turn to the experts

ANNUAL REPORT
2017-18

CARRIER AIRCONDITIONING & REFRIGERATION LTD.

INDEX

Carrier Airconditioning & Refrigeration Limited

The Board of Directors

Mr. Arun Bhatia
Managing Director

Mr. Narendra Singh Sisodia
Independent Director

Mr. Pankaj Prakash Sahni
Independent Director

Mr. Sugeeth Kumar
Whole-time Director & Chief Financial Officer

Ms. Vanita Bansal
Non-executive Director

Mr. Rahul Jain
Whole-time Director

Board Committees

Nomination & Remuneration Committee

Ms. Vanita Bansal
Chairperson

Mr. Narendra Singh Sisodia
Member

Mr. Pankaj Prakash Sahni
Member

Stakeholder Relationship Committee

Ms. Vanita Bansal
Chairperson

Mr. Narendra Singh Sisodia
Member

Mr. Sugeeth Kumar
Member

Audit Committee

Mr. Pankaj Prakash Sahni
Chairman

Mr. Narendra Singh Sisodia
Member

Mr. Sugeeth Kumar
Member

CSR Committee

Mr. Narendra Singh Sisodia
Chairman

Mr. Arun Bhatia
Member

Mr. Sugeeth Kumar
Member

Key Managerial Personnel

Mr. Sugeeth Kumar
Chief Financial Officer

Mr. Kunal Aggarwal
Company Secretary

Auditors

M/s. B S R & Associates LLP, Chartered Accountants
Statutory Auditors

M/s. Jain Sharma & Associates, Cost Accountant
Cost Auditors

M/s. Vinod Kothari & Company, Company Secretary
Secretarial Auditors

Bankers

Hongkong & Shanghai Banking Corporation
Standard Chartered Bank
Citibank N.A.
HDFC Bank Limited
ICICI Bank Limited
Yes Bank
State Bank of India
Bank of America

Registrar & Share Transfer Agents

M/s. MCS Share Transfer Agents Limited
F-65, 1st Floor, Okhla Industrial Area
Phase- I, New Delhi - 110020
CIN: U67120WB2011PLC165872
Ph.: +91 011 41406149/50/51/52
E-mail: helpdeskdelhi@mcsregistrars.com
Website: www.mcsregistrars.com

Registered Office & Corporate Headquarters

Carrier Airconditioning & Refrigeration Limited
Narsingpur, Kherki Daula Post, Gurgaon 122001, Haryana
CIN: U74999HR1992FLC036104
Tel: +91 124 - 4825500
Fax: +91 124 - 2372230
Email: secretarial@carrier.utc.com
Website: www.carrierindia.com

Carrier Airconditioning & Refrigeration Limited
CIN: U74999HR1992FLC036104
Registered office: Narsingpur, Kherki Daula Post, Gurgaon – 122001, Haryana
E-mail: secretarial@carrier.utc.com
Website: www.carrierindia.com
Tel: +91-124-4825500; **Fax:** +91-124-2372230

NOTICE OF 26TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the members of Carrier Airconditioning & Refrigeration Limited (the "Company") will be held on Thursday, September 20, 2018 at 11:30 A.M. at Fortune Select Global, Global Arcade, Mehrauli-Gurgaon Road, Sikanderpur, Sector 26, Gurugram-122002, Haryana, India to transact the following businesses:-

ORDINARY BUSINESS

To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution(s)**:-

1. To receive, consider and adopt audited financial statements of the Company for the financial year ended March 31, 2018 together with the reports of Board of Directors and Auditor(s) thereon.

   "RESOLVED THAT the audited financial statements of the Company for the financial year ended March 31, 2018 together with the reports of Board of Directors and Auditors thereon be and are hereby received, considered and adopted."

2. To confirm payment of interim dividend on equity shares of the Company.

   "RESOLVED THAT an interim dividend of ₹ 5.10 per equity share paid to the members of the Company during the financial year 2017-18, whose names appeared in the Register of Members on March 23, 2018 be and is hereby confirmed.

   RESOLVED FURTHER THAT the interim dividend, stated herein above, be considered as final dividend for financial year ended March 31, 2018 and be and is hereby approved and declared."

3. To appoint a Director in place of Mr. Sugeeth Kumar (DIN: 07420265), who retires by rotation and being eligible, offers himself for re-appointment.

   "RESOLVED THAT Mr. Sugeeth Kumar (DIN: 07420265), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS

4. To approve appointment of Ms. Vanita Bansal (DIN: 02926018) as non-executive Director of the Company and in this regard to consider and, if thought fit, to pass, with or without modification(s), if any, the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 149, 152 and 161 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, Ms. Vanita Bansal (DIN: 02926018) who was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on June 4, 2018 and who holds office of Director upto the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160(1) of the Companies Act, 2013, from a member signifying his intention to propose her candidature for the office of Director, be and is hereby appointed as a non-executive Director of the Company.

RESOLVED FURTHER THAT any Director or Company Secretary or Chief Financial Officer of the Company be and is hereby severally authorized to file application to Central Government seeking such appointment, if required, and to do all such necessary acts/deeds, as may be required, to give effect to this resolution including but not limited to making filings with Office of Registrar of Companies and to issue certified true copy of this resolution as and when required."

5. To ratify remuneration payable to Cost Auditors of the Company for the financial year 2018-19 and in this regard to consider and, if thought fit, to pass, with or without modification(s), if any, the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof, for the time being in force), M/s. Jain Sharma and Associates, Cost Accountants, (firm registration no. 000270), appointed as Cost Auditors of the Company, by the Board of Directors on the recommendation of members of Audit Committee to conduct the audit (as per the scope of work approved by the Board) of the cost records of the Company for the financial year 2018-19 and that the remuneration of ₹ 3,64,000/- (Rupees Three Lakhs Sixty Four Thousand Only) excluding out of pocket expenses and taxes, as applicable, determined by the Board, be and is hereby ratified and confirmed.

   RESOLVED FURTHER THAT any Director or Company Secretary or Chief Financial Officer of the Company be and is hereby severally authorized to do all such necessary acts/deeds, as may be required, to give effect to this resolution including but not limited to making filings with Office of Registrar of Companies and to issue certified true copy of this resolution as and when required."

By the order of the Board
For **Carrier Airconditioning & Refrigeration Limited**

Sd/-
Kunal Aggarwal
Company Secretary
Membership No.: ACS 35119

Place: Gurugram
Date: August 17, 2018

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE TWENTY SIXTH ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's registered office duly completed and signed not less than forty-eight (48) hours before the commencement of the AGM. A Proxy Form for the AGM is enclosed herewith**. Pursuant to the provisions of the Companies Act, 2013 ("Act") and the Rules made thereunder, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.
2. The Explanatory Statement pursuant to Section 102(1) of the Act setting out material facts concerning Special Business set out in the Notice is annexed hereto.
3. Corporate members intending to send their authorized representatives to attend the AGM are requested to send to the Company a duly certified copy of the board resolution authorizing their representatives to attend and vote on their behalf at the AGM.
4. The proxy holder shall prove his / her identity at the time of attending the AGM.
5. When a member appoints a proxy and both the member and proxy attend the AGM, the proxy stands automatically revoked.
6. Requisition for inspection of proxies shall be received by the Company in writing from a member entitled to vote on any resolution at least three days before the commencement of the AGM.
7. Proxies shall be made available for inspection during the period beginning twenty four hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM.
8. For effecting change of address, bank details, Electronic Clearing Service (ECS) Mandate, National Electronic Clearing Service (NECS), nominations, power of attorney, change of name, e-mail address, contact numbers etc. if any, members are requested to notify the same to the following:
   a. If shares are held in physical mode, to the Company and/or Registrar and Share Transfer Agent (R&T Agent) of the Company, i.e., M/s MCS Share Transfer Agent Ltd., F-65, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi – 110020. Members must quote their Folio No. in all correspondence with the Company/R&T Agent.
   b. If shares are held in electronic form, to their Depository Participant (DP). Changes intimate to the DP will be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Transfer Agents i.e. MCS Share Transfer Agent Limited to provide efficient and better services. The Company/R&T Agent will not entertain requests for noting change of address/bank details/ECS Mandate, if any.
9. The members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. The members can contact the Company or MCS Share Transfer Agent Limited for assistance in this regard.
10. The members desirous of seeking any information relating to the annexed audited financial statements of the Company for the financial year ended March 31, 2018 or propose to raise any queries at the AGM, may please write to the Company at its Registered Office, at least 7 days prior to the date of AGM to enable the Company to compile the information and answer them in the AGM.
11. Members/ proxies/ authorized representatives are requested to produce their attendance slip duly filled and signed as per the specimen signature recorded with M/s. MCS Share Transfer Agent Ltd., Registrar and Share Transfer Agent of the Company and submit the same at the entrance for attending the AGM. The members, who hold shares in the dematerialized form, are requested to bring their Client-ID and DP-ID numbers for easier identification of attendance at the AGM.

12. The Company's ISIN number is INE040I01011.
13. The members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to M/s. MCS Share Transfer Agent Ltd., Registrar and Share Transfer Agent of the Company for consolidation into a single folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
14. In case of joint holders attending the AGM, only such joint holder whose name appears at the top in the hierarchy of names as per the Register of Members of the Company shall be entitled to vote.
15. Pursuant to the provisions of Section 124 of the Act, and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules, 2016"), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government.

    As per the provisions of IEPF (Uploading of information regarding Unpaid and Unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company on its website and the same can be accessed through the web-link: www.carrier.com/building-solutions/en/in/investor/. The said details have also been uploaded on the website of the Ministry of Corporate Affairs and the same can be accessed through the link: www.mca.gov.in.

    The members, who have not yet encashed their dividend warrant(s) for such period, may send their request for revalidation of Dividend Warrant(s) or issue of duplicate Dividend Warrant(s), as the case may be, to the Company well before the due date of transfer to IEPF. Unclaimed amount of final dividend declared by the Company for the financial year 2009-10 was transferred to the Investor Education and Protection Fund in the year 2017 within the prescribed time.

    Attention of the members is also drawn to the provisions of Section 124(6) of the Act which require a company to transfer all the shares in respect of which dividend has not been paid or claimed for seven (7) consecutive years or more, in the name of IEPF Authority. In accordance with the aforesaid provision of the Act read with IEPF Rules, 2016, as amended from time to time, the Company has already initiated necessary action for transfer of all shares in respect of which dividend declared has not been paid or claimed by the members for seven (7) consecutive years or more. Members are advised to visit the web-link: www.carrier.com/building-solutions/en/in/investor/ to ascertain details of shares liable for transfer in the name of IEPF Authority.
16. The Register of Members and the Share Transfer Register of the Company will remain closed from Friday, September 14, 2018 till Thursday, September 20, 2018 (both days inclusive) for the purpose of AGM. The cut-off date to determine the eligibility for the purpose of voting through electronic means and physical voting at the AGM is Thursday, September 13, 2018.
17. Pursuant to Section 72 of the Act, the members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination are requested to send their requests in Form No. SH-13, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 to the Registrar & Share Transfer Agents of the Company. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
18. Electronic copy of the Notice of the 26th AGM of the Company along with Attendance Slip inter alia indicating the process and manner of remote e-voting and Proxy Form is being sent to all the members who have registered their email addresses with the Company/Depository Participants for communication purposes. The physical copy of the Notice of the 26th AGM of the Company along with Attendance Slip inter alia indicating the process and manner of remote e-voting and Proxy Form is being sent in the permitted mode to those members who have either opted for the same or have not registered their email addresses with the Company/ Depository Participants.
19. Pursuant to Section 107 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and amendment thereof and as per Secretarial Standards-2, the Company is providing the facility of remote e-voting to the members, there shall be no voting by show of hands at the AGM. For the

members who do not have access or cast their votes by remote e-voting, facility for voting through polling paper shall be provided at the AGM.

20. In case any member is desirous to receive communication from the Company in electronic form, he/she may register his/her email address with his/her depository participant or send their consent at secretarial@carrier.utc.com along with his/her folio no. and valid email address for registration. For resolution of grievances or for any query, the members can avail online services of the Registrar & Share Transfer Agents, M/s MCS Share Transfer Agent Limited by logging at www.mcsdel.com and clicking on Investors Services. Thereafter, the members can register their queries/grievances and M/s MCS Share Transfer Agent Limited will respond the same on priority basis.
21. Non-Resident Indian Members are requested to inform the Company's Registrar & Share Transfer Agents, M/s MCS Share Transfer Agent Limited immediately: (i) the particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier; and (ii) any change in their residential status on return to India for permanent settlement.
22. The Ministry of Company Affairs has taken a 'Green initiative in Corporate Governance' by allowing paperless compliances by the companies and has issued circulars allowing companies to send official documents to their members electronically to prevent global environment degradation. In support of the Green Initiative, your Company proposes to send the documents i.e. Notice convening General Meetings, Annual Report containing Audited Financial Statements, Directors' Report, Auditors' Report, etc. and other communications in electronic form. To support this Green Initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. The members who hold shares in physical form are requested to register their e-mail addresses with the Company.
23. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Company is pleased to provide remote e-voting facility to its members to cast their votes electronically on all resolutions set forth in this Notice. The members may cast their votes using an electronic voting system from a place other than the venue of the AGM ("remote e-voting").
24. The members can opt for only one mode of voting i.e. remote e-voting or physical polling at the AGM. In case of voting by both the modes, vote casted through remote e-voting will be considered final and voting through physical ballot will not be considered. The members who have cast their vote by remote e-voting may also attend the AGM.
25. The Company has engaged the services of Central Depository Services Limited (CDSL) as the Agency to provide e-voting facility.
26. Detailed instruction to exercise e-voting are given on a separate sheet dispatched with Annual Report which forms an integral part of Notice.
27. The Board has appointed M/s. Vinod Kothari & Company, Practicing Company Secretaries, New Delhi as Scrutinizer to scrutinize the physical voting and remote e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the same.
28. The voting rights of members for e-voting and for physical voting at the AGM shall be in proportion to the paid up value of their shares in the equity share capital of the Company as on cut-off date i.e. Thursday, September 13, 2018.
29. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. Thursday, September 13, 2018, shall only be entitled to avail the facility of remote e-voting / physical voting. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. Thursday, September 13, 2018 may obtain their user ID and password for remote e-voting by sending a request to Registrar & Share Transfer Agents, M/s MCS Share Transfer Agent Limited at www.mcsdel.com.

30. The Scrutinizer, after scrutinizing the votes cast at the AGM (physical voting) and through remote e-voting, will, not exceed 3 days from the conclusion of the AGM, make a consolidated scrutinizer's report of the votes cast in favor or against, if any, and submit the same to the Chairman of the AGM. The results declared shall be available on the website of the Company www.carrier.com/building-solutions/en/in/investor/ and on the website of the CDSL. The resolutions will be deemed to be passed on the date of AGM subject to receipt of the requisite number of votes in favor of the resolutions.
31. The Notice of AGM will be sent to those members/beneficial owners whose name will appear in the Register of Members/Register of Beneficial Owners received from the Depositories as on Thursday, September 13, 2018. A person who is not a member as on the cut-off date i.e. Thursday, September 13, 2018, should treat this Notice for information purposes only. Any person who has acquired shares and become member of the Company after the dispatch of this Notice and holding shares as on the cut-off date i.e. Thursday, September 13, 2018, may obtain copy of notice of AGM and the Annual Report by sending a request to the Company or Registrar & Share Transfer Agents, M/s MCS Share Transfer Agent Limited.
32. The landmark place to reach the venue of AGM is IndiGo Guru Dronacharya Metro Station, NH236, Garden Estate, DLF Phase 3, Sector 26, Gurugram-122002, Haryana and map to reach at the venue of AGM is attached with Annual Report.
33. The members/proxies/authorized representatives are requested to bring their copy of the Annual Report to the AGM.
34. In case of any query pertaining to e-voting, please visit Help & FAQ's section available on www.cdslindia.com.
35. The members may also note that the Notice of the 26th AGM and the Annual Report for the financial year 2017-18 will also be available on the Company's website viz. www.carrier.com/building-solutions/en/in/investor/. The members will be entitled to a physical copy of the Annual Report for the financial year 2017-18, free of cost, upon sending a request to the Company Secretary at the Registered Office of the Company.
36. All relevant documents referred to in the accompanying Notice and the Explanatory Statement will be available for inspection by members at the Registered Office of the Company during normal business hours on all working days up to the date of the 26th AGM of the Company. The aforesaid documents will also be available for inspection by members at the AGM. The Statutory Registers required to be kept open for inspection at the AGM of the Company under the Act read with Rules made thereunder, will be available for inspection at the AGM venue by any person having the right to attend the AGM.

    Information of Directors to be appointed and the Directors seeking appointment/re-appointment at the forthcoming AGM (Pursuant to Secretarial Standard 2 issued by the Institute of Company Secretaries of India):

Name & Designation of the Director	**Ms. Vanita Bansal Non-Executive Director**	**Mr. Sugeeth Kumar Whole-time Director & CFO**
Director Identification Number	02926018	07420265
Date of Birth (Age in years)	July 4, 1978 (40 years)	February 22, 1978 (40 years)
Original Date of Appointment	June 4, 2018	February 12, 2016
Qualifications	Chartered Accountant	Chartered Accountant
Experience & expertise in specific functional area	She has joined the Company in October, 2014 as Director Tax and working in Taxation field from last 18 years.	20+ years of diverse work experience - Business advisory services, Process outsourcing, Oil & Gas, Manufacturing sectors. Diverse experience with focus on profitable growth, leveraging technology for business and process productivity, delivering on financial targets, maintaining compliance and controls, develop talent for sustainability, stability and growth of Finance organization.

		Prior to UTC, he has worked with Deloitte, GE Capital and Schlumberger Asia Services in diverse finance roles.
Shareholding in the Company	Nil	Nil
Remuneration last drawn from Company	Nil	Annexed as Disclosure forming part of Director's Report **Annexure "C"**
Number of Board Meetings attended during the financial year	Nil. She was appointed Additional Director w.e.f. June 4, 2018	Five (5)
Terms & conditions of appointment/ re-appointment and remuneration	- Appointed as a Non-Executive Director liable to retire by rotation. - As per Nomination & Remuneration Policy forming part of Director's Report.	- Re-appointed as a Director liable to retire by rotation. - As per Nomination & Remuneration Policy forming part of Director's Report.
Relationship with other Director/ KMP	No Relationship with other Director/KMP	No Relationship with other Director/KMP
Directorships held in other Companies	Nil	Nil
Members/Chairmanship of Committees in public limited Companies in India	Carrier Airconditioning & Refrigeration Limited -Chairperson of Nomination & Remuneration Committee and Stakeholder Relationship Committee.	Carrier Airconditioning & Refrigeration Limited – Member of Stakeholder Relationship Committee, Audit Committee and Corporate Social Responsibility Committee.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

Item No. 4:

The Board of Directors had appointed Ms. Vanita Bansal (DIN: 02926018) as an Additional Director in its meeting held on June 4, 2018. In terms of the provisions of Section 161 of the Companies Act, 2013, she holds office of Director upto the date of ensuing Annual General Meeting. The Board considered the various aspects relating thereto including experience, future business prospectus, effect of appointment in the effective management of the affairs of the Company etc.

The Company has received a notice in writing, along with the requisite deposit, under Section 160 of the Companies Act, 2013 from a member signifying her intention to propose candidature of Ms. Vanita Bansal (DIN: 02926018) for the office of Director of the Company.

A brief profile of Ms. Vanita Bansal (DIN: 02926018), nature of expertise in specific functional area, name of other public companies in which she holds directorship and membership/chairmanship of the committees of the Board of Directors and the particulars of the shareholding is appended to the Notice. In the opinion of the Board of Directors, Ms. Vanita Bansal (DIN: 02926018) fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and she is independent of the management and her appointment will bring rich experience of dealing with taxation matters.

All the relevant documents in connection with the appointment of Ms. Vanita Bansal (DIN: 02926018), are available for inspection without any fee by the members at the Company's Registered Office on any working day during business hours.

None of the other Directors or Key Managerial Personnel of the Company and/ or their relatives are, in anyway, concerned or interested, financially or otherwise, in the proposed resolution set out at Item No. 4 of the Notice except Ms. Vanita Bansal (DIN: 02926018) to whom the resolution relates.

In terms of the provisions of the Companies Act, 2013, the consent of the members is required for the appointment of Ms. Vanita Bansal (DIN: 02926018) as Non-Executive Director of the Company. The Board of Directors recommend the resolution as set out at Item No. 4 for the approval of the members as an Ordinary Resolution.

Item No. 5

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to the Cost Auditors shall be fixed by the Board of Directors of the company on the recommendation of the Audit Committee and the same shall be subsequently ratified by the members of the company at a general body meeting.

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the re-appointment of M/s. Jain Sharma & Associates, Cost Accountants (firm registration no. 000270), as Cost Auditors of the Company, to conduct the audit (as per the scope of work approved by the Board) of the cost records of the Company for the financial year 2018-19 at a remuneration of ₹ 3,64,000/- (Rupees Three Lakhs Sixty Four Thousand Only) excluding out of pocket expenses and taxes, as applicable.

Accordingly, the consent of the members is sought by passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2018-19.

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

By the order of the Board
For **Carrier Airconditioning & Refrigeration Limited**

Sd/-
Kunal Aggarwal
Company Secretary
Membership No.: ACS 35119

Place: Gurugram
Date: August 17, 2018

Directors' Report

Dear Members,

Your Directors have immense pleasure in presenting the 26th Annual Report on business and operations together with the audited financial statements and the auditors' report of your Company for the financial year ended March 31, 2018. The financial highlights for the year under review are given below:

1. Financial Results (₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Total Revenue	135,607	138,338
Total Expenses	124,305	126,382
Profit /(Loss) before tax	11,302	11,956
Less: Tax	4,014	3,890
Profit / (Loss) after tax	7,288	8,066
Other Comprehensive Income	79	(193)
Balance Brought Forward from earlier years	45,954	38,010
Adjustment of depreciation on reassessment of useful lives of tangible assets	0	0
Balance carried to Balance Sheet	34,588	45,954
Basic Earnings per Share*	6.85	7.58

** Nominal Value per share ₹ 10*

2. State of Affairs of the Company and Outlook:

During the financial year 2017-18, your Company has total net revenue from operations of ₹ 132,529 Lakhs as against ₹ 134,358 Lakhs in the previous year and net profit of ₹ 7,288 Lakhs from ₹ 8,066 Lakhs in the previous year.

An update on performance of your Company's main business segments is mentioned herein below:-

Light Commercial Airconditioning (LC): Your Company has taken strides in the direction of new investments, better products and growth in business across Carrier brand Light Commercial and VRF business which grew organically year over year. During the year, your Company has launched new range of products in this segment:

Cassette Range: We have now an updated range of Carrier brand cassettes from India factory. The product is available as per revised BEE regulations applicable in 2018. With new aesthetics and engineering enhancements on capacity, sound & efficiency the offerings have become more attractive to our customers.

Next Generation Inverter Ducted: It is a solution to address the growing demand for energy efficient product in India to give best in class local fit solutions for Indian customers. Being highly energy efficient, it offers applications across customer segments.

Commercial Airconditioning: The business growth came across all product lines and order growth was faster than sales growth to carry forward a healthier backlog. While the economy was slow, Company gained market share and our high efficiency products were well accepted across segments and applications. During the year, your Company has launched new range of product in this segment:

Carrier Greenspeed Aquaforce 30KA/V: Your Company has also introduced the Greenspeed Aquaforce 30KAV & 30KA chillers which are variable speed and fixed speed air-cooled screw chillers respectively. These chillers which are ideal for commercial applications are high on efficiency. These chillers have specially designed W-shaped coils and patented Flying Bird condenser fans.

Toshiba: The business unit continued driving growth. Your Company had significant success in the Light Commercial range which has VRF, Inverter High Walls, and Inverter Cassettes and Ducted products. This includes some prestigious wins in Hospitality, Condominiums, Institutions and Corporates which has made this brand a sought after high technology and quality product in the market. Your Company continued to invest in talent across all businesses and all geographies. Many new additions were done to support our growth initiatives. We opened new offices and added people across the regions. During the year, your Company has launched new range of products in this segment:

SMMS 7 Top Discharge VRF: Today's consumer has become more sensitive towards saving energy resources. The new Toshiba SMMS7 offers superior Energy Efficiency along with an increased capacity. There is a reduction in footprint, weight & refrigerant required, thus making it more attractive and competitive for our markets with a local fit design.

Mini SMMS7 Side Discharge VRF: The Mini SMMS7 is another VRF series that has been optimized to reduce the height and footprint of the machine. It provides high flexibility in design with a wide range of Indoor Units available to choose from. With a growing market of VRF these are product extensions that enhance the applications for your Company's range of products.

