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ANNUAL REPORT

2015 - 16

CARRIER AIRCONDITIONING & REFRIGERATION LTD.

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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

CFO & Whole-time Director

Mr. Nanda Lakkaraju

Whole-time Director

Mr. Ashok Mirchandani

Whole-time Director

Ms. Nandita Luthra

Non-executive Director

Board Committees

Nomination & Remuneration Committee

Ms. Nandita Luthra

Chairperson

Mr. Narendra Singh Sisodia

Member

Mr. Pankaj Prakash Sahni

Member

Stakeholder Relationship Committee

Ms. Nandita Luthra

Chairperson

Mr. Nanda Lakkaraju

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. Nanda Lakkaraju

Member

Mr. Sugeeth Kumar

Member

Key Managerial Personnel

Mr. Arun Bhatia

Managing Director

Mr. Sugeeth Kumar

Chief Financial Officer

Ms. Monica Pandey

Company Secretary

Auditors

M/s. Price Waterhouse & Co., Bangalore LLP (FRN 007567S/S-200012), Chartered Accountants
Statutory Auditors

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

M/s. Shilpi S. Jain & Co., Company Secretary
Secretarial Auditors

Bankers

Hongkong & Shanghai Banking Corporation
Standard Chartered Bank
Citibank N.A.

Registrar & Share Transfer Agents

M/s. MCS Share Transfer Agents Limited
F-65, 1st Floor, Okhla Industrial Area
Phase- I, New Delhi - 110020

Registered Office & Corporate Headquarters

Carrier Airconditioning & Refrigeration Limited
Narsingpur, Kherki Daula Post, Gurgaon 122004, Haryana
CIN: U74999HR1992FLC036104
Tel: 0124 - 4825500
Fax: 0124 – 2372230
Email: customersupport.india@carrier.utc.com
Website: www.carrierindia.com

Carrier Airconditioning & Refrigeration Limited

Registered Office: Narsingpur, Kherki Daula Post
Gurgaon – 122 004, Haryana
CIN: U74999HR1992FLC036104
Email: customersupport.india@carrier.utc.com
Website: www.carrierindia.com
Tel.: +91-124-4825500; Fax: +91-124-2372230

NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the members of Carrier Airconditioning & Refrigeration Limited will be held on Friday, 23rd September, 2016 at 11:30 A.M. at Lemon Tree Premier, Leisure Valley, 48, Sector 29, City Center, Gurgaon-122 001, Haryana to transact the following businesses:

ORDINARY BUSINESS(S)

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

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st March, 2016, the Balance Sheet as on that date and the Report of Directors and Auditors thereon.
2. Ratification of the appointment of M/s Price Waterhouse & Co. Bangalore LLP (Registration Number 007567S/S-200012), Chartered Accountants, Gurgaon, as the Statutory Auditors of the Company and to fix their remuneration in this connection:

“RESOLVED THAT appointment of M/s. Price Waterhouse & Co. Bangalore LLP (Registration Number 007567S/S-200012), Chartered Accountants as Statutory Auditors of the Company until the conclusion of the 25th Annual General Meeting of the Company and as approved by Company’s members in their meeting held on 3rd November, 2014, be and is hereby ratified on such remuneration, to be paid in lump sum or in installments, as may be approved by the Board of Directors.

RESOLVED FURTHER THAT the Company Secretary or any other Whole-time Director of the Company be and is hereby authorized to file the necessary e-form / returns with the Ministry

of Corporate affairs/ ROC and to take such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution.”

3. Appointment of Ms. Nandita Luthra, Non-executive Director liable to retire by rotation being eligible for re-appointment:

“RESOLVED THAT Ms. Nandita Luthra (DIN 06948082), who was appointed as a Non-executive Director with effect from 14th August, 2014, and who holds office up to the conclusion of this Annual General Meeting and the Company having received a notice in writing from her under Section 160 of the Companies Act, 2013 offering her candidature for Directorship, be and is hereby appointed as Non-executive Director of the Company.”

SPECIAL BUSINESS(S)

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT Mr. Sugeeth Kumar (DIN: 07420265), who was appointed by the Board as an Additional Director with effect from 12th February, 2016, and who holds office upto the conclusion of this ensuing Annual General Meeting and the Company having received a notice in writing from him under Section 160 of the Companies Act, 2013 offering his candidature for Directorship, be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation.

RESOLVED THAT pursuant to provisions of Section 197 & 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Article 124 of the Articles of Association of the Company, and

subject to approval of Central Government, if required, Mr. Sugeeth Kumar (DIN 07420265), be and is hereby appointed as Whole-time Director on the Board of the Company for a tenure of 5 (Five) years, with effect from 12th February, 2016 till 11th February, 2021 and be paid remuneration per annum, not exceeding 5% (five percent) of the net profits of the Company or 10% (ten percent) of the net profits of the Company with regard to aggregate of remuneration paid to such Whole-time Director/s and Managing Director/s computed under Section 198 of the Companies Act, 2013 and as may be permitted under other related provisions of Companies Act, 2013, from time to time, within the above stated limits.

RESOLVED FURTHER THAT Mr. Sugeeth Kumar, Whole-time Director shall perform duties & functions as may be delegated to him from time to time, subject to the control and superintendence of the Board of Directors and that a Special Power of Attorney be executed in favor of Mr. Sugeeth Kumar, after the effective date of his appointment as Whole-time Director of the Company and any Director on the Board be & is hereby authorized to sign the same on behalf of the Company.

Registered office:
Narsingpur, Kherki Daula Post,
Gurgaon, Haryana – 122004

Date: 22nd August, 2016
Place: Gurgaon

RESOLVED FURTHER THAT Ms. Monica Pandey, Company Secretary or any Whole-time Director of the Company be & is hereby authorized to do such necessary acts/deeds, as may be required, to give effect to this resolution and doing filings with Office of Registrar of Companies.”

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution:**

“RESOLVED THAT in accordance with provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. Jain Sharma and Associates, Cost Accountants (Firm Registration No. 000270) appointed as the Cost Auditor of the Company for audit of the cost accounting records of the Company for the financial year ending 31st March, 2017 be paid remuneration amounting to ₹ 315,000/- (Rupees Three Lakhs and Fifteen Thousand only).”

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

Monica Pandey
Company Secretary
Membership No. A14681

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not be a member of the Company (copy of proxy form is attached). Proxies in order to be effective must be received by the Company not less than 48 hours before the time for holding the meeting.
2. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
3. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in relation to the Special Business of the Meeting is annexed hereto.
4. For effecting change of Address/Bank details/Electronic Clearing Service (ECS) Mandate, 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). The Company/R&T Agent will not entertain requests for noting change of Address/Bank details/ECS Mandate, if any.
5. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
6. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature recorded with M/s. MCS Share Transfer Agent Ltd., Registrar and Share Transfer Agent of the Company for admission to the meeting hall. 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 meeting.
7. The Company's ISIN number is INE040I01011.
8. In accordance with the provisions of the Companies Act, 2013, the amount of dividend which remains unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend account of the Company is required to be transferred to the Investor Education and Protection Fund (Fund) constituted by Central Government. As such, those Shareholders who have not yet received/encashed the Dividend warrants/Drafts for financial year 2008-09, 2009-10 and 2014-15 are advised in their own interest to claim the outstanding Dividend. Unclaimed amount of Interim dividend declared by the Company for the financial year 2008-09 was transferred to the Investor Education and Protection Fund in the year 2015 with in prescribed time.
9. The Register of Members and the Share Transfer Books of the Company will remain closed from 17th September, 2016 till 23rd September, 2016 (both days inclusive).
10. 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.
11. The Ministry of Company Affairs has taken a 'Green initiative in Corporate Governance' by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including

Annual Report can be sent by e-mail to its members. 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. Members who hold shares in physical form are requested to register their e-mail addresses with the Company.

12. In compliance with the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ("remote e-voting").
13. The shareholders can opt for only one mode of voting i.e. remote e-voting or physical polling at the meeting. 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 Meeting.
14. The Company has engaged the services of Central Depository Services Limited (CDSL) as the Agency to provide e-voting facility.
15. Detailed instruction to exercise E-voting are given on a separate sheet dispatched with Annual Report forms an integral part of Notice.
16. The Board has appointed M/s. Ramakant Pathak & Co., Company Secretaries in Practice, New Delhi (C.P. No. 6571) as Scrutinizer to scrutinize the physical voting and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
17. The voting rights of Members for e-voting and for physical voting at the meeting 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. 16th September, 2016.
18. 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. 16th September, 2016, shall only be entitled to avail the facility of remote e-voting / physical voting.
19. The Scrutinizer, after scrutinizing the votes cast at the meeting (physical voting) and through remote e-voting, will, not exceeding 48 hours from the conclusion of the Meeting, 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 meeting. The results declared shall be available on the website of the Company www.carrierindia.com 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.
20. In case of any query pertaining to e-voting, please visit Help & FAQ's section available on www.cdslindia.com.

The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, is provided in respect Special Business set out at item no. 4 & 5 is as under:

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item no.4

The Board of Directors has appointed Mr. Sugeeth Kumar (DIN: 07420265), as a Whole time Director on the Board of the Company with effect from 12th February, 2016 subject to Shareholder's Approval pursuant to provisions of Section 197 & 198 read with Schedule V and other applicable provisions, if any, of the

Companies Act, 2013 and Article 124 of the Articles of Association of the Company.

Mr. Sugeeth Kumar has joined Carrier India in June 2007 as FP&A Head and was elevated to the position of Financial Controller for Carrier HVAC in 2011. He is also acting as a Chief Financial Officer of the Company. Prior to UTC, Mr. Sugeeth Kumar has a rich experience working with Deloitte, GE Capital and Schlumberger Asia Services in diverse finance roles. He is a Chartered Accountant from ICAI (India) by qualification.

Notice in writing under Section 160 of the Companies Act, 2013 has been received from Mr. Sugeeth Kumar proposing his candidature for the office of Director along with a deposit of ₹ 100,000/- (Rupees One Lakh only). The Members of the Company are hereby informed of the candidature of Mr. Sugeeth Kumar has been received for the office of Director and same be treated as individual notice to the members of the Company in terms of Section 160 of the Companies Act, 2013.

None of the Directors of the Company except Mr. Sugeeth Kumar is concerned or interested in the resolution. The Board accordingly recommends passing of the Special Resolution set out in Item No.4.

Item No.5

The Board of Directors at its meeting held on 8th June, 2016 appointed M/s Jain Sharma & Associates, Cost Accountants (Firm Registration No. 000270) as the Cost Auditors for audit of the cost accounting records of the Company for the financial year ending 31st March, 2017, at a remuneration of ₹ 3,15,000/- (Rupees Three lakhs and fifteen thousand only). In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor shall be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for approving the Ordinary Resolution as set out in Item No. 5 for ratification by the Shareholders at the ensuing Annual General Meeting of the Company.

None of the Directors are concerned or interested in the proposed Ordinary Resolution as set out in Item No. 5 of this Notice.

Registered office:
Narsingpur, Kherki Daula Post,
Gurgaon, Haryana – 122004

Date: 22nd August, 2016
Place: Gurgaon

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

Monica Pandey
Company Secretary
Membership No. A14681

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

Name of the Director	Mr. Sugeeth Kumar	Ms. Nandita Luthra
Directors Identification Number	07420265	06948082
Date of Birth (Age in years)	22 nd February, 1978 (38 years)	14 th October, 1968 (48 years)
Original Date of Appointment	12 th February, 2016	28 th March, 2012
Qualifications	Chartered Accountant	B.Sc., L.L.B
Experience & expertise in specific functional area	20 years of experience with 7 years in Business & Advisory services and about 13 years in core finance; covering Financial Planning, Controllership, and taxation across service and manufacturing sectors.	20 years
Shareholding in Carrier India	Nil	Nil
Remuneration last drawn	Annexed as Disclosure forming part of Director's Report Annexure "C"	Nil
Number of Board Meetings attended during the year	4 (being CFO) + 1 (being CFO & Whole time Director)	7
Terms & Conditions of re appointment and remuneration	As per Nomination & Remuneration Policy forming part of Director's Report	As per Nomination & Remuneration Policy forming part of Director's Report
Directorships held in other Companies	Nil	Nil
Membership/Chairmanship of Committees in Public limited Companies in India	Carrier Airconditioning & Refrigeration Limited Member – CSR Committee Member – Audit Committee Member – Stakeholder Relationship Committee	Carrier Airconditioning & Refrigeration Limited Chairperson– NR Committee Chairperson– Stakeholder Relationship Committee

Registered office:
Narsingpur, Kherki Daula Post,
Gurgaon, Haryana – 122004

Date: 22nd August, 2016
Place: Gurgaon

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

Monica Pandey
Company Secretary
Membership No. A14681

DIRECTORS' REPORT

Dear Members,

Your Directors have immense pleasure in presenting their 24th Annual Report together with the Audited Statement of Accounts of your Company for the financial year ended 31st March, 2016.

1. Operating Results: Sales & Profit Growth:

During the period under review, the net revenue from operations of your Company has increased 17.15% from ₹ 97,983 Lakhs in the previous year to ₹ 1,14,784 Lakhs in current year. Though the profits for the year have decreased from ₹ 5,550 Lacs in the previous year to ₹ 5,491 Lacs in the current year.

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

Light Commercial air conditioning (LC): Company launched the new star labelled cassettes for 1.5 Tr and 2 Tr manufactured at the Gurgaon facility. Company has also localized the outdoor units of Slimpac and this has led to improvement in cost competitiveness. With continued focus on product improvement, we also refreshed many of your existing light commercial products with new features, improved efficiency etc. Company is continuing to import Carrier VRF systems from China factory to gain traction and market share in fast growing VRF segment. Carrier VRF grew by 75% in 2015. Overall Carrier LC business grew by 9% in 2015.

Commercial air conditioning: The business consolidated its position further in 2015. The key driver being introduction of full range of high efficiency Water cooled Screw Chillers manufactured in Gurgaon factory. While the economy was slow, Company gained market share in almost every segment we operate in and our high efficiency products were well accepted across segments and applications. Even though overall Commercial Applied market growth was very slow, we were able to hold our market leadership position in every segment.

Toshiba: The business unit continued its growth trajectory in the year 2015. The Company had significant growth in the Light Commercial range which has Inverter High Walls, Inverter Cassettes and Ducted products. During the year, Company capitalized on products like fixed speed high wall splits, Complete SPI Inverter range which was launched in 2014. This includes some prestigious wins in Hospitality, Condominiums, Institutions and Corporates. The sourcing of Toshiba VRF products from Japan to Thailand continued in 2016 as well thereby leading to better lead times and cost competitiveness. We also launched a new expanded range of Toshiba VRF equipment with much better efficiencies and multiple compressor advantages. Toshiba Light commercial business grew by 26% and Toshiba VRF business grew by 20%. Overall Toshiba grew by 22% on YOY basis in 2015.

Company continued to invest in talent across all businesses and all geographies. Many new additions were done to support our growth initiatives. Company also plans to continue its investments in bringing new and more efficient products in coming years.

Commercial and Toshiba service: To enhance the customer satisfaction further this year, the Company launched a mobility application which will help to respond to the customer faster. The Company has recruited technicians to ensure that the quality of service is improved which will help in customer retention and word of mouth would help in getting more customers. The Company has analyzed the data, added manpower to capture machines back in our contracts.

