



# ANNUAL REPORT

2020 - 21

**CARRIER AIRCONDITIONING & REFRIGERATION LTD.**

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**Carrier Airconditioning & Refrigeration Limited**  
**(CIN: U74999HR1992FLC036104)**

**The Board of Directors:**

**Mr. Chirag Baijal**  
(DIN: 08465289)  
Managing Director

**Mr. Narendra Singh Sisodia**  
(DIN: 06363951)  
Independent Director

**Mr. Pankaj Prakash Sahni**  
(DIN: 07132999)  
Independent Director

**Mr. Pritesh Agrawal**  
(DIN: 08757017)  
Whole-time Director & CFO

**Mr. Rahul Kumar Jain**  
(DIN: 07858457)  
Whole-time Director

**Ms. Simran Thapar**  
(DIN: 09026461)  
Whole-time Director

**Mr. Har Amrit Pal Singh Dhillon**  
(DIN: 07043895)  
Non-Executive Director

**Board Committees:**

**Nomination and Remuneration Committee:**

**Mr. Pankaj Prakash Sahni**  
(DIN: 07132999)  
Chairman

**Mr. Narendra Singh Sisodia**  
(DIN: 06363951)  
Member

**Mr. Har Amrit Pal Singh Dhillon**  
(DIN: 07043895)  
Member

**Audit Committee:**

**Mr. Pankaj Prakash Sahni**  
(DIN: 07132999)  
Chairman

**Mr. Narendra Singh Sisodia**  
(DIN: 06363951)  
Member

**Mr. Pritesh Agrawal**  
(DIN: 08757017)  
Member

**Corporate Social Responsibility Committee:**

**Mr. Narendra Singh Sisodia**  
(DIN: 06363951)  
Chairman

**Mr. Chirag Baijal**  
(DIN: 08465289)  
Member

**Mr. Pritesh Agrawal**  
(DIN: 08757017)  
Member

**Stakeholder Relationship Committee:**

**Mr. Narendra Singh Sisodia**  
(DIN: 06363951)  
Chairman

**Mr. Pritesh Agrawal**  
(DIN: 08757017)  
Member

**Mr. Har Amrit Pal Singh Dhillon**  
(DIN: 07043895)  
Member

**Key Managerial Personnel:**

**Mr. Pritesh Agrawal**  
(PAN: AESPA8051M)  
Chief Financial Officer

**Mr. Suraj Arora**  
(PAN: AZKPS4573P)  
Company Secretary

**Auditors:**

**MSKA & Associates**  
Statutory Auditors  
(ICAI Firm Registration Number: 105047W)

**Jain Sharma & Associates, Cost Accountants**  
Cost Auditors  
(Firm Registration No.: 000270)

**Vinod Kothari & Company, Company Secretaries**  
Secretarial Auditors  
(UIN No.: P1996WB042300)

**Bankers:**

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

**Registrar and Share Transfer Agent:**

**MCS Share Transfer Agent Limited**  
F-65, 1st Floor, Okhla Industrial Area,  
Phase- I, New Delhi – 110020  
CIN: U67120WB2011PLC165872  
Ph.: +91 011 41406149/50/51/52  
E-mail: [helpdeskdelhi@mcsregistrars.com](mailto:helpdeskdelhi@mcsregistrars.com)  
Website: [www.mcsregistrars.com](http://www.mcsregistrars.com)

**Registered Office and Corporate Headquarter:**

**Carrier Airconditioning & Refrigeration Limited**  
Narsingpur, Kherki Daula Post, Gurgaon 122001, Haryana  
CIN: U74999HR1992FLC036104  
Tel: 0124 - 4825500, Fax: 0124 – 2372230  
Email: [secretarial@carrier.com](mailto:secretarial@carrier.com)  
Website: [www.carrierindia.com](http://www.carrierindia.com)

## Carrier Airconditioning & Refrigeration Limited

CIN: U74999HR1992FLC036104

Registered Office: Narsingpur, Kherki Daula Post, Gurgaon-122001, Haryana

E-mail: [secretarial@carrier.com](mailto:secretarial@carrier.com)

Website: [www.carrierindia.com](http://www.carrierindia.com)

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

### NOTICE OF THE 29<sup>th</sup> ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 29<sup>th</sup> (Twenty Ninth) Annual General Meeting of members of Carrier Airconditioning & Refrigeration Limited (the “company”) will be held on Thursday, September 23, 2021 at 2.30 P.M. through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”) to transact the following businesses:

#### **ORDINARY BUSINESS:**

1. To consider and adopt the audited financial statements of the company for the financial year ended March 31, 2021 and the report of Board of Directors and Auditors thereon and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an ordinary resolution:

**“Resolved that** the audited financial statements of the company for the financial year ended March 31, 2021 together with the report of Board of Directors and Auditors thereon be and are hereby considered and adopted.”