We have also re-labelled the 5 star Inverter Cassettes of Toshiba brand to continue our leadership in Inverter Cassettes market.

Commercial and Toshiba Service: In line with growth requirement of the organization, after market team took various initiatives such as Retrofits, Capture & recapture (third party machines) in our contracts. For commercial applied segment, your Company has focused on recapture and Retrofits /upgrade of chillers along with annual maintenance contracts for plant rooms. The focus of the Company has also been on the connected services to diagnose failure, predictive maintenance and taking prior corrective actions. Also, with the help of mobility app which was launched last year, we are focusing on implementing and working with the channel to enhance the customer experience which going forward would help to reduce the down time on account of spares.

TOTALINE: The Company has focused on sale of Carlyle compressors business and has grown 100% on Carlyle. TOTALINE has introduced new products in its offering to touch base on high demand for these products and increase market penetration thereby continuing the momentum of FY 17-18.

Commercial Refrigeration: The Sales has grown ever more during the year despite the drop of freezer sales and the reforms in GST. Company has taken the strategic decision to discontinue freezers business due to lower margin and increased selling costs. The service business had an exponential growth; however the cold-room business experienced slowness. The Food retail business was relaxed in current year due to the delay in government reforms on FDI but expected to upsurge in coming years because of Multinational Investments and probable government Food Retail reforms. Many strategic initiatives have been undertaken such as Channel productivity; cost reduction, geographic development etc.

The Service business has witnessed growth over last year and tapped more multinational and local top segments. We effectively positioned our energy saving solutions such as Compressor Rack, Condensers & Localized Condensing units with two-stage Carlyle compressors coupled with robust application and project management support helping sustain our share of wallet with existing key accounts as well as expanding our foot print to local retailers/independents entering the fray.

As member of the National Cold Chain Center, set up by Ministry of Agriculture, your Company continues to be actively involved in various aspects of cold chain evolution in India. Your Company has been actively participating in various forums and exhibitions across India like India Cold Chain Show, ICE and Seminar organized by Federation of Cold Storage Associations of India to improve its presence and visibility.

Transicold: Carrier Transicold India continues to be an industry leader and our customer's first choice for transport refrigeration solutions. In order to create a robust cold chain, we work with multiple stakeholders to educate and provide sustainable solutions thus adding value to our Indian customers.

Carrier Transicold fosters strong relations with integrated cold chain clients, third party logistic providers, insulated container makers and truck manufacturers. The business continues to focus on expanding sales through renowned vehicle manufacturers offering Fully Build Reefer Trucks to Logistic fleet operators within the country.

The business is focused to increase its geographic reach and build its brand image by penetrating into tier II and tier III cities and towns through sales team visits and our dealership network reach. We picked up orders from 15 such new locations for F&V, Milk & dairy product transportation, where our new products gained traction.

Latest Introductions of the CitimaxTM 500 and the CitimaxTM 700 in the directly vehicle engine driven CitimaxTM range have bolstered sales by offering frozen and chilled applications in the Pharmaceuticals, F&V, confectionary and dairy industry. The SupraTM 850 self-diesel engine powered unit has been widely accepted by the market on large size trucks. The new product offerings of CitimaxTM and SupraTM range have proved very effective in meeting the evolving demands from the customers as the cold chain grows.

Increased demand for credence as well as end to end cold chain visibility & control has spurred an interest in the telematics system offered by Carrier Transicold. These advanced telematics systems provide diagnostic features, real time monitoring and two way communication capabilities.

The government is focused on reducing food wastage and enhancing farmer's income and there is increased awareness about the benefits of the cold chain. The government is also providing several incentives which are attracting investments into cold chain infrastructure. Refrigerated transportation is an important aspect of a robust cold chain and gets high focus amongst policy makers and end users.

We have been actively involved with various initiatives of the Ministry of Agriculture & Ministry of Food Processing Industries in creating awareness about the cold chain. Members of the Carrier Transicold India team are regular speakers at various cold chain conferences organised by the Ministry of Agriculture and Ministry of Food Processing to promote cold chain use and reduce food wastage.

We continue to be an active member of the Confederation of Indian Industry (CII) Cold Chain Task Force and the National Center for Cold Chain Development (NCCD) set up by the Government of India to promote the usage of the cold chain.

AdvanTE3C:

AdvanTEC Solutions business in India is a natural evolution of Company's approach to sustainability. It has emerged as innovative and customized solution provider across segments and applications. It has successfully created unique platform and edge in market complementing the Company's Commercial Applied business by creating value to our customers through value added energy solutions. Company's experts in the AdvanTEC Solutions center are continuously applying innovations through design and execution to capture greater energy efficiency and environmental benefits. AdvanTEC Solutions this year spread its wings in newer segments like IT and Education besides obtaining repeat business from existing clients.

AdvanTEC, in its journey towards pursuing energy savings, helped its customers save more than 10.5 Million units of energy equivalent to 8295 tons of carbon emission being prevented. AdvanTEC India team was also recognized internally at Asia Meet and bagged an "Exceptional performance of the year award" for effective implementation of AdvanTEC strategy from conceptualization to sustenance.

3. **Environment, Health & Safety:**

We maintain the highest ethical, environmental and safety standards everywhere. We will continuously promote sustainability as a culture by promoting green buildings in India and exceeding environmental goals for Operations in India. We not only design products that are safe, energy efficient & environmental friendly but also ensure that all our products are installed and serviced in a safe manner.

Your Company has achieved over 29 million man-hours and 10 years without a lost-time incident, since April 10, 2007. This world-class accomplishment means that no work hours were lost due to an employee injury in more than ten years of work time for the approximately 1200 employees working in factory & field. The commitment towards safety can clearly be observed with an achievement of total 7070 hours spent by the leadership & regional team towards coaching, assessment and administration. Every incident and near miss reviewed by the management of your Company at different levels based on the severity.

This remarkable achievement not only exemplifies our Company's focus on employees safety but also underscores our EH&S leadership as a best-in-class organization within our industry. In this journey we have earned many other honors and milestones for its commitment to health and safety and some of them are highlighted below:-

- 88% EH&S Assurance and Compliance Review Audit in 2017- Factory.
- 85% EH&S Assurance and Compliance Review Audit in 2017- Field.
- CCS International President Award 2017 for demonstrated excellence of EH&S performance in factory & field.
- CCS Asia President Award 2017 for demonstrated excellence of EH&S performance in factory & field.

Our continued focus on Environment Goals from 2011 to 2017 in factory has also helped us in:

- 56% absolute reduction in Water consumption.
- 46 % absolute reduction in Air Emissions.
- 43 % absolute reduction in Waste reduction.
- 15% absolute reduction in Energy usage.

Let's together put our belief in creating a safe work environment and thrive for a better tomorrow.

4. Reserves:

No amount is transferred to the general reserve during the financial year under review.

5. Change in the nature of business, if any:

There are no changes in the nature of business of the Company during the year under review.

6. Dividend:

Your Directors are pleased to inform that your Company had distributed an Interim Dividend of ₹ 5.10 per share amounting to net dividend of ₹ 54,25,21,399.50 out of its profits of the Company for the financial year ended March 31, 2018 to the shareholders of the Company, whose names appear in the "Register of Member" as on Record date i.e. March 23, 2018.

7. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:

No significant and material orders had been passed by the regulator or courts or tribunals impacting the going concern status and Company's operations in future.

8. The names of Companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year:

During the financial year under review, no company has become or ceased to be subsidiary, joint venture or associate of your Company.

9. Changes in Directors & Key Managerial Personnel:

During the financial year under review and till the date of this report, the following changes have occurred in the constitution of Directors & Key Managerial Personnel of the Company:-

S. No.	Name of Director	Designation	Date of Appointment	Date of Cessation	Mode of Cessation
1	Mr. Rahul Jain	Whole-time Director	June 27, 2017	N.A	N.A
2	Mr. Ashok Motiram Mirchandani	Whole-time Director	March 24, 2010	June 30, 2017	Resignation
3	Ms. Nandita Luthra	Director	November 3, 2014	April 1, 2018	Resignation
4	Ms. Vanita Bansal	Additional Director	June 4, 2018	N.A	N.A
5	Mr. Nanda Kishore Lakkaraju	Whole-time Director	March 28, 2012	July 31, 2018	Resignation

Further, in accordance with the Articles of Association of the Company and relevant provisions of the Companies Act, 2013, Mr. Sugeeth Kumar (DIN: 07420265) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

10. Number of meetings of the Board of Directors:

During the financial year under review the Company had five meetings of the Board of Directors as per Section 173 of Companies Act, 2013 on June 27, 2017; August 21, 2017; September 20, 2017; December 11, 2017 and March 20, 2018. The provisions of Companies Act, 2013 and Secretarial Standard 1 for meetings of Board of Directors issued by The Institute of Company Secretaries of India were adhered to while considering the time gap between two meetings. The Composition of the Board of Directors and their attendance at the Board Meetings during the financial year 2017-18 are as below:

Name of the Directors and Director Identification Number	Category of Directorship	No. of Board Meetings	
		Held	Attended
Mr. Arun Bhatia (DIN: 00031279)	Managing Director	5	5
Mr. Narendra Singh Sisodia (DIN: 06363951)	Non-Executive Independent Director	5	5
Mr. Pankaj Prakash Sahni (DIN: 07132999)	Non-Executive Independent Director	5	3
Mr. Sugeeth Kumar (DIN: 07420265)	Whole-time Director and Chief Financial Officer	5	5
Mr. Nanda Kishore Lakkaraju (DIN: 05233356)	Whole-time Director	5	3
Ms. Nandita Luthra (DIN: 06948082)	Non-Executive Director	5	3
Mr. Rahul Jain (DIN: 07858457)*	Whole-time Director	5	2
Mr. Ashok Motiram Mirchandani** (DIN: 00005518)	Whole-time Director	5	1

* Mr. Rahul Jain was appointed as a director with effect from June 27, 2017.

** Mr. Ashok Motiram Mirchandani resigned with effect from June 30, 2017.

11. Directors' Responsibility Statement:

In terms of the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 ("Act") the Board of Directors of the Company confirms that:

(a) In the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

(b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the annual accounts on a going concern basis; and

(e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

12. Declaration of Independence by Directors:

Declarations given by Independent Directors meeting the criteria of independence as provided in sub-section (7) of Section 149 of the Companies Act, 2013 and the relevant rules are received and taken on record by the Board of Directors of the Company.

13. **Annual Performance Evaluation:**

In compliance with the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of independent directors and of its own performance and that of its committees and individual directors for the year under review. Members of Nomination & Remuneration Committee have also carried out evaluation of every director's performance. The independent directors assessed the performance of Non-Independent Directors and other Directors of the Company as well as of the Board as a whole for the financial year and timeliness of flow of information between Management and the Board. The manner of performance evaluations was based on certain parameters including but not limited to knowledge of business/operations of the Company, effective participation in board/ committee meetings, independence, their value addition/ contribution to Company's objectives and plans, efficient discharge of their responsibilities, governance, trust & confidentiality and other relevant parameters. It was further acknowledged that Board, every individual Director and committee of the Board contributes its best in the overall growth of the organization.

14. **Corporate Social Responsibility (CSR):**

The Company is committed to the belief that it exists not just to run business and generate profits, but also to fulfill its duties as a responsible corporate citizen. The Company recognizes its need to deliver value to the society, which is the reason for its existence. Our most important responsibility is to fulfill the expectations of our stakeholders and to continuously improve our social, environmental and economic performance while ensuring the sustainability and operational success of your Company. The Company has undertaken activities as per the CSR policy (available on Company's website: www.carrier.com/building-solutions/en/in/investor/ and the details thereof are given in **Annexure "A"** forming an integral part of this report. The Company will continue to support projects that are consistent with the policy.

15. **Nomination & Remuneration Policy:**

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration including criterion for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Companies Act, 2013. The policy formulated by Nomination & Remuneration committee under is attached as **Annexure "B"** forming an integral part of this report.

16. **Extracts of Annual Return:**

The Extract of Annual Return for the financial year ended March 31, 2018 as required under section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is attached hereto as **Annexure "C"** forming an integral part of this report.

17. **Audit Committee:**

Composition of Audit Committee:

The Audit Committee reviews and looks into the matters prescribed under the Companies Act, 2013 or rules made thereunder, as amended from time to time. During the financial year under review, the Committee comprises of following three directors out of which two are Independent Directors and one is Whole-time Director:

- Mr. Pankaj Prakash Sahni, Chairman and Non-Executive Independent Director;
- Mr. Narendra Singh Sisodia, Non-Executive Independent Director; and
- Mr. Sugeeth Kumar, Whole-time Director and Chief Financial Officer.

Meetings and Attendance:

During the period under review, four meetings of Audit Committee were held as on June 27, 2017; August 21, 2017; September 20, 2017 and March 20, 2018. The attendance of the Directors at the Audit Committee meetings during the financial year 2017-18 is as below:

Name of Members	Category	No. of Meetings	
		Held	Attended
Mr. Pankaj Prakash Sahni	Non-Executive Independent Director	4	2
Mr. Narendra Singh Sisodia	Non-Executive Independent Director	4	4
Mr. Sugeeth Kumar	Whole-time Director & Chief Financial Officer	4	4

18. **Nomination & Remuneration Committee:**

Composition of Nomination & Remuneration Committee:

The Nomination and Remuneration Committee reviews and looks into the matters prescribed under the Companies Act, 2013 or rules made thereunder, as amended from time to time. During the financial year under review, Committee comprises of the following three directors out of which one is Non-Executive Director and two are Independent Directors:

- Ms. Nandita Luthra, Chairperson and Non-Executive Director;
- Mr. Narendra Singh Sisodia, Non-Executive Independent Director; and
- Mr. Pankaj Prakash Sahni, Non-Executive Independent Director.

Meetings and Attendance:

During the period under review, three meetings of Nomination and Remuneration Committee were held as on June 27, 2017; August 21, 2017 and March 20, 2018. The attendance of the Directors at the meeting during the financial year 2017-18 is as below:

Name of Members	Category	No. of Meetings	
		Held	Attended
Ms. Nandita Luthra	Non-Executive Director	3	3
Mr. Narendra Singh Sisodia	Non-Executive Independent Director	3	3
Mr. Pankaj Prakash Sahni	Non-Executive Independent Director	3	2

On account of resignation of Ms. Nandita Luthra on April 1, 2018, the Nomination & Remuneration Committee of the Board of Directors re-constituted on June 4, 2018 and Ms. Vanita Bansal was appointed as new Chairperson of the Committee & Non-Executive Director.

19. **Corporate Social Responsibility Committee:**

Composition of Corporate Social Responsibility Committee:

Corporate Social Responsibility Committee reviews and looks into the matters prescribed under the Companies Act, 2013 or rules made thereunder, as amended from time to time. During the financial year under review, the Committee comprises of following four directors out of which one is Non-Executive Independent Director and three are Executive Directors:

- Mr. Narendra Singh Sisodia, Chairman & Non-Executive Independent Director;
- Mr. Arun Bhatia, Managing Director;
- Mr. Sugeeth Kumar, Whole-time Director and Chief Financial Officer; and
- Mr. Nanda Kishore Lakkaraju, Whole-time Director.

Meetings and Attendance:

During the period under review, two meetings of Corporate Social Responsibility Committee were held as on August 21, 2017 and March 20, 2018. The attendances of the Directors at the meeting during the financial year 2017-18 are as below:

Name of the Members	Category	No. of Meetings	
		Held	Attended
Mr. Narendra Singh Sisodia	Non-Executive Independent Director	2	2
Mr. Sugeeth Kumar	Whole-time Director and Chief Financial Officer	2	2
Mr. Arun Bhatia	Managing Director	2	2
Mr. Nanda Kishore Lakkaraju	Whole-time Director	2	1

On account of resignation of Mr. Nanda Kishore Lakkaraju on July 31, 2018, Corporate Social Responsibility Committee of the Board of Directors re-constituted on August 17, 2018 and comprises of following three directors out of which one is Non-Executive Independent Director and two are Executive Directors:

- Mr. Narendra Singh Sisodia, Chairman & Non-Executive Independent Director;
- Mr. Arun Bhatia, Managing Director; and
- Mr. Sugeeth Kumar, Whole-time Director and Chief Financial Officer.

20. Stakeholder Relationship Committee:

Composition of Stakeholder Relationship Committee:

The Stakeholders' Relationship Committee reviews and looks into the matters prescribed under the Companies Act, 2013 or rules made thereunder, as amended from time to time. During the financial year under review, the Committee comprises of the following three directors out of which first is Non-Executive Director, second is Non-Executive Independent Director and third is Executive Director & Chief Financial Officer:

- Ms. Nandita Luthra, Chairperson & Non-Executive Director;
- Mr. Narendra Singh Sisodia, Non-Executive Independent Director; and
- Mr. Sugeeth Kumar, Whole-time Director and Chief Financial Officer.

Meetings and Attendance:

During the period under review, two meetings of Stakeholders Relationship Committee were held as on December 11, 2017 and March 20, 2018. The attendance of the Directors at the meeting during the financial year 2017-18 is as below:

Name of the Members	Category	No. of Meetings	
		Held	Attended
Ms. Nandita Luthra	Non-Executive Director	2	1
Mr. Sugeeth Kumar	Whole-time Director and Chief Financial Officer	2	2
Mr. Narendra Singh Sisodia	Non-Executive Independent Director	2	2

On account of resignation of Ms. Nandita Luthra on April 1, 2018, the Stakeholders Relationship Committee of the Board of Directors re-constituted on June 4, 2018 and Ms. Vanita Bansal was appointed as new Chairperson of the Committee & Non-Executive Director.

21. Statutory Auditor and Auditor's Report:

Pursuant to the provisions of section 139 of the Companies Act, 2013 and rules framed thereunder, M/s. B S R & Associates LLP, Chartered Accountants (firm registration number: 116231W/W-100024) was appointed as Statutory Auditors of the Company in the adjourned 25th Annual General meeting (AGM) held on September 27, 2017 for a period of five (5) years till the conclusion of the 30th AGM. The notes to the accounts, as referred to in the Auditors' Report by the Auditor, are self-explanatory. There are no qualifications, reservation, adverse remark or disclaimer in the Auditor's report on the accounts of the Company for the financial year ended March 31, 2018. Hence, no explanation or comments of the Board is required in this matter.

22. Cost Auditors and Cost Accounting Records:

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 and rules made thereunder as amended from time to time, your Company maintains the cost records and accounts and carries out an audit of cost records relating to manufacturing activities. The Board of Directors of the Company has appointed M/s. Jain Sharma & Associates, Cost Accountants (firm registration number – 000270) as Cost Auditor to audit the cost accounts of the Company for the financial year 2017-18 at their meeting held on August 21, 2017 which was further approved and confirmed by the members of the Company at their adjourned meeting held on September 27, 2017. The said Auditors have given their eligibility certificate for appointment as Cost Auditors. The Cost audit report for the financial year 2016-17 was filed with the Ministry of Corporate Affairs within prescribed time.

For the financial year ended March 31, 2018, the Cost Auditor has submitted its report to the Board on August 17, 2018. The Board took note of the same and said report shall be filed with the Ministry of Corporate Affairs within prescribed time. There are no qualifications of Cost Auditors on the cost accounts of the Company for the financial year ended March 31, 2018.

23. Secretarial Auditor:

The Board of Directors of the Company appointed Vinod Kothari & Company, Practicing Company Secretaries as the Secretarial Auditor of the Company for financial year 2017-18, in terms of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Report of the Secretarial Audit is attached as **Annexure "D"** and forms an integral part of this report. There are no qualifications in Secretarial Audit Report for the financial year ended March 31, 2018. Hence, no explanation or comments of the Board is required in this matter.

24. Internal Auditor:

Pursuant to the provisions of Section 138 of Companies Act, 2013 read with Rules framed thereunder, your Company has appointed Mr. Amit Bhatia as Internal Auditor of the Company w.e.f. May 16, 2017. He is a Chartered Accountant by qualification and has a rich work experience of 12 years on the date of appointment. Internal Auditor of the Company has conducted Internal Audit of the functions and activities of the Company. He has submitted his report to the Chairman of the Audit Committee and this was further reviewed by the Board and taken on record.

25. Fixed Deposits:

Your Company has not accepted any deposits within the meaning of Section 73, 74, 75 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 as amended from time to time and as such, no amount of principal or interest was remained unpaid or unclaimed as at the end of the year under review. There was no default in repayment of deposits or payment of interest thereon during the year under review.

26. Internal Financial Controls:

A strong internal control culture is prevalent in the Company. The Internal Auditor monitors the compliance with the objective of providing to the Board of Directors an independent and reasonable assurance on the adequacy and effectiveness of the organization's governance processes. In the opinion of the Board, the existing internal control framework is adequate and commensurate to the size and nature of the business of the Company.

27. **Human Resources:**

Our relations with the employees are very cordial. Your Directors would like to place on record their appreciation of the commitment and efficient services rendered by all employees of the Company, without whose wholehearted efforts, the overall satisfactory performance of the Company would not have been possible.

28. **Disclosure as required under The Sexual Harassment of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013:**

The Company has complied with the provisions relating to constitution of the Internal Complaint Committee and has in place a Prevention of Sexual Harassment Policy under 'The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013'. During the period under review, your Company has not received any complaint under the policy.

29. **Particulars of Employees:**

Pursuant to the provisions of Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendments made thereto, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules is annexed as **Annexure "E"** and forms an integral part of this report.

30. **Conservation of Energy, Technology Absorption, Research & Development, Foreign Exchange Earning & Outgo:**

The Particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and amendments made thereto, for the financial year ended March 31, 2018 are set out in the **Annexure "F"** and form an integral part of this report.

31. **Particulars of Loans, Guarantees or Investments under Section 186:**

Details of loans, guarantees and investment covered under the provisions of Section 186 of the Companies Act, 2013 read with the Rules framed thereunder as amended from time to time are given in the notes to the financial statements. The Company has complied with the requirements of Section 186 of the Companies Act, 2013 read with the Rules framed thereunder as amended from time to time.

32. **Fraud Reporting:**

There was no fraud reported by the Auditors of the Company under Section 143(12) of the Companies Act, 2013, to the Audit Committee or the Board of Directors, during the year under review.

33. **Particulars of Contracts or Arrangements with Related Parties:**

All the related party transactions that were entered into during the financial year under review were in ordinary course of business and on arm's length basis in compliance with the applicable provisions of the Companies Act, 2013. Omnibus approval is being obtained for all potential related party transactions from the Audit Committee. Related Party Transactions under Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto are disclosed in Form No. AOC-2 attached as **Annexure "G"** and forms an integral part of this report.

34. **Enterprise Risk Management Policy:**

In today's economic environment, risk management is a very important part of business. Your Company's risk management is embedded in business. The Company has formulated and implemented a mechanism for risk management and has developed an Enterprise Risk Management Policy. Risks are classified in different categories such as financial risks, operational risks, market risks, business and compliance related risks. These risks are reviewed on a periodic basis and controls are put in place and mitigation planned with identified process owners and defined timelines. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of such risks and the actions taken to manage them.

35. Code of Ethics:

Your Company follows the UTC Code of Ethics which allows any stakeholder including Directors, Officers and Employees to report suspected or actual violations without fear of retaliation. In addition, any stakeholder can also report any violation to the compliance officer designated within your Company. Further, there is also a system of reporting any suspected/ actual violation through confidential mails or telephonic call. The Policy on Code of Ethics is available on the website of the Company at www.carrier.com/building-solutions/en/in/investor/. All such matters are disclosed to management as a standard worldwide practice.

36. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and date of the report:

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

37. Acknowledgement:

Your Directors wish to express their gratitude to the Company's Dealers, Suppliers, Bankers, Auditors, Customers, Central and State Government Departments and Local Authorities for their continued guidance, support, help and encouragement they extend to the Company. Your Directors also like to place on record their sincere appreciation to Business associates and employees at all levels for their unstinting efforts in ensuring all round operational performance. Last but not the least; your Directors would also like to thank valuable shareholders and other stakeholders for their support and contribution. We look forward to your continued support in the future.