Totaline: The Company has launched products like mineral water dispenser, indoor and outdoor units separately in addition to existing products. We have modified the existing National structure to a regional one with a clear objective of reaching the channel / customer faster. The business grew by 26 % YTD on year on year business with very good drop through.

The total After Market grew by 18 % YOY.

Commercial Refrigeration: The Sales was almost flat with slight de-growth of 1.5% during the year under review on account of slowdown in the modern retail sector and freezer segment. The cold room business registered growth improving penetration into large size projects and unaddressed market segments like Potato cold storages. A number of strategic initiatives have been undertaken such as Channel productivity, geographic expansion into Nepal to name a few.

The Food retail segment has witnessed slowdown due to the deferment of store opening by major retailers due to delay in decision on foreign direct investment policy though the proposal has been made recently to the cabinet. However, 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 with United States of America Trade Development Agency (USTDA) & Global Cold Chain Alliance along with National Horticulture Board to improve its presence and visibility.

Transicold: The sales revenue saw a growth of 44% on previous year and the business bagged several important orders. The spread of Quick Service Restaurants to smaller towns and increasing compliance in Pharmaceutical logistics were the key drivers for this growth.

Cold Chain in India is a fast growing segment driven by increased awareness on quality and changing consumption. There is also increased government focus on reducing food wastage and increasing food processing opportunities. Refrigerated transportation is an important aspect of a robust cold chain and there is heightened focus on this among policy makers and end users.

Carrier Transicold India continues to be one of the largest system providers in the refrigerated truck market. Our systems are also preferred by leading commercial vehicle manufacturers offering fully built reefer trucks to large logistics companies. The small van last mile distribution segment is still fast growing as more and more products get transported in temperature controlled vans.

Carrier Transicold India had introduced several new products last year in response to the growing demand in India for reliable and cost-effective cooling units that also deliver efficient cold chain protection; there has been very positive response to the Citimax™ and Citifresh™ range of units. These units are designed to cater to Indian operating conditions and container sizes and have proved ideal for medium size vans and trucks engaged in transportation of frozen and chilled products such as fruits, vegetables, milk, dairy etc.

The high capacity fully self-powered systems Supra™ 1150 and Supra™ 1250 were widely accepted for transportation of frozen products like ice cream in large 32ft trucks.

Carrier Transicold India is 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.

2. Environment, Health & Safety:

We are pleased to inform that your Company reached 25 million hours without a lost-time incident. A rarity in the organization, this world-class accomplishment means that no work hours were lost due to an employee injury in more than Nine Years of work time for the approximately 1200 employees.

This is a significant milestone and one that is not possible without sustained focus on safety by everyone in the organization.

“CCS India is a great example of UTC’s commitment to provide an exceptional work environment for our people, and this is a proud moment for us”

Key drivers to the sustainable safety performance are commitment to EH&S excellence by leadership, dedicated Standard Practice (SP-003 – 018) champions from operation team; driving positive behaviors through timely recognitions; safety event programs; relentless efforts in hazards and risk identification thru Assessment, Prevent and Control at sites and factory (foundation to good safety management); and continues employee communication through safety talks in branches, factory, on sites, with channel partners and other engagement activities. In addition, CCS India has >5000 technicians trained through train the trainer program every year, safety passport process for sub con management, weekly and monthly review, >700 Inspection & Audits to ensure effectiveness and continuous improvement of EH&S Management system in factory as well as on site.

We empower our employees to refuse to work in unsafe locations and situations and we continue to reinforce the fact that we want everyone to return home to their families safely every day.

Engagement of the broader community on environmental related issues to promote awareness. The world environment day was observed for an entire month throughout CCS India. Various theme based initiatives were taken and events were conducted not only creating awareness, but also sending a strong message to all colleagues on the importance of conserving the Environment.

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 UTC CCS India team has also earned many other honors and milestones for its commitment to health and safety and some of them are highlighted below :

- 93% EH&S Employee Satisfaction Survey score in 2015.
- CCS International President Award 2015 for Environmental Excellence in Factory.

Our continued focus on Environment Goals from 2011 to 2015 in factory has also helped us in:

- 40% absolute reduction in Water consumption
- 38 % absolute reduction in Air Emissions
- 29 % absolute reduction in Waste reduction
- 16% absolute reduction in Energy usage

3. **Dividend:**

To cater to the working capital requirements, no dividend is being recommended.

4. **Changes in Directors & Key Managerial Personnel:**

During the current financial year the following changes have occurred in the constitution of Directors of the Company:

S. No.	Name	Designation	Date of appointment	Date of cessation	Mode of Cessation
1	Mr. Aditya Kumar	Chief Financial Officer	11 th June, 2012	24 th July, 2015	Resignation
2	Mr. Sugeeth Kumar	Chief Financial Officer	24 th July, 2015	N.A	N.A
3	Mr. Aditya Kumar	Whole time Director	11 th June, 2012	12 th February, 2016	Resignation
4	Mr. Sugeeth Kumar	Whole time Director	12 th February, 2016	N.A	N.A

5. Number of meetings of the Board of Directors

During the Financial Year ended 31st March, 2016, the Company held 5 (five) Board meetings of the Directors as per Section 173 of Companies Act, 2013 which is summarized below. The provisions of Companies Act, 2013 and Secretarial Standard 1 issued by The Institute of Company Secretaries of India were adhered to while considering the time gap between two meetings.

Sl. No.	Date of Meeting	Board Strength	No. of Directors Present
1	24 th July, 2015	7	5
2	14 th August, 2015	8	8
3	30 th September, 2015	8	6
4	15 th December, 2015	8	5
5	12 th February, 2016	8	8

Number of meetings of various committees of Board of Directors

During the Financial Year ended 31st March, 2016, the Company held the following meetings of various committees. Provisions of Section 173 of the Companies Act, 2013 and Secretarial Standard 1 issued by The Institute of Company Secretaries of India were adhered.

Audit Committee

Sl. No.	Date of Meeting	Member's Strength	No. of Members Present
1	24 th July, 2015	3	3
2	14 th August, 2015	3	3
3	30 th September, 2015	3	3
4	15 th December, 2015	3	3
5	12 th February, 2016	3	3

Corporate Social Responsibility Committee

Sl. No.	Date of Meeting	Member's Strength	No. of Members Present
1	15 th December, 2015	4	3
2	12 th February, 2016	4	4

Nomination & Remuneration Committee

Sl. No.	Date of Meeting	Member's Strength	No. of Members Present
1	12 th February, 2016	3	3

Stakeholder Relationship Committee

Sl. No.	Date of Meeting	Member's Strength	No. of Members Present
1	12 th February, 2016	3	3

Number of Meetings attended by each Director

During the Financial Year ended 31st March, 2016, the numbers of Meeting attended by each Director are as follows:

Sl. No.	Director	Board Meeting	Audit Committee	Stakeholder Relationship Committee	CSR Committee	Nomination & Remuneration Committee	Total
1	Mr. Arun Bhatia	5	N.A	N.A	2	N.A	7
2	Mr. Narendra Singh Sisodia	5	5	N.A	2	1	13
3	Mr. Pankaj Prakash Sahni	5	5	N.A	N.A	1	11
4	Mr. Sugeeth Kumar#	1	1	1	1	N.A	4
5	Mr. Nanda Lakkaraju	3	N.A	1	1	N.A	5
6	Mr. Ashok Mirchandani	2	N.A	N.A	N.A	N.A	2
7	Mr. Aditya Kumar*	4	4	N.A	1	N.A	9
8	Ms. Nandita Luthra	5	N.A	1	N.A	1	7
9	Mr. Alok Mahajan	2	N.A	N.A	N.A	N.A	2

Mr. Sugeeth Kumar was inducted on Board of Directors on 12th February, 2016 and was subsequently appointed as member of Audit Committee, Stakeholder Relationship Committee and CSR Committee.

* Mr. Aditya Kumar resigned from Board of Directors w.e.f. 12th February, 2016.

6. Directors' Responsibility Statement:

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that:-

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- The Directors had prepared the annual accounts on a going concern basis; and
- 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.

7. Declaration of Independence by Directors:

Declaration given by Independent Directors meeting the criteria of Independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and the relevant rules is received and taken on record.

8. Board Evaluation:

In compliance with the Companies Act, 2013, the Nomination and Remuneration Committee laid down the evaluation criteria for performance evaluation of all the directors (Independent Directors as well as Non-independent Directors) vide its meeting dated 27th March, 2015. Vide Board meeting dated 12th February, 2016, the Board has carried out an Annual performance evaluation of its own performance, Committees and Directors individually. The Independent Directors assessed the performance of Non-Independent Directors and the Managing Director of the Company as well as the Board as a whole. Performance evaluation is based on their contribution to Company's objectives and plans, efficient discharge of their responsibilities, participation in Board/Committee meetings and other relevant parameters.

It was further acknowledged that every individual member and Committee of the Board contributes its best in the overall growth of the organization.

9. Corporate Social Responsibility:

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 fulfil 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.carrierindia.com) and the details are contained in the Annual Report on CSR activities given in Annexure "A" forming part of this report. The Company will continue to support projects that are consistent with the policy.

10. 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). The policy formulated by Nomination & Remuneration committee under Section 178(3) is attached as Annexure "B" and forms an integral part of the report.

11. Extracts of Annual Return:

The Extract of Annual Return for the financial year ended 31st March, 2015 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 as Annexure "C" and forms an integral part of the report.

12. Audit Committee:

The Audit Committee of the Board of Directors was reconstituted during the year and comprises of the following members:

- Mr. Pankaj Prakash Sahni, Chairman & Independent Director
- Mr. Narendra Singh Sisodia, Independent Director
- Mr. Sugeeth Kumar, Whole-time Director & CFO

Earlier Mr. Aditya Kumar was the Chairman of Audit Committee. Subsequent to his Resignation, committee was reconstituted on 12th February, 2016 and Mr. Pankaj Prakash Sahni was designated as Chairman & Mr. Sugeeth Kumar was made member thereon.

13. Nomination & Remuneration Committee:

The Nomination & Remuneration Committee of the Board of Directors was constituted on 27th March, 2015 and comprises of the following members:

- Ms. Nandita Luthra, Chairperson & Non-executive Director
- Mr. Narendra Singh Sisodia, Independent Director
- Mr. Pankaj Prakash Sahni, Independent Director

14. Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee of the Board of Directors was re-constituted during the year and comprises of the following members:

- Mr. Narendra Singh Sisodia, Chairman & Independent Director
- Mr. Arun Bhatia, Managing Director
- Mr. Nanda Lakkaraju, Whole-time Director
- Mr. Sugeeth Kumar, Whole-time Director

Subsequent to resignation of Mr. Aditya Kumar as Whole-time Director Corporate Social Responsibility (CSR) committee was reconstituted on 12th February, 2016 and Mr. Sugeeth Kumar was appointed as one of the member.

15. Stakeholder Relationship Committee:

The Stakeholders Relationship Committee of the Board of Directors was reconstituted during the year and comprises of the following members:

- Ms. Nandita Luthra, Chairperson & Non-executive Director
- Mr. Nanda Lakkaraju, Whole-time Director
- Mr. Sugeeth Kumar, Whole-time Director

Subsequent to resignation of Mr. Aditya Kumar as Whole-time Director; Stakeholder Relationship Committee was reconstituted on 12th February, 2016 and Mr. Sugeeth Kumar was appointed as one of the member.

16. Auditor and Auditor's Report:

M/s. Price Waterhouse & Co., Bangalore LLP (FRN 007567S/S-200012), Chartered Accountants, were appointed as Statutory Auditors of the Company in 22nd Annual General Meeting held on 3rd November, 2014 for a period of three (3) years and the same was ratified in 23rd Annual General Meeting held on 22nd September, 2015, subject to ratification at every annual general meeting. Therefore, ratification of appointment of Statutory Auditors is being sought from the members at the ensuing annual general meeting.

M/s. Price Waterhouse & Co., Bangalore LLP, have confirmed that their re-appointment, if made, would be within the prescribed limits under the provisions of Section 139 and 141 of the Companies Act, 2013 and that they are not disqualified for re-appointment. Your Directors recommend ratification of appointment for the financial year 2016-17.

There are no qualifications of Auditors on the Accounts of the Company for the financial year ended 31st March, 2016.

17. Cost Auditors and Cost Accounting Records:

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013, your Company carries out an audit of Cost records relating to manufacturing activities. The Company has appointed M/s. Jain Sharma & Associates (Firm Registration Number – 000270) as Cost Auditor to audit the cost accounts of the Company for the financial year 2015-16. The Cost audit report for the financial year

2014-15 which was due to be filed with the Ministry of Corporate Affairs on 30th September, 2015 was filed on 30th September, 2015.

For the financial year ended on 31st March, 2016, the Cost Auditor has submitted its report to the Board on 22nd August, 2016. 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 accounts of the Company for the financial year ended 31st March, 2016.

18. Secretarial Auditor:

The Board of Directors of the Company appointed M/s Shilpi S. Jain & Co., Company Secretaries in Practice as the Secretarial Auditor of the Company in relation to the Financial Year 2015-16, 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 of Secretarial Auditor for the financial year ended 31st March, 2016.

19. Internal Auditor:

In compliance with the provisions of Section 138 of the Companies Act, 2013, Mr. Sachin Gupta, Manager-Finance & Internal Auditor of the Company conducted the Internal Audit of the functions and activities of the Company. He submitted his presentation to the Chairman of the Audit Committee on 8th June, 2016 and this was further reviewed by the Board and taken on record.

20. Fixed Deposits:

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

21. 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.

22. 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.

23. Sexual Harassment Policy:

The Company has a policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at workplace and matters connected therewith or incidental thereto covering all the aspects as contained under the ‘The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013’.

Up till date, the Company has not received any complaint under the policy.

24. Particulars of Employees:

Statement pursuant to Section 197 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as Annexure “E” and forms an integral part of this Report.

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

The Particulars as prescribed under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, for the year ended 31st March, 2016 are set out in the Annexure “F” and form an integral part of this report.

26. Green Initiatives:

With the aim of going green and minimizing our impact on the environment, we are sending electronic copies of the Annual report 2015-16 and Notice of the 24th Annual General Meeting to all the members whose email addresses are registered with the Company/Depository Participant(s), in addition to sending the hard copy annual reports via the permitted mode.

The Company is providing e-voting facility to all members to enable them to cast their votes electronically on all the resolutions set forth in the notice. This is pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014. The instructions for e-voting are provided in the Notice.

Shareholders are requested to refer e-voting instruction sheet sent along with the Annual Report 2015-16 to cast their vote through Electronic mode.

27. Particulars of loans, Guarantees or Investments under Section 186:

The particulars of loans, guarantees and investments made/given by the Company under Section 186 are given in the notes to the financial statements.

28. Particulars of Contracts or Arrangements with Related Parties:

All related party transactions are entered on arm’s length basis and are in compliance with the applicable provisions of the Act. Omnibus approval had been obtained from Audit Committee members for all potential related party transactions. Disclosures 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 part of this report.

29. Risk Management Policy:

Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the Company to control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The Company has adopted the group’s Risk Management Policy.

30. 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.

Registered office:
Narsingpur, Kherki Daula Post,
Gurgaon, Haryana – 122004

Arun Bhatia
Managing Director

Monica Pandey
Company Secretary

Date: 22nd August, 2016
Place: Gurgaon

Sugeeth Kumar
Chief Financial Officer & Whole time Director

ANNEXURE “A”

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY 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.carrierindia.com in the ‘Investors’ section.