2. To appoint Mr. Chirag Baijal (DIN: 08465289) who retires by rotation and being eligible, offers himself for re-appointment as a director of the company and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an ordinary resolution:

**“Resolved that** Mr. Chirag Baijal (DIN: 08465289) who retires by rotation and being eligible, offers himself for re-appointment be and is hereby re-appointed as a director of the company liable to retire by rotation.”

3. To appoint MSKA & Associates, Chartered Accountants (ICAI Firm Registration Number: 105047W) as Statutory Auditors of the company and to fix their remuneration and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an ordinary resolution:

**“Resolved that** pursuant to provisions of section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules framed thereunder including any statutory modifications and/or re-enactment thereof for the time being in force MSKA & Associates Chartered Accountants (ICAI Firm Registration Number: 105047W) be and are hereby appointed as Statutory Auditors of the company for a period of five consecutive years from the conclusion of this 29<sup>th</sup> Annual General Meeting until the conclusion of 34<sup>th</sup> Annual General Meeting of the company on such remuneration as may be decided by the Board of Directors of the company on the recommendation of Audit Committee from time to time.

**Resolved further that** any director or chief financial officer or company secretary of the company be and is hereby severally authorized to do all such necessary acts, deeds as may be required to give effect to this resolution including doing necessary filings with the office of Registrar of Companies and/or any other statutory authorities as may be required and issue certified true copy of this resolution as and when required.”

4. To declare Dividend of Rs. 0.50 per equity share for the financial year ended March 31, 2021 and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an ordinary resolution:

**“Resolved that** dividend of Rs. 0.50 per equity share of Rs. 10 each as recommended by the Board of Directors be and is hereby declared for the financial year ended March 31, 2021 and shall be paid to members of the company whose names appear in the register of members as on September 16, 2021 and the same be paid out of the profits of the company.

**SPECIAL BUSINESS:**

5. To re-appoint and approve remuneration of Mr. Rahul Kumar Jain (DIN: 07858457) as Whole-time Director on the Board of Directors of the company and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as **Special Resolution**:

**“Resolved that** pursuant to the recommendations of nomination and remuneration committee and approval of Board of Directors of the company and pursuant to provisions of section 196, 197 and 203 read with schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other applicable rules including any statutory modifications and/or re-enactment thereof for the time being in force approval of members of the company be and is hereby accorded by way of special resolution for the re-appointment of Mr. Rahul Kumar Jain (DIN: 07858457) as Whole-time Director on the Board of Directors of the company for a period of 5 (five) years commencing from June 27, 2022 till June 26, 2027 (“tenure”) and his appointment shall be subject to provisions of section 152(6) of the Companies Act i.e. Mr. Rahul Kumar Jain shall be liable to retire by rotation.

**Resolved further that** pursuant to applicable provisions of Companies Act, 2013 approval of members of the company be and is hereby accorded by way of special resolution to pay Mr. Rahul Kumar Jain (DIN: 07858457) a total minimum remuneration of Rs. 91,03,199/- (Rupees Ninety- One Lakh Three Thousand One Hundred Ninety-Nine only) per annum subject to applicable policies of the company up to maximum of Rs. 1,50,00,000/- (Rupees One Crore Fifty Lakh only) per annum during his said tenure with the company.

**Resolved further that** in event of no profit or inadequate profit in any financial year during the currency of his tenure (June 27, 2022 till June 26, 2027) absolute authority/liberty is hereby given to the Board of Directors of the company by this special resolution to approve/ratify the remuneration and/or any other term of appointment of Mr. Rahul Kumar Jain (DIN: 07858457) as may be agreed between the Board of Directors and Mr. Rahul Kumar Jain (DIN: 07858457) from time to time subject to ceiling of remuneration mentioned in above said resolution for a period not exceeding three years during which no profit or inadequacy in profit remains in the company.

**Resolved further that** for the purpose of giving effect to the above said resolution the Board of Directors of the company be and is hereby authorized to do all such acts, deeds, things, matters as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and any director or chief financial officer or company secretary of the company be and is hereby severally authorized to file necessary e-forms, papers with statutory authorities including to Registrar of Companies as may be required to give effect the above said resolution”.