By the order of the Board
For **Carrier Airconditioning & Refrigeration Limited**

Place: Gurugram	*Sd/-*	*Sd/-*
Date: August 17, 2018	Arun Bhatia	Sugeeth Kumar
	Managing Director	Whole-time Director &
	DIN: 00031279	Chief Financial Officer
		DIN: 07420265

ANNEXURE "A"

ANNUAL REPORT ON CORPORATE SOCIAL RESPOSNISIBLITY PURSUANT TO RULES 8 & 9 OF COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014

1. **A brief outline of the Company's Corporate Social Responsibility policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the Corporate Social Responsibility ("CSR") policy and projects on program:**

   In adherence to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has an approved CSR Policy. In accordance with the primary CSR philosophy of the group and the specified activities under Schedule VII of the Companies Act, 2013, the CSR activities of the Company cover certain thrust areas such as promoting education including special education and employment enhancing vocation skills especially among children, women, and the differently abled, livelihood enhancement projects and environmental sustainability. The Corporate Social Responsibility Policy of the Company is available on the website of the Company www.carrier.com/building-solutions/en/in/investor/ in the 'Investors' section.

2. **The composition of CSR Committee:**

   During the financial year under review, the Corporate Social Responsibility Committee comprises of following four directors out of which one is Non-Executive Independent Director and three are Executive Directors:

S. No.	Name	Category	Designation
1.	Mr. Narendra Singh Sisodia	Non-Executive Independent Director	Chairman
2.	Mr. Arun Bhatia	Managing Director	Member
3.	Mr. Sugeeth Kumar	Whole-time Director and Chief Financial Officer	Member
4.	Mr. Nanda Kishore Lakkaraju	Whole-time Director	Member

   On account of resignation of Mr. Nanda Kishore Lakkaraju on July 31, 2018, Corporate Social Responsibility Committee of the Board of Directors re-constituted on August 17, 2018 and comprises of following three directors out of which one is Non-Executive Independent Director and two are Executive Directors:

   - Mr. Narendra Singh Sisodia, Chairman & Non-Executive Independent Director;
   - Mr. Arun Bhatia, Managing Director; and
   - Mr. Sugeeth Kumar, Whole-time Director and Chief Financial Officer

3. **Average net profit of the Company for last three financial years:** The Average Net Profit of last three financial years preceding the reporting financial year (i.e. 2016-17, 2015-16, 2014-15) calculated in accordance with Section 135 of the Companies Act, 2013 is ₹ 98.36 Crores.

4. **Prescribed CSR Expenditure (2% of the amount as in item 3 above):** The prescribed CSR Expenditure to be incurred during the financial year i.e. 2017-18 is ₹ 1.97 Crores.

5. **Details of CSR spent during the financial year:**

   (a) Total amount to be spent for the FY = ₹ 1.97 Crores.

   (b) Manner in which the amount spent during the FY is detailed as below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programmes: (1) Local area or other (2) Specify the State and District where projects or programmes was undertaken**	**Amount outlay (budget) project or programme wise**	**Amount spent on the projects or programmes Sub-heads: (1) Direct expenditure on projects or programmes (2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount spent: Direct or through implementing agency**
1.	**United for Air** **Objective:** • To reduce Carbon Footprint & enhance environmental sustainability **Specific objectives:** • Raise awareness on alarming levels of air pollution and its implications on climate change. • Educate on the direct impact of air pollution on human health and existence. • Promote mechanisms for raising capacity of communities to deal with pollution at community level and adopt a healthy lifestyle. • Encourage community and government action to adopt the "refuse, reduce, reuse and renew" for a better environment and to promote healthy lifestyle.	Environment	Gurugram, Haryana	₹ 1,10,67,000/-	(1) Direct expenditure: ₹ 1,10,67,000/- (2) Overheads: Nil	₹ 1,10,67,000/- for the F.Y. 2017-18	Through Implementing Agency: United Way of Delhi
2.	**Green Your School** **Objective:** To raise awareness on Green Buildings and sustainability amongst the youth of India **Specific objectives:** • Encouraging the youth to come up with ideas on implementation of Green Building initiatives in their schools • Awarding the best adjudged schools to implement initiatives in the schools	Environment	PAN India	₹ 33,00,000/-	(1) Direct expenditure: ₹ 33,00,000/- (2) Indirect Expenses- Nil	₹ 33,00,000/- for the F.Y. 2017-18	Through the Implementing Agency: United Way of Delhi

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programmes: (1) Local area or other (2) Specify the State and District where projects or programmes was undertaken**	**Amount outlay (budget) project or programme wise**	**Amount spent on the projects or programmes Sub-heads: (1) Direct expenditure on projects or programmes (2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount spent: Direct or through implementing agency**
3.	**School Support Program** **Objective:** • To ensure boys & girls in govt. schools at Badshahpur are able to access quality education facilities, which are child friendly, and an overall growth and development in personal and community.	Education	Badshahpur, Gurugram, Haryana	₹ 53,83,840/-	(1) Direct expenditure: ₹ 53,83,840/- (2) Indirect Expenses- Nil	₹ 53,83,840/- for the F.Y. 2017-18	Through the Implementing Agency: United Way of Delhi

6. **In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reason for not spending the amount in its Board report:** The funds allocated for last financial year have been completely disbursed to the identified institutions.

7. **Responsibility Statement:** The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

By the order of the Board
For **Carrier Airconditioning & Refrigeration Limited**

Place: Gurugram
Date: August 17, 2018

Sd/-
Arun Bhatia
Managing Director
DIN: 00031279

Sd/-
Narendra Singh Sisodia
Chairman CSR Committee
DIN: 06363951

ANNEXURE "B"

NOMINATION & REMUNERATION POLICY

The Board of Directors of Carrier Airconditioning & Refrigeration Limited, the ("Company") constituted the "Nomination and Remuneration Committee" at its Meeting held on March 27, 2015 with immediate effect, consisting of three Non-Executive Directors of which not less than one-half are Independent Directors.

1. OBJECTIVE

The Nomination and Remuneration Committee ("Committee")and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder. The Key Objectives of the Committee would be as under:

i. To formulate the criteria for determining qualifications, positive attributes and independence of a director.

ii. To identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

iii. To recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

2. DEFINITIONS

i. 'Act' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

ii. 'Board' means Board of Directors of the Company.

ii. 'Directors' mean Directors of the Company.

iv. 'Key Managerial Personnel' means:

- Chief Executive Officer or the Managing Director or the Manager;
- Whole-time director;
- Chief Financial Officer;
- Company Secretary; and
- Such other officer as may be prescribed.

v. 'Senior Management' means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the Functional Heads.

3. ROLE OF THE COMMITTEE

i. Matters to be dealt with pursued and recommended to the Board by the Nomination and Remuneration Committee

a. The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

ii. **Policy for appointment and removal of Directors, KMPs and Senior Management Personnel**

a. **Appointment criteria and qualifications**

i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment.

b. **Term / Tenure**

I. **Managing /Whole-time Director:**

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

II. **Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

c. **Evaluation**

The Committee shall carry out evaluation of performance of the Directors at regular intervals (yearly).

d. **Removal**

Due to reasons, for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

e. **Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company.

iii. **Policy relating to the Remuneration for the Managing/ Whole-time Director, KMP and Senior Management Personnel**

a. **General:**

i. The remuneration / compensation / commission etc. to the Managing / Whole-time Director, KMP and Senior Management Personnel will be as per the Company Policies. The Committee shall recommend the same to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

ii. The remuneration and commission to be paid to the Managing / Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

iii. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing/ Whole-time Director.

iv. Where any insurance is taken by the Company on behalf of its Managing Director/ Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

b. Remuneration to Managing /Whole-time Director, KMP and Senior Management Personnel:

i. Remuneration

The Managing / Whole-time Director, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as per the Company Policies, as may be approved by the Board on the recommendation of the Committee and subject to member's approval and central government approval, to the extent required.

The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be as per the Company Policies.

ii. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing / Whole-time Directors in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

iii. Provisions for excess remuneration:

If any Managing /Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

c. Remuneration to Non- Executive / Independent Director

i. Sitting Fees:

The Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

4. MEMBERSHIP

i. The Committee shall consist of a minimum 3 non-executive directors, not less than one-half of them being independent.

ii. Minimum (2) members (in person or through any audio visual means) shall constitute a quorum for the Committee meeting.

iii. Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRPERSON

i. Chairperson of the Committee shall be appointed by the Board.

ii. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

iii. Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

7. COMMITTEE MEMBERS' INTERESTS

i. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

ii. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

9. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be recorded in minutes and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee Meetings will be tabled at the subsequent Board and Committee meeting.

10. MODIFICATION OF POLICY

The Committee may modify this Policy unilaterally at any time. Modification may be necessary, among other reasons, to maintain compliance with the rules and regulations imposed by the Regulatory authorities.

By the order of the Board
For **Carrier Airconditioning & Refrigeration Limited**

Place: Gurugram
Date: August 17, 2018

Sd/-
Arun Bhatia
Managing Director
DIN: 00031279

Sd/-
Sugeeth Kumar
Whole-time Director &
Chief Financial Officer
DIN: 07420265

Annexure "C"

Form No. MGT- 9

EXTARCT OF ANNUAL RETURN
as on the financial year ended March 31, 2018
Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management & Administration Rules), 2014

I REGISTRATION & OTHER DETAILS:

i	CIN	U74999HR1992FLC036104
ii	Registration Date	July 6, 1992
iii	Name of the Company	Carrier Airconditioning & Refrigeration Limited
iv	Category/Sub-category of the Company	Company Limited by Shares/ Subsidiary of a Foreign Company
v	Address of the Registered office and contact details	Narsingpur, Kherki Daula Post, Gurgaon - 122001, Haryana Ph : +91-124-4825500
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MCS Share Transfer Agent Limited F-65 , Ist Floor, Okhla Industrial Area, Phase- 1, New Delhi- 110020, Ph.: 011-4140 6149/50/51/52 email: helpdeskdelhi@mcsregistrars.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

S. No.	Name & Description of main Products/Services	NIC Code of the Product / Service	% to total turnover of the Company
1	Room Air-conditioners	3550	43.05%
2	Spare Sales & Services	3558 & 9987	19.53%

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

S. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	United Technologies South Asia Pacific Pte. Ltd. 8, Kallang Avenue, #07-01/09, Aperia Tower 1, Singapore – 339509	201206739G	Holding	96.47	2(46) & 2(87) of the Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

S. No.	Category of Shareholders	No. of shares held at the beginning of the year (As on 31.03.2017)				No. of shares held at the end of the year (As on 31.03.2018)				% of change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Shareholding of Promoter and Promoter Group**									
1.	**Indian**									
(a)	Individuals/ Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/ State Government(s)		0		0.00		0		0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A)(1)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
2.	**Foreign**									
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	102618689	0	102618689	96.47	102618689	0	102618689	96.47	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A)(2)	**102618689**	**0**	**102618689**	**96.47**	**102618689**	**0**	**102618689**	**96.47**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**102618689**	**0**	**102618689**	**96.47**	**102618689**	**0**	**102618689**	**96.47**	**0.00**
(B)	**Public shareholding**									
1	**Institutions**									
(a)	Mutual Funds/ UTI	12000	5600	17600	0.02	12000	5200	17200	0.02	0.00
(b)	Financial Institutions/ Banks	4200	3312	7512	0.01	4200	2912	7112	0.01	0.00
(c)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	400	400	0.00	0	400	400	0.00	0.00
(f)	Foreign Portfolio Investors	0	20000	20000	0.02	0	14800	14800	0.01	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (B)(1)	**16200**	**29312**	**45512**	**0.04**	**16200**	**23312**	**39512**	**0.04**	**-0.01**
2	**Central Govt/State Govt/POI**	**0**	**0**	**0**	**0.00**	**316820**	**0**	**316820**	**0.30**	**0.30**
	Sub-Total (B)(2)	**0**	**0**	**0**	**0.00**	**316820**	**0**	**316820**	**0.30**	**0.30**
3	**Non-institutions**									
(a)	Bodies Corporate	57535	16333	73868	0.07	58895	12609	71504	0.07	0.00
(b)	Individuals -				0.00				0.00	0.00
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	1651046	1541898	3192944	3.00	1686302	1229349	2915651	2.74	-0.26
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	278160	78600	356760	0.34	274514	49447	323961	0.30	-0.03

S. No.	Category of Shareholders	No. of shares held at the beginning of the year (As on 31.03.2017)				No. of shares held at the end of the year (As on 31.03.2018)				% of change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	NBFCs Registered with RBI	400	0	400	0.00	400	0	400	0.00	0.00
(e)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
I	Trust & Foundations		0		0.00	0	0	0	0.00	0.00
ii	Cooperative Societies	0	0	0	0.00	0	0	0	0.00	0.00
iii	Educational Institutions	0	0	0	0.00	0	0	0	0.00	0.00
iv	Non Resident Individual	76200	12372	88572	0.08	78636	11572	90208	0.08	0.00
v	Foreign Companies	0	0	0	0.00	0	0	0	0.00	0.00
vi	OCBs	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (B)(3)	**2063341**	**1649203**	**3712544**	**3.49**	**2098747**	**1302977**	**3401724**	**3.20**	**-0.29**
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	**2079541**	**1678515**	**3758056**	**3.53**	**2431767**	**1326289**	**3758056**	**3.53**	**0.00**
	TOTAL (A)+(B)	**104698230**	**1678515**	**106376745**	**100.00**	**105050456**	**1326289**	**106376745**	**100.00**	**0.00**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
1	**Promoter and Promoter Group**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
2	**Public**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	GRAND TOTAL (A)+(B)+(C)	**104698230**	**1678515**	**106376745**	**100.00**	**105050456**	**1326289**	**106376745**	**100.00**	**0.00**

(ii) SHARE HOLDING OF PROMOTERS

Sl. No.	Share holders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1.	United Technologies South Asia Pacific Pte. Ltd.	102,618,689	96.47%	Nil	102,618,689	96.47%	Nil	Nil
	Total	**102,618,689**	**96.47%**	**Nil**	**102,618,689**	**96.47%**	**Nil**	**Nil**

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	At the beginning of the year	102,618,689	96.47%	102,618,689	96.47%
2	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	NIL			
	At the end of the year	102,618,689	96.47%	102,618,689	96.47%

(iv) Shareholding Pattern of top ten Shareholder (other than Directors, Promoters & Holders of GDRs & ADRs)

Detail of Top 10 Shareholders as on 31-03-17 & 31-03-18 and their transactions (Other Than Promoters)

S. No.	Folio No	Name	PAN	Shareholding		Date	Increase / Decrease in Share holding	Reason	Cumulative Share holding during the year (31-03-17 to 31-03-18)		Category
				No of Shares at the Beginning (31-03-17)/ end of the Year (31-03-18)	% of total shares of the Company				Shares	% of total shares of the Company	
1	IN30012610759612	UMESH NATH KAPUR	AOPPK0608B	50000	0.05	20170331					INDIAN PUBLIC
				50000	0.05	20180331	NIL	NIL			
2	IN30012610913816	JYOTI B WADHWA	AAIPW1725C	0	0	20170331					INDIAN PUBLIC
						20180323	42008	Purchase	42008	0.04	
				42008	0.04	20180331					
3	00094618	AWANTIKA SHARMA		36000	0.03	20170331					INDIAN PUBLIC
				36000	0.03	20180331	NIL	NIL			
4	IN30045011066960	YOGESH RASIKLAL DOSHI	AAEPD3360Q	50681	0.05	20170331					INDIAN PUBLIC
						20170414	1600	Purchase	52281	0.05	
						20170421	-10000	Sale	42281	0.04	
						20170602	2000	Purchase	44281	0.04	
						20170609	-2000	Sale	42281	0.04	
						20170804	-1700	Sale	40581	0.04	
						20170811	-500	Sale	40081	0.04	
						20170915	-3300	Sale	36781	0.03	
						20170922	-4400	Sale	32381	0.03	
						20171013	-1700	Sale	30681	0.03	
						20171110	4000	Purchase	34681	0.03	
						20171201	-2000	Sale	32681	0.03	
						20171222	-400	Sale	32281	0.03	
						20180126	-1000	Sale	31281	0.03	
						20180202	-1000	Sale	30281	0.03	
						20180209	1000	Purchase	31281	0.03	
				31281	0.03	20180331					
5	00000602	RAMINDAR JIT SINGH WALIA		29000	0.02	20170331					INDIAN PUBLIC
				29000	0.02	20180331	NIL	NIL			
6	IN30074910483073	SMITA M TURAKHIA	ABXPT5301M	25000	0.02	20170331					INDIAN PUBLIC
				25000	0.02	20180331	NIL	NIL			
7	IN30088813614301	KEWAL KUMAR VOHRA	AAHPV5282E	21022	0.02	20170331					INDIAN PUBLIC
				21022	0.02	20180331	NIL	NIL			

S. No.	Folio No	Name	PAN	Shareholding		Date	Increase / Decrease in Share holding	Reason	Cumulative Share holding during the year (31-03-17 to 31-03-18)		Category
				No of Shares at the Beginning (31-03-17)/ end of the Year (31-03-18)	% of total shares of the Company				Shares	% of total shares of the Company	
8	IN30002030044965	DAVINDER SINGH	AATPS8391P	20000	0.02	20170331					INDIAN PUBLIC
				20000	0.02	20180331	NIL	NIL			
9	IN30044110582820	PRABHAKAR S B	AEPPP1862G	14000	0.01	20170331					INDIAN PUBLIC
						20180216	6000	Purchase	20000	0.02	
				20000	0.02	20180331					
10	IN30044110591321	SANKAR S B	AHNPS9285P	14000	0.01	20170331					INDIAN PUBLIC
						20180216	6000	Purchase	20000	0.02	
				20000	0.02	20180331					
11	IN30012610913630	BHUSHAN WADHWA	AAHPW9420H	42008	0.04	20170331					INDIAN PUBLIC
						20180323	-42008	sale	0	0	
				0	0	20180331					
12	IN30311611722770	DEVARSONS TRADEIN LLP	AALFD1436C	15200	0.01	20170331					BODY CORPORATE
				15200	0.01	20180331	NIL	NIL			

(v) Shareholding of Directors & KMP

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	At the beginning of the year	Nil	Nil	Nil	Nil
2	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	NIL			
	At the end of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**

Change in Indebtedness during the financial year				
Additions	Nil	Nil	Nil	Nil
Reduction	Nil	Nil	Nil	Nil
Net Change	**Nil**	**Nil**	**Nil**	**Nil**
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S. No.	Particulars of Remuneration	Name					Total Amount (in ₹)
1	**Gross salary**	**Mr. Arun Bhatia**	**Mr. Ashok Motiram Mirchandani***	**Mr. Sugeeth Kumar**	**Mr. Nanda Kishore Lakkaraju**	**Mr. Rahul Jain #**	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	1,48,07,870	1,10,09,747	58,78,914	1,05,38,135	51,04,921	**4,73,39,587**
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	6,98,658	1,77,663	4,44,793	2,22,321	23,233	**15,66,668**
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0	0	0	**0**
2	Stock option	0	0	0	0	0	**0**
3	Sweat Equity	0	0	0	0	0	**0**
4	Commission -as % of profit -others, specify	0	0	0	0	0	**0**
5	Others, please specify (PF & SAF)	5,43,240	2,77,815	2,06,982	8,55,185	1,48,892	**20,32,114**
6	Others (Non Taxable Reimbursement)	9,74,588	1,43,912	11,21,361	7,74,556	6,73,385	**36,87,802**
	Total Amount (A) (in ₹)	**1,70,24,356**	**1,16,09,137**	**76,52,050**	**1,23,90,197**	**59,50,431**	**5,46,26,171**
	Ceiling as per the Act	10% of net profit for all Executive Directors- Managing & Whole-time Directors 5% of net profit to any one Managing or Whole-time Director					

* Resigned on June 30, 2017

Appointed on June 27, 2017

B. REMUNERATION TO OTHER DIRECTORS:

S. No.	Particulars of Remuneration	Name of the Directors		Total Amount (in ₹)
1	Independent Directors	Mr. Pankaj Prakash Sahni	Mr. Narendra Singh Sisodia	
	(a) Fee for attending board and committee meetings (amount accrued for attending meetings during F. Y. 17-18)	2,10,000	4,80,000	6,90,000
	(b) Commission			
	(c) Others, please specify			
	Total Amount (1) (in ₹)	**2,10,000**	**4,80,000**	**6,90,000**
	Total Managerial Remuneration	**2,10,000**	**4,80,000**	**6,90,000**
	Overall Ceiling as per the Act.	1% of the net profits of the Company		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (in ₹)
1	**Gross Salary**	**Chief Financial Officer (Mr. Sugeeth Kumar)**	**Company Secretary (Mr. Kunal Aggarwal)**	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	58,78,914	12,16,864	**70,95,778**
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	4,44,793	17,957	**4,62,750**
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	**0**
2	Stock Option	0	0	**0**
3	Sweat Equity	0	0	**0**
4	Commission (Incentive) -as % of profit -others, specify	0	0	**0**
5	others, please specify (PF & SAF)	2,06,982	47,796	**2,54,778**
6	Others (Non Taxable Reimbursement)	11,21,361	47,400	**11,68,761**
	Total Amount (in ₹)	**76,52,050**	**13,30,017**	**89,82,067**

VII. PENALTIES/PUNISHMENT/COMPPOUNDING OF OFFENCES – NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT /Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	Nil				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil				
Punishment					
Compounding					

By the order of the Board
For **Carrier Airconditioning & Refrigeration Limited**

Place: Gurugram
Date: August 17, 2018

Sd/-
Arun Bhatia
Managing Director
DIN: 00031279

Sd/-
Sugeeth Kumar
Whole-time Director &
Chief Financial Officer
DIN: 07420265

ANNEXURE "D"

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

To,

The Members,

Carrier Airconditioning & Refrigeration Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Carrier Airconditioning & Refrigeration Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company (as per Annexure 1, hereinafter referred to as "Books and Papers") and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period covered by our audit, that is to say, from April 01, 2017 to March 31, 2018 (hereinafter referred to as "Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books and papers maintained by the Company for the Audit Period according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder including any re-enactment thereof;
2. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
3. Laws specifically applicable to the industry to which the Company belongs, as identified by the management, including but not limited to, that is to say:
    a. The Bureau of Energy Efficiency (Particulars and Manner of their Display on Labels of Room Air Conditioners) Regulations, 2009;
    b. The Payment of Gratuity Act, 1972;
    c. The Payment of Bonus Act, 1965;
    d. Payment of Wages Act, 1936;
    e. Factories Act, 1948;
    f. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
    g. Employees Compensation Act, 1923;
    h. Punjab Labour Welfare Fund Act, 1965;
    i. The Contract Labour (Regulation and Abolition) Act, 1970;
    j. The Minimum Wages Act, 1948;
    k. The Employees' State Insurance Act, 1948;
    l. Employees Provident Fund and Misc. Provisions Act, 1952 read with the Employees Provident Fund Scheme;
    m. The Industrial Disputes Act, 1947;
    n. Legal Metrology Act, 2009;
    o. The Maternity Benefits Act, 1961;
    p. The Environment (Protection) Act, 1986;
    q. The Air (Prevention and Control of Pollution) Act, 1981;

r. The Water (Prevention and Control of Pollution) Act, 1974;
s. The Hazardous Wastes (Management and Handling) Rules, 1989; and
t. Equal Remuneration Act, 1976.

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

a. Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

Management Responsibility:

Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit:

1. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
2. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company or examined any books, information or statements other than Books and Papers;
3. We have not examined any other specific laws except as mentioned above;
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc.;
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis; and
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while dissenting members' views were not required to be captured and recorded as part of the minutes as there were no such instance.

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

We further report that during the Audit Period, the Company has not incurred any specific event/ action that can have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Place: Mumbai
Date: August 16, 2018

For **M/s. Vinod Kothari and Company**
Company Secretaries in Practice

Sd/-
Vinita Nair
Partner
Membership No: A 31669
C.P. No.: 11902

Annexure 1

Books and Papers

1. Corporate Matters:
   1.1. Minutes books of the following Committees were provided in original:
      1.1.1. Board Meeting;
      1.1.2. Audit Committee;
      1.1.3. Nomination and Remuneration Committee;
      1.1.4. Stakeholders Relationship Committee; and
      1.1.5. CSR committee.
   1.2. General Meeting;
   1.3. Agenda papers for Board Meeting and other committee meetings along with Notice;
   1.4. Annual Report 2017;
   1.5. Memorandum and Articles of Association;
   1.6. Disclosures under the Act;
   1.7. Policies framed under Act;
   1.8. Forms and returns filed with the ROC and RBI;
   1.9. Checklists duly filled for specific laws; and
   1.10. Registers maintained under Act.