2. The composition of CSR Committee

The Corporate Social Responsibility Committee comprises of 4(four) members of the Board, 1 (one) of which is the Managing Director, 2 (two) of which are Whole-time Directors and remaining 1 (one) is Independent Director. The Chairman of the Committee is an Independent Director.

Sl. No.	NAME	CATEGORY	DESIGNATION
1.	Mr. Narendra Singh Sisodia	Independent Director	Chairman
2.	Mr. Arun Bhatia	Managing Director	Member
3.	Mr. Nanda Lakkaraju	Whole-time Director	Member
4.	Mr. Sugeeth Kumar	Whole-time Director	Member

3. Average net profit of the Company for last 3 Financial Years

The Average Net Profit of three financial years preceding the reporting financial year (i.e. 2014-15, 2013-14, 2012-13) calculated in accordance with Section 135 of the Companies Act, 2013 is Rs. 84.10 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. 2015-16 is Rs. 1.68 Crores.

5. Details of CSR spent during the FY

- (a) Total amount to be spent for the FY = Rs. 1.68 Crores.
- (b) Amount unspent, if any = Due to inadvertent clerical error, the amount to be spent during FY 2015-16 fell short by Rs. 84,600. Subsequently, the management spent Rs. 90,000 on 8th August, 2016 to ensure that entire prescribed amount is spent on CSR activities.
- (c) 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.	<p>Project Pehal Version-2.0</p> <p>This project is in partnership with Carrier Airconditioning & Refrigeration Limited and United Way of Delhi.</p> <p>The project is to be implemented in Chakkarpur village and has two components Health and Livelihood being implemented by two agencies Wish Foundation and TMI respectively.</p> <p>Health</p> <p>Objective: Enable easy access to medical facilities to the poor families residing in the village and adjoining areas.</p> <ul style="list-style-type: none"> Create a full-fledged Primary Health Centre offering doctor consultation, basic diagnostics and medicine dispensing and developing referral system with nearby govt and private hospitals for complicated and serious cases. Develop a sustainable model for urban healthcare delivery to be replicated in other parts as well. 	<ul style="list-style-type: none"> Health Livelihood security and skill upgradation 	Chakkarpur village, Gurgaon, Haryana	INR 1,20,10,000/- for the FY 2015-16	(1) Direct expenditure: INR 1,20,10,000/- (2) Overheads: Nil	INR 1,20,10,000/- for the FY 2015-16	Through Implementing Agency: United Way of Delhi

(1) S. No	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or programmes (1) Local area or other (2) Specify the State and District where projects or programmes was undertaken	(5) Amount outlay (budget) project or programme wise	(6) Amount spent on the projects or programmes Sub-heads: (1) Direct expenditure on projects or programmes (2) Overheads	(7) Cumulative expenditure up to the reporting period	(8) Amount spent: Direct or through implementing agency
	<p>Livelihood security/skill upgradation</p> <p>Objective: To facilitate employment for poor urban migrant families from disadvantaged communities through a process, which involves equipping and upgrading essential life-skills and vocational skills.</p> <p>Specific objective</p> <ul style="list-style-type: none"> • Enable 400 youth from poor families to access job employment or skills upgrade through life skills and vocational training • Communities demonstrate increase in economic participation 						
2.	<p>Promoting Education - Project "Samarth"</p> <p>partnership with SOS Children's Villages of India to ensure quality education to 100 children from 3 SOS Children's Villages of India</p>	Promoting Education	<p>1. SOS Children's Village Bawana Main Kanjhawala Road, Bawana, Delhi-110039</p> <p>2. SOS Children's Village Rajpura Near ITI (Boys), District Patiala Rajpura-140401 Punjab</p> <p>3. SOS Children's Village Bangalore 49-Hulimavu, Bannerghatta Road SOS POST, Near Meenakshi Temple Bangalore-560076 Karnataka</p>	<p>INR 39,74,400/- towards education support of 100 children in 3 SOS Children's Villages of India for the financial period 2015-16</p>	<p>(1) Direct Expenditure -INR 39,74,400/-</p> <p>(2) Indirect Expenses- Nil</p>	INR 39,74,400/-	Through the Implementing Agency: SOS Children's Villages of India.

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.

Date: 22nd August, 2016
Place: Gurgaon

Arun Bhatia
Managing Director

Narendra Singh Sisodia
Chairman CSR Committee

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.
- iii. ‘Directors’ means 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.

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2016
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the
Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

S. NO.	PARTICULARS	DETAILS
i	CIN	U74999HR1992FLC036104
ii	Registration Date	6 th July, 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 & contact details"	Narsingpur, Kherki Daula Post, Guragaon - 122004, Haryana
vi	Whether listed company	No
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	MCS Share Transfer Agent Limited F-65, 1 st Floor, Okhla Industrial Area, Phase- 1, New Delhi- 110020, Ph: 011-4140 6149 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 Airconditioners	3550	44.06%
2	Spare Sales & Services	3558 & 9987	30.17%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	United Technolgies South Aisa Pacific Pte. Ltd. (erstwhile Singapore Holdco Pte. Ltd.) 250, North Bridge Road# 17-03/04 Raffles City Tower Singapore 179101	201206739G	Holding	96.46	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

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	0	0	0.00	0	0		0.00	0.00
b) Central Govt	0	0	0	0.00	0	0		0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0		0.00	0.00
d) Bodies Corp.	0	0	0	0.00	0	0		0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0		0.00	0.00
f) Any other	0	0	0	0.00	0	0		0.00	0.00
TRUST	0	0	0	0.00	0	0		0.00	0.00
SOCIETY	0	0	0	0.00	0	0		0.00	0.00
EDUCATIONAL INSTITUTE	0	0	0	0.00	0	0		0.00	0.00
(2) Foreign									
a) Individual (NRI / Foreign Individual									
b) Bodies Corporate	10,26,18,689	0	10,26,18,689	96.47	10,26,18,689	0	10,26,18,689	96.47	0.00
c) Institutions	0	0	0	0.00	0	0		0.00	0.00
d) Qualified Foreign Investor	0	0	0	0.00	0	0		0.00	0.00
e) Any Other (Specify)	0	0	0	0.00	0	0		0.00	0.00
Total shareholding of Promoter (A)	10,26,18,689	0	10,26,18,689	96.47	10,26,18,689	0	10,26,18,689	96.47	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	12,000	8,800	20,800	0.02	12,000	5,600	17,600	0.02	0.00
b) Banks / FI	3,200	3,312	6,512	0.01	3,200	3,312	6,512	0.01	0.00
c) Central Govt	0	0	0	0.00	0	0		0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0		0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0		0.00	0.00
f) Insurance Companies	0	1,200	1,200	0.00	0	400	400	0.00	0.00
g) FIs	0	20,000	20,000	0.02	0	20,000	20,000	0.02	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0		0.00	0.00
i) Others (specify)									
Sub-total (B)(1):-	15,200	33,312	48,512	0.05	15,200	29,312	44,512	0.04	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	61,340	16,333	77,673	0.07	58,567	17,933	76,500	0.07	0.00

ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	16,28,886	15,90,018	32,18,904	3.03	16,43,936	15,72,578	32,16,514	3.02	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2,58,903	78,600	3,37,503	0.32	2,51,662	78,600	3,30,262	0.31	-0.01
c) Others (specify)									
Non Resident Indians	63,096	12,368	75,464	0.07	77,496	12,372	89,868	0.08	0.01
Overseas Corporate Bodies	0	0	0	0.00	0	0		0.00	0.00
Foreign Nationals	0	0	0	0.00	0	0		0.00	0.00
Clearing Members	0	0	0	0.00	0	0		0.00	0.00
Trusts	0	0	0	0.00	0	0		0.00	0.00
Cooperative Society	0	0	0	0.00	0	0		0.00	0.00
Foreign Bodies - D R									
Sub-total (B)(2):-	20,12,225	16,97,319	37,09,544	3.49	20,31,661	16,81,483	37,13,144	3.49	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	20,27,425	17,30,631	37,58,056	3.53	20,46,861	17,10,795	37,57,656	3.53	0.00
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	10,46,46,114	17,30,631	10,63,76,745	100.00	10,46,65,550	17,10,795	10,63,76,345	100.00	0.00

(ii) SHARE HOLDING OF PROMOTERS

SI 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	Singapore Holdco Pte Ltd	10,26,18,689	96.46%	Nil	10,26,18,689	96.46%	Nil	Nil
	Total	10,26,18,689	96.46%	Nil	10,26,18,689	96.46%	Nil	Nil

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

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding 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	10,26,18,689	96.46%	10,26,18,689	96.46%
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	NIL			
	At the end of the year	10,26,18,689	96.46%	10,26,18,689	96.46%

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

Detail of Top 10 Shareholders as on 31-03-15 & 31-03-16 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 (31-03-15 to 31-03-16)		Category
				No of Shares at the Beginning (31-03-15) /end of the Year (31-03-16)	% of total shares of the Company				Shares	% of total shares of the Company	
1	IN30012610759612	UMESH NATH KAPUR	AOPPK0608B	50000	0.05	31.03.2015					INDIAN PUBLIC
				50000	0.05	31.03.2016	NIL	NIL			
2	IN30012610913630	BHUSHAN WADHWA	AAHPW9420H	42008	0.04	31.03.2015					INDIAN PUBLIC
				42008	0.04	31.03.2016	NIL	NIL			
3	00094618	AWANTIKA SHARMA	AUPGS9394H	36000	0.03	31.03.2015					INDIAN PUBLIC
				36000	0.03	31.03.2016	NIL	NIL			
4	00000602	RAMINDAR JIT SINGH WALIA		29000	0.02	31.03.2015					INDIAN PUBLIC
				29000	0.02	31.03.2016	NIL	NIL			

5	IN30045011066960	YOGESH RASIKLAL DO SHI	AAEPD3360Q	78803	0.07	31.03.2015					INDIAN PUBLIC
						22.05.2015	664	Purchase	79467	0.07	
						12.06.2015	-25000	Sale	54467	0.05	
						26.06.2015	505	Purchase	54972	0.05	
						21.08.2015	-13972	Sale	41000	0.04	
						04.09.2015	659	Purchase	41659	0.04	
						30.09.2015	1200	Purchase	42859	0.04	
						02.10.2015	1240	Purchase	44099	0.04	
						23.10.2015	300	Purchase	44399	0.04	
						20.11.2015	2000	Purchase	46399	0.04	
						11.12.2015	-1000	Sale	45399	0.04	
						18.12.2015	-9500	Sale	35899	0.03	
						25.12.2015	-8899	Sale	27000	0.03	
						31.12.2015	-150	Sale	26850	0.03	
						15.01.2016	-1750	Sale	25100	0.02	
				25100	0.02	31.03.2016					
6	IN30074910483073	SMITA M TURAKHIA	ABXPT5301M	0	0.02	31.03.2015					INDIAN PUBLIC
						12.06.2015	0	Purchase	25000	0.02	
				25000	0.02	31.03.2016					
7	IN30088813614301	KEWAL KUMAR VOHRA	AAHPV5282E	5150	0	31.03.2015					INDIAN PUBLIC
						17.07.2015	1100	Purchase	6250	0.01	
						14.08.2015	800	Purchase	7050	0.01	
						21.08.2015	13972	Purchase	21022	0.02	
				21022	0.02	31.03.2016					
8	IN30002030044965	DAVINDER SINGH	AATPS8391P	20000	0.02	31.03.2015					INDIAN PUBLIC
				20000	0.02	31.03.2016	NIL	NIL			
9	IN30311611722770	DEVARSONS TRADEIN LLP	AALFD1436C	0	0	31.03.2015					OTHER BODIES CORPORATES
						17.07.2015	0	Purchase	15200	0.01	
				15200	0.01	31.03.2016					
10	IN30044110582820	PRABHAKAR S B	AEPPP1862G	14000	0.01	31.03.2015					INDIAN PUBLIC
				14000	0.01	31.03.2016	NIL	NIL			

(v) Shareholding of Directors & KMP

Sl. No.		Shareholding at the end 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
	For Each of the Directors & KMP				
1	At the beginning of the year	Nil	Nil	Nil	Nil
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	Nil			
3	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

S. No.		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:

Sl. No	Particulars of Remuneration	Name				Total Amount
1	Gross salary	Mr. Arun Bhatia	Mr. Ashok Mirchandani	Mr. Sugeeth Kumar	Mr. Nanda Lakkaraju	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961	7,197,455	11,666,614	455,735	6,926,109	26,245,913
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	767,255	595,864	36,184	2,597,716	3,997,019
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission -as % of profit -others, specify	2,712,372	6,761,818	-	2,097,703	11,571,893
5	Others, please specify	607,934	959,315	17,694	424,825	2,009,769
	Total (A)	11,285,016	19,983,611	509,613	12,046,353	43,824,594
	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				

B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Name of the Directors		Total Amount
1	Independent Directors	Mr. Pankaj Prakash Sahni (Amount in ₹)	Mr. Narendra Singh Sisodia (Amount in ₹)	
	(a) Fee for attending board committee meetings	420,000	510,000	930,000
	(b) Commission	Nil	Nil	Nil
	(c) Others, please specify	Nil	Nil	Nil
	Total (1)	420,000	510,000	930,000
	Total Managerial Remuneration	420,000	510,000	930,000
	Overall Ceiling as per the Act.	1% of the net profits of the Company		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR/MANAGER/WHOLE TIME DIRECTOR

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
1	Gross Salary	"CFO (Mr. Sugeeth Kumar)"	"Company Secretary (Ms. Monica Pandey)"	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	2,040,750	1,161,933	3,202,683
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	321,840	173,451	495,291
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	"Commission -as % of profit -others, specify"	1,363,666	237,376	1,601,042
5	Others, please specify (PF & SAF)	90,158	52,668	142,826
	Total	3,816,414	1,625,428	5,441,842

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES - NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT /Court)	Appeall 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					

Registered office:
Narsingpur, Kherki Daula Post,
Gurgaon, Haryana – 122004

Arun Bhatia
Managing Director

Monica Pandey
Company Secretary

Date: 22nd August, 2016
Place: Gurgaon

Sugeeth Kumar
Chief Financial Officer & Whole time Director

ANNEXURE "D"

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016
[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
Narsingpur, Kherki Daula Post, Gurgaon-122 004 (Haryana)

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder ;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (iv) Other laws applicable to the Company as per the representations/Declaration made by the Management:
 - 1. Factories Act, 1948
 - 2. Industrial Disputes Act, 1947
 - 3. The Payment of Wages Act, 1936
 - 4. The Minimum Wages Act, 1948
 - 5. Employee' State Insurance Act, 1948
 - 6. The Punjab Labour Welfare Fund Act, 1965
 - 7. The Payment of Bonus Act, 1965
 - 8. The Payment of Gratuity Act, 1972
 - 9. The Employees Compensation Act, 1923
 - 10. The Employees Provident Fund Act, 1952
 - 11. The Contract Labour (Regulation and Abolition) Act, 1970
 - 12. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1956
 - 13. The Maternity Benefits Act, 1961
 - 14. Legal Metrology Act, 2009
 - 15. The Environment (Protection) Act, 1986
 - 16. The Air (Prevention and Control of Pollution) Act, 1981

17. The Water (Prevention and Control of Pollution) Act, 1974
18. The Hazardous Wastes (Management and Handling) Rules, 1989
19. Equal Remuneration Act, 1976
20. Income Tax Act, 1961
21. The Indirect Tax Laws

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I 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 period under review 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.