6. To ratify remuneration of cost auditors of the company for the financial year 2021-22 and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an ordinary resolution:

**“Resolved that** pursuant to the provisions of section 148 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 including any statutory modification and/or re-enactment thereof for the time being in force the remuneration of Jain Sharma and Associates, Cost Accountants (Firm Registration No. 000270) who have been appointed as cost auditors by the Board

of Directors on the recommendation of audit committee to conduct the audit of the cost records of the company, as per the scope of work approved by the Board of Directors for the financial year 2021-22 at the remuneration of Rs. 3,45,800/- (Rupees Three Lakh Forty-Five Thousand and Eight Hundred only) excluding out of pocket expenses and taxes as applicable as determined by the Board of Directors be and is hereby ratified.

**Resolved further that** any director or chief financial officer or company secretary of the company be and is hereby severally authorized to do all such necessary acts, deeds as may be required to give effect to this resolution including but not limited to making necessary filings with office of Registrar of Companies and to issue certified true copy of this resolution as and when required.”

**Registered Office:**

**Carrier Airconditioning & Refrigeration Limited**

**CIN: U74999HR1992FLC036104**

**Regd. Office:** Narsingpur, Kherki Daula Post,  
Gurgaon – 122001, Haryana

**Website:** [www.carrierindia.com](http://www.carrierindia.com)

**E-mail:** [secretarial@carrier.com](mailto:secretarial@carrier.com)

**Tel: +91-124-4825500**

**Fax: +91-124-2372230**

**Date:** August 24, 2021

**Place:** Gurugram

By order of the Board of Directors

For **Carrier Airconditioning & Refrigeration Limited**

Sd/-

**Suraj Arora**

Company Secretary

Membership No.: FCS 10752

**NOTES:**

1. In accordance with General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020 and General Circular No. 39/2020 dated December 31, 2020 and General Circular No. 02/2021 dated January 13, 2021 and/or any other applicable notification/circular (collectively referred to as “MCA Circulars”) issued by Ministry of Corporate Affairs (“MCA”) wherein MCA permitted convening the Annual General Meeting (“AGM” / “Meeting”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) without the physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 and the rules made thereunder the 29<sup>th</sup> AGM of the company will be held though VC/OAVM and the members can attend and participate in the 29<sup>th</sup> AGM of the company through VC/OAVM. The deemed venue for the 29<sup>th</sup> AGM of the company shall be the registered office of the company i.e. Narsingpur, Kherki Daula Post, Gurgaon-122001, Haryana, India.
2. The explanatory statement pursuant to section 102 of the Companies Act 2013 with respect to the special business to be transacted at the AGM is annexed hereto and forms part of this notice.
3. Generally, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the company. Since this 29<sup>th</sup> AGM of the company is being held through VC/OAVM pursuant to the MCA circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the 29<sup>th</sup> AGM of the company and hence the Proxy Form and Attendance Slip are not annexed hereto. However, in pursuance of section 112 and 113 of the Companies Act a body corporate if it is member of the company can authorize such person as it thinks fit to act as its representative and such authorized person shall be entitled to exercise voting through remote e-voting, for participate in the AGM through VC/OAVM facility and e-voting during the AGM.
4. Since the 29<sup>th</sup> AGM will be held through VC/OAVM, the route map of the venue of the AGM is not annexed hereto.
5. Details of Directors retiring by rotation/seeking re-appointment at this Meeting are provided in the Explanatory Statement to the Notice.

**DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:**

6. In compliance with the MCA Circulars Notice of the 29<sup>th</sup> AGM of the company along with the Annual Report 2020-21 is being sent only through electronic mode to those members whose email addresses are registered with the company/ depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the company’s website [www.carrier.com/building-solutions/en/in/investor/](http://www.carrier.com/building-solutions/en/in/investor/) and on the website of Registrars and Share Transfer Agent of the company i.e. MCS Share Transfer Agent Limited (“MCS Share Transfer Agent”) at <http://www.mcsregistrars.com/downloads.php> and also on the website of Central Depository Services (India) Limited (CDSL) , agency appointed for providing the remote e-voting and e-voting systems during the 29<sup>th</sup> AGM at [www.evotingindia.com](http://www.evotingindia.com).
7. For receiving all communications including Annual Report from the company electronically:  
Members holding shares in physical mode and who have not registered / updated their email addresses with the company are requested to register / update the same by writing to the company with details of folio number and attaching a self-attested copy of PAN card at [secretarial@carrier.com](mailto:secretarial@carrier.com) or to Registrar & Share Transfer agent of company i.e. MCS Share Transfer Agent Limited, F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi -110020 at [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com).