ANNEXURE "E"

<u>As on 31.03.2018</u>

Statement showing details of the employees as required under Section 197 of the Companies Act, 2013

Name	Designation	Qualification	Previous Experience (Yrs.)	Joining Date	Other Terms & Conditions	Remuneration (₹)	Age (Yrs.)	Last Employment Held
Mr. Arun Kumar Bhatia	Managing Director, CCS	Post Diploma (Mech. Engg.) & PGDM	4	06-Sep-95	N.A.	1,70,24,356	48	Project Engineering, Voltas Limited, New Delhi
Mr. Nanda Kishore Lakkaraju	Director- Engineering	B. Tech, M.S.(Mech. Engg. & MBA)	13	01-Mar-09	N.A	1,23,90,197	46	BU Manager, Carrier Tyler Refrigeration (Mech. System Div.) Niles
Mr. Ashok Motiram Mirchandani*	Director - Transicold, Asia Pac & Japan	B. Tech, MBA	22	01-Jan-97	N.A.	1,16,09,137	67	Head of Operations, SRF Ltd. New Delhi
Mr. Chirag Baijal	Director- Commercial Sales	PGDBM	7	01-Jun-17	N.A.	1,00,32,484	42	Operations Manager, Snap On Tools Pvt. Ltd.
Mr. Jasmeet Singh Bhatia	Director- Human Resources	B. Sc. / MBA	17	02-Mar-16	N.A.	96,38,632	40	HR Head, Valvoline Cummins Private Ltd.
Mr. Viney Khunger	Managing Director, CCR India	B. Tech/ MBA	1	01-Nov-04	N.A.	80,96,611	49	Branch Manager, Fedders International Aircond.
Mr. Adwait Patil	Director, Aftermarket	B.E. & MMS	3	1-Jun-93	N.A	77,97,231	51	Junior Engg. Eastern Peripherals Ltd.
Mr. Sugeeth Kumar	Chief Financial Officer	CA	11	7-Jun-07	N.A.	76,52,050	40	Business Analyst, Schlumberger Asia
Mr. Rahul Jain	Director Manufacturing Operations	BE/MBA	6	01-Jun-13	N.A.	73,28,174	39	General Manufacturing, UTC Fire & Security
Mr. Farokh Madan	Director Marketing & Strategy	BE/MMS	19	01-Jul-16	N.A.	73,55,026	47	Managing Director, Metalfrio India

(*) Employed for part of the year.

Notes:-

1. None of the above employment is/was on contractual basis.
2. None of the employees, as listed in Annexure 'E' is related to any director of the Company.
3. None of the employees, as listed in Annexure 'E' holds (by himself or along with his spouse and dependent children) equity shares in the Company.

By the order of the Board
For **Carrier Airconditioning & Refrigeration Limited**

Place: Gurugram
Date: August 17, 2018

Sd/-
Arun Bhatia
Managing Director
(DIN: 00031279)

Sd/-
Sugeeth Kumar
Whole-time Director & Chief Financial Officer
(DIN: 07420265)

ANNEXURE "F"

Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required to be disclosed under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

- Conventional lights replaced with Energy efficient LED lights in factory reducing energy consumption and greenhouse gas emission.
- Energy Audit from Govt. authorized agency to identify energy reduction opportunity.
- Formation of Energy Team as per UTC SP017 Energy and Green House Gas Reduction guideline.
- 90 KWp solar power plant, which will generate about 0.20 million units per annum from Solar lights and have life span of about 25 years.
- Usage of high efficient variable speed inverter Hybrid Permanent Magnet Motor Screw Air Compressor in place of reciprocating air compressor. This compressor provides unparalleled energy efficiency at all speeds. There are no motor bearings, pulleys, belts, couplings or motor shaft seals.
- Changing the old underground water lines to new above ground water distribution, which has resulted in reduction of water usage – approx. 20%

(b) Total energy consumption and energy consumption per unit of production

Although the Company does not come under purview of the industries mentioned under Schedule to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 yet the information on total energy consumption and energy consumption per unit is being provided as per Form A annexed to the said Rules for information sake.

<u>Power fuel consumption</u>

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
1. Electricity		
(a) Purchased		
Units (in Lakhs)	22.53	24.73
Total amount (in Lakhs)	207.30	244.51
Rate/unit (₹)	9.42	9.89
(b) Own generation		
(i) Through diesel generator		
Units (in Lakhs)	9.12	8.13
Units per litre of diesel oil	3.49	3.42
Cost/unit (₹)	16.6	15.54
(ii) Through steam turbine/generator		
Units	-	-
Units per litre of fuel oil/gas	-	-
Cost/unit (₹)	-	-
2. Coal		
Quantity (Tonnes)	-	-

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Total cost (₹)	-	-
Average rate (₹)	-	-
3. Furnace oil		
Quantity (K. ltrs.)	-	-
Total amount (₹)	-	-
Average rate (₹)	-	-
4. Other/internal generation (SOLAR)		
Quantity (Unit) (in Lakhs)	1.16	1.14
Total cost (₹)	NIL	NIL
Rate/unit (₹)	NIL	NIL

B. TECHNOLOGY ABSORPTION

(a) Research and Development (R&D)

(i) Specific areas in which R&D carried out by the Company::

- R410A based ducted range was launched at significantly low cost and more environment friendly through reduction in refrigerant charge. With the result of this effort by program team, there has been significant conversion of sales from R22 to R410A refrigerant products.
- Extending the range of localized evaporator up to 32kW for commercial refrigeration category.

(ii) Benefits derived as a result of the above R&D:

- Designed products as per India specific requirements for local market.
- Competitive advantages in terms of cost and additional revenue generation.
- Improvement in the performance and reliability of the units.
- Lead time reduction for product availability by localization of commercial products.
- Company branded / indigenized products available from India factory

(iii) Future plan of action:

- Develop new products in keeping upcoming technology and market requirements.
- Localize more products for cost/lead time benefit to customers.
- VAVE to optimize product cost with improved/same performance.
- Provide energy efficient solutions.
- Quality/reliability improvement for products supplied from factory.
- Low temperature application condensing & evaporating unit to bridge the gap with existing range.

(iv) Expenditure on R&D

During the period under review, the Company has incurred following expenditure on R&D:

a. Capital : ₹ 14,662,799.33

b. Recurring : ₹ 4,16,32,293

c. Total : ₹ 56,295,092.33

d. Total R&D expenditure as a percentage of turnover: 0.43%

(b) Technology absorption, adaptation and innovation

(i) Efforts, in brief, made towards technology absorption, adaptation and innovation.

Technology transfer and absorption for water cooled and air cooled screw chillers for cost and lead time reduction to help in gaining market share.

Indigenized product in evaporator product category available for customer.

(ii) Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc.

The above stated efforts have resulted in improving capability of producing of various products and helped in better customer service through cost/lead time reduction. Also this will help in increasing revenue and profitability.

(iii) In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year 2010), following information may be furnished:

Technology imported	Year of import	Has technology been fully absorbed?	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.
Manufacturing of water cooled screw schillers	2012-13	Yes	-

(C) FOREIGN EXCHANGE EARNINGS & OUTGO

The Foreign Exchange earned in terms of actual inflows and actual outgo during the financial year is given below:-

(In ₹ Lakhs)

S. No.	Foreign Exchange Earnings and Outgo	2017-18	2016-17
1.	Earnings in foreign exchange	2,985	3,395
2.	Expenditure in foreign currency	953.70	945
3.	CIF Value of Import	57,731	55,094

By the order of the Board
For **Carrier Airconditioning & Refrigeration Limited**

Place: Gurugram
Date: August 17, 2018

Sd/-
Arun Bhatia
Managing Director
(DIN: 00031279)

Sd/-
Sugeeth Kumar
Whole-time Director &
Chief Financial Officer
(DIN: 07420265)

ANNEXURE "G"

FORM NO. AOC -2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at Arm's length basis:** NONE; DURING THE REPORTING PERIOD, ALL TRANSACTIONS WERE AT ARM LENGTH BASIS.

Sl. No.	Particulars	Details
A.	Name (s) of the related party & nature of relationship	N/A
B.	Nature of contracts/arrangements/transaction	N/A
C.	Duration of the contracts/arrangements/transaction	N/A
D.	Salient terms of the contracts or arrangements or transaction including the value, if any	N/A
E.	Justification for entering into such contracts or arrangements or transactions'	N/A
F.	Date of approval by the Board	N/A
G.	Amount paid as advances, if any	N/A
H.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N/A

2. **Details of contracts or arrangements or transactions at Arm's length basis:** NONE; DURING THE REPORTING PERIOD, THERE WAS NO CONTRACT* OR ARRANGEMENT (as defined under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014)

Sl. No.	Particulars	Details
A.	Name (s) of the related party & nature of relationship	N/A
B.	Nature of contracts/arrangements/transaction	N/A
C.	Duration of the contracts/arrangements/transaction	N/A
D.	Salient terms of the contracts or arrangements or transaction including the value, if any	N/A
E.	Date of approval by the Board	N/A
F.	Amount paid as advances, if any	N/A

By the order of the Board
For **Carrier Airconditioning & Refrigeration Limited**

Place: Gurugram
Date: August 17, 2018

Sd/-
Arun Bhatia
Managing Director
(DIN: 00031279)

Sd/-
Sugeeth Kumar
Whole-time Director &
Chief Financial Officer
(DIN: 07420265)

Financial Section

INDEPENDENT AUDITORS' REPORT

To the members of Carrier Airconditioning & Refrigeration Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Carrier Airconditioning & Refrigeration Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows and for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Emphasis of Matter

Attention is invited to Note 31 in the financial statements regarding non settlement of foreign currency payables amounting to ₹ 429 lacs as at 31 March 2018 due for more than six months from the date of imports and nonrealization of foreign currency receivables amounting to ₹ 1,345 lacs as at 31 March 2018, due for more than nine months from the date of exports, being the time period permitted under the RBI Master Direction on Import of Goods and Services vide FED Master Direction No. 17/2016-17 dated January 1, 2016 and RBI Master Direction on Export of Goods and Services vide FED Master Direction No. 16/2015-16 dated January 1, 2016 respectively, issued by the Reserve Bank of India. The Company has filed applications with the authorised dealer seeking permission for extension of time period for settlement of the payables and realisation of the receivables. Our opinion is not modified in respect of this matter.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, state of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2017 and 31 March 2016 dated 21 August 2017 and 22 August 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. 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;
   c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;

e. On the basis of written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure B**; and

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer to Note 14 and 28 of the Ind AS financial statements;

   ii. The Company has long term contracts as at 31 March 2018 for which there were no material foreseeable losses. The Company did not have any long term derivative contracts as at 31 March 2018;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration No. 116231W /W-100024

Place: Gurugram
Date: August 17, 2018

Sd/-
Manish Gupta
Partner
Membership No.: 095037

Annexure A to the Independent Auditor's report

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the Standalone Ind AS financial statements for the year ended 31 March 2018, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets in which all fixed assets are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year. No material discrepancies were noticed on such verification during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, inventory except stock lying with third parties and goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. Confirmations have been obtained for stock lying with third parties at the year-end. According to the information and explanations given to us, the discrepancies noticed on physical verification of inventory as compared to book records were not material.

(iii) The company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it, to the extent applicable. Accordingly, provisions of paragraph 3(iv) of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits covered under Section 73 to 76 or any other provisions of the Act and the rules framed thereunder.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

(b) According to the information and explanations given to us, except as stated below, there are no dues of Income tax, Sales tax, Service tax, Duty of customs, Duty of excise or Value added tax that have not been deposited with the appropriate authorities on account of any dispute.

Name of the statute	Nature of Dues	Amount (in ₹ in lacs)	Amount paid (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act					
Income tax Act, 1961	Demand against disallowance of certain expenses	8*	-	Assessment year 2002-03	Income tax appellate tribunal
Income tax Act, 1961	Demand against short credit of taxes paid and brought forward losses	63	-	Assessment year 2007-08	Assistant commissioner of Income-tax
Income tax Act, 1961	Disallowance on account of arm's length price	188*	-	Assessment year 2005-06	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance on account of arm's length price	266*	-	Assessment year 2006-07	Dispute Resolution Panel
Income tax Act, 1961	Disallowance on account of arm's length price	424	177	Assessment year 2010-11	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance on account of arm's length price	160	65	Assessment year 2011-12	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance on account of arm's length price	50	-	Assessment year 2012-13	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance on account of arm's length price	13	-	Assessment year 2014-15	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance on account of arm's length price	#	-	Assessment year 2015-16	Dispute Resolution Panel
Sales tax					
Sales tax/Value added tax Act of various states	Demand against non-submission of various Forms	2,729	390	1988-90, 1992-93, 1994-95 to 2014-15 and 2016-17	Appellate authorities of various states
Sales tax/Value added tax Act of various states	Demand against non-submission of various Forms	571	335	1997-98 to 2001-2002, 2003-04 to 2012-2013	Sales tax Appellate tribunal of various states
Sales tax/Value added tax Act of various states	Demand against non-submission of various Forms	169	79	1989-90, 1995-97, 1998-2002, 2003-04 to 2005-06	High Courts of various states
Sales tax/Value added tax Act of Kerala	Demand against non-submission of various Forms	46	18	2002-03	Supreme Court
Central Excise duty					
Central Excise Act, 1944	Additional duty on goods/stock transferred from factory to depot	217	-	1998-2003	Central Excise and Service tax Appellate Tribunal
Central Excise Act, 1944	Interest on Duty reversed on Input cleared as such	5	-	2002-08	Commissioner of Excise (Appeals)
Central Excise Act, 1944	Demanding for refund amount on stock transfer of non MRP goods from Factory to Branches	13	-	2006-08	High Courts of Punjab and Haryana
Central Excise Act, 1944	Demand on import of power pack and supply along with bus air conditioning systems, without payment of excise duty	26	-	1996-01	Commissioner of Excise (Appeals)

Name of the statute	Nature of Dues	Amount (in ₹ in lacs)	Amount paid (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
Custom duty					
Customs Act, 1962	Show cause notice imposing redemption, fine, penalty etc.	25	-	1998-00	Commissioner of Customs (Appeals)
Customs Act, 1962	Demand for short levy of duty due to misclassification.	11	-	2014-15	Commissioner of Customs (Appeals)
Customs Act, 1962	Show cause notice for demanding additional duty on imported filters.	1	-	1999-00	Assistant Commissioner of Customs
Service tax					
Finance Act, 1994	Demand for service tax on overseas commission income	2,084	-	2006-10	Central Excise and Service tax Appellate Tribunal
Finance Act, 1994	Demand for service tax on overseas commission income	744	-	2010-14	Commissioner of Excise and Service tax (Appeals)
Finance Act, 1994	Show cause notice for recovery of cenvat credit taken on AMC service, booking commission, Service commission and warranty service	10,184	-	2005-12	High Court
Finance Act, 1994	Show cause notice imposing penalty for service tax credit taken on various input services.	10	-	2006-12	Central Excise and Service tax Appellate Tribunal
Finance Act, 1994	Show cause notice for recovery of cenvat credit taken on AMC service, booking commission, Service commission and warranty service	3,809	1,428	2012-15	Central Excise and Service tax Appellate Tribunal
Finance Act, 1994	Show cause notice for recovery of cenvat credit taken on AMC service, booking commission, Service commission and warranty service	2,289	1,428	2015-18	Assessing officer
Finance Act, 1994	Show cause notice for recovery of cenvat credit taken on AMC service, booking commission, Service commission and warranty service	783	-	2014-16	Commissioner of Excise and Service tax (Appeals)
Finance Act, 1994	Show cause notice for disallowance of input credit on event management services	21	-	2012-13 to 2015-16	Assistant Commissioner of Central Excise
Finance Act, 1994	Levy of service tax on certain services of installation/ commissioning	9	-	1997-02	Commissioner of Excise and Service tax (Appeals)
Finance Act, 1994	Show cause notice for disallowance of input credit on various input services	50	-	2015-2018	Commissioner of Excise and Service tax (Appeals)

* Represents tax impact due to reduction in business loss and unabsorbed depreciation of the respective assessment year.

In the current year, Transfer Pricing Officer (TPO), has issued an order making an addition to income amounting to ₹ 328 lacs. These additions to income include disallowances made by TPO on account of

arm's length price. Till the final assessment order is received by the Company, the tax liability that may arise with the statutory authorities on account of dispute cannot be estimated.

(viii) In our opinion and according to the information and explanations given to us, the Company did not have any loans or borrowings from any financial institution, banks, government or dues to debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company.

(xiii) According to information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required by applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with directors. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration No. 116231W /W-100024

Place: Gurugram
Date: August 17, 2018

Sd/-
Manish Gupta
Partner
Membership No.: 095037

Annexure B to the Independent Auditor's Report to the Members of even date on the Ind AS financial statements of Carrier Airconditioning & Refrigeration Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Carrier Airconditioning & Refrigeration Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on 'Audit of Internal Financial Controls Over Financial Reporting' (the "Guidance Note") and the Standards on Auditing, issued by Institute of Chartered Accountants of India ("ICAI") and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of internal financial controls with reference to financial statements

A company's internal financial control over financial reporting with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of internal financial controls with reference to financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration No. 116231W /W-100024

Place: Gurugram
Date: August 17, 2018

Sd/-
Manish Gupta
Partner
Membership No.: 095037

CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

BALANCE SHEET AS AT MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

		Note	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
I.	**ASSETS**				
	Non-current assets				
	Property, plant and equipment	3	4,899	5,567	4,764
	Capital work-in-progress	3	517	200	747
	Goodwill	4	-	-	67
	Other intangible assets	4	374	314	76
	Intangible assets under development	4	-	-	162
	Financial assets				
	Investments	5.1	1	1	1
	Loans	5.2	356	208	299
	Others	5.3	5,425	41	63
	Income tax assets (net)	6	2,386	2,196	2,072
	Deferred tax assets, net	7	4,356	3,774	3,338
	Other non-current assets	8	3,060	2,075	2,053
	Total non-current assets		**21,374**	**14,376**	**13,642**
	Current assets				
	Inventories	9	20,782	22,642	21,513
	Financial assets				
	Trade receivables	10.1	30,463	28,214	22,292
	Cash and cash equivalents	10.2	14,669	27,445	22,773
	Loans	10.3	3,583	5,316	4,822
	Others	10.4	799	1,435	912
	Other current assets	11	3,585	3,152	3,085
	Total current assets		**73,881**	**88,204**	**75,397**
	TOTAL ASSETS		**95,255**	**1,02,580**	**89,039**
II.	**EQUITY AND LIABILITIES**				
	Equity				
	Equity share capital	12	10,638	10,638	10,638
	Other equity	13	34,588	45,954	38,010
	Total equity		**45,226**	**56,592**	**48,648**
	Liabilities				
	Non-current liabilities				
	Provisions	14	5,557	5,312	4,615
	Other non-current liabilities	15	287	277	323
	Total non-current liabilities		**5,844**	**5,589**	**4,938**

CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

BALANCE SHEET AS AT MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

Current liabilities				
Financial liabilities				
Trade payables	16.1	29,589	31,741	26,493
Others	16.2	6,505	1,142	1,196
Other current liabilities	17	7,056	6,420	6,670
Provisions	18	1,035	1,096	1,094
Total current liabilities		**44,185**	**40,399**	**35,453**
Total liabilities		**50,029**	**45,988**	**40,391**
TOTAL EQUITY AND LIABILITIES		**95,255**	**1,02,580**	**89,039**

Significant accounting policies 2

The notes referred above form an integral part of these Ind AS financial statements.

As per our report of even date attached.

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/W-100024

For and on behalf of the Board of Directors of
Carrier Airconditioning & Refrigeration Limited

Sd/-
Arun Bhatia
Managing Director
DIN No. 00031279

Sd/-
Sugeeth Kumar
WTD & CFO
DIN No. 07420265

Sd/-
Manish Gupta
Partner
Membership No: 095037

Sd/-
Kunal Aggarwal
Company Secretary
Membership No: 35119

Place : Gurugram
Date: August 17, 2018

Place : Gurugram
Date: August 17, 2018

CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

	Note	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	19	1,32,529	1,34,358
Other income	20	3,078	3,980
Total income		**1,35,607**	**1,38,338**
Expenses			
Cost of materials consumed	45	19,369	19,187
Purchase of traded goods (Including spares)	43b	55,204	61,363
Changes in inventories of finished goods, stock-in-trade and work-in-progress	21	1,302	(1,409)
Excise duty	37	847	3,689
Employee benefits expense	22	14,022	13,130
Finance costs	23	95	84
Depreciation and amortization expense	24	904	789
Other expenses	25	32,562	29,549
Total expenses		**1,24,305**	**1,26,382**
Profit before tax		**11,302**	**11,956**
Tax expense:			
Current tax	7	4,569	4,393
Deferred tax	7	(555)	(503)
Profit for the year (A)		**7,288**	**8,066**
Other comprehensive income/(loss)			
(i) Items that will not be reclassified to profit or loss	34	79	(193)
(ii) Income tax related to items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year (B)		**79**	**(193)**
Total comprehensive income for the year (A+B)		**7,367**	**7,873**
Earning per share			
Nominal value of share ₹ 10 [previous year ₹ 10]			
Basic	26	6.85	7.58
Diluted	26	6.85	7.58
Significant accounting policies	2		

The notes referred above form an integral part of these Ind AS financial statements.

As per our report of even date attached.

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Sd/-
Manish Gupta
Partner
Membership No: 095037
Place : Gurugram
Date: August 17, 2018

For and on behalf of the Board of Directors of Carrier Airconditioning & Refrigeration Limited

Sd/-
Arun Bhatia
Managing Director
DIN No. 00031279

Sd/-
Sugeeth Kumar
WTD & CFO
DIN No. 07420265

Sd/-
Kunal Aggarwal
Company Secretary
Membership No: 35119

Place : Gurugram
Date: August 17, 2018

CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A.	**Cash flows from operating activities :**		
	Profit before tax	11,302	11,956
	Adjustments for :		
	Depreciation and amortization expense	904	789
	Share based payments	61	71
	Loss/ (Profit) on sale of Property, plant and equipments (net)	(8)	(9)
	Property, plant and equipment written off	264	-
	Interest income on fixed deposits	(677)	(1,383)
	Interest income on inter-corporate deposits	(515)	(568)
	Provision for inventory obsolescence	17	161
	Allowance for doubtful debts and advances	1,132	354
	Net loss on financial asset measured at fair value through profit & loss	51	22
	Unrealised (gain)/ loss on foreign exchange fluctuations	58	(242)
	Finance cost	95	84
	Liabilities no longer required written back	(1,113)	(804)
	Operating profit before working capital changes	11,571	10,431
	Adjustments for :		
	Decrease/(increase) in other current and non current assets	(1,045)	(221)
	Decrease/(increase) in current and non current loans	(14)	(52)
	Decrease/(increase) in inventories	1,842	(1,291)
	Decrease/(increase) in current and non current financial assets -other	491	(578)
	(Increase)/decrease in current financial assets- trade receivables	(3,312)	(6,337)
	Increase/(decrease) in current financial liabilities - trade payables	(1,174)	6,293
	Increase/(decrease) in current and non current financial liabilities - others	(14)	57
	(Decrease) in other current and non current liabilities	645	(296)
	Increase/ (decrease) in current and non-current provisions	263	506
	Cash generated from operating activities	**9,253**	**8,512**
	Income tax paid, net of refund and interest thereon	(4,787)	(4,450)
	Net cash generated from operating activities (A)	**4,466**	**4,062**
B.	**Cash flow from investing activities :**		
	Acquisition of property, plant and equipment	(1,347)	(1,010)
	Receipt / (payment) of inter-corporate deposit (net)	1,604	(351)
	Proceeds from sale of property, plant and equipment / intangible assets	11	9
	Interest received on deposits	771	1,415
	Interest received on inter-corporate deposits	515	568
	Net cash flow from/ (used in) investing activities (B)	**1,554**	**631**

CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
C.	**Cash flow from financing activities :**		
	Interest paid	(13)	(28)
	Dividend Paid (including DDT)	(18,794)	-
	Net cash used in financing activities (C)	**(18,807)**	**(28)**
D.	**Net (decrease)/increase in cash and cash equivalents during the year (A+B+C)**	**(12,787)**	**4,665**
E.	**Cash and cash equivalents at the beginning of the year**	**27,445**	**22,773**
	Add: Re-instatement gain on balance in EEFC account	11	7
	Cash and Cash Equivalents at close of the year	**14,669**	**27,445**
	Cash and cash equivalents consists of the following	**As at 31 March 2018**	**As at 31 March 2017**
	Bank balance		
	-in current account	7,497	14,298
	-in deposit account	7,000	13,000
	Cheques on hand	172	147
		14,669	**27,445**

Note:-

1. The cash flow statement have been prepared in accordance with "Indirect Method" as set out on Ind AS-7 on "Statement on Cash Flows" as notified under Section 133 of the Companies Act, 2013 read with relevant rules thereunder.

