Chillers	15	7.11	108	43.62
Pavers	14	158.29	6	60.89
Utility Vehicles	6	1.70	5	1.57
Air Compressors	30	48.83	—	—
		6,473.22		5,188.94
4. Details of Raw Materials, Spare Parts and Components Consumed:				
Castings, Bars, Plates, Channels, Angles, Flats, etc. - Metric Tonnes	8,856	332.99	6,462	257.52
Spare Parts and Components (which individually do not account for more than 10% of the total consumption)		3,652.45		3,010.78
		3,985.44		3,268.30

Note : 20 nos. of Freezers and Chillers were transferred to Thermo King India Pvt. Ltd. as a part of the business sale [Refer Note 2(i)]

*SCHEDULE TO ACCOUNTS*

Annexure 1 (Schedule 14 Note 5)

The names of the small scale industrial undertaking to whom the Company owes a sum which is outstanding for more than 30 days

3B Workplace Solution	Grace Engineering Enterprises	Prism Surface Coatings
A K Traders	Growell Industries	Promac Engg.Industries Ltd
Accurate Engg. Industries	Guru Auto Traders	Purolator India Ltd
Accurate Engineers	Haresh Engineering Works	Raj. V . See Industries
Ace Multi Axes Systems Ltd	Harita Seating Systems Limited	Ram Engineering Company
Ajax Engineering Pvt Ltd	Hetal Industries	Ramprasad Tubes And Bars
Ajax Fiori Engineering (I) Pvt. Ltd.	Hi-Damp Indl.Mountings Limited	Rathod Industries
Alkraft Thermotechnologies Pvt. Ltd.	Hillman Electric Company	Rup Rubber Enterprises
Amba Industries	Hi-Tech Crane Industries	Ryder Equipments (Pvt) Ltd
Ambika Enterprises	Hyloc Hydrotechnic Pvt Ltd.	S And S Industrial Products
Apcon System	Hyper Artho Industries	S.V.Rangaswamy And Company
Aries Tanks And Vessels(P) Ltd	Image Labels Pvt. Ltd.	Sainit Engineering
Arun Machine Components	Impetus Engineers	Sakthivel Vehicle Components
Ashi Crafts	Jagruti Industries	Sameer Linkages Pvt. Ltd.
Auto Accessories	Kinematic Transmission Pvt Ltd	San Engg And Locomotive Co.
Auto Components	Kowtha Steel Products	Sandeep Hydraulics
B.R. Enterprises	Kumaran Engineering Works	Sas Autocom Engineers
Bhagyalakshmi Indl. Coporation	L N Industries	Sashi Hydraulic Works
Bharat Industries	Laxmi Engineers	Shamlaji Industries
Bird Electronics Pvt Ltd	Laxmi Hydraulics Pvt.Ltd	Shikanar Systems
Cast Craft Pvt. Ltd	M G M Industries	Shital Engineering Works
Cast Make	M K Mewada Pattern Works	Shiv Shakti Engineering Co.
Cauvery Springs Industry	M S Engineering Works	Shivamayam Cafe
Chamunda Engineering Works	Machine Tools Engineering	Shreenathji Fabricators
Chandra Engg Works	Macnum Engineers	Shreeram Engineers
Cherry Agencies P Ltd	Madras Hydraulic Hose PLtd.	Shridhan Automation Pvt Ltd
Cimotec Hydro Machines Pvt Ltd	Maruthi Fab Tech	Sidhi Vinayaka Fab Engine
Concepts Engi-Mech Pvt.Ltd	Maxflow Hydraulics	Sigma Punch Forms Pvt Ltd
Craftsman Automation Pvt.Ltd	Megh & Neha Associates	Skf Sealing Solutions Ind
D R Engineering Works	Meghasree Industries	Spring India
Dhanman Precicast Pvt.Ltd.	Micon Engineers	Sri Lakshmi Engineering Works
E.E Karachiwala	Modern Engineering And Sp	Sri Lakshmi Enterprises
Eicher Engineering	Moulds And Dies Pvt Ltd	Subhash Engg Works
Electro Trade	Mythri Metallizing Works	Suhaas Engineering
Electro Zavod (I) Pvt Ltd	N.K. Diesel Services	Sunjay Biotech Solutions
Engineering Enterprise	N.S.Ramarao Body Works	Super-X Fire Services
Esbi Hi-Flex Pvt. Ltd.	Naren Engineering Works	Swastik Engg Stores
Eskey Industries	Nu-Teck Couplings Pvt.Ltd	Talab Engg. Company
Excel Controlinkage Pvt.Ltd.	Oriental Rubber Trading Co.	Techno Controls
Expo Sales Agency	Panchal Brothers	Tirupati Enterprise
Fairdeal Polymers Pvt. Ltd.	Paradise Enterprises	Triveni Industries
Fine Automative And Indl	Paramount Enterprises	Uday Engineering Works
Flash Dye Chem Products	Parker Markwel Ind. Pvt. Ltd.	Unique Engineers
Fleetguard Filters Limited	Pidilite Industries Ltd	Universal Radiators Limited
G V Engineering	Plastic Products Engg.Co.	Veljan Hydrair Pvt. Ltd.
G.H. Enterprises	Pragathi Engineering Works	Vijay Technocrats PLtd
G.N. Engineering Works	Pragathi Steel Castings	Vineeta Industrial Products
Ganesh Engineering	Precise Hydraulics	Vishal Steel Suppliers
Gaviranga Engineering Works	Precision Engg Accessories	Vulkan Technologies P Ltd
Gbm Manufacturing Private Limited	Precision Industries	Wika Instruments India Pvt Ltd
Gilda Technology	Precision Rubber Co (India)	Wurth Industrial Services
Globe Indl. Components	Premier Valves & Fitting P. Ltd	Yesdiur Tools And Components
Gmi Zarhak Moulders Pvt Ltd	Prime Engineering	Young Industries
Goel Enterprises	Prince Engineering Works	

Note : The above information and that disclosed in Note 5 on Schedule 14 has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors.