Members holding shares in dematerialized mode are requested to register / update their email addresses with the relevant Depository Participant which is mandatory while e-voting and joining virtual meetings through Depository.



**PROCEDURE FOR JOINING THE AGM THORUGH VC/ OAVM:**

8. Members will be provided with a facility to attend the 29<sup>th</sup> AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/ members tab by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members tab where the EVSN of company will be displayed after successful login as per the instructions mentioned for e-voting.
9. Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the instructions for shareholders for remote e-voting below after point 15.
10. Members can join the 29<sup>th</sup> AGM through VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the meeting. The facility of participation at the 29<sup>th</sup> AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairman of the Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the 29<sup>th</sup> AGM without restriction on account of first come first served basis.
11. Members are encouraged to join the meeting through Laptops / iPad for better experience.
12. The participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
13. The Members will be required to allow camera and use internet with a good speed to avoid any disturbance during the 29<sup>th</sup> AGM.
14. The Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 15 days prior to meeting mentioning their name, Demat account number/folio number, email id, mobile number at company email id [secretarial@carrier.com](mailto:secretarial@carrier.com). Those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the meeting.
15. The members who do not wish to speak during the 29<sup>th</sup> AGM but have queries may send their queries in advance 15 days prior to meeting mentioning their name, Demat account number/folio number, email id, mobile number at company email id [secretarial@carrier.com](mailto:secretarial@carrier.com). These queries will be replied by the company suitably by email.

**THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

Pursuant to the provisions of section 108 of the Companies Act read with rule 20 of the Companies (Management and Administration) Rules, 2014 and MCA Circulars dated 8th April, 2020, 13th April, 2020 and 5th May, 2020, 15th June, 2020, 28th September 2020 and 31st December 2020 and any other applicable notification/circular as applicable from time to time the company is pleased to provide remote e-voting facility to its members to cast their votes electronically on all resolutions set forth in this Notice of AGM. The members may cast their votes remotely using an electronic voting system on the dates mentioned herein below (“remote e-voting”).

For this purpose, the company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the 29<sup>th</sup> AGM will be provided by CDSL.

The voting period begins on 20th September 2021 at 9.00 a.m. and ends on 22nd September 2021 at 5.00 p.m. During this period shareholders of the company, holding shares either in physical form or in

dematerialized form as on the cut-off date (record date) of 16<sup>th</sup> September 2021 may cast their votes electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.

Despite availability of e-voting facility it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level. Currently there are multiple e-voting service providers (ESPs) providing e-voting facility in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders. In order to increase the efficiency of the voting process pursuant to a public consultation it has been decided to enable e-voting to all the Demat account holders by way of a single login credential, through their Demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their votes without having to register again with the ESPs, thereby not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process. Accordingly, individual shareholders holding securities in Demat mode can vote through their Demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their Demat accounts in order to access e-Voting facility.

**The Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:**

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with Central Depository Services India Limited (CDSL)	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user ID and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2. After successful login the Easi / Easiest user will be able to see the e-voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider for casting their vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-voting service providers' website directly.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4. Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a e-voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered mobile &amp; email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also able to directly access the system of all e-voting service providers.</li> </ol>

<p>Individual Shareholders holding securities in Demat mode with National Securities Depository Limited (NSDL)</p>	<ol style="list-style-type: none"> <li>1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on “Access to e-voting” under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen Digit Demat account number hold with NSDL), Password/OTP and a verification code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
<p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
<p>Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.</p>	

<p>Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL</p>	
Login type	Helpdesk details
<p>Individual Shareholders holding securities in Demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.</p>
<p>Individual Shareholders holding securities in Demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>

**For Members holding shares in Physical Form and other than individual shareholders holding shares in Demat.**

- iii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iv. Click on “Shareholders” module.
- v. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - c. Members holding shares in physical form should enter folio number registered with the company.

OR

Alternatively, if you are registered for CDSL’s Easi/Easiest e-services, you can log-in at <https://www.cdslindia.com> from Login-Myeasi using your login credentials. Once you successfully log-in to CDSL’s Easi/Easiest e-services click on e-Voting option and proceed directly to cast your vote electronically.