Significant accounting policies (refer note 2)
The notes referred above form an integral part of these Ind AS financial statements.
As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Sd/-
Manish Gupta
Partner
Membership No: 095037

Place : Gurugram
Date: August 17, 2018

For and on behalf of the Board of Directors of
Carrier Airconditioning & Refrigeration Limited

Sd/-
Arun Bhatia
Managing Director
DIN No. 00031279

Sd/-
Sugeeth Kumar
WTD & CFO
DIN No. 07420265

Sd/-
Kunal Aggarwal
Company Secretary
Membership No: 35119

Place : Gurugram
Date: August 17, 2018

CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

a. Equity share capital

	Number	Amount
As at April 1, 2016	10,63,76,745	10,638
Changes in equity share capital during the year	-	-
As at March 31, 2017	10,63,76,745	10,638
Changes in equity share capital during the year	-	-
As at March 31, 2018	**10,63,76,745**	**10,638**

b. Other equity

	Reserves and Surplus					Other comprehensive income	Total
	Capital reserve	Reserves on business combination	General reserve	Retained earnings	Share options outstanding account	Re-measurement gain/ (loss) on defined benefit obligations	
Balance as at April 01, 2016	1	657	895	36,263	194		38,010
Profit for the year	-	-	-	8,066	-	(193)	7,873
Transfer to retained earnings	-	-	-	(193)	-	193	-
Share based payments (Refer Note 42)	-	-	-	-	71	-	71
Balance as at March 31, 2017	**1**	**657**	**895**	**44,136**	**265**	**-**	**45,954**
Profit for the year	-	-	-	7,288	-	79	7,367
Transfer to retained earnings	-	-	-	79	-	(79)	-
Dividend Paid during the year (Refer Note 27)	-	-	-	(18,794)	-	-	(18,794)
Share based payments (Refer Note 42)	-	-	-	-	61	-	61
Balance as at March 31, 2018	**1**	**657**	**895**	**32,709**	**326**	**-**	**34,588**

The notes referred above form an integral part of these Ind AS financial statements.

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Sd/-
Manish Gupta
Partner
Membership No: 095037
Place : Gurugram
Date: August 17, 2018

For and on behalf of the Board of Directors of Carrier Airconditioning & Refrigeration Limited

Sd/-
Arun Bhatia
Managing Director
DIN No. 00031279

Sd/-
Sugeeth Kumar
WTD & CFO
DIN No. 07420265

Sd/-
Kunal Aggarwal
Company Secretary
Membership No: 35119

Place : Gurugram
Date: August 17, 2018

Notes to the financial statements for the year ended March 31, 2018

1. Corporate Information

Carrier Airconditioning & Refrigeration Limited, ("Carrier" or "the Company") is a public limited Company principally engaged in the business of providing air-conditioning and refrigeration solutions in India. It manufactures/imports both commercial and light commercial air conditioning and refrigeration equipment and sells the same in Indian/overseas market.

The Company has been incorporated under the provisions of Companies Act, 1956 and is domiciled in India. The registered office of the Company is located at Narsingpur, Kherki Daula Post, Gurgaon 122001, Haryana.

2. Basis of preparation of financial statements

a) Statement of Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 ('the Act') and the relevant provisions of the Act.

The Company's financial statements up to year ended 31 March 2017 were prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended), and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company prepared under Ind AS. Accordingly, the Company has followed the provisions of Ind AS 101, 'First Time Adoption of Indian Accounting Standards', in preparing its opening Ind AS Balance Sheet as of the date of transition, i.e. 1 April 2016. Certain Ind AS accounting policies used by the Company in the preparation of opening balance sheet differed from its previous GAAP policies applied as at 31 March 2016, and accordingly adjustments were made to restate the opening balances as per Ind AS. As the resulting adjustments arose from events and transactions before the date of transition to Ind AS, hence as required by Ind AS 101, such adjustments were recognised directly through retained earnings as at 1 April 2016.

Refer Note 44 for the effect of transition to Ind AS on the reported financial position, financial performance and cash flows of the Company.

The financial statements are authorised for issue by the Company's Board of Directors on August 17, 2018.

b) Basis of measurement

These financial statements have been prepared on a going concern basis using historical cost convention, except for certain financial assets and financial liabilities which have been measured at amortised cost/ fair value. Refer note 2(g)(5) for accounting policy regarding financial instruments.

c) Functional and presentation currency

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to lacs) unless otherwise stated. Also refer note 2 (g)(11) for accounting policy in respect of accounting for foreign currency transactions.

d) Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including those of contingent liabilities if any. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

e) Assumptions and estimation uncertainties

(i) measurement of useful life, residual values and impairment of property, plant and intangible assets

(ii) impairment of financial assets and non-financial assets

(iii) recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources

(iv) recognition and estimation of tax expense including deferred tax

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

Finance team regularly review significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

f) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;

- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

  Current assets/liabilities include current portion of non-current financial assets/liabilities respectively. All other assets/ liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle

Based on the nature of the operations and the time between the acquisition of assets for processing and their realisation in cash or cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/non-current classification of assets and liabilities.

g) Significant accounting policies

1) Property, plant and equipment and depreciation

Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises the purchase price, including import duties and other non-refundable purchase taxes, and any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Any trade discounts and rebates are deducted in arriving at the purchase price.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Likewise, on initial recognition expenditure to be incurred towards major inspections and overhauls are required to be identified as a separate component and depreciated over the expected period till the next overhaul expenditure.

Subsequent expenditure and disposal

Subsequent expenditure is capitalised to the property, plant and equipment's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of a property, plant and equipment is replaced, the carrying amount of the replaced part is derecognised.

Any gain or loss from disposal of a property, plant and equipment is recognised in Statement of profit and loss.

Depreciation

Depreciation is provided on a pro-rata basis on the straight line method over the useful lives as prescribed under Schedule II to the Companies Act, 2013 and are tabulated as below. These lives are also reflective of the management's estimate of the useful lives of the Company's property, plant & equipments.

Particulars	**Useful Life (Years)**
Buildings	30
Plant & machinery	15
Furniture & fixtures	10
Computers and office equipment	3 – 5
Vehicles	8

However in case of certain assets of the Company which have useful lives different from Schedule II, the useful lives are mentioned below:

- Tools are depreciated over a period of one to five years based on the technical evaluation of estimated useful life done by the management.
- Leasehold improvements are depreciated over primary period of lease or the useful life of the asset, whichever is lower.
- Property, plant and equipments costing less than USD 2,500 each are fully depreciated in the year of purchase.

Depreciation on additions (disposals) is provided on pro-rata basis i.e. from (upto) the date on which asset is read for use (disposed off).

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

The asset's residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2) Intangible assets and amortisation

Recognition and measurement

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and accumulated impairment loss, if any.

Subsequent expenditure and disposal

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Amortisation

Intangible assets of the Company are amortized using the straight-line method over the estimated useful life or the tenure of the respective software license, whichever is lower. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Particulars	Useful Life (Years)
Computer Software	6
Technical know-how	3

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

3) Impairment of property, plant and equipment and Intangible assets

The carrying amounts of assets are reviewed at each reporting date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount. The recoverable amount is the greater of the asset's (or cash generating unit's) net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

4) Inventories

Inventories are valued at lower of cost and net realizable value. Material costs are determined using the weighted average method. Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventory to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to make the sale. Costs in case of work in progress and finished goods include material costs, conversion costs and appropriate production overheads incurred in bringing the inventories to their present location and condition. Contract work-in-progress represents material costs and other appropriate overheads in respect of those contracts where performance of service is determined on completion of such service. Provision for excess inventory and inventory obsolescence is determined based on management's estimate.

5) Financial instruments

i) Recognition and initial measurement

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at
- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  A debt investment is measure at FVOCI if it meets both of the following conditions and is not designated as at FVTPL.

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management, for instance the stated policies and objectives for the portfolio, frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features;

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v) Modification of financial assets and liabilities

Financial assets:

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value. If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

Financial liabilities:

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

vi) Impairment

Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at Fair value through profit and loss (FVTPL) are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrowers will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses.

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is 90 days or more past due.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The Company follows "simplified approach" for recognition of impairment loss allowance on trade receivables. Under the simplified approach, the company recognises impairment loss allowances based on life time ECLs at each reporting date, right from initial recognition.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

vii) Income/loss recognition

• Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses."

6) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

7) Asset retirement obligations

Asset retirement obligations are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs are added to or deducted from the cost of the asset and depreciated prospectively over the remaining useful life.

8) Provisions

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed by the management at each reporting date and adjusted to reflect the current best estimates.

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

9) Contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

10) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for rendering of services in the ordinary course of the Company's activities. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is presented, inclusive of excise duty and net of returns, trade allowances, volume rebates, value added taxes, goods and service taxes (GST). Revenue is recognised as follows:

(i) Sale of products

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

(ii) Income from services

Annual Maintenance Contracts

Revenue from annual maintenance contracts is recognized on a pro-rata basis.

Repairs and Installation Jobs

Revenue from major repairs and installation jobs is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the costs incurred, that best reflects the services performed to date.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of a contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to the costs incurred, that best reflects the services performed to date. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Contract costs are recognised as expenses as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

Revenue from minor repair jobs is recognized as and when service is completed and on reasonable certainty of collection.

(iii) Interest income, commission income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Commission and insurance claims are accounted for as and when the amounts receivable can be reasonably determined.

(iv) Multiple deliverable arrangements

When two or more revenue generating activities or deliverables are provided under a single arrangement, each deliverable that is considered to be a separate unit of account is accounted for separately. The allocation of consideration from a revenue arrangement to its separate units of account is based on the relative fair value of each unit. If the fair value of the delivered item is not reliably measurable, then revenue is allocated based on the difference between the total arrangement consideration and the fair value of the undelivered item.

11) Accounting for Foreign currency transactions

Foreign currency transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Statement of profit and loss.

12) Income tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

Current tax

Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of earlier years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only when they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and tax bases/amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised for deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

13) Employee benefits

i) Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, short-term bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

ii) Post-employment benefits

a) *Defined contribution plan*

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions and has no obligation to pay any further amounts. The Company has defined contribution plans for post retirement employment benefits' namely provident fund, superannuation fund, employee state insurance scheme and employee pension scheme. The Company makes specified monthly contributions towards these schemes. The Company's contributions are recorded as an expense in the Profit or loss during the period in which the employee renders the related service. If the contribution already paid is less than the contribution payable to the scheme for service received before the balance sheet date, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

b) *Defined benefit plan*

The Company has defined benefit plan namely gratuity, with Life Insurance Corporation of India. The present value of obligations under such defined benefit plans are determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, are based on the market yields on government securities as at the balance sheet date, having maturity period approximating to the terms of related obligations.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and are never reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the profit or loss as past service cost.

c) *Other long-term employee benefit obligations – Compensated absences*

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the profit or loss.

d) *Share based payment transactions:*

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in other equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcome

14) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Identification of segments:

In accordance with Ind AS 108– Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Company's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Company that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Results of the operating segments are reviewed regularly by the board of directors which has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

15) Earnings per share

Basic earnings per share are calculated by dividing the profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the Statement of profit and loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

16) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

i) Standards issued but not yet effective:

The standards issued, but not yet effective up to the date of issuance of the financial statement are disclosed below. The Company intends to adopt these standards when it becomes effective.

Ind AS 115- Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. While the Company is in the process of implementation IND AS 115 on its financial statements, the effect of adoption of IND AS 115 is expected to be insignificant.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not expected to be material.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

Notes to the financial statements for the year ended March 31, 2018

3. Property, plant and equipment

	Gross block				Depreciation				Net block
Particulars	**As at April 01, 2017**	**Additions during the year**	**Deletions/ adjustments during the year**	**As at March 31, 2018**	**As at April 01, 2017**	**For the year**	**on deletions/ adjustments**	**As at March 31, 2018**	**As at March 31, 2018**
Freehold land	450	-	-	450	-	-	-	-	450
Buildings	706	27	16	717	55	70	1	124	593
Leasehold improvements	508	34	-	542	89	89	-	178	364
Plant and Equipment	4,052	252	323	3,981	429	531	74	886	3,095
Furniture and fixtures	343	66	6	403	68	86	4	150	253
Computers and office equipment	181	92	1	272	36	96	1	131	141
Vehicles	4	-	-	4	*	1	-	1	3
Sub total	**6,244**	**471**	**346**	**6,369**	**677**	**873**	**80**	**1,470**	**4,899**
Capital work-in-progress									**517**
Total	**6,244**	**471**	**346**	**6,369**	**677**	**873**	**80**	**1,470**	**5,416**

	Gross block				Depreciation				Net block	
Particulars	**As at April 01, 2016#**	**Additions during the year**	**Deletions/ adjustments during the year**	**As at March 31, 2017**	**As at April 01, 2016#**	**For the year**	**on deletions/ adjustments**	**As at March 31, 2017**	**As at March 31, 2017**	**As at April 01, 2016**
Freehold land	410	40	-	450	-	-	-	-	450	410
Buildings	521	185	-	706	-	55	-	55	651	521
Leasehold improvements	489	19	-	508	-	89	-	89	419	489
Plant and Equipment	3,239	813	-	4,052	-	429	-	429	3,623	3,239
Furniture and fixtures	64	279	-	343	-	68	-	68	275	64
Computers and office equipment	37	144	-	181	-	36	-	36	145	37
Vehicles	4	-	-	4	-	*	-	*	4	4
Sub Total	**4,764**	**1,480**	**-**	**6,244**	**-**	**677**	**-**	**677**	**5,567**	**4,764**
Capital work-in-progress									**200**	**747**
Total	**4,764**	**1,480**	**-**	**6,244**	**-**	**677**	**-**	**677**	**5,767**	**5,511**

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

Carrying value of property, plant and equipment as at March 31, 2016 taken as the deemed cost on the date of transition i.e. April 1, 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

4. Intangible assets

Particulars	Gross block				Amortization				Net block
	As at April 01, 2017	Additions during the year	Deletions/ adjustments during the year	As at March 31, 2018	As at April 01, 2017	For the year	on deletions/ adjustments	As at March 31, 2018	As at March 31, 2018
Computer software	321	91	1	411	33	14	1	46	365
Technical know-how	38	-	-	38	12	17	-	29	9
Total	**359**	**91**	**1**	**449**	**45**	**31**	**1**	**75**	**374**

Particulars	Gross block				Amortization				Net block	
	As at April 01, 2016#	Additions during the year	Deletions/ adjustments during the year	As at March 31, 2017	As at April 01, 2016#	For the year	on deletions/ adjustments	As at March 31, 2017	As at March 31, 2017	As at April 01, 2016
Goodwill	67	-	-	67	-	67	-	67	-	67
Computer software	38	283	-	321	-	33	-	33	288	38
Technical know-how	38	-	-	38	-	12	-	12	26	38
Total	**143**	**283**	**-**	**426**	**-**	**112**	**-**	**112**	**314**	**143**
Intangible assets under development										**162**
Total	**143**	**283**	**-**	**426**	**-**	**112**	**-**	**112**	**314**	**305**

Carrying value of intangible assets as at March 31, 2016 taken as the deemed cost on the date of transition i.e. April 1, 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

5.1 Non-current financial assets - Investments

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
A. *Investment in equity shares (at cost)*			
Unquoted			
Carrier Aircon Employees' Co-operative Thrift and Credit Society Limited (2,000 shares of ₹ 50 each)	1	1	1
B. *Investment in Govt. or trust securities (at amortised cost)*			
Unquoted			
6 Year National Savings Certificate VIII Issue (Pledged with Govt authorities)*	-	-	-
Total	**1**	**1**	**1**

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

Aggregate value of unquoted investments	1	1	1

5.2 Non-current financial assets - Loans

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
Security deposits	356	208	299
Unsecured, considered doubtful			
Security deposits	24	24	24
Impairment allowance for doubtful advances	(24)	(24)	(24)
Total	**356**	**208**	**299**

5.3 Non-current financial assets - others

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
Unclaimed dividend account	5,425	41	63
Total	**5,425**	**41**	**63**

6. Income tax assets (net)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advance tax and tax deducted at source	2,386	2,196	2,072
Total	**2,386**	**2,196**	**2,072**

Net of provision for tax ₹ 18,775 (as at March 31, 2017 ₹ 21,307 and as at April 01, 2016 ₹ 16,982).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

7. Income tax

The major components of tax expense/deferred tax assets recognised as at and for the year ended March 31, 2018 are indicated below:

a) Amounts recognised in profit or loss

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax on profit for the year		
- for the year	4,569	4,393
- for earlier years	-	-
Total current tax	**4,569**	**4,393**
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	(555)	(503)
Total deferred tax	**(555)**	**(503)**
Tax charge/(credit) for the year	**4,014**	**3,890**

b) Amounts recognised in other comprehensive income

Current tax on defined benefit obligations	28	(67)
Deferred tax on defined benefit obligations	(28)	67
Tax charge/(credit) for the year	**-**	**-**

c) A reconciliation of income tax expense applicable to accounting profits/(loss) before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

Accounting profit before tax	11,302	11,956
Applicable tax rate	34.61%	34.61%
Tax on profit at statutory tax rate	3,912	4,138
Permanent differences	69	104
Items of OCI	-	67
Others	33	77
Tax charge/(credit) for the year	**4,014**	**3,890**

d) Deferred tax assets/liabilities

Significant components of deferred tax assets/(liabilities) recognized in the balance sheet are as follows:

	As at April 01, 2016	Charged/ (credited) to PL	Charged to OCI	As at March 31, 2017
Property, plant and equipment	(353)	53	-	(406)
Provision for doubtful debts and advances	1,295	203	-	1,092
Provision for inventory obsolescence	516	(76)	-	592
Provision for gratuity and compensated absences	304	(145)	67	382
Provision for litigation/disputes	1,331	(238)	-	1,569
Others	245	(300)	-	545
Total	**3,338**	**(503)**	**67**	**3,774**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

	As at April 01, 2017	Charged/ (credited) to PL	Charged to OCI	As at March 31, 2018
Property, plant and equipment	(406)	(144)	-	(262)
Provision for doubtful debts and advances	1,092	(375)	-	1,467
Provision for inventory obsolescence	592	(49)	-	640
Provision for gratuity and compensated absences	382	(23)	(28)	434
Provision for litigation/disputes	1,569	(40)	-	1,609
Others	545	77	-	468
Total	**3,774**	**(555)**	**(28)**	**4,356**

8. Other non-current assets

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
Capital advances	555	95	227
Amount paid under protest	2,505	1,980	1,826
Unsecured, considered doubtful			
Amount paid under protest	266	39	-
Provision for doubtful advances	(266)	(39)	-
Total	**3,060**	**2,075**	**2,053**

9. Inventories

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Raw Materials and Components	4,036	4,123	3,992
- Stock-in-transit	929	1,017	1,252
Work-in-progress	101	106	121
Contract work-in-progress	203	104	162
Finished goods			
- Manufactured	2,628	3,554	2,794
- Bought out	12,403	13,617	11,532
- Stock-in-transit (bought out)	2,312	1,933	3,252
Provision for inventory obsolescence	(1,830)	(1,812)	(1,592)
Total	**20,782**	**22,642**	**21,513**

Provision for inventory obsolescence relates to provision made for Excess & Obsolete stock amounting to ₹ 1,830 (As at March 31, 2017 – ₹ 1,812; April 1, 2016 ₹ 1,592). The provision is reversed as and when Excess & Obsolete inventory is sold/ disposed off. Net provision for inventory obsolence expense during the year is ₹ 17 Lacs (March 2017 ₹ 161).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

10.1 Current financial assets - Trade receivables

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured			
- Considered good	30,463	28,214	22,292
- Doubtful	3,728	2,807	3,554
- Allowance for bad and doubtful debts	(3,728)	(2,807)	(3,554)
Total	**30,463**	**28,214**	**22,292**

10.2 Current financial assets - Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with banks:			
- on current accounts	7,497	14,298	3,167
- on deposit accounts (with original maturity of 3 months or less)	7,000	13,000	19,500
Cheques on hand	172	147	106
Cash on hand	-	-	*
Total	**14,669**	**27,445**	**22,773**

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

10.3 Current financial assets - Loans

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(At amortised cost)			
Unsecured, considered good			
Loans and advances to related parties (Refer note 40)	3,497	5,102	4,751
Security deposits	86	214	71
Unsecured, considered doubtful			
Security deposits	53	59	41
Impairment allowance for doubtful security deposits	(53)	(59)	(41)
Total	**3,583**	**5,316**	**4,822**

10.4 Current financial assets - Others

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
Derivatives not designated as hedges - forward contracts	-	51	73
Unbilled revenue	704	1,196	618
Interest accrued on deposits	95	188	221
Total	**799**	**1,435**	**912**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

11. Other current assets

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
Prepaid expenses	359	346	288
Advance to suppliers other than capital advance	343	695	651
Advance to employees	80	114	98
Balances with Government authorities	2,803	1,997	2,048
Unsecured, considered doubtful			
Advance to supplier other than capital advance	71	114	88
Balances with Government authorities	56	152	114
Impairment allowance for doubtful advances	(127)	(266)	(202)
Total	**3,585**	**3,152**	**3,085**

12. Share capital

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
A. Authorised share capital			
Equity shares of ₹ 10 each (with voting rights)			
- Number	11,00,00,000	11,00,00,000	11,00,00,000
- Amount	11,000	11,000	11,000
B. Issued, subscribed and paid up			
Equity shares of ₹ 10 each (with voting rights)			
- Number	10,63,76,745	10,63,76,745	10,63,76,745
- Amount	10,638	10,638	10,638

C. Reconciliation of shares outstanding

Particulars	**Year ended March 31, 2018**		**Year ended March 31, 2017**	
	Number	**Amount**	**Number**	**Amount**
Balance as at beginning of the year	10,63,76,745	10,638	10,63,76,745	10,638
Issued during the year	-	-	-	-
Balance as at end of the year	**10,63,76,745**	**10,638**	**10,63,76,745**	**10,638**

D. Shares held by ultimate holding Company and its subsidiaries/associates and details of shareholders holding more than 5% shares of the Company

	As at March 31, 2018		
	Numbers	**Amount**	**Holding %**
Holding company			
United Technologies South Asia Pacific Pte Ltd.	10,26,18,689	10,262	96.5%

	As at March 31, 2017		
	Numbers	**Amount**	**Holding %**
Holding company			
United Technologies South Asia Pacific Pte Ltd.	10,26,18,689	10,262	96.5%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

	As at April 01, 2016		
	Numbers	Amount	Holding %
Holding company			
United Technologies South Asia Pacific Pte Ltd.	10,26,18,689	10,262	96.5%

E. The Company has one class of shares referred to as 'Equity Shares' having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share and has equal rights. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

13. Other equity

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Capital reserve	1	1	1
Reserves on business combination	657	657	657
General reserve	895	895	895
Retained earnings	32,709	44,136	36,263
Share options outstanding account	326	265	194
	34,588	**45,954**	**38,010**

Nature and purpose of other reserves/ other equity

Reserves on business combination

This reserve was created on account of business combination in the prior years.

General reserve

Free reserves to be utilised as per the provision of the Act.

Other comprehensive income

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

(a) actuarial gains and losses

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Share options outstanding account

Share options outstanding account is used to record the impact of employee stock options scheme. Refer note 42 for further details of these plans.

Capital reserve		
Balance at the beginning of the year	1	1
Add : Additions made during the year	-	-
	1	1

Reserves on business combination		
Balance at the beginning of the year	657	657
Add : Additions made during the year	-	-
	657	**657**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

General reserve		
Balance at the beginning of the year	895	895
Add : Additions made during the year	-	-
	895	**895**
Retained earnings		
Balance at the beginning of the year	44,136	36,263
Add : Additions made during the year	7,288	8,066
Less: Transfers from other comprehensive income	(79)	193
Less: Dividends paid (Refer to note 27)	18,794	-
	32,709	**44,136**
Other comprehensive income		
Balance at the beginning of the year	-	-
Add : Additions made during the year	79	(193)
Transferred to retained earning	(79)	193
	-	**-**
Share options outstanding account		
Balance at the beginning of the year	265	194
Add : Additions made during the year	61	71
	326	**265**

14. Non-current provisions

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for employee benefits			
Leave encashment	630	595	515
Gratuity (Refer note 34)	269	188	151
Other provisions			
Litigations/disputes (Refer note 28)	4,605	4,496	3,936
Warranty	53	33	13
Total	**5,557**	**5,312**	**4,615**

Movement in provisions

Particulars	Litigations/disputes		Warranty	
	Year ended March 31, 2018	**Year ended March 31, 2017**	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Balance as at beginning of the year	4,496	3,936	807	895
Additions	272	606	925	889
Disposals/adjustments	163	46	991	977
Balance as at end of the year	**4,605**	**4,496**	**741**	**807**
Current maturity thereof	-	-	688	774
Balance of non-current provisions	**4,605**	**4,496**	**53**	**33**

(All amounts in ₹ Lacs, unless otherwise stated)

Nature of Provisions

(a) Warranty

The Company provides for the estimated liability on warranties given on sale of its products based on past performance of such products. The provision represents the expected cost of replacement/repairs and free of charge services and it is expected that the expenditure will be incurred over the warranty period.