All decisions at Board Meetings and Committee Meetings are carried out with requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

Further views of the members are also recorded as part of the minutes as and when required.

I further report that as per the explanations given to me and the representations made by the Management and relied upon by me 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.

I further report that during the audit period, there are no specific events/ actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. referred to above.

It is further report that, during the Audit, it is observed that:

- a. The Company has under-spent an amount of ₹ 84,600 out of the aggregate corpus of ₹ 168.19 lakhs, which was to be spent for CSR activities during the financial year 2015-16. As per the management representation, this was due to an inadvertent error and as corrective measure the CSR Committee on recommendation of the management of the Company approved spending an amount of ₹ 90,000 (includes unspent amount of Rs. 84,600) towards CSR activities in the current year to cover the above such under-spent amount.

**For SHILPI S JAIN & CO.
Company Secretaries**

Place: Delhi
Date: 22nd August, 2016

**SHILPI JAIN
Proprietor
ACS No: 34022, CP No: 13674**

This Report is to be read with our letter of even date which is annexed as "Annexure 1" forms an integral part of this report.

"Annexure 1"

To,
The Members,
CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

Our report of even date is to be read along with this letter.

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

We have followed the audit practices and process 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 process and practices, we followed provide a reasonable basis for our opinion.

2. We have not verified the correctness and appropriateness of financial records Books of Accounts and Indirect Tax matters of the Company and relied upon the audited accounts and Auditors Report.
3. Where ever required, we have obtained the Management representations about the Compliance of laws, rules and regulations and happening of events etc.
4. 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.
5. 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.

**For SHILPI S JAIN & CO.
Company Secretaries**

Place: Delhi
Date: 22nd August, 2016

**SHILPI JAIN
Proprietor
ACS No: 34022, CP No: 13674**

ANNEXURE "E"

As on 31.03.2016
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 (Rs.)	Age (Yrs)	Last Employment Held
Mr. Ashok Mirchandani	Director- Transcold, Asia Pac & Japan	B.Tech, MBA	22	1-Jan-97	-	19,983,611	65	Head of Operations, SRF Ltd. New Delhi
Mr. Nanda Kishore Lakkaraju	Director- Engineering	B.Tech, M.S (Mech Engg & MBA)	13	1-Mar-09	-	12,046,353	44	BU Manager, Carrier Tyler Refrigeration (Mech Systems Div) Niles
Mr. Arun Bhatia	Managing Director, CCS	Post Diploma (Mech Engg) & PGDM	4	6-Sep-95	-	11,285,016	46	Project Engineer, Voltas Limited, New Delhi.
Mr. Gaurang Pandya (*)	President UTC India	B.Com (H), ACCA	8	13-Feb-08	-	11,141,309	39	General Manager- Carrier Guam
Mr. Subhajit Mitra (*)	Director - Human Resources	Masters in Personnel Management & Industrial Relations	9	1-Sep-10	-	9,260,094	39	National Manager, HR, Hindustan Coca-Cola Beverages Pvt Ltd, New Delhi
Mr. P R Menon	Director - Aftermarket	PGDM	9	25-Oct-89	-	8,010,982	60	Manager, Commercial (Mount Mettur Pharma Ltd)
Mr. Aditya Kumar Jindal (*)	Chief Financial Officer	Chartered Accountant	14	1-Jul-08	-	8,209,310	47	Head of Finance (Ray Ban Sun Optics India Ltd).
Mr. Sanjeev Yadav (*)	Managing Director, IBS	MBA	18	1-Apr-15	-	7,992,248	43	Director, Key Accounts & Strategy, UTC India
Mr. Amit Maheshwari	Director - Marketing & Strategy	B.Sc (Engg) & MBA	11	22-Jul-06	-	6,844,098	43	Senior Manager, National A/c Sales (Samsung Electronics)
Mr. Jasmeet Singh Bhatia (*)	Director - Human Resources	B.Sc./MBA	9	2-Mar-16	-	1,403,130	38	HR Head, Velvoline Cummins Private Ltd

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 dependant children) equity shares in the Company.

* Employed for part of the year.

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 :

- 90 KWp solar power plant, which will generate about 0.140 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.
- The Utilization of Power from State electricity has increased drastically and has achieved 77% utilization resulting in less captive generation hence fuel saving & reduction in greenhouse gas emission.
- Changing the old underground water lines to new above ground water distribution, which has resulted in reduction of water usage – approx 20%.
- Assessment conducted for exploring green factory.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Additional investments and proposals: Rs. 70 lakhs (Rupees Seventy Lakhs)

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

As a result of energy conservation measures undertaken by the Company, there had been significant reduction of overall energy consumption.

(d) 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.

Power fuel consumption

Particulars	Year ended 31 st March, 2016	Year ended 31 st March, 2015
1. Electricity		
(a) Purchased		
Units (in Lakhs)	26.74	23.92
Total amount (in Lakhs)	256.57	220.06
Rate/unit (Rs.)	9.6	9.2
(b) Own generation		
(i) Through diesel generator		

Particulars	Year ended 31 st March, 2016	Year ended 31 st March, 2015
Units (in Lakhs)	6.84	6.63
Units per litre of diesel oil	3.52	3.32
Cost/unit (Rs.)	13.61	17.06
(ii) Through steam turbine/generator		
Units	-	-
Units per litre of fuel oil/gas	-	-
Cost/unit (Rs.)	-	-
2. Coal		
Quantity (Tonnes)	-	-
Total cost (Rs.)	-	-
Average rate (Rs.)	-	-
3. Furnace oil		
Quantity (K. ltrs.)	-	-
Total amount (Rs.)	-	-
Average rate (Rs.)	-	-
4. Other/internal generation		
Quantity (Unit)	-	-
Total cost (Rs.)	-	-
Rate/unit (Rs.)	-	-

B. TECHNOLOGY ABSORPTION

(a) Research and Development (R&D)

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

- Launched 11 TR Single CDU Ducted (15 meter and 50 meter pipe length)
- 1.5 TR and 2.0 TR Cassette with 2 and 3 Star labels
- Slimpac models 2.0 TR (2 Star BEE label), 3.0 TR, 3.5 TR and 4.5 TR unit.
- Extending the range of localized air cooled condenser and evaporator up to 20KW.

(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

(iii) Future plan of action:

- Develop new products in keeping upcoming market requirements.
- Localize more products for cost/lead time benefit to customers.
- VAVE to optimize product cost and improve 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
- Feasibility evaluation of Scroll compressor rack development
- Extending the range of Evaporators for higher capacity & specific application.

(iv) Expenditure on R&D

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

(a) Capital	:	₹ 30,941,493
(b) Recurring	:	₹ 39,557,891
(c) Total	:	₹ 70,499,384

(d) Total R&D expenditure as a percentage of turnover: 0.60%

(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 chillers for cost reduction/ lead time reduction which help in gaining market share.

(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.
-	-	-	-

(C) FOREIGN EXCHANGE EARNINGS & OUTGO

Activities relating to Exports, initiatives taken to increase exports, development of new export markets for products & services, and export plans.

Total foreign exchange used and earn for the year:

- (i) Total foreign exchange earnings ₹ 783 lacs.
- (ii) Total foreign exchange outgo ₹ 2,853 lacs.

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'S 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

Registered office:
Narsingpur, Kherki Daula Post,
Gurgaon, Haryana – 122004

Arun Bhatia
Managing Director

Monica Pandey
Company Secretary

Date: 22nd August, 2016
 Place: Gurgaon

Sugeeth Kumar
Chief Financial Officer & Whole time Director

INDEPENDENT AUDITORS' REPORT

To the members of Carrier Airconditioning & Refrigeration Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Carrier Airconditioning & Refrigeration Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March, 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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 purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2016 on its financial position in its financial statements – Refer Note 26;
 - ii. The Company has long-term contracts as at March 31, 2016 for which there were no material foreseeable losses. The Company did not have any long term derivative contracts as at March 31, 2016.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March, 31, 2016

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/S-200012
Chartered Accountants

Place of the Signature: Gurgaon
August 22, 2016

Amitesh Dutta
Partner
Membership Number 058507

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of **Carrier Airconditioning & Refrigeration Limited** on the financial statements for the year ended March 31, 2016

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

1. We have audited the internal financial controls over financial reporting of **Carrier Airconditioning & Refrigeration Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.
5. 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting 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 Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting 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

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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.

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/S-200012
Chartered Accountants

Place of the Signature: Gurgaon
August 22, 2016

Amitesh Dutta
Partner
Membership Number 058507

Annexure B to Independent Auditors' Report

Referred to in paragraph 10(g) of the Independent Auditors' Report of even date to the members of **Carrier Airconditioning & Refrigeration Limited** on the financial statements as of and for the year ended March 31, 2016

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) The title deeds of immovable properties, as disclosed in Note 9 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory [excluding stocks with third parties] have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, 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.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of provident fund and professional tax, the Company is regular in depositing undisputed statutory dues, including employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2016 for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (in '000)	Period to which the amount relates	Due date	Date of Payment
The Employee's Provident Fund and Miscellaneous Act, 1952	Provident fund dues	374	April 2016 to August 2016	Various dates	Paid on August 12, 2016

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise

duty, value added tax as at March 31, 2016 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of Dues	Amount (in '000)	Amount deposited Under protest	Period to which amount relates	Forum where dispute is pending
Income Tax Act					
Income Tax Act, 1961	Various business expenditures disallowed	1,710	-	2001-02	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demands raised by Income Tax Authorities	6,321	-	2007-08	Assistant Commissioner of Income Tax
Income Tax Act, 1961	Demands raised by Income Tax Authorities on account of transfer pricing adjustment and for leasehold improvements	42,382	17,715	2009-10	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demands raised by Income Tax Authorities on account of transfer pricing adjustment	5,071	-	2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demands raised by Income Tax Authorities on account of transfer pricing adjustment	16,016	6,504	2010-11	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demands raised by Income Tax Authorities on account of transfer pricing adjustment	11,516	-	2012-13	Dispute Resolution Panel
Sales Tax Act					
Sales Tax / Value Added Taxes per the statutes applicable in the following states – Delhi, Uttar Pradesh, Madhya Pradesh, Rajasthan, Gujarat, Maharashtra, Tamil Nadu, Kerala, Jharkhand, Bihar, Andhra Pradesh, West Bengal, Karnataka, Goa, Daman and Diu	Demands raised by Sales tax authorities	279,728 *	43,383 *	1988-89, 1989-90, 1992-93, 1994-95 to 2014-15	First Appellate Authorities of various states

Name of the statute	Nature of Dues	Amount (in '000)	Amount deposited Under protest	Period to which amount relates	Forum where dispute is pending
Sales Tax / Value Added Tax as per the statutes applicable in the following states – Delhi, Uttar Pradesh, Madhya Pradesh, Rajasthan, Gujarat, Kerala, Bihar, Haryana, Andhra Pradesh, Karnataka	Demands raised by Sales tax authorities	68,147	32,445	1997-98 to 2012-13	Sales Tax Appellate Tribunal of various states
Sales Tax / Value Added Tax as per the statutes applicable in the following states – Uttar Pradesh, Rajasthan, Haryana, Karnataka	Demands raised by Sales tax authorities	10,992	5,086	1989-90, 1995-96, 1996-97, 1998-99 to 2001-02, 2005-06	High Court of various states
* include demands raised by Sales tax authorities aggregating to Rs. 67,044 (amount paid under protest – Rs. 8,381) with respect to assessment year 2010-11, 2012-13 and 2013-14 against which favorable order has been received subsequent to the year end.					
Central Excise Duty					
Central Excise Act, 1944	Additional duty on goods / stock transferred from factory to depot	21,694	-	1998-2003	Customs, Excise and Service tax Appellate Tribunal
Central Excise Act, 1944	Additional duty due to difference in MRP and transaction value for split air conditioners.	3,228	-	2000-01	Commissioner (Central Excise)
Central Excise Act, 1944	Show Cause Notice for interest on Duty reversed on Input cleared as such	483	-	2002-2007	Commissioner (Central Excise)
Central Excise Act, 1944	Demand for refund amount on Stock Transfer of non MRP goods from Factory to Branches	1,319	-	2006-2007	Customs, Excise and Service tax Appellate Tribunal
Central Excise Act, 1944	Demand on import of power pack and supply along with bus air conditioning systems, without payment of excise duty (clandestine removal)	2,640	-	1996-01	Commissioner Appeal (Central Excise), Bangalore
Customs Duty					
Customs Act, 1962	Show Cause Notice for imposing redemption fine, confiscation, penalty etc	2,500	-	1998-00	Commissioner-Customs

Name of the statute	Nature of Dues	Amount (in '000)	Amount deposited Under protest	Period to which amount relates	Forum where dispute is pending
Customs Act, 1962	Demand Notice for short levy of duty due to misclassification and incorrect benefit of Notification	875	-	2014-15	Commissioner-Customs
Customs Act, 1962	Show Cause Notice for demanding additional duty on imported filters.	75	-	1999-00	Asst. Commissioner Customs
Service Tax					
Finance Act, 1994	Show Cause Notice demanding Service tax on overseas commission income	208,364	-	2006-2010	Customs, Excise and Service tax Appellate Tribunal
Finance Act, 1994	Show cause Notice demanding the Service tax on overseas commission income	74,372	-	2010-14	Commissioner (Central Excise & Service Tax)
Finance Act, 1994	Show Cause Notice for recovery of Cenvat credit taken on AMC Service, Booking Commission, Service Commission and Warranty Service	380,867	8,929	2012-2014	Customs, 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	78,287	5,353	2014-15	Commissioner (Central Excise & Service Tax)
Finance Act, 1994	Show Cause Notice for reversal of Service Tax credit taken on various input services	210	8	2013-14	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Show Cause Notice for reversal of Service Tax credit taken on various input services	1,696	-	2014-15	Commissioner of Central Excise
Finance Act, 1994	Levy of service tax on exempted services of installation / commissioning	854	-	1997-02	Commissioner (Appeals)
Finance Act, 1994	Show Cause Notice for amount reimbursed for Storage and disallowance of service tax credit on bills	2,871	-	2008-09 2009-10	Commissioner of Service Tax

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/S-200012
Chartered Accountants

Place of the Signature: Gurgaon
August 22, 2016

Amitesh Dutta
Partner
Membership Number 058507

CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

BALANCE SHEET

(All amounts in Rs. Lacs, unless otherwise stated)

	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	10,638	10,638
(b) Reserves and surplus	3	38,111	32,620
		48,749	43,258
(2) Non-Current Liabilities			
(a) Other long-term liabilities	4	452	448
(b) Long-term provisions	5	5,114	4,656
		5,566	5,104
(3) Current Liabilities			
(a) Trade payables	6		
Total Outstanding dues of micro enterprises and small enterprises and		175	141
Total outstanding dues of creditors other than micro enterprises and small enterprises		27,108	23,693
(b) Other current liabilities	7	6,965	6,346
(c) Short-term provisions	8	986	905
		35,234	31,085
Total		89,549	79,447
ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	4,755	3,911
(ii) Intangible assets	10	143	146
(iii) Capital work-in-progress		747	507
(iv) Intangible assets under development		162	33
(b) Non-current investments	11	1	1
(c) Deferred tax assets (Net)	12	3,383	2,536
(d) Long-term loans and advances	13	4,424	4,736
		13,615	11,870
(2) Current assets			
(a) Inventories	14	21,882	20,354
(b) Trade receivables	15	21,130	18,995
(c) Cash and bank balances	16	22,836	19,371
(d) Short-term loans and advances	17	8,791	8,110
(e) Other current assets	18	1,295	747
		75,934	67,577
Total		89,549	79,447