- vi. Next enter the image verification as displayed and Click on Login.
- vii. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company then your existing password is to be used.
- viii. If you are a first-time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 Digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the company/Depository Participant are requested to use the sequence number sent by company/ MCS Share Transfer Agent or contact company/ MCS Share Transfer Agent at <a href="mailto:secretarial@carrier.com">secretarial@carrier.com</a> or <a href="mailto:admin@mcsregistrars.com">admin@mcsregistrars.com</a>.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the Member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- ix. After entering these details appropriately click on “SUBMIT” tab.
- x. Members holding shares in physical form will then directly reach the company selection screen. However, Members holding shares in Demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- xii. Click on the EVSN for Carrier Airconditioning & Refrigeration Limited.
- xiii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xv. After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK” else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xvi. Once you “CONFIRM” your vote on the resolution you will not be allowed to modify your vote.
- xvii. You can also take a print of the votes cast by clicking on “Click here to print” option on the voting page.
- xviii. If a Demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- xix. Members can also cast their vote using CDSL’s mobile app “m-Voting” available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE 29<sup>th</sup> AGM ARE AS UNDER:**

16. The facility for voting through electronic voting system during the 29<sup>th</sup> AGM shall be made available only to those members who are present in the 29<sup>th</sup> AGM through VC/OAVM facility and have not casted their votes on the resolutions through remote e-voting and are otherwise not barred from doing so. The procedure for e-voting on the day of the 29<sup>th</sup> AGM is same as per instructions mentioned above for remote e-voting.
17. If any votes are cast by the shareholders through the e-voting available during the 29<sup>th</sup> AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes casted by such shareholders shall be considered invalid as the facility of e-voting during the AGM is available only to the shareholders attending the AGM.
18. Shareholders who have voted through remote e-voting will be eligible to attend the 29<sup>th</sup> AGM. However, they will not be eligible to vote at the 29<sup>th</sup> AGM. Voting rights of a member / beneficial owner (in case of electronic shareholding) shall be in proportion to his/her share in the paid-up equity share capital of the company as on the cut-off date i.e. 16<sup>th</sup> September 2021.
19. The Board of Directors have appointed Vinod Kothari & Company practicing company secretaries, New Delhi as scrutinizer to scrutinize the e-voting during 29<sup>th</sup> AGM and remote e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the said purpose.

**NOTE FOR NON-INDIVIDUAL SHAREHOLDERS AND CUSTODIANS:**

20. Non-Individual shareholders i.e. other than Individuals, HUF, NRI etc. and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
21. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

22. After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
23. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their votes.
24. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
25. Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote to the scrutinizer and to the company at the email address [secretarial@carrier.com](mailto:secretarial@carrier.com) if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending 29<sup>th</sup> AGM and e-voting from the e-voting system you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

For shareholders who holds shares in physical form - Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to company email address [secretarial@carrier.com](mailto:secretarial@carrier.com) or to Registrar and Transfer agent of company on email address at [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com).

For shareholders who holds shares in Demat form - Please provide Demat account details (CDSL16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to company email address [secretarial@carrier.com](mailto:secretarial@carrier.com) or to Registrar and Transfer agent of company on email address [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com).

After due verification the company / MCS Share Transfer Agent will forward your login credentials to your registered email address.

**PROCEDURE FOR INSPECTION OF DOCUMENTS:**

26. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Companies Act, the Register of Contracts or Arrangements in which the directors are interested maintained under section 189 of the Companies Act and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the 29<sup>th</sup> AGM of the company. Members seeking to inspect such documents can send an email to [secretarial@carrier.com](mailto:secretarial@carrier.com)



27. Members seeking any information with regard to the accounts or any matter to be placed at the 29<sup>th</sup> AGM are requested to write to the company on or before 16<sup>th</sup> September 2021 through email on [secretarial@carrier.com](mailto:secretarial@carrier.com) The same will be replied by the company suitably.

**IEPF RELATED INFORMATION:**

28. Pursuant to the provisions of section 124 of the Companies Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“IEPF Rules, 2016”) the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government.
29. As per the provisions of IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 the company has uploaded the details of unpaid and unclaimed dividend amounts lying with the company on its website and the same can be accessed through the web-link: [www.carrier.com/building-solutions/en/in/investor/](http://www.carrier.com/building-solutions/en/in/investor/). The said details have also been uploaded on the website of investor education and protection fund and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).
30. The members who have not yet encashed their dividend warrant(s) for such period may send their request for revalidation of dividend warrant(s) or issue of duplicate dividend warrant(s) as the case may be to the company well before the due date of transfer to IEPF. Unclaimed amount of final dividend declared by the company for the financial year 2009-10 was transferred to the Investor Education and Protection Fund in the year 2017 within the prescribed time.
31. Attention of the members is also drawn to the provisions of section 124(6) of the Companies Act which require a company to transfer all the shares in respect of which dividend has not been paid or claimed for seven (7) consecutive years or more in the name of IEPF authority. In accordance with the aforesaid provision of the Companies Act read with IEPF Rules, 2016 as amended from time to time the company has already taken necessary action for transfer of all shares in respect of which dividend declared has not been paid or claimed by the members for seven (7) consecutive years or more. Members are advised to visit the web-link: [www.carrier.com/building-solutions/en/in/investor/](http://www.carrier.com/building-solutions/en/in/investor/) to ascertain details of shares transferred in the name of IEPF authority.