**SCHEDULE TO ACCOUNTS**

16. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS REQUIRED PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 AS REFERRED TO IN NOTE 20 ON SCHEDULE '14'

**I. Registration Details**

Registration No.   -

Balance Sheet Date

Date                      Month                      Year

State Code

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

Public Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	Rights Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
Bonus Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	Private Placement <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>

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

Total Liabilities <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="8"/>	Total Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="0"/>
Sources of Funds	Reserves and Surplus <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="1"/>
Paid-up Capital <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="0"/>	Unsecured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
Secured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	
Deferred Tax Liability <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="1"/>	
Application of Funds	Investments <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="0"/>
Net Fixed Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="8"/>	Miscellaneous Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
Net Current Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="4"/>	
Accumulated Losses <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	

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

Turnover <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="0"/>	Total Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="6"/>
Other Income <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="8"/>	
+ - Profit Before Tax <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="2"/>	+ - Profit After Tax <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="3"/>
(Please tick appropriate box + for Profit - for Loss)	
Earning per Share in Rs. <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> . <input type="text" value="7"/> <input type="text" value="2"/>	Dividend Rate % <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="0"/>

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

Item Code No. (ITC Code)	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="0"/> . <input type="text" value="0"/> <input type="text" value="0"/>
Product Description	<input type="text" value="A"/> <input type="text" value="I"/> <input type="text" value="R"/> <input type="text" value="C"/> <input type="text" value="O"/> <input type="text" value="M"/> <input type="text" value="P"/> <input type="text" value="R"/> <input type="text" value="E"/> <input type="text" value="S"/> <input type="text" value="S"/> <input type="text" value="O"/> <input type="text" value="R"/> <input type="text" value="S"/>
Item Code No. (ITC Code)	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="1"/> . <input type="text" value="0"/> <input type="text" value="0"/>
Product Description	<input type="text" value="V"/> <input type="text" value="I"/> <input type="text" value="B"/> <input type="text" value="R"/> <input type="text" value="A"/> <input type="text" value="T"/> <input type="text" value="O"/> <input type="text" value="R"/> <input type="text" value="Y"/> <input type="text" value="C"/> <input type="text" value="O"/> <input type="text" value="M"/> <input type="text" value="P"/> <input type="text" value="A"/> <input type="text" value="C"/> <input type="text" value="T"/> <input type="text" value="O"/> <input type="text" value="R"/>
Item Code No. (ITC Code)	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="1"/> . <input type="text" value="3"/> <input type="text" value="0"/>
Product Description	<input type="text" value="R"/> <input type="text" value="O"/> <input type="text" value="C"/> <input type="text" value="K"/> <input type="text" value="D"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="N"/> <input type="text" value="G"/> <input type="text" value="M"/> <input type="text" value="A"/> <input type="text" value="C"/> <input type="text" value="H"/> .

## INGERSOLL-RAND (INDIA) LIMITED

Registered Office : Plot No. 7 & 8, Phase 1, Peenya Industrial Area, Bangalore-560 058

April 28, 2007

To,  
THE SHAREHOLDERS OF

INGERSOLL - RAND (INDIA) LIMITED

Dear Member,

### 1. Depository System :

As you are aware the Company has included its securities for dealings in the Depository System in India operated by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDS), which facilitates scripless trading in the Company's shares. The Company has set up connectivity through the Company's Registrar and Share Transfer Agent i.e TSR Darashaw Limited with both the Depositories.

In view of the numerous advantages offered by the Depository System, members are once again requested to avail of the facility of dematerialisation of the Company's shares on either of the Depositories as mentioned above if not already done so.

We would like to inform our members that w.e.f January 17, 2000, settlement of trades has become compulsory in the demat form for all shareholders of the Company.

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

It has always been our constant endeavour to render better services to our investors taking into consideration the latest changes/trends in the global environment, in the Indian context.

### 2. Unclaimed Dividends :

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



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

1999-2000 (Final)	July 14, 2007
2000-2001 (Interim)	January 17, 2008
2000-2001 (Final)	August 1, 2008
2001-2002 (Interim)	January 3, 2009
2001-2002 (Final)	August 14, 2009
2002-2003 (Interim)	December 12, 2009
2002-2003 (Final)	August 25, 2010
2003-2004 (Interim)	December 20, 2010
2003-2004 (Final)	September 23, 2011
2004-2005 (Interim)	November 22, 2011
2004-2005 (Final)	August 20, 2012
2005-2006 (Interim)	December 29, 2012
2005-2006 (Final)	July 31, 2013
2006-2007 (Interim)	November 11, 2014

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.

### 3. Dividend Payment :

The Final Dividend on Equity Shares as recommended by the Board of Directors for the year ended March 31, 2007 if declared at the Annual General Meeting will be made payable on July 30, 2007 to those members whose names appear in the Register of Members of the Company on July 6, 2007. 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 6, 2007.

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

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

Very truly yours,

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

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



Ingersoll-Rand (India) Limited  
Plot No. 7 & 8, Phase 1,  
Peenya Industrial Area,  
Bangalore - 560 058