Summary of significant accounting policies. 1
The notes are an integral part of these financial statements.
This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/S-200012
Chartered Accountants

On behalf of the Board

Sugeeth Kumar
WTD & Chief Financial Officer
DIN: 07420265

Arun Bhatia
Managing Director
DIN: 00031279

Amitesh Dutta
Partner
Membership No: 058507

Monica Pandey
Company Secretary
Membership No: A14681

Place: Gurgaon
Date: August 22, 2016

Place: Gurgaon
Date: August 22, 2016

CARRIER AIRCONDITIONING & REFRIGERATION LIMITED
STATEMENT OF PROFIT AND LOSS
(All amounts in Rs. Lacs, unless otherwise stated)

	Note	Year ended March 31, 2016	Year ended March 31, 2015
Income			
Revenue from operations (gross)	19	1,18,382	1,00,760
Less : Excise duty		(3,598)	(2,777)
Revenue from operations (net)		1,14,784	97,983
Other income	20	3,045	3,151
Total Revenue		1,17,829	1,01,134
Expenses			
Cost of materials consumed	38	18,682	17,609
Purchase of finished goods	40 (b)	36,874	30,279
Changes in inventories of finished goods, work in progress and stock in trade	21	27	(2,070)
Employee benefits expense	22	12,128	10,209
Finance cost	23	116	95
Depreciation and amortization expense	9,10,24	654	609
Other expenses	25	40,789	36,031
Total Expenses		1,09,270	92,762
Profit before tax		8,559	8,372
Tax expense:			
(1) Current tax		3,910	3,472
(2) Deferred tax	12	(847)	(607)
(3) Tax relating to earlier years		5	(43)
Profit for the year		5,491	5,550
Earnings per equity share (in rupees):	32		
[Nominal value per share Rs. 10 (previous year Rs. 10)]			
Basic		5.16	5.22
Diluted		5.16	5.22

Summary of significant accounting policies. 1

The notes are an integral part of these financial statements.

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

 For Price Waterhouse & Co Bangalore LLP
 Firm Registration Number: 007567S/S-200012
 Chartered Accountants

On behalf of the Board

 Sugeeth Kumar
WTD & Chief Financial Officer
 DIN: 07420265

 Arun Bhatia
Managing Director
 DIN: 00031279

 Amitesh Dutta
 Partner
 Membership No: 058507

 Monica Pandey
Company Secretary
 Membership No: A14681

 Place: Gurgaon
 Date: August 22, 2016

 Place: Gurgaon
 Date: August 22, 2016

CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

CASH FLOW STATEMENT

(All amounts in Rs. Lacs, unless otherwise stated)

	Year ended March 31, 2016	Year ended March 31, 2015
A. Cash Flow from Operating Activities		
Profit before taxation	8,559	8,372
Adjustments for:		
Depreciation/Amortization	654	609
(Gain)/ Loss on sale of fixed assets (net)	(8)	6
Provision for inventory obsolescence	333	414
Provision for doubtful debts and advances	1,146	951
Unrealised exchange fluctuation (gain) / loss (net)	(86)	(53)
Bad debts and advances written off	25	48
Provision for litigation reserve (net)	362	202
Liabilities / provisions no longer required written back	(739)	(297)
Interest income	(1,713)	(1,905)
Provision for accrued leave and gratuity	142	318
Interest expense	78	59
Operating profit before working capital changes	8,753	8,724
Changes in working capital :		
(Increase)/Decrease in trade receivables	(3,172)	(4,396)
(Increase)/ Decrease in inventories	(1,861)	(3,037)
(Increase)/ Decrease in other current assets	(350)	1,121
(Increase)/Decrease in loans and advances	(206)	(709)
Increase/ (Decrease)in current/non current liabilities	4,982	5,852
	(607)	(1,169)
Cash generated from operations	8,146	7,555
Taxes paid	(3,959)	(3,769)
Net cash generated from/(used in) operating activities (A)	4,187	3,786
B. Cash flow from Investing Activities		
Purchase of tangible / intangible assets	(2,036)	(885)
Proceeds from sale of tangible / intangible assets	8	9
Interest received	1,515	2,008
Receipt / (payment) of inter-corporate deposit (net)	(113)	10,184
Net cash from investing activities (B)	(626)	11,316
C. Cash Flow from Financing Activities		
Interest paid	(78)	(59)
Dividend and Tax thereon	-	(4,787)
Net cash from/(used in) financing activities (C)	(78)	(4,846)
D. Net (decrease)/Increase in Cash and Cash Equivalents {A+B+C}	3,483	10,256
E. Cash and Cash Equivalents at start of the year	19,286	9,013
Cash and Cash Equivalents at close of the year (D+E)	22,769	19,269
Add: Re-instatement gain on balance in EEFC account	4	17
Cash and Cash Equivalents at close of the year	22,773	19,286

CARRIER AIRCONDITIONING & REFRIGERATION LIMITED
CASH FLOW STATEMENT (CONT'D)
(All amounts in Rs. Lacs, unless otherwise stated)

	Year ended March 31, 2016	Year ended March 31, 2015
Components of cash and cash equivalents as at end of the year		
Cash on hand	*	2
Cheques in Hand	106	273
Bank balances		
- In current account	3,167	3,511
- Demand deposit	19,500	15,500
Cash & Cash Equivalents	22,773	19,286

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

Note:-

1. The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard 3 (Cash Flow Statements).
2. Figures in brackets indicate outflow of cash and cash equivalents.

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

For Price Waterhouse & Co Bangalore LLP
 Firm Registration Number: 007567S/S-200012
 Chartered Accountants

On behalf of the Board

Sugeeth Kumar
WTD & Chief Financial Officer
 DIN: 07420265

Arun Bhatia
Managing Director
 DIN: 00031279

Amitesh Dutta
 Partner
 Membership No: 058507

Monica Pandey
Company Secretary
 Membership No: A14681

Place: Gurgaon
 Date: August 22, 2016

Place: Gurgaon
 Date: August 22, 2016

CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. Summary of significant accounting policies

1.1 Basis of accounting and preparation of financial statements

- (a) These financial statements have been prepared in accordance with the generally accepted accounting principles in India, under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply.

Consequently, these financial statement have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

The Company has classified all the assets and liabilities as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months based on the nature of its business and time between the procurement of products and their realization in cash and cash equivalents.

- (b) The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) in India requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts and advances, provision for inventory obsolescence, future obligations under employee retirement benefit plans, income taxes, product warranty and the useful lives of Fixed assets (tangible and intangible).

1.2 Fixed assets

Fixed Assets are stated at their original cost including freight, duties (net of CENVAT), taxes and other incidental expenses relating to acquisition and installation. Own manufactured goods are capitalized at cost. Cost includes labour and overhead burden.

1.3 Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Goodwill represents the commensurate value of the future economic benefits to be derived from business purchases.

1.4 Depreciation on tangible assets

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, except in case of certain assets of the Company which have useful lives as mentioned below:

- (a) Tools are depreciated over a period of one to five years based on the technical evaluation of estimated useful life done by the management.
- (b) Leasehold improvements are amortized over the lease period on straight line basis.
- (c) Fixed assets costing less than USD 2,500 each are fully depreciated in the year of purchase.

1.5 Amortization on intangible assets

Intangible assets are amortized on straight line basis as per rates mentioned below :

Asset Class	Rate of amortisation
Goodwill	33.33 %
Computer Software	16.67 %
Technical- know how	33.33%

1.6 Investments

Long term investments are stated at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

1.7 Inventories

(a) Inventories are valued at lower of cost and net realizable value.

Material costs are determined using the weighted average method and include customs duty, wherever paid, and are net of credit under CENVAT scheme.

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. Excise duty is included in finished goods valuation.

(b) Provision for excess inventory and inventory obsolescence is determined based on management's estimate.

1.8 Revenue

(a) Sale of products

Revenue from sale of products is recognized on transfer of significant risk and rewards of ownership to the customer and on reasonable certainty of the ultimate collection. Sales are inclusive of excise duty and net of trade discounts and sales returns.

(b) Income from services

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

- Revenue from repair/installations jobs is recognized as and when service is performed and on reasonable certainty of collection. Performance of service is determined on completion of the scope of service defined in the customer order and relevant documentation evidencing completion of such service and related control and compliance requirements.

(c) Interest income, commission income and insurance claims

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.

1.9 Employee benefits

1.9.1 Post retirement employee benefits

(a) Defined contribution plans:

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's contributions to all the above plans are charged to revenue every year on accrual basis.

(b) Defined benefit plan:

The Company has defined benefit plan namely gratuity, with Life Insurance Corporation of India. The liability for the defined benefit plan is determined on the basis of an

actuarial valuation at the end of the year. Gains and losses arising out of actuarial valuations are recognized immediately in the Statement of Profit and Loss as income or expense.

The Company makes contribution to the “Aircon Management and Lady Confidential Staff Provident Fund” which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company’s obligation in this regard is actuarially determined and provided for if the circumstances indicate that the trust may not be able to generate adequate returns to cover the interest rates notified by the Government. The Company’s contribution towards Provident Fund is charged to Statement of Profit and Loss. [Also refer Note 34B(c)]

1.9.2 Other employee benefits

Other employee benefits are accounted for on accrual basis. Liabilities for compensated absences are determined based on independent year end actuarial valuation and the charge resulting for the year based on the valuation is recognized in the Statement of Profit and Loss. Short term Employee Benefits are recognized at actual cost on an undiscounted basis whereas long term employee benefits are recognized on the basis of an actuarial valuation at the end of the year.

1.10 Foreign currency transactions

(a) Recognition and conversions

Transactions in foreign currency are booked at standard rates determined monthly which approximates the actual rates. All monetary items denominated in foreign currency are translated at year end rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Exchange differences arising on such transactions and also exchange differences arising on the settlement of such transactions are adjusted in the Statement of Profit and Loss.

(b) Forward exchange contracts

It is the Company’s policy to enter into forward contracts in case net foreign currency exposure is in excess of US \$ 500,000. However, the Company also enters into forward contract less than US \$ 500,000, if felt necessary.

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortized as expense or income over the life of the contract. Exchange differences on such a contract are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or losses arising on cancellation or renewal of such a forward exchange contract are recognized as income or as expense for the period.

Forward exchange contracts outstanding as at the year end on account of firm commitment/ highly probable forecast transactions are marked to market and the losses if any, are recognized in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on “Accounting for Derivatives” issued in March 2008.

1.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

1.12 Taxation

Tax expense for the year, comprising current tax and deferred tax is included in determining the profit/(loss) for the year.

A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws.

Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amounts that are recognized for current tax purposes.

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

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted as of the balance sheet date.

1.13 Leases

Lease rentals in respect of assets taken on operating leases are charged to the statement of Profit and Loss on a straight line basis over the lease term.

1.14 Impairment of assets

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If such indication exists, the Company estimates the recoverable amount and where carrying amount of the asset exceeds such recoverable amount, an impairment loss is recognized in the Statement of Profit and Loss to the extent the carrying amount exceeds recoverable amount. Where there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased, the Company books a reversal of the impairment loss not exceeding the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior accounting periods.

1.15 Provisions and contingencies

Provisions are recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Contingencies are disclosed unless the likelihood of an outflow of resources is remote and there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

1.16 Earnings per share (EPS)

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax and include the post tax effect of any extra ordinary items. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

1.17 Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with Banks and other short term highly liquid investments with original maturities of three months or less.

1.18 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenses net of unallocated income".

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts in Rs. Lacs, unless otherwise stated)

		As at March 31, 2016	As at March 31, 2015
2. Share Capital			
Authorised			
110,000,000	Equity Shares of Rs 10 each {Previous Year 110,000,000 Equity Shares of Rs. 10 each}	11,000	11,000
110,000,000		11,000	11,000
Issued, subscribed and paid-up			
106,376,745	Equity Shares of Rs. 10 each fully paid-up {Previous Year 106,376,745 Equity Shares of Rs. 10 each fully paid-up}	10,638	10,638
106,376,745		10,638	10,638
a. Reconciliation of the number of shares			
Equity shares:			
	March 31, 2016	March 31, 2015	
	Numbers of Shares	Numbers of Shares	Amount
Balance as at the beginning of the year	106,376,745	106,376,745	10,638
Issued during the year	-	-	-
Balance as at the end of the year	106,376,745	106,376,745	10,638
b. Shareholding details			
Equity shares:			
	March 31, 2016	March 31, 2015	
	Number	Number	Amount % holding
Holding Company			
United Technologies South			
Asia Pacific Pte Ltd.	102,618,689	102,618,689	10,262 96.5%
(formerly known as			
Singapore Holdco Pte Ltd.)			
c. Shareholder rights			
The Company has one class of shares referred to as 'Equity Shares' having a par value of Rs. 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.			
	As at	As at	
	March 31, 2016	March 31, 2015	
3. Reserves and surplus			
Capital reserve	1	1	
Reserves on amalgamation	657	657	
General reserve			
Balance as at beginning of the year	895	895	
Additions during the year	-	-	
Balance as at end of the year	895	895	
Surplus in Statement of Profit and Loss			
Balance as at beginning of the year	31,067	30,304	
Add : Profit for the year	5,491	5,550	
Less : Appropriations			
Interim Dividend on equity shares for the year	-	(3,989)	
Dividend distribution tax on interim dividend on equity shares	-	(798)	
Balance as at end of the year	36,558	31,067	
	38,111	32,620	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016
(All amounts in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
4. Other long-term liabilities		
Security deposits	452	448
Total	452	448
5. Long-term provisions		
Provision for employee benefits : (Refer Note 22 and Note 34)		
Provision for leave encashment	515	444
Provision for gratuity	251	200
Other provisions:		
Provision for litigation/disputes	3,846	3,484
Provision for warranty	502	528
Total	5,114	4,656
6. Trade payables		
(a) Total Outstanding dues of micro enterprises and small enterprises, (Refer note 31)	175	141
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances	96	83
(ii) Others	27,012	23,610
Total	27,283	23,834
7. Other current liabilities		
Advances from customers	2,879	2,852
Unclaimed dividend [Refer Note below]	63	85
Statutory dues (including tax deducted at source)	1,593	1,183
Employee benefits payable	494	432
Royalty payable	46	26
Payables for fixed assets	141	168
Deferred/unearned revenue	1,749	1,600
Total	6,965	6,346
Note: There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at year end.		
8. Short-term provisions		
Provision for employee benefits : (Refer Note 22 and Note 34)		
Provision for leave encashment	112	92
Other provisions :		
Provision for wealth tax	-	12
Provision for warranty	874	801
Total	986	905

In accordance with Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets", the movement of provisions is detailed below:

Description	Balance as on April 1, 2015	Additions during the year	Utilised / Reversed during the year	Balance as on March 31, 2016
Warranty (net)	1,329	1,004	957	1,376
Litigation / disputes	3,484	382*	20	3,846
Total	4,813	1,386	977	5,222

