



# From the Chairman's desk

Dear Shareholders,

The financial year 2012-2013 has indeed been a year of many challenges. The macroeconomic fundamentals have been subdued. Our growth was impacted because of the difficult economic environment. Despite the unfavorable conditions our revenues remained almost flat compared to the previous financial year. We ensured that we delivered on our profitability goals and made progress on our operational efficiencies. I am pleased to inform that we maintained a robust profit after tax ratio of 13.4%, similar to the earlier year ratio of 13.9%. There has been a dramatic slowdown on the capital spend in the industry segments where we operate. We achieved margin improvement despite lower revenues. This was driven through strong productivity measures, operational excellence, localization, value analysis and value engineering initiatives.

With an established presence of around 100 years in the country and strengthened customer intimacy programs, Ingersoll Rand continues to be a leader in the Indian air-compressors industry. Sustainable growth is key and we aim to achieve that by focusing on local innovations to build a strong pipeline for induction of new products in our current portfolio. The recently launched Evolution™ range of compressors is gaining traction to further increase our market share.

This year, we sustained our investment in human capital, infrastructure and innovation. We expect 2013 to be a slow growth economy but we continue to create new markets through our innovations for emerging economies and enhanced focus on services. Our new green field manufacturing site in Chennai went on stream. We intend to manufacture products for our Climate Solutions business through this plant. This has been a major landmark for our company, which has now expanded its manufacturing footprint in the southern region of India.

### *Financial Highlights*

We recorded revenues of Rs. 581.37 crores during the financial year ending March 31, 2013. This was 2% lower compared to the revenues of the previous year. Our profits after tax stood at Rs. 77.94 crores, which were at 13.4% of revenues.

### *Growth through Local Innovations & Enhanced Manufacturing Footprint*

We are gradually redefining our market approach from being a 'Product Centric Company' to a 'Solution Centric Company' and using 'Convergence' as the backbone of our strategy in India. Our approach has been to build relevant innovations for emerging markets like ours using our global technology platforms. To us, an important objective is to create markets in India – "For India...By India". Our engineers not only work on global platform technologies and learn from the world today but also create products and solutions for India using the technology and innovation convergence approach.

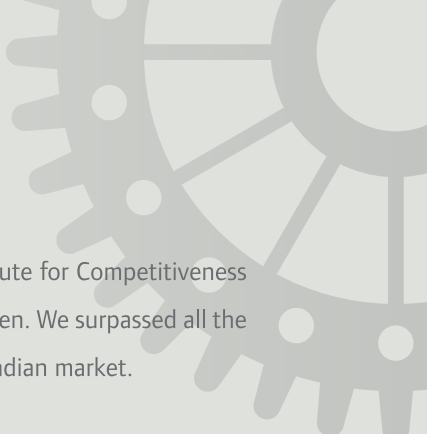
In addition to the acceptance of our Evolution™ range of compressors, we also inaugurated our local manufacturing facility in Chennai this year. The new facility, spread over a green belt area of 15,200 sq. mtrs., is a part of the company's overall growth strategy to drive Technology Innovation and Product Development to serve local and global markets.



*Michael W. Lamach, Chairman and CEO, Ingersoll Rand and Venkatesh Valluri, Chairman, Ingersoll Rand India inaugurating the Chennai Manufacturing Facility on March 20, 2013.*



*Ingersoll Rand Manufacturing Facility at Chennai*



For the unique strategy development and implementation, we won the prestigious Mint-Institute for Competitiveness Strategy Award in 2012 that honors Indian companies demonstrating exemplary strategic acumen. We surpassed all the companies in the “Industrial” category with our ability to deliver converged solutions for the Indian market.

### *Operational Excellence*

We have made significant progress in achieving Operational Excellence by establishing many key initiatives. A shared back-end services function was created to support growth and productivity. In order to support local product development and to leverage the opportunities in the industry, investments were also made in the Engineering functional team to enhance people and technological capabilities. We set up IT led e-enabled platforms that helped digitize many back-end processes. We are currently in the process of enhancing our ERP systems which would aid in creating an integrated “Order to Delivery” cycle. We also consolidated the supplier base to increase the scale of operations of our quality vendors. We continue to work towards enhancing productivity in all areas of operation.

### *Achieving a Progressive, Diverse and Inclusive Culture*

We believe in channelizing our energies by building a PDI (Progressive, Diverse, and Inclusive) culture as part of our enterprise strategy. We initiated various progressive people policies and practices like Flexible Work Options, Total Rewards (to address market competitiveness) and new Employee Engagement Practices. Our results from the employee engagement survey have been at an all-time high this year. We focused on building organizational capability by promoting, recruiting, retaining and developing a diverse workforce. We are also proud to have some of the most innovative leadership development programs in the industry today. The SHRM (Society for Human Resource Management) Award of Merit for Ingersoll Rand India for our noteworthy performance in ‘Developing the Leaders of Tomorrow’ is a testimony to our success!

### *Engineering our Future*

In the years to come, our strategy in this market will continue to be ‘Converge, Collaborate and Create’. In order to lead in this volatile environment, we continue to drive innovation by designing new processes, products and services. Collaboration and partnering are helping us create new markets.

These are going to be exciting and challenging times in emerging economies like ours and with continued support from our employees, customers and shareholders, we are poised for growth and success.



Venkatesh Valluri  
Chairman