(b) Litigation/Disputes

The Company has made provision for taxes and duties relating to cases that are pending assessments before Adjudicating Authorities where possible outflow of resources may arise in future which would depend on the ultimate outcome on conclusion of the cases.

15 Other non-current liabilities

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred revenue	287	277	323
Total	**287**	**277**	**323**

16.1 Current financial liabilities

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade payables	29,589	31,693	26,397
Acceptances	-	48	96
Total	**29,589**	**31,741**	**26,493**

Refer note 32 for Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

16.2 Current financial liabilities

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Security deposits	510	495	452
Unclaimed/unpaid dividend	5,425	41	63
Employee benefits payable	487	463	494
Payable for purchase of property, plant and equipment	46	53	141
Royalty payable	37	90	46
Total	**6,505**	**1,142**	**1,196**

17. Other current liabilities

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advances from customers	3,407	2,042	2,879
Deferred revenue	2,189	2,373	2,198
Statutory dues	1,460	2,005	1,593
Total	**7,056**	**6,420**	**6,670**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

18. Current provisions

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for employee benefits			
Leave encashment	147	122	112
Gratuity (Refer to note 34)	200	200	100
Other provisions			
Warranty (also refer to note 14)	688	774	882
Total	**1,035**	**1,096**	**1,094**

19. Revenue from operations

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of finished goods	32,214	33,170
Sale of traded goods	75,176	75,872
Sale of services	24,113	23,474
	1,31,503	**1,32,516**
Other operating income		
Commission income	882	1,707
Scrap sales	144	135
Total	**1,32,529**	**1,34,358**

20. Other income

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income from financial assets measured at amortised cost		
- On fixed deposits	677	1,383
- On inter-corporate deposits	515	568
Foreign exchange fluctuation gain (net)	318	671
Liabilities and provisions no longer required, written back	1,113	804
Profit on sale of property, plant and equipment (net)	8	9
Miscellaneous income	447	545
Total	**3,078**	**3,980**

21. Changes in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended March 31, 2018	Year ended March 31, 2017
Opening stock		
Work-in-progress	106	121
Finished goods		
- Manufactured	3,554	2,794
- Bought out (Including spares)	15,550	14,784
	19,210	**17,699**
Closing stock		
Work-in-progress	101	106
Finished goods		
- Manufactured	2,628	3,554
- Bought out (Including spares)	14,715	15,550
	17,444	**19,210**
Excise duty on increase/(decrease) of finished goods (manufactured)	(464)	102
Net (increase)/decrease	**1,302**	**(1,409)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

22. Employee benefits expense

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	12,472	11,656
Contribution to provident and other funds (Refer note 34)	603	562
Gratuity and Leave encashment	335	303
Share based payments (Refer note 42)	61	71
Staff welfare	551	538
Total	**14,022**	**13,130**

23. Finance costs

	Year ended March 31, 2018	Year ended March 31, 2017
Interest on deposits	13	28
Interest-others	82	56
Total	**95**	**84**

24.Depreciation and amortization expense

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on property, plant and equipment	873	677
Amortisation of intangible assets	31	112
Total	**904**	**789**

25. Other expenses

		Year ended March 31, 2018		Year ended March 31, 2017
Power, fuel and water		515		471
Cost of services		16,436		14,374
Communication expenses		412		431
Rent, including lease rentals (Refer note 31)		1,121		1,252
Repairs and maintenance:				
Building		51		66
Machinery		95		101
Others		583		506
Insurance		388		371
Rates and taxes		716		810
Dealer/ Service commission		1,419		1,782
Travelling and conveyance		1,384		1,471
Advertisement and sales promotion (net of recoveries)		841		578
Sales and distribution expenses (net of recoveries)		3,895		3,658
Warranty		925		889
Bad debts & advances written off	128		1,020	
Less- Existing provision utilized	(128)	-	(1,020)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
Allowance for doubtful debts and advances	1,132	354
Payment to auditors (excluding service tax)		
As Auditors:		
Audit fees	35	39
Tax audit fees	2	7
In other capacity	1	2
Out-of-pocket expenses	*	*
Expenditure towards Corporate Social Responsibility (Refer note 36)	198	169
Training	118	54
Legal and professional	916	853
Royalty	139	137
Provision for inventory obsolescence	17	161
Research and development	416	369
Property, plant and equipment written off	264	-
Net loss on financial asset measured at fair value through profit & loss	51	22
Miscellaneous	492	622
TOTAL	**32,562**	**29,549**

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

26. Earnings per share (EPS)

	Year ended March 31, 2018	Year ended March 31, 2017
Basic and diluted earnings per share		
Profit for the year	7,288	8,066
Weighted average number of shares	10,63,76,745	10,63,76,745
Nominal value per share	10	10
Earnings per share (Basic and diluted)	**6.85**	**7.58**

27. Distributions made and proposed

During the year, the Company has paid dividend related to financial year 2016-17 amounting to 12,264 (including Dividend Distribution Tax amounting 2,074), which is declared in the Board Meeting held on June 27, 2017. Subsequent to this, the Board of Directors have decided in Board Meeting held on March 20, 2018 to declare interim dividend related to financial year 2017-18 amounting to 6,530 (including Dividend Distribution Tax amounting 1,105)

	Year ended March 31, 2018	Year ended March 31, 2017
Cash dividends on equity shares declared and paid:		
Interim dividend for the year ended March 31, 2018 ₹ 5.10 per share, (March 31, 2017 ₹ 9.58 per share)	5,425	10,190
Dividend distribution tax thereon	1,105	2,074
Total	**6,530**	**12,264**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

28. CONTINGENT LIABILITIES AND COMMITTMENTS

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(a)	Demands from regulatory authorities, (excluding applicable penalties)			
	Income tax authorities*	718	820	830
	Sales tax authorities	3,177	2,585	2,670
	Excise, Customs Department and Service Tax	20,131	17,800	7,655
	Employee State Insurance (ESI) Department	126	126	126
(b)	Claims against the Company, not acknowledged as debt	354	372	392
(c)	Estimated value of contracts remaining to be executed on capital account (net of advances)	816	94	209
(d)	Financial guarantee issued on behalf of the Company	104	179	261

*The Company has filed appeals for the assessment year 2001-02, 2005-06 & 2006-07 involving tax amount of ₹ 8, ₹ 188 & ₹ 266 before Income Tax Appellate Tribunal (ITAT) for assessment year ended 2001-02, 2005-06 and Dispute Resolution Penal (DRP) 2006-07 respectively under the Income Tax Act, 1961, in response to income tax assessment orders involving transfer pricing adjustment. No demand has been made by the Income tax Authorities to the Company in view of the brought forward losses in the said years.

The amount shown in the items (a) and (b) represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages competent advisors to protect its interest and has been advised that it has strong legal positions against such disputes.

29. During the year 2000-01, the Government of Haryana levied 'Local Area Development Tax' (L.A.D.T.) on material being purchased from outside Haryana. Based on legal advice, the erstwhile company, Carrier Aircon Limited ('CAI'), like other industries in Haryana, filed a writ petition before the Hon'ble High Court of Punjab & Haryana challenging the validity of this enactment. The Hon'ble High Court upheld the constitutional validity of the enactment of the Haryana Local Area Development Tax Act, 2000. CAI together with other industries, filed a Special Leave Petition before the Hon'ble Supreme Court of India. The Company has already provided for ₹ 53 (Previous Year ₹ 53) towards entry tax liability (net of payment) in the books of account.

The Haryana Local Area Development Tax Act, 2000 was repealed by the Govt. of Haryana effective from April 15, 2008. Further, the Haryana Govt. introduced Haryana Tax on Entry of Goods into Local Area Act, 2008 (Entry Tax) with effect from April 16, 2008 levying 2% entry tax on entry of all goods into the Local Area for consumption, use or sale. The Hon'ble Punjab & Haryana High court held this Act to be unconstitutional against which the Haryana Govt. filed Special Leave Petition before the Hon'ble Supreme Court of India. The Hon'ble Supreme Court admitted the Special Leave Petition and tagged the case with the pending L.A.D.T matter. The Special Leave Petition has been heard by the Hon'ble Supreme Court and matter has been remanded back to respective High Courts. The Company had filed a writ petition before the Hon'ble High Court of Punjab & Haryana and Hon'ble High Court, which has since been accepted. The case is now awaited for hearing by Hon'ble High court. The Company has provided ₹ 3,415 (Previous Year ₹ 3,349) towards the entry tax liability in the books of account. The said amount has not been paid because of the above pending litigation challenging the validity of this act and non issuance of rules specifying the mechanism for payment of such tax.

During the year 2012, the Government of West Bengal introduced "The West Bengal Tax on Entry of Goods into Local Areas Act, 2012" for levy of entry tax on entry of certain goods into a local area of the State of West Bengal. In September 2015, based on legal advice, Carrier Airconditioning & Refrigeration Limited ('CARL'), like other industries in West Bengal, filed a writ petition before the Hon'ble High Court of Calcutta challenging the validity of the enactment. The Single Bench of the Hon'ble High Court vide order dated May 17, 2015 has sine die adjourned the matter, accordingly, realisation of dues gets automatically stayed. The Company has provided ₹ 67 (Previous Year ₹ 58) towards the entry tax liability in the books of account. The said amount has not been paid because of the above pending litigation challenging the validity of this the act.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

In respect of the above cases, as regards the interest on arrears, the same has been stayed by the Hon'ble Supreme Court and accordingly has not been provided for. In case the levy of the interest is ultimately upheld, the Company may be liable to pay interest payable under respective legislations.

The above provisions are included in Note 14 - Provision for litigation/disputes.

30. The Company has foreign currency receivables aggregating to ₹ 1,345 (March 31, 2017 - 441, April 1, 2016 - ₹ 160) which are outstanding for more than nine months as of March 31, 2018 and foreign currency payables aggregating to ₹ 429 (March 31, 2017 - 1,075, April 1, 2016 - ₹ 424) which are outstanding for more than six months as of March 31, 2018. The Company has applied to authorised dealer for extension of period for receipt of these receivables & payment of these payables vide letters dated August 9, 2018.

31. Future obligation on account of non- cancellable operating lease arrangements

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Not later than one year	922	767	692
Later than one year not later than 5 years	913	716	838
Later than 5 years	-	-	-
	1,835	**1,483**	**1,530**

Expense in relation to operating leases is ₹ 1,121 (Previous year ₹ 1,252).

32. The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro Enterprises and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the Management, amounts outstanding to Micro and Small Suppliers as defined under Micro, Small and Medium Enterprises Development Act, 2006 are presented below. Further, the Company has not received any claim for interest from any supplier under the said Act.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	417	246	342
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	305	223	167
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	82	56	66
(v) The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	272	204	146

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

33. The Company has established a comprehensive system on maintenance of information and documents required by the transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The Management is of the opinion that its transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements particularly on the amount of income tax expense and that of provision of taxation.

34. Employee benefits

A. Defined contribution plans

During the year the Company has recognized the following amounts in the Statement of Profit and Loss, included in 'Contribution to provident fund and other funds' under Employee benefits expense:-

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Superannuation fund	84	86
Employer's contribution to Provident Fund	182	170
Employer's contribution to Employee State Insurance	*	*
Employer's contribution to Employee's Pension Scheme, 1995	337	306
Total	**603**	**562**

*Amount is below rounding off norm adopted by the Company

B. Defined benefit plans

Gratuity plan

In accordance with the Payment of Gratuity Act of 1972, the Company contributes to a defined benefit plan (the "Gratuity Plan") covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company. The Gratuity plan is a funded plan and the Company makes contribution to Life insurance corporation of India.

Based on actuarial valuations conducted as at year end, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan.

Based on the actuarial valuation conducted in accordance with Ind AS 19, The reconciliation of opening and closing balances of the present value of defined benefit obligations are as under:

(i) Present value of defined benefit obligation	Year ended March 31, 2018	Year ended March 31, 2017
Balance at the beginning of the year	1,700	1,347
Current Service Cost	190	138
Interest Cost	113	111
Actuarial (Gains) / Losses	(76)	209
Benefits paid	(120)	(105)
Total	**1,807**	**1,700**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

(ii) Fair value of plan assets	Year ended March 31, 2018	Year ended March 31, 2017
Balance at the beginning of the year	1,312	1,096
Expected return on plan assets	93	86
Actuarial Gains/ (Losses)	3	15
Contribution by the Company	50	220
Benefits paid	(120)	(105)
Total	**1,338**	**1,312**

(iii) Percentage allocation of plan assets	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Life Insurance Corporation of India (100%)	1,338	1,312	1,096

(iv) Liability/(asset) recognised at Balance Sheet date	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Present Value of Defined Benefit Obligation	1,807	1,700	1,347
Less: Fair Value of Plan Assets	(1,338)	(1,312)	(1,096)
Amounts recognised as liability	**469**	**388**	**251**

(v) Actual return on plan assets	Year ended March 31, 2018	Year ended March 31, 2017
Actual return on Plan Assets	96	100

(vi) Amounts recognised in Profit or loss	Year ended March 31, 2018	Year ended March 31, 2017
Current Service Cost	190	138
Interest Cost (net of expected return on plan asset)	20	16
Net expense	**210**	**154**

(vii) Amounts recognised in Other Comprehensive Income	Year ended March 31, 2018	Year ended March 31, 2017
Actuarial (gain)/loss from demographic assumptions	(15)	*
Actuarial (gain)/loss from financial assumptions	(104)	108
Actuarial (gain)/loss arising from experience adjustments	43	101
Actuarial return on plan asset less interest on plan assets	(3)	(16)
Total	**(79)**	**193**

(viii) Actuarial assumptions	Year ended March 31, 2018	Year ended March 31, 2017
Discount Rate	7.80%	7.05%
Expected Return on Plan Assets	7.50%	7.50%
Salary Growth Rate	8.00%	8.00%
Attrition rate		
Age group 21-30 Years	17.00%	18.00%
Age group 31-40 Years	13.00%	11.00%
Age group 41-59 Years	6% to 10%	6% to 10%

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply factors in the employment market.

Expected rate of return is based on average long term rate of return expected on investment of the fund during the estimated term of the obligations.

At 31 March 2018, the weighted-average duration of the defined benefit obligation is 21 years (As at 31 March 2017: 21 years).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

(ix) Expected contribution in next fiscal year	Year ended March 31, 2018	Year ended March 31, 2017
Gratuity fund	200	200

(x) Weighted average duration of defined benefit obligation (in years)	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Gratuity	7.35	8.30	8.16

(xi) Sensitivity analysis

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

Increase / (Decrease) in defined benefit obligation	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate		
Increase by 0.50%	(64.49)	(68.34)
Decrease by 0.50%	68.39	72.93
Expected rate of increase in compensation level of covered employees		
Increase by 0.50%	67.93	71.91
Decrease by 0.50%	(64.66)	(68.00)
Attrition rate		
Increase by 0.50%	(1.83)	(1.72)
Decrease by 0.50%	1.87	1.76

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

(xii) Risk analysis

The Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

Investment risk

The Gratuity plan is funded with Life Insurance Corporation of India (LIC) and the Company does not have any liberty to manage the fund provided to LIC.

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk

A decrease in the interest rate on plan assets will increase the plan liability.

Longevity risk/ Life expectancy

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

35. The Company has provided a Corporate Guarantee aggregating to ₹ 104 Lacs as at March 31, 2018, ₹ 179 as at March 31, 2017 and ₹ 261 as at April 01, 2016, respectively, to The Hongkong and Shanghai Banking Corporation Limited in favour of Agnice Fire Protection Private Limited. This guarantee is secured by Corporate Guarantee from United Technologies Corporation in favour of the Company.

36. Expenditure towards corporate social responsibility

	Year ended March 31, 2018	Year ended March 31, 2017
Gross amount required to be spent by the Company	198	169
Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	198	169

The Company has undertaken projects which are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR policy.

37. Excise duty:

Post applicability of Goods and Services Tax (GST) w.e.f. July 1, 2017, Revenue from Operations are required to be disclosed net of GST in accordance with the requirement of Ind AS. Accordingly, the Revenue from Operations for the year ended March 31, 2018 are not comparable with the immediately preceding year ended March 31, 2017 which are reported inclusive of Excise Duty. The following additional information is being provided to facilitate such understanding:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A. Revenue from Operations	1,32,529	1,34,358
B. Excise duty	847	3,689
C. Revenue from operations excluding excise duty (A)-(B)	1,31,682	1,30,669

38. Financial instruments – Fair values and risk management

i) Financial instruments by category and fair value

The below table summarizes the judgements and estimates made in determining the fair values of the financial instruments that are

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard.

	March 31, 2018					
	Carrying Amount			Fair Value		
	FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
Financial assets						
Non-current						
Investments	-	-	1	-	-	1
Loans	-	-	356	-	-	356
Others	-	-	5,425	-	-	5,425
Current						
Trade receivables	-	-	30,463	-	-	30,463
Cash and cash equivalents	-	-	14,669	-	-	14,669
Loans	-	-	3,583	-	-	3,583
Others	-	-	799	-	-	799
Total financial assets	**-**	**-**	**55,296**	**-**	**-**	**55,296**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

Financial liabilities						
Current						
Trade payables	-	-	29,589	-	-	29,589
Others	-	-	6,505	-	-	6,505
Total financial liabilities	**-**	**-**	**36,094**	**-**	**-**	**36,094**

	March 31, 2017					
	Carrying Amount			**Fair Value**		
	FVTPL	**FVTOCI**	**Amortised Cost**	**Level 1**	**Level 2**	**Level 3**
Financial assets						
Non-current						
Investments	-	-	1	-	-	1
Loans	-	-	208	-	-	208
Others	-	-	41	-	-	41
Current						-
Trade receivables	-	-	28,214	-	-	28,214
Cash and cash equivalents	-	-	27,445	-	-	27,445
Loans	-	-	5,316	-	-	5,316
Others	51	-	1,384	-	51	1,384
Total financial assets	**51**	**-**	**62,609**	**-**	**51**	**62,609**
Financial liabilities						
Current						
Trade payables	-	-	31,741	-	-	31,741
Others	-	-	1,142	-	-	1,142
Total financial liabilities	**-**	**-**	**32,883**	**-**	**-**	**32,883**

	April 1,2016					
	Carrying Amount			**Fair Value**		
	FVTPL	**FVTOCI**	**Amortised Cost**	**Level 1**	**Level 2**	**Level 3**
Financial assets						
Non-current						
Investments	-	-	1	-	-	1
Loans	-	-	299	-	-	299
Others	-	-	63	-	-	63
Current				-	-	-
Trade receivables	-	-	22,292	-	-	22,292
Cash and cash equivalents	-	-	22,773	-	-	22,773
Loans	-	-	4,822	-	-	4,822
Others	73	-	839	-	73	839
Total financial assets	**73**	**-**	**51,089**	**-**	**73**	**51,089**
Financial liabilities						
Current						
Trade payables	-	-	26,493	-	-	26,493
Others	-	-	1,196	-	-	1,196
Total financial liabilities	**-**	**-**	**27,689**	**-**	**-**	**27,689**

The fair value of trade receivables, cash and cash equivalents, other bank balances, current loans, other current and non current financial assets, trade payables and other current financial liabilities approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

ii) Measurement of fair values

The different levels of fair value have been defined below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices such as listed equity instruments, traded bonds and mutual funds that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers in either direction for the years ended 31 March 2018, 31 March 2017 & April 1,2016.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

iii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include:

- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

Risk management framework

The Company's activities expose it to a variety of financial risks: credit risk liquidity risk and market risk (foreign exchange risk).

The Company's management under the directions of the board of directors implements financial risk management policies across the Company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, to monitor risks and adherence to limits in order to minimize the financial impact of such risks. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represent the maximum credit risk exposure. The Company has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

To cater to the credit risk for balances with banks/financial institutions, only high rated banks/institutions are accepted.

The Company has given security deposits to Government departments and vendors for securing services from them and rental deposits. The risk of default is appropriately analyse and accounted for.

In respect of credit exposures from trade receivables, the Company has policies in place to ensure that sales on credit without collateral are made principally to dealers and corporate companies with an appropriate credit history.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. It recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition. Credit risk arising from trade receivables is managed in accordance with the Company's established policy with regard to credit limits, control and approval procedures. The Company provides for expected credit losses on trade receivables based on a simplified approach as per Ind AS 109. Under this approach, expected credit losses are computed basis the probability of defaults over the lifetime of the asset. This allowance is measured taking into account credit profile of the customer, geographical spread, trade channels, past experience of defaults, estimates for future uncertainties etc.

Reconciliation of loss allowance provision	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Opening balance	(2,807)	(3,554)
Addition during the year	(926)	(173)
Utilised during the year	5	920
Closing balance	**(3,728)**	**(2,807)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

The impairment provisions for trade receivable disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's liquidity risk management includes maintaining sufficient cash, ensuring the availability of funds through committed/undrawn credit facilities and ensuring cash flow from operating activities. The Company seeks to increase income by maintaining high quality standards resulting into higher sales, while reducing the related costs and by controlling operating expenses.

Consequently, the Company believes its revenue, along with proceeds from financing activities will continue to provide the necessary funds to cover its short term and long term liquidity needs.

(a) Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

		Contractual cash flows		
March 31, 2018	**Carrying amount**	**Total**	**Less than 1 year**	**More than 1 year**
Non-derivative financial liabilities				
Trade payables	29,589	29,589	29,589	-
Other current financial liabilities	6,505	6,505	6,505	-
	36,094	**36,094**	**36,094**	**-**

		Contractual cash flows		
March 31, 2017	**Carrying amount**	**Total**	**Less than 1 year**	**More than 1 year**
Non-derivative financial liabilities				
Trade payables	31,741	31,741	31,741	-
Other current financial liabilities	1,142	1,142	1,142	-
	32,883	**32,883**	**32,883**	**-**

		Contractual cash flows		
April 1, 2016	**Carrying amount**	**Total**	**Less than 1 year**	**More than 1 year**
Non-derivative financial liabilities				
Trade payables	26,493	26,493	26,493	-
Other current financial liabilities	1,196	1,196	1,196	-
	27,689	**27,689**	**27,689**	**-**

iii. Market risk

The Company is exposed to market risk primarily relating to the risk of changes in market prices, such as foreign exchange rates, that will affect the Company's expense or the value of its holdings of financial instruments.

Currency risk

The Company's exposure to foreign currency risk is on account of payables of expenditure in currencies other than the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

Exposure to currency risk

The Company's exposure to foreign currency risk at the end of the reporting period are as follows:

		March 31, 2018		March 31, 2017		April 1, 2016	
	Currency	**FC**	**INR**	**FC**	**INR**	**FC**	**INR**
Trade payables	DKK	-	-	-	-	3	32
(Gross of forward exchage contracts)	EUR	2	180	14	960	2	130
	GBP	*	14	1	75	*	23
	JPY	349	214	350	204	462	273
	USD	63	4,094	163	10,563	118	7,847
	CNY	54	560	49	466	67	688
	AUD	*	*	-	-	-	-
	SGD	*	5	-	-	-	-
		Total	**5,067**		**12,268**		**8,993**
Trade receivables	USD	37	2,384	36	2,343	13	858
	JPY	4	2	24	14	6	3
	EUR	1	73	*	3	*	3
		Total	**2,459**		**2,360**		**864**

		March 31, 2018		March 31, 2017		April 1, 2016	
Forward exchange contracts	**Currency**	**FC**	**INR**	**FC**	**INR**	**FC**	**INR**
Trade payables	JPY	3	2	131	76	-	-
	CNY	18	189	28	273	-	-
	USD	18	1,147	17	1,118	30	2,025
		Total	**1,338**		**1,467**		**2,025**

Sensitivity analysis

A reasonably possible strengthening/weakening of the Indian Rupee against foreign currency at 31 March would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	(Profit) or loss / Equity, net of tax	
Effect in INR	Strengthening	Weakening
March 31, 2018		
10% movement		
Foreign Currency	(619)	619
	(619)	**619**

	(Profit) or loss / Equity, net of tax	
Effect in INR	Strengthening	Weakening
March 31, 2017		
10% movement		
Foreign Currency	(1,316)	1,316
	(1,316)	**1,316**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

	(Profit) or loss / Equity, net of tax	
Effect in INR	Strengthening	Weakening
April 1, 2016		
10% movement		
Foreign Currency	(783)	783
	(783)	**783**

39. Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders, raise new debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years end March 31, 2018, 2017 and April 1, 2016.