**INTIMATION FOR COMPULSORY TRANSFER OF EQUITY SHARES TO THE INVESTOR EDUCATION AND PROTECTION FUND (“IEPF”) SUSPENSE ACCOUNT**

As you are aware, dividend declared by the Company is remitted either electronically or by sending dividend warrants to the registered address of the eligible shareholders.

As per Section 124(5) of the Companies Act, 2013, any dividend remaining unpaid/ unclaimed for a period of seven (7) years is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company has regularly uploaded on its website and also on the website of the Ministry of Corporate Affairs, Government of India, full details of such unpaid or unclaimed dividends before transferring to IEPF.

Further, Section 124(6) requires that all the shares in respect of which unpaid/unclaimed dividend has been transferred to IEPF, shall also be transferred to IEPF. Ministry of Corporate Affairs has notified “Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016” which have come into force from September 7, 2016. The said Rules, amongst other matters, contain provisions for transfer of all shares in respect of which dividend has not been paid/claimed for seven consecutive years or more, in the name of IEPF Suspense Account.

We request you to claim the dividends for financial year 2014-15 and onwards if unclaimed by making an application along with (a) copy of PAN card (b) a cancelled cheque of your registered bank account and (c)

the original un-encashed Dividend warrant or a duly filled in indemnity bond available on the website of the Company and send it to Registrar and Transfer Agents of Company i.e. MCS Share Transfer Agent Limited, F-65, 1st Floor, Okhla Industrial Area, Phase- I, New Delhi-110020 on or before December 12, 2021. In case you fail to claim the above dividend, all your shares (whether held in physical or electronic form) will be transferred as per the said Rules by the Company to IEPF Suspense Account in the name of the Company.

As per the above mentioned Rules shares held in physical form are liable to be transferred to IEPF Suspense Account, by issuing duplicate share certificates and upon issue of such duplicate share certificates, the original share certificate(s) which stand registered in your name will be deemed cancelled and non-negotiable.

In case shares are held in Demat form and are liable to be transferred to IEPF Suspense Account, the Company will give Delivery Instruction Slip to the Depository for transfer of shares to IEPF Suspense Account in the name of the Company.

However, you can claim from IEPF Authority, both unclaimed dividend amount and the shares transferred to IEPF Suspense Account by making an application in Form IEPF-5 online and sending the physical copy of the same duly signed (as per registered specimen signature) along with requisite documents enumerated in the said Form IEPF-5 to the Company at its registered office or to MCS Share Transfer Agent Limited, Registrar and Transfer Agent of the Company at F-65, 1st Floor, Okhla Industrial Area, Phase- I, New Delhi-110020 for verification of your claim. The Company shall send a verification report to IEPF Authority for payment of the unclaimed dividend amount and transfer of the relevant shares back to the credit of the shareholder.

In case the company do not hear anything on this intimation by December 12, 2021 we shall, with a view to complying with the requirements of the said Rules, transfer the shares to IEPF Suspense Account in the name of the company by the due date as per procedure stipulated in the Rules, without any further notice. Please note that no claim shall lie against the company or against MCS Share Transfer Agent Limited, Registrar and Transfer Agents of the company in respect of unclaimed dividend amount and shares transferred to IEPF authority/suspense account in the name of the company pursuant to the said Rules.