* included in 'Rates and taxes' (Refer Note 25) and 'Cost of materials consumed' (Refer Note 38)

The above provisions relate to the estimated outflow in respect of a) warranty for products sold by the Company and b) litigation related provisions. Due to the very nature of such costs, it is not possible to estimate the timing / uncertainties relating to their outflows as well as expense from such estimates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts in Rs. Lacs, unless otherwise stated)

9. Tangible assets

Particulars	GROSS BLOCK - AT COST#				DEPRECIATION#			NET BLOCK	
	Cost as at April 1, 2015	Additions during the Year	Deletions/ Adjustments during the year	Cost as at March 31, 2016	Upto March 31, 2015	For the Year	Deletions/ adjustments	Upto March 31, 2016	As at March 31, 2016
Free hold land	410	-	-	410	-	-	-	-	410
Buildings	1,144	42	-	1,186	601	64	-	665	521
Leasehold improvements	197	410	8	599	73	45	8	110	489
Plant and machinery	6,145	862	13	6,994	3,416	361	13	3,764	3,230
Furniture and fixtures	385	64	35	414	332	53	35	350	64
Computers and office equipments	669	21	46	644	617	36	46	607	37
Vehicles	3	4	3	4	3	*	3	*	4
Total Tangible assets	8,953	1,403	105	10,251	5,042	559	105	5,496	4,755

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

Particulars	GROSS BLOCK - AT COST#				DEPRECIATION#			NET BLOCK	
	Cost as at April 1, 2014	Additions during the Year	Deletions/ Adjustments during the year	Cost as at March 31, 2015	Upto March 31, 2014	For the Year	Deletions/ adjustments	Upto March 31, 2015	As at March 31, 2015
Free hold land	410	-	-	410	-	-	-	-	410
Buildings	1,086	59	1	1,144	541	62	2	601	543
Leasehold improvements	240	51	94	197	130	37	94	73	124
Plant and machinery	5,493	850	198	6,145	3,357	253	194	3,416	2,729
Furniture and fixtures	388	46	49	385	313	67	48	332	53
Computers and office equipments	740	42	113	669	605	114	102	617	52
Vehicles	3	-	-	3	3	-	-	3	-
Total Tangible assets	8,360	1,048	455	8,953	4,949	533	440	5,042	3,911

Includes certain assets which are retired from active use and held for disposal. The net book value of these assets aggregate to Nil (Gross Block INR 201, Accumulated depreciation INR 201). The realizable value for these assets is expected to be negligible.

10. Intangible assets

Particulars	GROSS BLOCK - AT COST			AMORTIZATION				NET BLOCK	
	Cost as at April 1, 2015	Additions during the Year	Deletions/ Adjustments during the year	Cost as at March 31, 2016	Upto March 31, 2015	For the Year	Deletions/ adjustments	Upto March 31, 2016	As at March 31, 2016
Goodwill	199	-	-	199	66	66	-	132	67
Software	1,001	33	-	1,034	988	8	-	996	38
Technical Know-How	-	59	-	59	-	21	-	21	38
Total Intangible assets	1,200	92	-	1,292	1,054	95	-	1,149	143

Particulars	GROSS BLOCK - AT COST				AMORTIZATION			NET BLOCK	
	Cost as at April 1, 2014	Additions during the Year	Deletions/ Adjustments during the year	Cost as at March 31, 2015	Upto March 31, 2014	For the Year	Deletions/ adjustments	Upto March 31, 2015	As at March 31, 2015
Goodwill	-	199	-	199	-	66	-	66	133
Software	999	10	8	1,001	986	10	8	988	13
Total Intangible assets	999	209	8	1,200	986	76	8	1,054	146

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
11. Non-current investments		
Other investments (valued at cost)		
Unquoted		
Investment in government or trust securities		
6 Year National Savings Certificate VIII Issue (Pledged with Government Authorities)	*	*
Investment in equity shares (unquoted)		
2,000 Shares of Rs. 50/- each (fully paid up) (Previous Year 2,000 shares) in Carrier Aircon Employees' Co-operative Thrift and Credit Society Limited	1	1
Total	<u>1</u>	<u>1</u>
Aggregate amount of unquoted investments	1	1
<i>* Amount is below the rounding off norm adopted by the Company.</i>		
12. Deferred tax assets (Net)		
Deferred tax assets		
Tax impact of expenses charged in the financial statements but allowable as deduction in future years under income tax		
Provision for doubtful debts and advances	1,309	973
Provision for inventory obsolescence	516	408
Provision for gratuity and leave encashment/compensated absences	304	254
Provision for litigation/disputes	1,331	1,207
Others	270	13
Total deferred tax assets	3,730	2,855
Deferred tax liabilities		
Tax impact of difference between carrying amount of fixed assets in the financial statements and income tax return	347	319
Total deferred tax liabilities	347	319
Deferred tax assets (Net)	3,383	2,536
Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.		
13. Long-term loans and advances		
Unsecured, considered good (unless otherwise stated):		
Capital advances	227	82
Security deposits		
- Considered good	299	368
- Considered doubtful	24	23
Less : Provision for doubtful security deposits	<u>(24)</u>	<u>(23)</u>
Advances recoverable in cash or in kind or for value to be received*	1,238	1,672
Advance tax and tax deducted at source (Including fringe benefit tax) [net of provision for tax Rs. 16,982 (previous year Rs. 22,219)]	2,660	2,614
Total	4,424	4,736

* including amount paid under protest to Government authorities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016
(All amounts in Rs. Lacs, unless otherwise stated)

	As at		As at	
	March 31, 2016		March 31, 2015	
14. Inventories				
Stores and spares		6,896		5,587
{Includes stock in transit Rs. 1,533 (previous year Rs. 1,140)}				
Raw materials and components		5,244		4,676
{Includes stock in transit Rs. 1,252 (previous year Rs. 710)}				
Work-in-progress {Refer Note 40(c)}		121		176
Finished goods {Refer Note 40(a) and 40(b)}				
- Manufactured	2,794		2,995	
- Bought out*	8,419	11,213	8,200	11,195
{*Includes stock in transit Rs. 1,719 (previous year Rs. 3,704)}				
		23,474		21,634
Less: Provision for obsolescence/write down		1,592		1,280
Total		21,882		20,354
15. Trade receivables				
Unsecured				
a) Outstanding for a period exceeding six months from the date they are due for payment				
Considered good		1,373		1,610
Considered doubtful		3,422		2,560
b) Others				
Considered good		19,757		17,385
Considered doubtful		93		2
		24,645		21,557
Less: Provision for doubtful debts		3,515		2,562
Total		21,130		18,995
16. Cash and bank balances				
Cash and cash equivalents				
Cash on hand		*		2
Cheques on hand		106		273
Balances with banks:				
- In current accounts	3,167		3,511	
- Demand deposits (less than 3 months maturity)	19,500	22,667	15,500	19,011
		22,773		19,286
Other bank balances:				
- In unclaimed dividend account		63		85
		63		85
Total		22,836		19,371

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts in Rs. Lacs, unless otherwise stated)

	As at		As at	
	March 31, 2016		March 31, 2015	
17. Short-term loans and advances				
(Unsecured, considered good, unless otherwise stated)				
Loans and advances to related parties :				
Supriya Elevators Company (India) Limited	101		100	
Carrier Race Technologies Private Limited	2,293		2,388	
UTC Fire and Security India Limited	1,857		1,650	
Chubb Alba Control Systems Limited	<u>500</u>	4,751	<u>500</u>	4,638
Other loans and advances:				
Advances recoverable in cash or in kind or for value to be received				
- Considered good	1,807		1,621	
- Considered doubtful	202		173	
Less : Provision for doubtful advances	<u>(202)</u>	1,807	<u>(173)</u>	1,621
Security deposits				
- Considered good	71		96	
- Considered doubtful	41		53	
Less : Provision for doubtful deposits	<u>(41)</u>	71	<u>(53)</u>	96
Balances with Government authorities		2,162		1,755
Total		<u>8,791</u>		<u>8,110</u>
18. Other current assets				
(Unsecured, considered good, unless otherwise stated)				
Receivables in respect of other contractual obligations		1,074		724
Interest accrued on deposits		221		23
Total		<u>1,295</u>		<u>747</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016
(All amounts in Rs. Lacs, unless otherwise stated)

	Year ended March 31, 2016	Year ended March 31, 2015
19. Revenue from operations		
Product sales {Refer Note 40(a) and 40(b)}	79,376	66,489
Spare sale & Service income	37,641	33,053
	<u>117,017</u>	<u>99,542</u>
Other operating revenue:		
Commission income	1,189	1,019
Scrap sales	176	199
	<u>1,365</u>	<u>1,218</u>
Revenue from operations (gross)	118,382	100,760
Less : Excise duty	(3,598)	(2,777)
Total	<u>114,784</u>	<u>97,983</u>
20. Other income		
Interest income		
- On fixed deposits	1,144	1,175
- On inter corporate deposits	<u>569</u>	<u>730</u>
	1,713	1,905
Foreign exchange fluctuation gain (net)	40	435
Liabilities / provisions no longer required written back	739	297
Miscellaneous income	545	514
Profit on sale of fixed assets (net)	8	-
Total	<u>3,045</u>	<u>3,151</u>
21. Changes in inventories of finished goods, work in progress and stock in trade		
Opening stock		
Work-in-progress	176	120
Finished goods		
- Manufactured	2,995	2,262
- Bought out	<u>8,200</u>	<u>6,786</u>
	<u>11,371</u>	<u>9,168</u>
Closing stock		
Work-in-progress	121	176
Finished goods		
- Manufactured	2,794	2,995
- Bought out	<u>8,419</u>	<u>8,200</u>
	<u>11,334</u>	<u>11,371</u>
Excise duty on increase/(decrease) of finished goods (manufactured)	(10)	133
Net (increase)/decrease	<u>27</u>	<u>(2,070)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts in Rs. Lacs, unless otherwise stated)

	Year ended March 31, 2016	Year ended March 31, 2015
22. Employee benefits expense (Refer Note 34)		
Salaries, wages and bonus	11,069	9,192
Contribution to provident and other funds	712	658
Staff welfare expenses	347	359
Total	12,128	10,209
23. Finance Cost		
Interest on deposits	12	11
Interest-others	66	48
Bank charges	38	36
Total	116	95
24. Depreciation and amortization expense		
Depreciation on tangible assets (Refer Note 9)	559	533
Amortization on intangible assets (Refer Note 10)	95	76
Total	654	609
25. Other expenses		
Power, fuel and water	473	477
Cost of services	12,771	10,664
Stores and spares consumed (Refer Note 39)	13,090	11,477
Communication expenses	368	354
Rent, including lease rentals (Refer Note 29)	1,185	825
Repairs and maintenance:		
Building	70	96
Machinery	109	138
Others	430	493
Insurance	299	293
Rates and taxes	370	297
Dealer/ Service commission	2,392	2,106
Travelling and conveyance	1,261	1,115
Advertisement and sales promotion (net of recoveries)	621	1,006
Cartage and freight outward (net of recoveries)	2,980	2,458
Warranty	1,004	1,109
Bad debts & advances written off	179	156
Less- Existing provision utilized	(154)	(108)
Provision for doubtful debts and advances	1,146	951
Payment to auditors (excluding service tax)		
As Auditors:		
Audit fees	39	34
Tax audit fees	7	7
In other capacity	2	4
Out-of-pocket expenses	*	*
Expenditure towards Corporate Social Responsibility (CSR) activities (Refer Note 48)	168	181
Training	57	67
Legal and professional charges	419	320
Royalty charges	137	77
Loss on sale of fixed assets (net)	-	6
Provision for inventory obsolescence	333	414
Research and development	396	204
Miscellaneous expenses	637	810
Total	40,789	36,031

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

26. Contingent Liabilities:

- (a.1) Demands from Income Tax Authorities under appeal amount to Rs. 830 (Previous Year Rs. 917).
- (a.2) The Company has filed appeals for the assessment year 2005-06 & 2006-07 involving tax amount of Rs. 188 & Rs. 111 before CIT(A) and Income Tax Appellate Tribunal (ITAT) 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. Further, for AY 2006-07, ITAT has remanded back the matter to the transfer pricing officer during the year.
- (b) Demands from Sales Tax Authorities under appeal amount to Rs. 2,670 (Previous Year Rs. 2,776).
- (c) Show cause notices/demands received from Excise, Customs Department and Service Tax (excluding applicable penalties), not acknowledged as debts amount to Rs. 7,655 (Previous Year Rs.17,563).
- (d) Show cause notices/demands received from Employee State Insurance (ESI) Department (excluding applicable penalties), not acknowledged as debts amount to Rs. 126 (Previous Year 126).
- (e) Other claims against the Company not acknowledged as debts amount to Rs. 392 (Previous Year Rs. 921).
- (f) Financial Guarantees issued on behalf of the Company, outstanding at the year end, amount to Rs. 247 (Previous Year Rs. 238).
- (g) Other Guarantees and letters of credit issued on behalf of the Company, outstanding at the year end, amount to Rs. 2,422 and Rs. 335 respectively (Previous Year Rs. 1,573 and Rs. 910 respectively).

The amount shown in the items (a) to (f) 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. The amount shown in item (g) represent guarantees and letters of credit given in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of beneficiaries fulfilling their ordinary commercial obligations.

- 27.** During 2000-01, the Government of Haryana levied a 'Local Area Development Tax' (L.A.D.T.) on material being purchased from out side Haryana. Based on legal advice, the erstwhile company, Carrier Aircan Limited ('CAI'), like other industries in Haryana, had filed a writ petition in the Hon'ble High Court of Punjab & Haryana challenging the validity of this enactment. The Hon'ble High Court has 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 (SLP) before the Hon'ble Supreme Court of India, which has been admitted for hearing. The Company has already provided for Rs. 53 (Previous Year Rs. 53) towards entry tax liability (net of payment) in the books of account. As regards the interest on arrears, the same has been stayed by the Hon'ble Supreme Court. In case the levy of the interest is ultimately upheld, the Company may be liable to pay interest payable under this legislation.

This Act has been repealed by the Govt. of Haryana effective from April 15, 2008. Further, the Haryana Govt. has introduced Haryana Tax on Entry of Goods into Local Area Act, 2008 (Entry Tax) effective from April 16, 2008 levying 2% entry tax on entry of all goods into the Local Area for consumption, use or sale. The Punjab & Haryana High court has held this Act to be unconstitutional against which the Haryana Govt. has filed Special Leave Petition before the Supreme Court of India. The Supreme Court has admitted the SLP and tagged this case with the pending L.A.D.T matter. The Company has provided Rs. 3,108 (Previous Year Rs. 2,842) 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 has introduced "The West Bengal Tax on Entry of Goods into Local Areas Act, 2012" on goods being purchased from outside West Bengal. In September 2015, based on legal advice, Carrier Airconditioning & Refrigeration Limited ('CARL'), like other industries in West Bengal, had filed a writ petition in the Hon'ble High Court of Calcutta challenging the validity of this enactment. The Hon'ble High Court has adjourned sine die so the realisation of dues gets automatically stayed. The Company has provided Rs. 24 (Previous Year Rs. Nil) 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.

The above provisions are included in Note 5 - Provision for litigation/disputes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts in Rs. Lacs, unless otherwise stated)

28. Estimated value of contracts remaining to be executed on capital account (net of advances) amount to Rs. 209 (Previous Year Rs. 83).