The Company does not have any borrowings as at March 31, 2018, 2017 and April 1, 2016 and hence, disclosure of Capital gearing ratio has not been given.

40. RELATED PARTY DISCLOSURES

A. The names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management, are:

i) Holding Company

United Technologies South Asia Pacific Pte Ltd.

ii) Ultimate Holding Company

United Technologies Corporation, USA

iii) Fellow Subsidiaries / Entities

a) Carrier Asia Limited, Hong Kong

b) Carrier ARCD Pte. Ltd, Singapore

c) Carrier Corporation, Delaware

d) Carrier Air Conditioning & Refrigeration R&D Management (Shanghai) Co., Ltd, China

e) United Technologies Electronic Controls, Inc., Delaware

f) CARRIER S.C.S., France

g) Carrier Singapore (PTE) Limited, Singapore

h) Shanghai Yileng Carrier Air Conditioning Equipment Company Limited, China

i) Automated Logic Corporation, Georgia

j) Carrier Asia Pacific Operations Pte Ltd, Singapore

k) Carrier International Sdn. Berhad, Malaysia

l) United Technologies Corporation India Private Limited, India

m) Carrier Race Technologies Private Limited, India

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

n) UTC Fire & Security India Ltd., India
o) Chubb Alba Control Systems Limited, India
p) Otis Elevator Company (India) Limited, India
q) UTC Fire & Security Singapore Pte Ltd, Singapore
r) Autronica Fire and Security A/S, Denmark
s) Kidde Deutschland GmbH, Germany
t) Kidde Products Ltd
u) Kidde-Fenwal, Inc., Delaware
v) Toshiba Carrier AirConditioning Sales (Shanghai) Co., Ltd, China
w) Qingdao Haier-Carrier Refrigeration Equipment Company Limited, China
x) Carrier Refrigeration Operation Czech Republic s.r.o, Czech Republic
y) Carrier Refrigeration System Sales Service (Shanghai) Co. Ltd, China
z) Onity, S.L., Spain
aa) Onity Inc., Delaware
ab) Carrier Commercial Refrigeration (Thailand) Ltd., Thailand
ac) Supriya Elevators Company (India) Limited, India
ad) UTC Fire & Security B.V., Netherlands
ae) Carrier (Thailand) Limited, Thailand
af) Carrier Hungary Refrigerating Trading and Manufacturing Limited Liability Co., Hungary
ag) Gulf Security Technology Company Limited, China
ah) Onity India Private Limited, India
ai) Carrier Transicold Europe, France
aj) Shanghai Carrier Transicold Equipment Co., Ltd, China
ak) Chubb Group Security Limited, England
al) Carrier Transicold Hong Kong Limited, Hong Kong
am) Nippon Otis Elevator Company, Japan
an) Carrier Transicold Pte. Ltd, Singapore
ao) Walter Kidde Portable Equipment Inc., Delaware
ap) UTC Fire & Security Americas Corporation, Inc., Delaware
aq) Carrier Vietnam Air Conditioning Company Limited, Vietnam
ar) Carrier Commercial Refrigeration, Inc., Delaware
as) Kidde China Limited, Hong Kong
at) Carrier Kältetechnik Deutschland GmbH, Germany

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

au) Carrier (Malaysia) SDN. BHD., Malaysia

av) Carrier Refrigeration UK Limited

iv) Key Management Personnel

a) Ashok Mirchandani (Whole Time Director till June 30, 2017).

b) Nanda Kishore Lakkaraju (Whole Time Director)

c) Arun Bhatia (Managing Director)

d) Sugeeth Kumar (Whole Time Director)

e) Rahul Jain (Whole Time Director w.e.f June 27, 2017)

f) Narendra Singh Sisodia (Independent director)

g) Pankaj Prakash Sahni (Independent director)

v) Enterprises over which the Company has significant influence

a) Carrier Aircon Employees' Co-operative Thrift & Credit Society Limited

b) Aircon Management & Lady Confidential Staff Provident Fund

c) Carrier Refrigeration Management Super Annuation Fund Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

40B - Description of Transactions with the Related Parties in the ordinary course of business (on an arm's length basis)

(All amounts in ₹ Lacs, unless otherwise stated)

Sl. No.	Name of the Party	For the year ended	Sale of Goods and Services	Purchase of Goods	Purchase of Property, plant and equipment	Commission Income	Expenses		Interest Income
							Incurred	Re-imbursement	
1	United Technologies South Asia Pacific Pte Ltd	31 March, 2018	-	-	-	-	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(10)	(-)	(-)
2	Carrier Asia Limited, Hong Kong	31 March, 2018	-	2,527	-	585	140	107	-
		31 March, 2017	(-)	(1,412)	(-)	(1,379)	(104)	(-)	(-)
3	UTC Fire & Security India Ltd., India	31 March, 2018	20	8	-	-	437	261	154
		31 March, 2017	(4)	(6)	(-)	(-)	(487)	(428)	(206)
4	Carrier Corporation, Delaware	31 March, 2018	-	418	-	-	542	312	-
		31 March, 2017	(-)	(1,081)	(-)	(-)	(403)	(82)	(-)
5	United Technologies Corporation	31 March, 2018	-	-	-	-	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(-)
6	United Technologies Corporation India Private Limited, India	31 March, 2018	-	-	-	-	8	13	-
		31 March, 2017	-	-	(1)	-	(12)	(82)	-
7	Carrier Race Technologies Private Limited, India	31 March, 2018	-	284	-	-	29	278	287
		31 March, 2017	(3)	(263)	-	-	(6)	(236)	(287)
8	Otis Elevator Company (India) Ltd., India	31 March, 2018	32	0	-	-	142	83	-
		31 March, 2017	(34)	(2)	(-)	(-)	(202)	(73)	(-)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

Sl. No.	Name of the Party	For the year ended	Sale of Goods and Services	Purchase of Goods	Purchase of Property, plant and equipment	Commission Income	Expenses		Interest Income
							Incurred	Re-imbursement	
9	Chubb Alba Control Systems Limited, India	31 March, 2018	11	3	6	-	17	281	63
		31 March, 2017	(106)	(-)	(42)	(-)	(2)	(213)	(63)
10	Shanghai Carrier Transicold Equipment Co., Ltd, China	31 March, 2018	-	1,892	-	-	-	-	-
		31 March, 2017	(-)	(3,633)	(-)	(-)	(-)	(-)	(-)
11	Carrier Air Conditioning & Refrigeration R&D Management (Shanghai) Co., Ltd, China	31 March, 2018	-	-	-	-	-	480	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(761)	(-)
12	Carrier Singapore (PTE) Limited, Singapore	31 March, 2018	-	-	-	-	20	428	-
		31 March, 2017	(-)	(-)	(-)	(-)	(13)	(422)	(-)
13	Chubb Group Security Limited, England	31 March, 2018	-	-	-	-	-	423	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(246)	(-)
14	Shanghai Yileng Carrier Air Conditioning Equipment Company Limited, China	31 March, 2018	-	1,211	-	-	-	-	-
		31 March, 2017	(-)	(1,218)	(-)	(-)	(-)	(-)	(-)
15	Others - Fellow subsidiaries	31 March, 2018	20	3,188		136	13	273	12
		31 March, 2017	(8)	(5,926)	(-)	(39)	(10)	(328)	(12)

Figures in bracket represent previous year's figures

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

Sl No	Name of the Party	For the year ended	Remun-eration Paid	Dividend Declared and Paid	Inter Corporate Deposits				utstanding Balances at year end					Contribution to the Funds
					Given	Repayment received	Interest accrued	Interest received	Trade Receivable	Inter Corporate Deposit	Trade payables	Dividend Payable	Guarantees Outstanding	
1	United Technologies South Asia Pacific Pte Ltd.	31 March, 2018	-	9,830	-	-	-	-	-	-	-	5,234	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
2	Carrier Asia Limited, Hong Kong	31 March, 2018	-	-	-	-	-	-	363	-	472	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(668)	(-)	(480)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(-)	(-)	(348)	(-)	(226)	(-)	(-)	(-)
3	UTC Fire & Security India Ltd., India	31 March, 2018	-	-	-	1,650	154	360	227	0	37	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(206)	(207)	(207)	(1,856)	(33)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(207)	(-)	(111)	(1,857)	(48)	(-)	(-)	(-)
4	Carrier Corporation, Delaware	31 March, 2018	-	-	-	-	-	-	72	-	480	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(79)	(-)	(549)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(784)	(-)	(-)	(-)
5	United Technologies Corporation	31 March, 2018	-	-	-	-	-	-	-	-	-	-	21,459	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(21,450)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(18,539)	(-)
6	United Technologies Corporation India Private Limited, India	31 March, 2018	-	-	-	-	-	-	0	-	-	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(4)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(4)	(-)	(-)	(-)
7	Carrier Race Technologies Private Limited, India	31 March, 2018	-	-	-	-	287	-	76	2,866	60	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(287)	(-)	(83)	(2,580)	(15)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(287)	(383)	(134)	(2,293)	(57)	(-)	(-)	(-)
8	Otis Elevator Company (India) Ltd., India	31 March, 2018	-	-	-	-	-	-	30	-	14	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(11)	(-)	(34)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(-)	(-)	(27)	(-)	(24)	(-)	(-)	(-)
9	Chubb Alba Control Systems Limited, India	31 March, 2018	-	-	-	-	63	110	98	515	9	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(63)	(-)	(120)	(562)	(3)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(63)	(63)	(43)	(500)	(-)	(-)	(-)	(-)
10	Aircon Management and Lady Confidential Staff Provident Fund	31 March, 2018	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(413)
11	Carrier Refrigeration Management Superannuation Fund Trust	31 March, 2018	-	-	-	-	-	-	-	-	7	-	-	84
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(7)	(-)	(-)	(86)
		1 April, 2016	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(7)	(-)	(-)	(82)
12	Shanghai Carrier Transicold Equipment Co., Ltd, China	31 March, 2018	-	-	-	-	-	-	-	-	1,040	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,737)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(987)	(-)	(-)	(-)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

Sl No	Name of the Party	For the year ended	Remuneration Paid	Dividend Declared and Paid	Inter Corporate Deposits				utstanding Balances at year end					Contribution to the Funds
					Given	Repayment received	Interest accrued	Interest received	Trade Receivable	Inter Corporate Deposit	Trade payables	Dividend Payable	Guarantees Outstanding	
13	Carrier Air Conditioning & Refrigeration R&D Management (Shanghai) Co., Ltd, China	31 March, 2018	-	-	-	-	-	-	1,214	-	-	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(871)	(-)	(-)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(-)	(-)	(159)	(-)	(-)	(-)	(-)	(-)
14	Carrier Singapore (PTE) Limited, Singapore	31 March, 2018	-	-	-	-	-	-	69	-	5	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(67)	(-)	(4)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(-)	(-)	(64)	(-)	(-)	(-)	(-)	(-)
15	Chubb Group Security Limited, England	31 March, 2018	-	-	-	-	-	-	320	-	-	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(135)	(-)	(-)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
16	Shanghai Yileng Carrier Air Conditioning Equipment Company Limited, China	31 March, 2018	-	-	-	-	-	-	-	-	350	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(484)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
17	Nanda Kishore Lakkaraju	31 March, 2018	124	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2017	(148)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		1 April, 2016	(120)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
18	Ashok Mirchandani	31 March, 2018	116	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2017	(208)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		1 April, 2016	(200)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
19	Aditya Jindal	31 March, 2018	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		1 April, 2016	(80)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
20	Arun Bhatia	31 March, 2018	170	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2017	(182)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		1 April, 2016	(113)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
21	Sugeeth Kumar	31 March, 2018	77	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2017	(63)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		1 April, 2016	(5)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
22	Rahul Jain	31 March, 2018	60	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
23	Pankaj Prakash Sahni	31 March, 2018	4	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2017	(1)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		1 April, 2016	(4)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
24	Narendra Singh Sisodia	31 March, 2018	7	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		31 March, 2017	(1)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		1 April, 2016	(5)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
25	Others - Fellow subsidiaries	31 March, 2018	-	-	-	-	12	1	149	116	89	-	-	-
		31 March, 2017	(-)	(-)	(-)	(-)	(12)	(9)	(69)	(104)	(1,598)	(-)	(-)	(-)
		1 April, 2016	(-)	(-)	(-)	(-)	(13)	(11)	(94)	(101)	(2,364)	(-)	(-)	(-)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

41. Segment Reporting

General Information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available.

The Company's board of directors have been identified as the Chief Operating Decision Makers (CODM) since they are responsible for all major decisions in respect of allocation of resources and assessment of the performance on the basis of the internal reports/ information provided by functional heads.

For management purposes, the Company is organised into following two reportable segments:

Airconditioning

Others (Includes Cold Room, Transportation System and Fire & Security Products)*

Cold Room includes manufacturing/ trading and supply of refrigeration, cold room, modern retail equipments.

Transicold includes supply & installation of refrigeration equipments of fleet operators and logistics companies.

Fire & Security Products includes manufacturing / trading and supply of fire & saftey products.

* Cold Room, Transportation System and Fire & Security Products are combined as "Others", as these individually do not meet the threshold requirements mentioned under IND AS 108 "Operating Segments".

		Current Year			Previous Year		
		Airconditioning	Others	Total	Airconditioning	Others	Total
(i)	**Revenue**						
	External sales and services (net)	1,12,397	19,106	**1,31,503**	1,09,885	22,631	**1,32,516**
	Total Revenue			**1,31,503**			**1,32,516**
(ii)	**Segment results**	10,862	(658)	10,204	10,146	(56)	10,090
	Operating income			10,204			10,090
	Finance charges			(95)			(84)
	Interest income			1,193			1,950
	Profit before tax			**11,302**			**11,956**
	Current tax			4,569			4,393
	Deferred tax			(555)			(503)
	Net Profit after tax (A)			**7,288**			**8,066**
	Other comprehensive income/(loss)						
	(i) Items that will not be reclassified to profit or loss			**79**			**(193)**
	Other comprehensive income for the year (B)			**79**			**(193)**
	Total comprehensive income for the year (A+B)			**7,367**			**7,873**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

		Current Year			Previous Year		
		Airconditioning	Others	Total	Airconditioning	Others	Total
(iii)	**Other information**						
	Segment assets	83,449	11,806	**95,255**	62,974	39,606	1,02,580
	Segment liabilities	83,449	11,806	**95,255**	62,974	39,606	1,02,580
	Capital expenditure	1,344	3	**1,347**	1,010	-	1,010
	Depreciation / Amortization	898	6	**904**	788	1	789

	Revenue		Assets		Capital Expenditure		Non Current Assets	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
India	1,29,435	1,30,852	92,796	1,00,220	1,347	1,010	21374	14376
Outside India	2,068	1,664	2,459	2,360	-	-	-	-
TOTAL	**1,31,503**	**1,32,516**	**95,255**	**1,02,580**	**1,347**	**1,010**	**21374**	**14376**

C. Information about major customers

No customer individually accounted for more than 10% of the revenues in the year ended 31 March 2018 and 31 March 2017.

42. Employee Stock Option Scheme (ESOP)

A. Description of share based payment arrangements

The Company employees are entitled to various stock options under United Technologies Corporation (UTC), the Ultimate Parent Company's Long-Term Incentive Plan (LTIP), as amended and restated effective February 5, 2016 (the "LTIP"). The stock options provided to employees of the Company is subject to the terms and conditions of the LTIP. Under the LTIP and predecessor long-term incentive plans, the exercise price of awards is set on the grant date and may not be less than the fair market value per share on that date. Generally, stock appreciation rights and stock options have a term of ten years and a minimum three-year vesting period. In the event of retirement, awards held for more than one year may become vested and exercisable subject to certain terms and conditions. LTIP awards with performance based vesting generally have a minimum three-year vesting period and vest based on performance against pre-established metrics. In the event of retirement, vesting for awards held more than one year does not accelerate but may vest as scheduled based on actual performance relative to target metrics.

The Company measure the cost of all share-based payments, including stock options, at fair value on grant date.

The key terms and conditions related to various stock options under LTIP is as follows:-

Type of options granted	Vesting condition	Contractual life	Settlement
Restricted stock units (RSU's)	3 years service condition and in some cases graded vesting over a period of 8 years	Equal to vesting period	Settlement to be done by delivery of one common stock of UTC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

Stock Appreciation Rights (SAR's)	3 years service condition	10 years	Settlement is done by delivery common stock of UTC and no cash is being paid to employees. The number of common stock issued represents the amount of appreciation in options granted to employee

B. Measurement of fair values

The fair value of RSU option award and SAR option award is estimated on the date of grant using a binomial lattice model. The following table indicates the assumptions used in estimating fair value for the years ended March 31, 2018, 2017 and 2016. Lattice-based option models and monte-Carlo simulation incorporate ranges of assumptions for inputs; those ranges are as follows:

	31-Mar-18	31-Mar-17	01-Apr-16
Expected volatility	19%	20%	20%-23%
Weighted-average volatility	19%	20%	21%
Expected term (in years)	6.5	6.5	6.0-6.8
Expected dividend yield	2.40%	2.70%	2.20%
Risk-free rate	0.5% - 2.5%	0.5% - 2.6%	0.0% - 2.2%

Expected volatilities are based on the returns of our stock, including implied volatilities from traded options on our stock for the binomial lattice model. We use historical data to estimate equity award exercise and employee termination behavior within the valuation model. Prior to 2016, separate employee groups and equity award characteristics were an estimate of the period of time equity awards are expected to remain outstanding. The risk-free rate is based on the term structure of interest rates at the time of equity award grant.

C. Reconciliation of outstanding share options

A summary of the transactions under all long-term incentive plans for the year ended March 31, 2018 is as follows:-

RSU's stock options	31-Mar-18		31-Mar-17	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	1,705	-	2,585	-
Granted during the year	-	-	-	-
Exercised during the year	-	-	880	-
Forefieted/cancelled during the year	-	-	-	-
Outstanding at the end of the year	1,705	-	1,705	-
Exercisable at the end of the year	-	-	-	-

The options outstanding as at 31 March 2018 have a weighted average remaining contractual life of 0.25 years (31 March 2017: 1.25 years, 1 April 2016: 1.51 years)

The weighted average share price at the date of exercise for shares options exercised in 2016-17: ₹ 6,998 (USD equivalent -$104.37))

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

SAR's	31-Mar-18		31-Mar-17	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	16,500	92.70	18,000	92.91
Granted during the year	-	-	-	-
Exercised during the year	2,000	83.01	1,500	95.23
Forefieted/cancelled during the year	-	-	-	-
Outstanding at the end of the year	14,500	94.03	16,500	92.70

The options outstanding as at 31 March 2018 have a weighted average remaining contractual life of 5.77 years (31 March 2017: 6.33 years, 1 April 2016: 7.32 years)

The weighted average share price at the date of exercise for shares options exercised in 2017-18 was ₹ 7,578, USD equivalent - $117.54 (2016-17: ₹ 7,352, USD equivalent - $109.65)

D. Expense recognised in statement of profit and loss

For details on the employee benefits expense, see Note 22

43. Information regarding Production, Purchases, Sales and Closing Stocks:

(a) Production, Sale and Stocks - Manufactured Goods

Products	Opening Stock		Production	Closing Stock	
	Qty (No's)	Amount	Qty (No's)	Qty (No's)	Amount
Compressor					
Current Year	161	7	-	161	7
Previous Year	297	12	-	161	7
Room Airconditioners					
Current Year	4,164	2,109	25,150	4,129	1,893
Previous Year	3,371	1,744	26,350	4,164	2,109
AHU/ FCU & Chillers					
Current Year	262	555	2,403	808	300
Previous Year	362	412	1,231	262	555
Condenser/Evaporator Module					
Current Year	633	395	3,741	599	288
Previous Year	474	253	3,057	633	395
Visi-Cooler					
Current Year	10	1	-	@	@
Previous Year	16	3	-	10	1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

(a) Production, Sale and Stocks - Manufactured Goods

Products	Opening Stock		Production	Closing Stock	
	Qty (No's)	Amount	Qty (No's)	Qty (No's)	Amount
Freezers / Cold Room Systems					
Current Year	1,681	376	2,737	733	131
Previous Year	1,776	339	4,928	1,681	376
Cylinder & Gas & Fluid					
Current Year	4,677	108	1,11,557	401	7
Previous Year	295	25	1,19,176	4,677	108
Nozzle & Valve					
Current Year	91	3	2,549	42	2
Previous Year	68	6	2,840	91	3
Suppression Accessories					
Current Year	8	@	244	4	@
Previous Year	2	@	127	8	@

@ Amount is below the rounding off norm adopted by the Company.

		Compressor	Room Airconditioners ##	AHU/ FCU & Chillers	Condenser/ Evaporator Module	Visi-Cooler ###	Freezers / Cold Room Systems
Sale #							
Current Year	Qty(Nos)	@	25,181	1,857	3,775	10	3,685
	Amount	@	20,982	4,428	2,580	@	1,063
Previous Year	Qty(Nos)	136	25,557	1,331	2,898	6	5,023
	Amount	1	22,044	4,316	2,062	@	1,311

		Cylinder & Gas & Fluid	Nozzle& Valve	Suppression Accessories
Sale #				
Current Year	Qty(Nos)	1,15,832	2,598	248
	Amount	2,961	98	102
Previous Year	Qty(Nos)	1,14,794	2,817	121
	Amount	3,231	200	5

@ Amount is below the rounding off norm adopted by the Company.

The unit sales quantities include Inventory adjustments as well.

Excludes 4 Room Air Conditioners (Previous Year Nil) capitalised during the year.

Effective June 10, 2011, the company has discontinued Visi-Cooler products.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

(b) Purchases, Sales and Stocks - Traded Goods @

Products	Opening Stock		Purchase		Sale *		Closing Stock	
	Qty (No's)	Amount	Qty (No's)	Amount	Qty (No's)	Amount	Qty (No's)	Amount
Room Airconditioners					**			
Current Year	17,821	5,987	94,787	26,512	95,387	35,636	16,984	5,335
Previous Year	16,582	5,651	87,221	29,813	85,782	36,224	17,821	5,987
AHU/FCU & Chillers								
Current Year	1,159	203	184	3,417	731	4,133	612	180
Previous Year	648	121	2,149	3,949	1,638	4,521	1,159	203
Stabilizers & others					***			
Current Year	40,681	929	97,917	2,177	1,04,039	3,106	34,413	793
Previous Year	48,602	924	1,12,238	3,044	1,19,972	3,591	40,681	929
Truck Refrigeration								
Current Year	548	2,201	842	2,719	944	3,669	446	1,409
Previous Year	405	1,541	1,315	6,443	1,172	6,544	548	2,201
Freezers & System								
Current Year	87	144	18,277	1,378	18,259	1,869	105	130
Previous Year	128	80	13,913	1,994	13,954	2,539	87	144
Condenser/Evaporator								
Current Year	51	55	453	793	486	1,034	18	34
Previous Year	49	59	429	586	427	792	51	55
Cylinder								
Current Year	9	3	30	9	15	9	24	6
Previous Year	4	1	572	246	567	349	9	3
Nozzle & Valve								
Current Year	2,323	47	1,939	8	1,907	35	2,355	30
Previous Year	1,811	42	9,465	80	8,953	97	2,323	47
Spares								
Current Year	#	5,981	#	18,190	#	25,685	#	6,798
Previous Year	#	6,365	#	15,208	#	21,214	#	5,981

* The unit sales quantities include Inventory adjustments as well.

** Excludes 237 Room Air Conditioners (Previous Year 200) capitalised during the year.

*** Excludes 146 (Previous Year 187) Stabilisers capitalised during the year.

@ The Company also trades in spares and components. However, at the time of purchase of these items, it is not known whether these will be used for captive consumption or for sale. Such items are large in number which differ in size and nature and it is not practicable to furnish quantitative details thereof.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

44. First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 01, 2016 (the Company's date of transition).

For all periods upto and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with rule 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP' or 'IGAAP') to the extent applicable and the presentation requirements of the Companies Act, 2013.

The transition of Ind AS was carried out in accordance with Ind AS 101, with April 01, 2016 being the date of transition. This note explains the exemptions on the first-time adoption of Ind AS availed in accordance with Ind AS 101 and an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Exemptions availed and mandatory exceptions

Ind AS 101 First-time Adoption of Indian Accounting Standards allows first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A) Ind AS optional exemptions

A.1 Previous GAAP carrying amount as deemed cost of Property, Plant and Equipment, intangible assets

Para D7AA of Ind AS 101 permits a first-time adopter to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition, provided that there is no change in the entity's functional currency.