The IEPF Rules and the application form (Form IEPF-5), as prescribed by the Ministry of Corporate Affairs, are available on the website of the company at <https://www.carrier.com/commercial/en/in/investor/unclaimed-dividends/> and also on the website of the Ministry of Corporate Affairs at [www.iepf.gov.in](http://www.iepf.gov.in). Please feel free to contact the company/ MCS Share Transfer Agent Limited in case you have any queries at their following address/email/telephone number:

**To the Company**  
**Carrier Airconditioning & Refrigeration Limited**  
**(U74999HR1992FLC036104)**  
**Narsingpur, Kherki Daula post,**  
**Gurgaon – 122004, Haryana, India**  
**Phone: 0124 4825500**  
**Fax: + 91 124 2372230**  
**Email: [secretarial@carrier.com](mailto:secretarial@carrier.com)**  
**Website: <http://www.carrierindia.com>**

**To the Registrar and Transfer Agents**  
**MCS Share Transfer Agent Limited,**  
**(U67120WB2011PLC165872),**  
**F-65, 1st Floor, Okhla Industrial Area,**  
**Phase- I, New Delhi – 110020**  
**Tel No. +91 11 41406149**  
**Email id: [bonds@mcsregistrars.com](mailto:bonds@mcsregistrars.com)**  
**[admin@mcsregistrars.com](mailto:admin@mcsregistrars.com)**  
**Website: [www.mcsregistrars.com](http://www.mcsregistrars.com)**



## **DIVIDEND RELATED INFORMATION**

Subject to approval of members at the 29<sup>th</sup> AGM the dividend will be paid within timelines prescribed under law to the members whose names appear on the company's register of members as on the record date and in respect of the shares held in dematerialised mode, to the members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date. Payment of dividend shall be made through electronic mode to the members who have updated their bank account details. Dividend warrants / demand drafts will be despatched to the registered address of the members who have not updated their bank account details. Members are requested to register / update their complete bank details and PAN:

- (a) with their Depository Participant(s) with which they maintain their Demat accounts, if shares are held in dematerialised mode, by submitting forms and documents as may be required by the Depository Participant(s); and
- (b) with the company/MCS Share Transfer Agent by emailing at [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com) if shares are held in physical mode by submitting: (i) scanned copy of the signed request letter which shall contain member's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details) (ii) self-attested copy of the PAN card and (iii) cancelled cheque leaf.

### **TAX DEDUCTIBLE AT SOURCE / WITHHOLDING TAX:**

Pursuant to the requirement of Income Tax Act, 1961, the company will be required to withhold taxes at the prescribed rates on the dividend paid to its shareholders. The withholding tax rate would vary depending on the residential status of the shareholder and documents submitted by shareholder with the company/ MCS Share Transfer Agent / Depository Participant.

#### **A. Resident Shareholders:**

##### **A.1. Tax Deductible at Source for Resident Shareholders**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Withholding tax rate</b>	<b>Documents required (if any) / Remarks</b>
1.	Valid PAN updated in the company's register of members	10%	No document required. If dividend does not exceed Rs. 5,000/-, no TDS/ withholding tax will be deducted. Also, please refer note (v) below.
2.	No PAN/Valid PAN not updated in the company's register of members		TDS/ Withholding tax will be deducted, regardless of dividend amount, if PAN of the shareholder is not registered with the company/ MCS Share Transfer Agent / Depository Participant. All the shareholders are requested to update, on or before September 15, 2021, their PAN with their Depository Participant (if shares are held in electronic form) and company / MCS Share Transfer Agent (if shares are held in physical form). Please quote all the folio numbers under which you hold your shares while updating the records. Please also refer note (v) below.
3.	Availability of lower/ nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority to be submitted on or before September 15, 2021

A.2. No Tax Deductible at Source on dividend payment to resident shareholders if the Shareholders submit following documents as mentioned in column no.4 of the below table with the Company / MCS Share Transfer Agent / Depository Participant on or before September 15, 2021.

Sr. No.	Particulars	Withholding tax rate	Documents required (if any) / Remarks
1.	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) / Other Non-Resident shareholder	20% (plus applicable surcharge and cess) or tax treaty rate, whichever is beneficial	FPI registration certificate in case of FIIs / FPIs. To avail beneficial rate of tax treaty following tax documents would be required: 1. Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received 2. PAN or declaration as per Rule 37BC of Income Tax Rules, 1962 in a specified format. 3. Form 10F filled & duly signed 4. Self-declaration for non-existence of permanent establishment/ fixed base in India (Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Company)
2.	Indian Branch of a Foreign Bank	NIL	Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank and the same will be included in taxable income of the branch in India
3.	Availability of Lower/ NIL tax deduction certificate issued by Income Tax Authority	Rate specified in certificate	Lower tax deduction certificate obtained from Income Tax Authority
4.	Any non-resident shareholder exempted from WHT deduction as per the provisions of Income Tax Act or any other law such as The United Nations (Privileges and Immunities) Act 1947, etc.	NIL	Necessary documentary evidence substantiating exemption from WHT deduction