29. Future obligation on account of operating lease arrangements are as follows :

	As at March 31, 2016	As at March 31, 2015
Not later than one year	692	627
Later than one year not later than 5 years	838	734
Later than 5 years	-	-
Total	1,530	1,361

30. Exchange difference in respect of forward contracts to be recognised in the Statement of Profit and Loss of subsequent accounting periods amounts to Rs. 43 (Previous Year Rs. 15).

31. Disclosures under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act)

- Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end- Rs. 175 (Previous year Rs. 141)
- Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end- Rs. 167 (Previous year Rs. 116)
- Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year- Rs. 1,489 (Previous year 1,723)
- Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year- Rs. Nil (Previous year Rs. Nil)
- Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year- Rs. Nil (Previous year Rs. Nil)
- Interest due and payable towards suppliers registered under MSMED Act, for payments already made- Rs. 18 (Previous year Rs. 23)
- Further interest remaining due and payable for earlier years- Rs. 146 (Previous year Rs. 92)

32. Earnings per share (EPS)

The following table reconciles the numerators and denominators used to calculate Basic and Diluted EPS for the period:

	Current Year	Previous Year
Net profit attributable to equity shareholders	5,491	5,550
Income available to equity shareholders	5,491	5,550
	<u>Nos. '000</u>	<u>Nos. '000</u>
Weighted average shares outstanding	106,377	106,377
	<u>106,377</u>	<u>106,377</u>
Nominal value of equity shares	10	10
Basic earnings per share	5.16	5.22
Diluted earnings per share	5.16	5.22

(There are no potential dilutive securities)

33. The Finance Act, 2001 has introduced, with effect from assessment year 2002-03 (effective April 1, 2001), detailed Transfer Pricing regulation for computing the taxable income from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within the due date of filing of Return of Income. For the year ended March 31, 2015, the company had undertaken study to comply with the said transfer pricing regulations for which the prescribed certificate of the accountant was obtained and did not envisage any tax liability.

The Transfer pricing study for the current year in respect of the international transactions entered into with associated enterprises on arm's length basis is in process to comply with the said regulation and tax liabilities, if any, will be known only on completion of the study.

34. Employee benefits

A. Defined contribution plans

- Superannuation Fund
- Employer's contribution to Provident Fund
- Employer's contribution to Employee State Insurance
- Employer's contribution to Employee's Pension Scheme, 1995

During the year the Company has recognized the following amounts in the Statement of Profit and Loss:-	Current Year	Previous Year
Employer's Contribution to Superannuation Fund *	82	75
Employer's Contribution to Provident Fund *	130	96
Employer's contribution to Employees State Insurance *	#	#
Employer's contribution to Employees Pension Scheme 1995 *	296	218

* Included in 'Contribution to provident fund and other funds' under Employee benefits expense (Refer Note 22).

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

B. Defined Benefit Plans

- Gratuity
- Leave encashment /Compensated absence
- Employers contribution to provident fund (only to the extent of shortfall in interest on provident fund balance)

In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation was carried out in respect of the aforesaid defined benefit plans.

a) Gratuity:

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	As at March 31, 2016	As at March 31, 2015
Balance at the beginning of the year	1109	820
Current Service Cost	118	84
Interest Cost	93	79
Actuarial (Gains) / Losses	66	161
Benefits paid	(39)	(35)
Balance at the end of the year	1347	1109

(ii) Fair Value of Plan Assets	As at March 31, 2016	As at March 31, 2015
Balance at the beginning of the year	909	810
Expected return on plan assets	74	64
Actuarial Gains/ (Losses)	7	2
Contribution by the Company	145	68
Benefits paid	(39)	(35)
Balance at the end of the year	1096	909

(iii) Major Category of Plan Assets as a % of total Plan Assets	As at March 31, 2016	As at March 31, 2015
Life Insurance Corporation of India (100%)	1096	909

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts in Rs. Lacs, unless otherwise stated)

(iv) Assets and Liabilities recognised in the Balance Sheet	As at March 31, 2016	As at March 31, 2015
Present Value of Defined Benefit Obligation	1347	1109
Less: Fair Value of Plan Assets	(1096)	(909)
Amounts recognised as liability	251	200

(v) Actual return on Plan Assets	As at March 31, 2016	As at March 31, 2015
Actual return on Plan Assets	79	66

(vi) Expense recognised in the Statement of Profit and Loss	As at March 31, 2016	As at March 31, 2015
Current Service Cost	118	84
Interest Cost	93	79
Expected return on Plan Assets	(74)	(64)
Actuarial (Gains) / Losses	60	159
Past Service Costs	-	-
Settlements	-	-
Curtailments	-	-
Total Expense	197	258

(vii) Actuarial Assumptions	Year ended March 31, 2016		Year ended March 31, 2015	
	Gratuity	"Leave encashment/ compensated absence"	Gratuity	Leave encashment/ compensated absence
Discount Rate	7.85% p.a.	7.85% p.a.	7.95% p.a.	7.95% p.a.
Expected Return on Plan Assets	8.00% p.a.	-	8.00% p.a.	-
Salary Growth Rate	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.

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.

(viii) Amounts recognised in current year and previous years

Gratuity	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
Defined Benefit Obligation	1347	1109	820	756	753
Plan Asset	1096	909	810	750	704
Surplus / (Deficit)	(251)	(200)	(10)	(6)	(49)
Experience adjustments in plan liabilities	56	56	28	2	7
Experience adjustments in plan Assets	7	2	8	11	1

(ix) Expected Contribution to the funds in the next year	As at March 31, 2016	As at March 31, 2015
Gratuity	100	100

b) Leave encashment/ compensated absences:

Leave encashment/ compensated absences are covered under other employee benefits for which no specific disclosure are required to be given in terms of AS-15 (revised) "Employee Benefits"

c) Provident Fund:

The Guidance Note on Implementing AS 15, 'Employee Benefits' issued by the Accounting Standard Board (ASB) of the Institute of Chartered Accountants of India states that Provident Funds set up by employers that guarantee a specified rate of return and which require interest shortfall to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15. The year 2012-13 was the first year in which the actuary had given the detailed disclosures in the actuarial valuation report, in view of the issuance of the Guidance Note by the Institute of Actuaries of India. Accordingly the compliance with the disclosure requirements of paragraph 120(n) of AS 15: Employee Benefits in respect of provident fund has been done prospectively from 2012-13.

The reconciliation of opening and closing balances are as under:

(i) Present Value of defined benefit obligation	As at March 31, 2016	As at March 31, 2015
Balance at the beginning of the year	3,446	2,924
Current service cost	174	202
Interest cost	278	281
Actuarial (Gains) / Losses	152	(47)
Employees contribution	277	281
Liabilities assumed on inter-group transfer	(505)	(40)
Benefits paid	(252)	(155)
Balance at the end of the year	3,570	3,446

(ii) Fair Value of plan assets	As at March 31, 2016	As at March 31, 2015
Balance at the beginning of the year	3,446	2,924
Expected return on plan assets	337	278
Actuarial Gains/ (Losses)	93	(43)
Contribution by the Company	174	202
Employees contribution	277	281
Assets acquired on inter-group transfer	(505)	(41)
Benefits paid	(252)	(155)
Balance at the end of the year	3,570	3,446

(iii) Major category of plan assets as a % of total plan assets	As at March 31, 2016	As at March 31, 2015
Government of India Securities (23%) (Previous year 40%)	821	1,379
Corporate Bonds (52%) (Previous year 32%)	1,856	1,110
Others (25%) (Previous year 28%)	893	957
Total	3,570	3,446

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts in Rs. Lacs, unless otherwise stated)

(iv) Assets and liabilities recognised in the Balance Sheet	As at March 31, 2016	As at March 31, 2015
Present value of defined benefit obligation	3,570	3,446
Less: Fair value of plan assets	(3,570)	(3,446)
Amounts recognised as liability	-	-

(v) Actual return on plan assets	Year ended March 31, 2016	Year ended March 31, 2015
Actual return on plan assets	430	235

(vi) Expense recognised in the Statement of Profit and Loss	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	174	202
Interest cost	278	281
Expected return on plan assets	(337)	(278)
Actuarial (Gains) / Losses	59	(4)
Total Expense	174	201

(vii) Actuarial assumptions	Year ended March 31, 2016	Year ended March 31, 2015
Discount rate	7.85% p.a.	7.95% p.a.
Expected return on plan assets	9.62% p.a.	9.50% p.a.
Discount rate for the remaining term to maturity of the investment	7.76% p.a.	8.00% p.a.
Average historic yield on the investment	9.53% p.a.	9.55% p.a.
Guaranteed rate of return	8.80% p.a.	8.75% p.a.

(viii) Amounts recognised in current year and previous years

Provident Fund	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
Defined benefit obligation	3,570	3,446	2,966	2,740
Plan asset	3,570	3,446	2,966	2,740
Surplus / (Deficit)	-	-	-	-
Experience adjustments in plan liabilities	152	(47)	(70)	52
Experience adjustments in plan assets	93	(43)	(101)	41

(ix) Expected Contribution to the funds in the next year	As at March 31, 2016	As at March 31, 2015
Provident fund	188	218

During the year, the Board of Directors in their meeting held on December 15, 2015 passed a resolution to dissolve the 'Aircon Management and Lady Confidential Staff Provident Fund'. Accordingly, the Company filed an application to Employees' Provident Fund organization (EPFO) which was accepted vide EPFO order dated January 20, 2016. In view of the EPFO order, the monthly provident fund contributions were started to be deposited with EPFO from January, 2016 onwards (contribution of December, 2015). Further, the accumulated balance standing to the credit of each employee as of transfer date in the books of the trust is in the process of being transferred to EPFO.

35. Segment Reporting

a) Primary Segment Reporting (by Business Segments)

Composition of Business Segments

Segments have been identified and reported taking into account the nature of products and services, the differing risks and returns, the organisation structure, and the internal financial reporting systems. The Company's business segments are as under :

Transportation System (Transport)

It includes trading and supply of truck refrigeration systems.

Airconditioning & Refrigeration

It includes manufacturing / trading and supply of air conditioning systems, freezers, cold rooms and accessories

Information about primary segments - Business Segments

(All amounts in Rs. Lacs, unless otherwise stated)

	Current Year			Previous Year		
	Transport	Airconditioning & Refrigeration	Total	Transport	Airconditioning & Refrigeration	Total
(i) Revenue						
External sales and services (net)	4,314	112,703	117,017	3,775	95,767	99,542
(ii) Segment results	(318)	7,280	6,962	(437)	6,999	6,562
Unallocated expenses net of unallocated income.		-	-		-	-
Operating income			6,962			6,562
Finance charges			(116)			(95)
Interest income			1,713			1,905
Profit before tax			8,559			8,372
Current tax			3,910			3,472
Deferred tax			(847)			(607)
Tax relating to earlier years			5			(43)
Net Profit after tax			5,491			5,550
(iii) Other information						
Segment assets	3,438	55,533	58,971	2,536	51,515	54,051
Unallocated assets			30,578			25,396
TOTAL ASSETS			89,549			79,447
Segment liabilities	5,871	34,866	40,737	4,650	31,444	36,094
Unallocated liabilities			48,812			43,353
TOTAL LIABILITIES			89,549			79,447
Capital expenditure	-	2,036	2,036	2	883	885
Depreciation / Amortization	-	(654)	(654)	(2)	(607)	(609)
Significant non-cash expense other than depreciation /amortization	36	1,972	2,008	23	1,916	1,939

- b) As part of Secondary reporting, revenues are attributed to geographical areas based on the location of the customers.

Information about secondary segments - Geographical Segments

	Revenue		Assets		Capital Expenditure	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
India	115,353	98,571	88,594	78,570	2,036	885
Outside India	1,664	971	955	877	-	-
TOTAL	117,017	99,542	89,549	79,447	2,036	885

36. Related Party Disclosures:

- A** In accordance with the requirements of Accounting Standard (AS) - 18 on Related Party Disclosures, 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 ARCD Pte. Ltd, Singapore
- b) Carrier Asia Pacific Operations Pte Ltd, Singapore
- c) Carrier Asia Limited, Hong Kong
- d) Carrier Corporation, USA
- e) UTC Fire & Security India Ltd., India
- f) Qingdao Haier-Carrier Refrigeration Equipment Company Limited, China
- g) Shanghai Yileng Carrier Air Conditioning Equipment Company Limited, China
- h) Sensitech Inc., Delaware
- i) Shanghai Carrier Transicold Equipment Co., Ltd, China
- j) Carrier Commercial Refrigeration (Thailand) Ltd., Thailand
- k) Supriya Elevators Company (India) Limited, India
- l) Carrier S.C.S., France
- m) Carrier Singapore (PTE) Limited, Singapore
- n) Carrier Transicold Europe S.C.S., France
- o) Otis Elevator Company (India) Ltd., India
- p) United Technologies Electronic Controls, Inc., Delaware
- q) Carrier Corp-Syracuse
- r) Carrier Refrigeration System Sales Service (Shanghai) Co. Ltd, China
- s) Automated Logic Corporation, Georgia
- t) United Technologies Corporation India Private Limited, India
- u) Agnife Fire Protection Private Limited, India- ceased w.e.f. 15th May 2014
- v) Carrier Race Technologies Private Limited, India
- w) Carrier Refrigeration Operation Czech Republic s.r.o
- x) Carrier Transicold Hong Kong Limited, Hong Kong
- y) Chubb Alba Control Systems Limited, India

- z) Carrier International Sdn.Berhad, Malaysia
- aa) Onity, S.L., Spain
- ab) Onity Inc., Delaware
- ac) UTC Fire & Security Australia Pty Ltd, Australia
- ad) Kidde Danmark A/s, Denmark
- ae) Kidde Deutschland GMBH, Germany (Previously Kidde Brand-und Explosionsschutz, Germany)
- af) Kidde Fire Protection Inc, Delaware
- ag) Kidde Products Limited, England
- ah) Kidde Fenwal, Inc., Delaware
- ai) Environmental Market Solutions, Inc., China
- aj) Toshiba Carrier Air Conditioning Sales (Shanghai) Co., Ltd, China
- ak) Onity India Private Limited
- al) Gulf Security Technology Corp Ltd, China
- am) UTC Fire and Security BV Netherlands
- an) Carrier (Thailand) Limited
- ao) Carrier CR Hungary Ltd
- ap) Toshiba Carrier UK Ltd

iv) Key Management Personnel

- a) Gaurang Pandya (Managing Director) - Resigned on March 27, 2015
- b) Ashok Mirchandani (Whole Time Director)
- c) Nanda Kishore Lakkaraju (Whole Time Director)
- d) Aditya Jindal (Whole Time Director) -Resigned on February 12, 2016
- e) Arun Bhatia (Managing Director)- W.e.f March 27, 2015
- f) Sugeeth Kumar (Whole Time Director)- W.e.f February 12, 2016

v) Associates

- 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, 2016
36B Description of Transactions with the Related Parties in the ordinary course of business (on an arm's length basis). *(All amounts in Rs. Lacs, unless otherwise stated)*