Accordingly, the Company has elected to use the previous GAAP carrying amount of all items of property, plant and equipment on the date of transition and designate the same as deemed cost on the date of transition.

B) Ind AS mandatory exceptions

B.1 Accounting estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were an error. Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

B.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

(All amounts in ₹ Lacs, unless otherwise stated)

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

B.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets bases on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

C) Reconciliations

C.1 Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity

		As at 1 April 2016			As at 31 March 2017		
Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	D 6	4,755	9	4,764	5,559	8	5,567
Capital work-in-progress		747		747	200	-	200
Goodwill		67		67	-	-	-
Other intangible assets		76		76	314	-	314
Intangible assets under development		162		162	-	-	-
Financial assets							
Investments		1		1	1	-	1
Loans		299		299	208	-	208
Others		63		63	41	-	41
Income tax assets (net)		2,072		2,072	2,196	-	2,196
Deferred tax assets, net	D 9	3,383	(45)	3,338	3,794	(20)	3,774
Other non-current assets		2,053		2,053	2,075	-	2,075
Total non-current assets		**13,678**	**(36)**	**13,642**	**14,388**	**(12)**	**14,376**
Current assets							
Inventories	D 2, 6	21,882	(369)	21,513	23,317	(675)	22,642
Financial assets		-			-	-	
Trade receivables	D 1	22,331	(39)	22,292	27,747	467	28,214
Cash and cash equivalents		22,773		22,773	27,445	-	27,445
Loans		4,822		4,822	5,316	-	5,316
Others	D 2, 5	221	691	912	188	1,247	1,435
Other current assets		3,085		3,085	3,152	-	3,152
Total current assets		**75,114**	**283**	**75,397**	**87,165**	**1,039**	**88,204**
TOTAL ASSETS		**88,792**	**247**	**89,039**	**1,01,553**	**1,027**	**1,02,580**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

EQUITY AND LIABILITIES							
Equity							
Equity share capital		10,638		10,638	10,638	-	10,638
Other equity		38,111	(101)	38,010	45,102	852	45,954
Total equity		**48,749**	**(101)**	**48,648**	**55,740**	**852**	**56,592**
Liabilities							
Non-current liabilities							
Provisions	D4	5,103	(488)	4,615	5,830	(518)	5,312
Other non-current liabilities	D 2,3,4,8	-	323	323	-	277	277
Total non-current liabilities		**5,103**	**(165)**	**4,938**	**5,830**	**(241)**	**5,589**
Current liabilities							
Financial liabilities							
Trade payables	D8	27,125	(632)	26,493	32,420	(679)	31,741
Others		1,196		1,196	1,142		1,142
Other current liabilities	D 2,3,4,8	5,463	1,207	6,670	5,181	1,239	6,420
Provisions	D 3,4	1,156	(62)	1,094	1,240	(144)	1,096
Total current liabilities		**34,940**	**513**	**35,453**	**39,983**	**416**	**40,399**
Total liabilities		**40,043**	**348**	**40,391**	**45,813**	**175**	**45,988**
TOTAL EQUITY AND LIABILITIES		**88,792**	**247**	**89,039**	**1,01,553**	**1,027**	**1,02,580**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total comprehensive income for the year ended 31 March 2017				
Particulars	**Notes to first-time adoption**	**Previous GAAP***	**Adjustments**	**Ind AS**
Revenue				
Revenue from operations	D - 2, 3, 4, 10	1,31,468	2,890	1,34,358
Other income	D - 5	3,934	46	3,980
Total income		**1,35,402**	**2,936**	**1,38,338**
Expenses				
Cost of materials consumed		19,187	-	19,187
Purchase of traded goods		61,363	-	61,363
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress		(1,409)	-	(1,409)
Excise duty	D - 10		3,689	3,689
Employee benefits expense	D - 7,11	13,252	(122)	13,130
Finance costs		84	-	84
Depreciation and amortization expense	D -6	786	3	789

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

Other expenses	D - 1, 2, 3, 4,8	31,234	(1,685)	29,549
Total Expenses		**1,24,497**	**1,885**	**1,26,382**
Profit/(loss) before tax		10,905	1,051	11,956
Tax expense:				
Current tax		4,325	68	4,393
Deferred tax	D - 9	(411)	(92)	(503)
Profit for the year (A)		**6,991**	**1,075**	**8,066**
Other comprehensive income				
(i) Items that will not be reclassified to profit or loss	D - 7	-	193	193
(ii) Income tax related to items that will not be reclassified to profit or loss		-	-	-
Other comprehensive income for the year, net of tax (B)		**-**	**193**	**193**
Total comprehensive income for the year (A+B)		**6,991**	**882**	**7,873**

Reconciliation of total equity as at 31 March 2017 and 1 April 2016

Particulars	Notes to first-time adoption	31 March 2017	1 April 2016
Total equity (shareholder's funds) as per previous		55,740	48,749
Adjustments:			
Fair valuation of derivatives	D.5	97	73
Deferred revenue on extended warranty	D.4	5	(97)
Deferred revenue on commission income	D.3	53	(6)
Recognition of revenue on percentage of completion method	D.2	440	159
Provision for expected credit losses on trade receivables	D.1	467	(39)
Depreciation on capital spares	D.6	(20)	(17)
Deferred revenue on dealers / customer incentives	D.8	(170)	(129)
Tax effects of adjustments	D.9	(20)	(45)
Total adjustments		**852**	**(101)**
Total equity as per Ind AS		**56,592**	**48,648**

Reconciliation of total comprehensive income for the year ended 31 March 2017

Particulars	Notes to first-time adoption	Amount
Profit after tax under India GAAP		**6,991**
Adjustments		
Fair valuation of derivatives	D.5	24
Deferred revenue on extended warranty	D.4	102

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

Deferred revenue on commission income	D.3	59
Recognition of revenue on percentage of completion	D.2	281
Deferred revenue on dealers / customer incentives	D.8	(41)
Provision for expected credit losses on trade receivables	D.1	506
Depreciation on capital spares	D.6	(3)
Share based payments	D.11	(71)
Remeasurement of defined benefit liability(asset)	D.7	193
Tax effects of adjustments	D.9	25
Profit for the year		8,066
Other Comprehensive Income (OCI) - Remeasurement of defined benefit liability(asset)	D.7	(193)
Tax effects of adjustments		-
Total comprehensive income for the year		**7,873**

Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2017

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Net cash flow from operating activities		4,115	53	4,062
Net cash flow from investing activities		634	3	631
Net cash flow from financing activities		(84)	(56)	(28)
Net increase/(decrease) in cash and cash equivalents		4,665		4,665
Cash and cash equivalents as at 1 April 2016		22,773		22,773
Add: Re-instatement gain on balance in EEFC account		7		7
Cash and cash equivalents as at 31 March 2017		**27,445**	-	**27,445**

D: Notes to first-time adoption:

D1: Lifetime Expected Credit loss

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. The impact arising from the change is summarised below:

Statement of profit and loss	For the year ended 31 March 2017
Loss allowance on trade receivables	(506)
Adjustment before income tax	**(506)**

Balance sheet	As at 31 March 2017	As at 1 April 2016
Trade receivables	467	(39)
Adjustment to retained earnings	**467**	**(39)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

D2: Recognition of revenue on percentage of completion

In previous GAAP, the revenue in respect of service income related to 'Do and charge' (installation and/or repair orders) was being recognised on completion of the installation and its acceptance by the buyer. Ind AS require the Company to recognise the revenue from such 'Do and Charge' services on the basis of percentage of completion (POC) method if outcome of the transaction can be estimated reliably. Cost incurred up to date as a percentage of total estimated costs may be used as percentage of completion in such cases. The impact arising from the change is summarised below:

Statement of profit and loss	**For the year ended 31 March 2017**
Revenue from spare sale and service income	(532)
Cost of services	305
Sale of products	(45)
Spare sale and service income	(9)
Adjustment before income tax	**(281)**

Balance sheet	**As at 31 March 2017**	**As at 1 April 2016**
Unbilled revenue	1,196	618
Inventories	(648)	(344)
Deferred revenue	(108)	(115)
Adjustment to retained earnings	**440**	**159**

D3: Deferment of revenue on commission income

Under the previous GAAP, in respect of certain contracts sourced by the Company on behalf of related parties under which equipments to be supplied by such parties, the Company used to recognise commission income as well as a provision for warranty (as the warranty is serviced by the Company). Under Ind AS such warranty needs to be separated from the commission income and needs to be deferred and recognised over the period of such warranty. The impact arising from the change is summarised below:

Statement of profit and loss	**For the year ended 31 March 2017**
Commission income	23
Warranty expense	(82)
Adjustment before income tax	(59)

Balance sheet	**As at 31 March 2017**	**As at 1 April 2016**
Deferred revenue	(91)	(68)
Provision for warranty	144	62
Adjustment to retained earnings	**53**	**(6)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

D4: Deferment of revenue on extended warranty

In previous GAAP, the Company recognises revenue on delivery of equipment and recognises provision for extended warranty. Under Ind AS such extended warranty needs to be separated from the sale contract, to be deferred and recognised over such period of extended warranty. The impact arising from the change is summarised below:

Statement of profit and loss	**For the year ended 31 March 2017**
Product sales	(72)
Warranty expense	(30)
Adjustment before income tax	**(102)**

Balance sheet	**As at 31 March 2017**	**As at 1 April 2016**
Deferred revenue	(513)	(585)
Provision for warranty	518	488
Adjustment to retained earnings	**5**	**(97)**

D5: Fair valuation of derivatives

Under the previous GAAP, the premium or discount arising at the inception of forward exchange contract is amortized as expense or income over the life of the contract. Derivative contracts, other than foreign currency forward contracts, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in profit and loss statement. The impact arising from the change is summarised below:

Statement of profit and loss	**For the year ended 31 March 2017**
Fair value changes of derivatives	(24)
Adjustment before income tax	**(24)**

Balance sheet	**As at 31 March 2017**	**As at 1 April 2016**
Forward Contract Receivable	(1,421)	(2,025)
Forward Contract Payable	1,467	2,025
Derivatives not designated as hedges - forward contracts	51	73
Adjustment to retained earnings	**97**	**73**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

D6: Capital Spares

Items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with Ind AS 16 when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. Spare parts are generally available for use from the date of its purchase. Accordingly, spare parts recognised as property, plant and equipment shall be depreciated when the same are available for use.

Statement of profit and loss	**For the year ended 31 March 2017**
Depreciation	3
Adjustment before income tax	**3**

Balance sheet	**As at 31 March 2017**	**As at 1 April 2016**
Inventory	(28)	(26)
Property, plant and equipment	8	9
Adjustment to retained earnings	**(20)**	**(17)**

D7: Remeasurements of post-employment benefit obligations

Under Ind AS, re-measurements i.e. actuarial gains and losses are directly recognized in equity through other comprehensive income. Under the previous GAAP such gains and losses were recognized in profit or loss. As a result of this change, the profit for the year ended 31 March 2017 has increased by ₹ 193 lakhs. There is no impact on the total equity.

Statement of profit and loss	**For the year ended 31 March 2017**
Employee benefit expenses	(193)
Adjustment before income tax	**(193)**

Standalone Other Comprehensive Income	**For the year ended 31 March 2017**
Other comprehensive income - Re-measurement gain/(loss) on defined benefit obligations	193
Adjustment before income tax	**193**

Balance sheet	**As at 31 March 2017**	**As at 1 April 2016**
Retained earnings	193	-
Adjustment to retained earnings	**193**	**-**

D8: Dealer incentives

The Company provides incentives to its dealers which are subject to various qualifying conditions. The Company acts as a principal for such transaction and recognises it as a separate performance obligation. As per Ind AS, since the Company is acting as a principal, revenue should be deferred and recognised in the period when the obligation is fulfilled. The corresponding costs should also be accounted for as expense in the period in which the obligation is fulfilled / revenue is recognized.

Statement of profit and loss	**For the year ended 31 March 2017**
Product sales	1,435
Dealer/ Service commission	(1,394)
Adjustment before income tax	**41**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

Balance sheet	As at 31 March 2017	As at 1 April 2016
Trade payables	679	632
Deferred revenue	(849)	(761)
Adjustment to retained earnings	**(170)**	**(129)**

D9: Deferred tax adjustment

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 Income Taxes requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The impact arising from the change is summarised below:

Statement of profit and loss	For the year ended 31 March 2017
Deferred tax expense	(25)
Adjustment before income tax	**(25)**

Standalone Other Comprehensive Income	As at 31 March 2017
Tax impact	-
Adjustment before income tax	**-**

Balance sheet	As at 31 March 2017	As at 1 April 2016
Deferred tax assets	(20)	(45)
Adjustment to retained earnings	**(20)**	**(45)**

D10: Excise duty

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the revenue from operations and expenses for the year ended 31 March 2017. The total comprehensive income for the year ended and equity as at 31 March 2017 has remained unchanged.

Statement of profit and loss	For the year ended 31 March 2017
Sale of products	(3,689)
Excise duty	3,689
Adjustment before income tax	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

D11: Share - based payments

The Company does not have any Employee stock option plan ("ESOP") of its own. However, the global ultimate parent, UTC, USA ("GUP" or "UTC") has a group wide ESOP, for which certain of Carrier's employees are also eligible. The plan is generally awarded to higher management and top management employees. UTC grants its own shares to employees of Carrier based on certain terms and conditions. These employees are eligible to purchase certain number of shares of UTC at a price based on the plan and after satisfying the vesting conditions. UTC does not cross charge the cost of ESOPs relating to Carrier employees.

The said transaction is within the scope of Ind AS 102. Ind AS 102 provides that a transaction will be recorded as equity settled if the awards granted are entity's own equity instruments or if the entity has no obligation to settle. Carrier is the receiving entity which has no obligation to settle, and hence it has recognised an expense (employee benefits expense) with corresponding increase to other equity for the contribution received from the parent.

Statement of profit and loss	**For the year ended 31 March 2017**
Employee stock compensation expense - equity settled	71
Adjustment before income tax	**71**

Balance sheet	**As at 31 March 2017**	**As at 1 April 2016**
Share options outstanding reserve	(265)	(194)
Other equity	265	194
Adjustment to retained earnings	-	-

45. Cost of materials consumed

	Year ended March 31, 2018		**Year ended March 31, 2017**	
	Quantity	**Amount**	**Quantity**	**Amount**
Aluminium (Kgs)	3,64,687	759	3,59,870	681
Compressor (Nos)	29,049	4,859	31,352	4,374
Copper (Kgs/Nos)	21,75,589	2,462	16,31,202	2,094
Motors (Nos)	67,275	1,167	55,251	1,013
Refrigerant / Gas (Kgs)	2,57,001	1,910	1,62,019	499
Valve (Nos)	1,73,387	733	90,319	420
Others*		7,479		10,106
Total	**30,66,988**	**19,369**	**23,30,013**	**19,187**

*Includes inventory adjustments and consumption for internal use. It is not practicable to furnish quantitative information of other raw materials and components consumed in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

Includes consumption of consumables which are consumed with raw material. The value of such consumables is not material and hence same is not shown separately.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in ₹ Lacs, unless otherwise stated)

46. Value of imported and indigenous raw materials, components, stores and spares consumed:

	Current Year		Previous Year	
	%	Amount	%	Amount
a) Raw materials and components				
Imported	58	11,251	60	11,439
Indigenous	42	8,118	40	7,748
Total	**100**	**19,369**	**100**	**19,187**

47. CIF value of imports:

	Current Year	Previous Year
Raw materials and components	10,002	9,614
Finished goods	32,582	34,883
Spares	15,144	10,495
Capital Goods	3	102
Total	**57,731**	**55,094**

48. Disclosure of Specified Bank Notes (SBNs) as required by notification no. G.S.R. 308 (E) issued by Ministry of Corporate Affairs as follows:

Particulars	SBNs	Other Denomination Notes	Total Amount
Closing cash in hand as on November 8, 2016	**82,500**	**8,619**	**91,119**
(+) Permitted receipts	-	4,508	4,508
(-) Permitted payments	-	-	-
(+) Non- Permitted receipts	11,500	-	11,500
(-) Non- Permitted payments	-	-	-
(-) Amount deposited in Banks	94,000	230	94,230
Closing cash in hand as on December 30, 2016	**-**	**12,897**	**12,897**

49. The financial statements for the previous year as per IGAAP were audited by another firm of Chartered Accountants. Those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to Ind-AS, have been audited by B S R & Associates LLP.

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Sd/-
Manish Gupta
Partner
Membership No: 095037

Place : Gurugram
Date: August 17, 2018

For and on behalf of the Board of Directors of
Carrier Airconditioning & Refrigeration Limited

Sd/-
Arun Bhatia
Managing Director
DIN No. 00031279

Sd/-
Sugeeth Kumar
WTD & CFO
DIN No. 07420265

Sd/-
Kunal Aggarwal
Company Secretary
Membership No: 35119

Place : Gurugram
Date: August 17, 2018

FORM NO. MGT - 11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Carrier Airconditioning & Refrigeration Limited

Registered office: Narsingpur, Kherki Daula Post, Gurgaon – 122001, Haryana

CIN: U74999HR1992FLC036104

Name of the Member(s):	
Registered address:	
E mail id:	
Folio No./Client Id:	
DP ID:	

I/We, being the member(s) of _______ shares of the above named Company, hereby appoint

1	Name:
	Address:
	Email id:
	Signature: ………………….., or failing him

2	Name:
	Address:
	Email id:
	Signature: ………………….., or failing him

3	Name:
	Address:
	Email id:
	Signature: ………………….., or failing him

As my/our proxy to attend and vote (on a poll) for me/us and in my/our behalf at the 26th Annual General Meeting of the Company, to be held on Thursday, September 20, 2018 at 11:30 A.M. at Fortune Select Global, Global Arcade, Mehrauli-Gurgaon Road, Sikanderpur, Sector 26, Gurugram-122002, Haryana, India and at any adjournment thereof in respect of such resolutions as are indicated below:-

Resolution Number	Resolution	Vote	
		For	Against
Ordinary Business			
1	To receive, consider and adopt Audited Financial Statements of the Company for the financial year ended 31st March, 2018, and the reports of Board of Directors and Auditor(s) thereon.		

Resolution Number	Resolution	Vote	
		For	Against
2	To confirm payment of interim dividend on equity shares of the Company.		
3	To appoint a Director in place of Mr. Sugeeth Kumar (DIN: 07420265), who retires by rotation and being eligible, offers himself for re-appointment.		
Special Business			
4	To approve appointment of Ms. Vanita Bansal (DIN: 02926018) as non-executive Director of the Company.		
5	To ratify remuneration payable to Cost Auditors of the Company for financial year 2018-19.		

Signed this ______ day of _________, 2018

Signature of the Shareholder

Signature of the Proxy holder(s)

Affix Revenue Stamp Re.1 /-

Notes:

1. This form of Proxy in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.
2. A proxy need not to be member of the Company.
3. It is optional to indicate your preference. Please put '✓' in the appropriate column against the resolution indicated in the box. If you leave the 'For' or 'Against' any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
4. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.

Carrier Airconditioning & Refrigeration Limited

Registered Office: Narsingpur, Kherki Daula Post
Gurgaon – 122 001, Haryana
CIN: U74999HR1992FLC036104
Email: secretarial@carrier.utc.com
Website: www.carrierindia.com
Tel.: +91-124-4825500; Fax: +91-124-2372230

ATTENDANCE SLIP

Please fill in this attendance slip and hand it over at the entrance of the meeting venue:

Name	
Address	
DP Id*	
Client Id*	
Folio No.	
No. of Shares held	

*Applicable for Investors holding shares in electronic form.

I certify that I am a member/proxy for the member, of the Company.

I hereby record my presence at the 26th Annual General Meeting of the Company held on Thursday, September 20, 2018 at 11:30 A.M. at Fortune Select Global, Global Arcade, Mehrauli-Gurgaon Road, Sikanderpur, Sector 26, Gurugram-122002, Haryana, India.

Name of the Member/ Proxy

Signature of Member/ Proxy

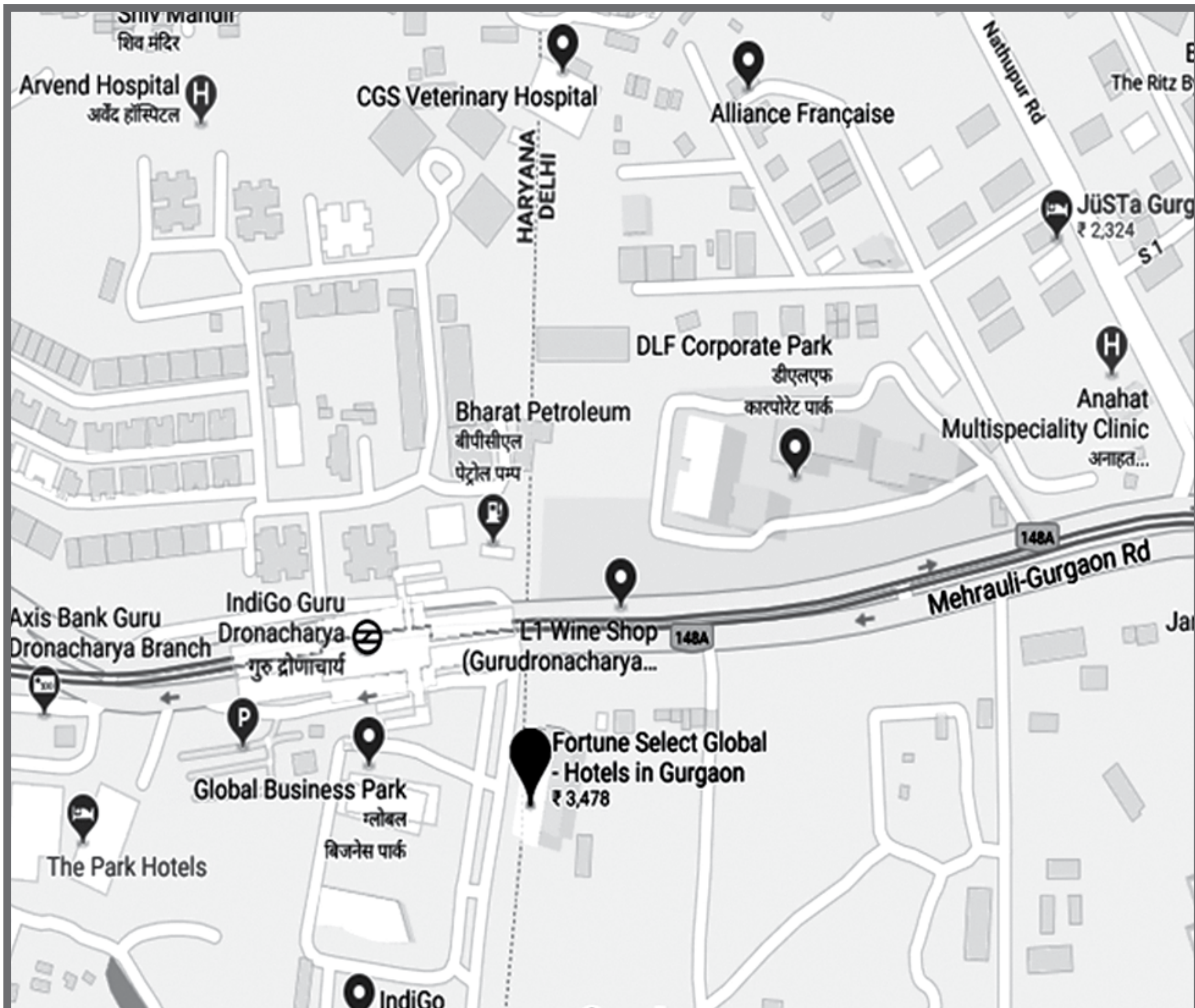
Note:

Electronic copy of the Annual Report for 2018 and Notice of Annual General Meeting along with Attendance slip and Proxy Form is being sent to all the members whose email addresses are registered with the Company/ Depository Participant in addition to sending the hard copy of the Annual Report to all the Members.

MAP TO AGM VENUE

Fortune Select Global

Global Arcade, Mehrauli-Gurgaon Road, Sikanderpur,
Sector 26, Gurugram-122002, Haryana, India.



Carrier

United Technologies

turn to the experts

Carrier Airconditioning & Refrigeration Limited

CIN: U74999HR1992FLC036104

Regd. Office:-

Narsingpur, Kherki Daula Post, Gurgaon – 122 001, Haryana, India

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Email: secretarial@carrier.utc.com

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