SI No	Name of the Party	Sale of Goods and Services	Purchase of Goods	Purchase of fixed assets	Dividend paid	Commission Income	Expenses Incurred	Re-imbursment	Interest Income
1	United Technologies South Asia Pacific Pte Ltd.	-	-	-	-	-	-	-	-
2	Carrier Asia Limited, Hong Kong	(-)	1,264 (1,741)	(-)	(3,848)	763 (677)	(-) 64 (139)	(-) (29) 318	(-) (-) 207
3	UTC Fire & Security India Ltd., India	24 (26)	46 (86)	(-)	(-)	-	365 (647)	(-)	(206)
4	Carrier Corporation, USA	(1)	2,495 (672)	(-)	(-)	112	410 (210)	3 (10)	(-)
5	Carrier ARCD Pte. Ltd, Singapore	-	1,054 (789)	(-)	(-)	(23)	(-)	-	(-)
6	Carrier Transicold Europe S.C.S., France	(-)	1,218 (793)	(-)	(-)	-	(-)	*	(-)
7	Sensitech Inc., Delaware	(88)	-	(-)	(-)	(-)	(-)	45	(-)
8	United Technologies Corporation	-	-	(-)	(-)	-	(-)	(-)	(-)
9	United Technologies Corporation India Private Limited, India	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
10	Agnicore Fire Protection Private Ltd.	(-)	(-)	(-)	(-)	(-)	21 (145)	22	(-)
11	Carrier Race Technologies Pvt. Ltd.	(131)	152 (75)	(-)	(-)	(-)	(-)	(-)	(155)
12	Otis Elevator Company (India) Ltd., India	29 (47)	-	(53)	(-)	-	43 (19)	299 (196)	286 (287)
13	Shanghai Carrier Transicold Equipment Co. Ltd	(-)	2,235 (1,532)	(-)	(-)	(-)	145 (101)	74 (41)	(-)
14	Chubb Alba Control Systems Limited	60 (207)	(1) (1,532)	98	(-)	(-)	(-)	8 (7)	(-) (82)
15	Carrier Transicold Hongkong	(4)	26 (35)	(-)	(-)	(-)	(-)	219	(-)
16	Carrier Air Conditioning & Refrigeration R&D Management (Shanghai) Co., Ltd, China	(-)	-	(-)	(-)	(-)	5	159	(-)
17	Shanghai Yileng Carrier Air Conditioning Equipment Company Limited, China	(-)	1,510 (486)	(-)	(-)	(-)	2	18	(-)
18	Aircon Management and Lady Confidential Staff Provident Fund	(-)	(-)	(-)	(-)	(-)	(-)	(7)	(-)
19	Carrier Refrigeration Management Superannuation Fund Trust	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
20	Gaurang Pandya	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
21	Nanda Kishore Lakkaraju	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
22	Ashok Mirchandani	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
23	Aditya Jindal	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
24	Arun Bhatia	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
25	Sugeeth Kumar	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
26	Others - Fellow subsidiaries	(1)	1,751 (1,817)	(-)	(-)	(21)	(-) (2)	(-) (2)	(-) (2)
	Total Current Year	113	11,751	98	-	897	1,065	1,402	569
	Total Previous Year	(505)	(8,028)	(53)	(3,848)	(721)	(1,270)	(617)	(730)

Figures in bracket represent previous year's figures

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

36B Description of Transactions with the Related Parties in the ordinary course of business (on an arm's length basis).

Figures in bracket represent previous year's figures

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts in Rs. Lacs, unless otherwise stated)

37. Certain employees/directors of the Company are eligible to participate in share based compensation plans of the ultimate holding company and have been granted incentive stock options, stock purchase rights and restricted stock units as per terms and conditions as specified in these plans. Since these plans are assessed, managed and administered by the ultimate holding Company, required information for disclosure as envisaged in the Guidance Note on Accounting for Employees Share Based Payments issued by the Institute of Chartered Accountants of India are not readily available with the Company. The ultimate holding company has not recharged such stocks based compensation expense to the Company during the year.

38. Cost of materials consumed:

Description	UOM	Current Year		Previous Year	
		Quantity	Amount	Quantity	Amount
Compressor	Nos	30,933	4,399	34,700	4,072
Evaporator / Condensor Coil	Nos	6,971	146	12,576	179
Motors	Nos	53,647	977	43,539	714
Foam	Nos	1,68,864	187	2,06,505	259
Glass	Nos	1,556	7	1,049	5
Cylinder	Nos	411	85	305	37
Refrigerant / Gas	Kgs	1,67,322	561	1,39,106	423
Copper	Kgs	17,00,241	2,441	15,87,755	2,211
Aluminium Foil	Kgs	3,29,808	710	3,05,759	641
Indoor Unit	Nos	989	33	1,718	88
Nozzle	Nos	3,160	35	1,227	16
Valve	Nos	87,497	477	89,529	440
Others*			8,624		8,524
Total			18,682		17,609

* 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.

39. Value of imported and indigenous raw materials, components, stores and spares consumed:

	Current Year		Previous Year	
	%	Amount	%	Amount
a) Raw materials and components				
Imported	63.71	11,902	61.79	10,881
Indigenous	36.29	6,780	38.21	6,728
Total	100.00	18,682	100.00	17,609
b) Stores and spares				
Imported	78.95	10,335	71.44	8,200
Indigenous	21.05	2,755	28.56	3,277
Total	100.00	13,090	100.00	11,477

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts in Rs. Lacs, unless otherwise stated)

40. 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	342	13	-	297	12
Previous Year	631	28	-	342	13
Room Airconditioners			(*)		
Current Year	3,236	1,586	24,663	3,371	1,744
Previous Year	3,687	1,505	22,727	3,236	1,586
AHU/ FCU & Chillers					
Current Year	156	412	1,235	362	412
Previous Year	207	231	1,208	156	412
Condenser/Evaporator Module					
Current Year	583	301	2,523	474	253
Previous Year	239	145	2,497	583	301
Visi-Cooler			(**)		
Current Year	18	3	-	16	3
Previous Year	21	3	-	18	3
Freezers / Cold Room Systems			(***)		
Current Year	3,402	602	5,867	1,776	339
Previous Year	1,475	280	10,778	3,402	602
Cylinder & Gas & Fluid					
Current Year	2,216	71	1,20,310	295	25
Previous Year	1,754	64	96,360	2,216	71
Nozzle & Valve					
Current Year	96	7	2,985	68	6
Previous Year	56	6	2,620	96	7
Suppression Accessories					
Current Year	-	-	144	2	@
Previous Year	-	-	-	-	-

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

* Includes Nil Room Airconditioners (Previous Year 3) capitalised.

** Includes Nil Visi Cooler (Previous Year 2) capitalised,

*** Includes Nil Freezer / System (Previous Year 9) capitalised,

		Comp- ressor	Room Airconditioners	AHU/ FCU & Chillers	Condenser/ Evaporator Module	Visi- Cooler ##	Freezers / Cold Room Systems
Sale #							
Current Year	Qty (Nos)	45	24,528	1,029	2,632	2	7,493
	Amount	2	21,135	4,590	1,757	@	1,995
Previous Year	Qty (Nos)	289	23,175	1,259	2,153	1	8,842
	Amount	15	19,626	2,933	1,455	@	2,191
		Cylinder & Gas & Fluid	Nozzle & Valve	Suppression Accessories			
Sale #							
Current Year	Qty (Nos)	1,22,231	3,013	142			
	Amount	3,368	183	7			
Previous Year	Qty (Nos)	95,898	2,580	-			
	Amount	2,735	143	-			

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

The unit sales quantities include Inventory adjustments as well.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts in Rs. 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	22,239	5,745	64,435	23,651	69,904	30,427	16,582	5,651
Previous Year	11,867	3,956	69,553	21,512	59,026	25,925	22,239	5,745
AHU/FCU & Chillers								
Current Year	730	304	1,166	4,621	1,247	5,873	648	121
Previous Year	282	188	2,251	2,340	1,802	2,664	730	304
Stabilizers & others								
Current Year	51,747	956	1,38,214	2,071	1,41,195	3,317	48,602	924
Previous Year	13,845	316	94,732	1,922	56,672	2,417	51,747	956
Truck Refrigeration								
Current Year	295	964	840	3,841	730	3,899	405	1,541
Previous Year	380	1,528	564	2,472	649	3,421	295	964
Freezers & System								
Current Year	176	112	8,904	1,422	8,951	1,871	128	80
Previous Year	214	95	13,446	1,303	13,483	1,615	176	112
Condenser/Evaporator								
Current Year	41	40	286	595	278	738	49	59
Previous Year	73	53	313	436	345	1,007	41	40
Cylinder								
Current Year	45	21	166	622	207	127	4	1
Previous Year	21,531	624	361	124	21,847	220	45	21
Nozzle & Valve								
Current Year	2,013	58	2,472	51	2,674	87	1,811	42
Previous Year	3,648	26	11,893	170	13,525	122	2,013	58

* The unit sales quantities include Inventory adjustments as well.

** Excludes 188 Room Air Conditioners (Previous Year 155) capitalised during the year.

*** Excludes 164 (Previous Year 158) Stabilisers capitalised during the year.

**** Excludes 1 (Previous year 1) Chiller capitalised during the year

***** Excludes Nil (Previous year 3) Nozzle / Valve capitalised during the year

***** Excludes 1 (Previous year 1) Freezer / System 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.

(C) Details of Work in progress:

	Current Year	Previous Year
Room Airconditioners	80	109
AHU/ FCU & Chillers	22	47
Condenser/Evaporator Module	1	6
Freezers / Cold Room Systems	18	14
Total	121	176

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016
(All amounts in Rs. Lacs, unless otherwise stated)
41. C I F value of imports:

	Current Year	Previous Year
Raw materials and components	10,937	8,730
Finished goods	27,891	23,256
Spares	10,228	9,011
Capital goods	574	254
Total	49,630	41,251

42. Expenditure in foreign currency:

(On accrual basis-net of tax)

	Current Year	Previous Year
Dealer/ Service Commission	206	236
Cartage and Freight Outward (net of recoveries)	104	92
Communication expenses	116	112
Research and Development	101	40
Royalty	124	64
Training	11	1
Others	121	18
Total	783	563

43. Earnings in foreign exchange :

(On accrual basis)

	Current Year	Previous Year
a) FOB value of exports	1,664	971
b) Commission	1,189	1,019
Total	2,853	1,990

44. Interim dividend remitted in Foreign Currency:

	Current Year	Previous Year
Dividend paid during the year	-	3,848
Number of non-resident shareholders	-	1
Number of Equity shares held by such non-resident shareholders	-	10,26,18,689
Year to which the dividend relate to	-	2014-15

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (All amounts in Rs. Lacs, unless otherwise stated)

45. Derivative instruments and unhedged foreign currency exposure :

- a. Derivatives outstanding as at the reporting date :

Particulars	Purpose	As at March 31, 2016		As at March 31, 2015	
		Foreign Currency	Local Currency	Foreign Currency	Local Currency
Forward contracts to buy USD	Hedge of Trade payables	29,62,958	2,025	29,05,305	1,831

- b. Particulars of unhedged foreign currency exposures as at the reporting date :

Particulars	Purpose	As at March 31, 2016		As at March 31, 2015	
		Foreign Currency	Local Currency	Foreign Currency	Local Currency
Trade payables	DKK	3,14,766	32	72,131	6
	EUR	1,72,095	130	3,65,116	244
	GBP	24,577	23	1,32,424	122
	JPY	4,62,46,769	273	10,53,24,251	548
	USD	1,18,42,889	7,847	99,63,639	6,227
	CNY	67,08,285	688	-	-
Trade receivables	USD	2,65,818	176	1,72,981	108
	EUR	-	-	26,877	18
	JPY	5,68,986	3	-	-
Other current assets	EUR	4,407	3	4,017	3
	JPY	-	-	40,14,523	21
	USD	10,29,237	682	7,48,734	468
Long-term loans and advances	USD	15,820	10	69,310	43
Short-term loans and advances	EUR	11,518	9	14,715	10
	USD	1,08,159	72	3,25,052	203
	DKK	-	-	33,323	3

46. The company has provided a Corporate Guarantee aggregating to Rs 6,242 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.
47. The Company has foreign currency receivables aggregating to INR 60 which are outstanding for more than one year as of March 31, 2016. The company has applied to authorised dealer for extension of period for receipt of these receivables vide letter dated August 18, 2016. An amount of Rs.25 has been provided for in the books of account against such receivables.

48. CSR expenditure disclosure:

- (a) Gross amount required to be spent by the company during the year Rs.168 (Previous year Rs. 181)
- (b) Amount spent during the year on :

S.No.	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	- (-)	- (-)	- (-)
(ii)	On purposes other than (i) above	167 (181)	1 (-)	168 (181)

Figures in bracket represent previous year's figures

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

49. Previous year figures have been regrouped wherever necessary to conform to the current year's classification.

For Price Waterhouse & Co Bangalore LLP
 Firm Registration Number: 007567S/S-200012
 Chartered Accountants

On behalf of the Board

Sugeeth Kumar
WTD & Chief Financial Officer
 DIN: 07420265

Arun Bhatia
Managing Director
 DIN: 00031279

Amitesh Dutta
 Partner
 Membership No: 058507

Monica Pandey
Company Secretary
 Membership No: A14681

Place: Gurgaon
 Date: August 22, 2016

Place: Gurgaon
 Date: August 22, 2016



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]

CIN: U74999HR1992FLC036104

Name of the Company: Carrier Airconditioning & Refrigeration Limited

Registered office: Narsingpur, Kherki Daula post, Gurgaon – 122004, Haryana

Name of the Member(s):	Details
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 24th Annual General Meeting of the Company, to be held on Friday, 23rd September, 2016 at 11:30 A.M. at Lemon Tree Premier, Leisure Valley, 48, Sector 29, City Center, Gurgaon-122 001, Haryana and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Vote	
		For	Against
Ordinary Business			
1	Adoption of financial Statements for the Financial Year ended 31 st March, 2016 and Reports of Board of Directors and Auditors thereon		
2	Ratification of the appointment of M/s. Price Waterhouse & Co., Bangalore LLP (Registration Number 007567S/S-200012), Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration		

Resolution Number	Resolution	Vote	
		For	Against
3	Appointment of Ms. Nandita Luthra, Non-executive Director liable to retire by rotation, being eligible for Reappointment		
Special Business			
4	Appointment of Mr. Sugeeth Kumar as a Whole-time Director		
5	Ratification of Remuneration payable to Cost Auditor		

Signed this _____ day of _____, 2016

Signature of the Shareholder

Signature of the Proxy holder(s)

Affix
Revenue
Stamp

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 'v' 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 – 122 004, Haryana
 CIN: U74999HR1992FLC036104
 Email: customersupport.india@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 24th Annual General Meeting of the Company held on Friday, 23rd September, 2016 at 11:30 A.M. at Lemon Tree Premier, Leisure Valley, 48, Sector 29, City Center, Gurgaon-122 001, Haryana.

Name of the Member/ Proxy

Signature of Member/ Proxy

Note:

Electronic copy of the Annual Report for 2016 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

Lemon Tree Premier

Leisure Valley, 48, Sector 29, City Center,
Gurgaon-122 001, Haryana





Carrier Airconditioning & Refrigeration Limited

Corporate & Regd. Office:

Narsingpur, Kherki Daula Post, Delhi-Jaipur Highway, Gurgaon-122004, Haryana

Tel.: +91-124-4825500; Fax: +91-124-2372230

CIN: U74999HR1992FLC036104; www.carrierindia.com; customersupport.india@carrier.utc.com