- (i) The Shareholders will be able to download Form 26AS from the Income Tax Department's website <https://incometaxindiaefiling.gov.in>

- (ii) The aforesaid documents such as Form 15G/ 15H documents under sections 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be sent on email [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com) and [secretarial@carrier.com](mailto:secretarial@carrier.com) on or before September 15, 2021 to enable the company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received after September 15, 2021 shall not be considered. Formats of Form 15G / Form 15H are available on the website of the company and can be downloaded from the link <https://www.carrier.com/commercial/en/in/investor/unclaimed-dividends/>
- (iii) Application of TDS rate is subject to necessary verification by the company, of the shareholder details as available in register of members as on the record date and other documents available with the company/ MCS Share Transfer Agent.
- (iv) In case TDS is deducted at a higher rate an option is still available with the shareholder to file the return of income and claim an appropriate refund.
- (v) No TDS will be deducted in case of resident individual shareholders who furnish their PAN details and whose dividend does not exceed Rs. 5,000/-. However, where the PAN is not updated in Company/ MCS Share Transfer Agent / Depository Participant records or in case of an invalid PAN, the Company will deduct TDS u/s 194 without considering the exemption limit of Rs. 5,000/-.
- (vi) All the shareholders are requested to update their PAN with their Depository Participant (if shares are held in electronic form) and Company / MCS Share Transfer Agent (if shares are held in physical form) against all their folio holdings on or before September 15, 2021.
- (vii) In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the shareholder, such shareholder will be responsible to indemnify the company and also provide the company with all information / documents and co-operation in any appellate proceedings. This communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

#### **OTHER INFORMATION**

- 32. Members attending the 29<sup>th</sup> AGM through VC/ OAVM shall be reckoned for the purpose of the quorum under section 103 of the Companies Act.
- 33. The company's ISIN number is INE040I01011.
- 34. The members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to MCS Share Transfer Agent Ltd. registrar and share transfer agent of the company for consolidation into a single folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
- 35. In case of joint holders only such joint holder whose name appears as the first holder in the order of names as per the register of members of the company shall be entitled to attend and vote.
- 36. Pursuant to section 72 of the Companies Act the members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination are requested to send their requests in Form No. SH-13 pursuant to the rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 to the Registrar and Transfer Agents of the company. Members holding shares in Demat form may contact their respective depository participants for recording of nomination.
- 37. Non-resident Indian members are requested to inform the company's Registrar and Share Transfer Agent

- i.e. MCS Share Transfer Agent Limited immediately: (i) the particulars of the bank account maintained in India with complete name, branch, account type, account number and address of the bank if not furnished earlier; and (ii) any change in their residential status on return to India for permanent settlement.
38. The ministry of corporate affairs has taken a green initiative in corporate governance by allowing paperless compliances by the companies and has issued circulars allowing companies to send official documents to their members electronically to prevent global environment degradation. In support of the green initiative your company proposes to send the documents i.e. notice convening general meetings, annual report containing audited financial statements, directors' report, auditors' report etc. and other communications in electronic form. To support this green initiative of the government in full measure, members who have not registered their e-mail addresses so far are requested to register their e-mail addresses in respect of electronic holdings with the depository through their concerned depository participants. The members who hold shares in physical form are requested to register their e-mail addresses with the company.
39. The register of members and the share transfer register of the company will remain closed from September 17, 2021 till September 23, 2021 (both days inclusive) for the purpose of 29<sup>th</sup> AGM. The cut-off date to determine the eligibility for the purpose of voting through electronic means and e-voting during the 29<sup>th</sup> AGM is September 16, 2021.
40. 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. September 16, 2021 shall only be entitled to avail the facility of remote e-voting / e-voting during 29<sup>th</sup> AGM. Any person who acquires shares of the company and become member of the company after dispatch of the notice and holding shares as on the cut-off date i.e. September 16, 2021 may obtain their user ID and password for remote e-voting and e-voting during 29<sup>th</sup> AGM by sending a request to Registrar and Share transfer agent i.e. MCS Share Transfer Agent Limited at [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com). A person who is not a member as on the cut-off date should treat this Notice of AGM for information purposes only.
41. The scrutinizer after scrutinizing the votes casted at the 29<sup>th</sup> AGM (e-voting during 29<sup>th</sup> AGM) and through remote e-voting, will not exceeding 3 days from the conclusion of the 29<sup>th</sup> AGM, make a consolidated scrutinizer's report of the votes casted in favor or against, if any, and submit the same to the Chairman of the 29<sup>th</sup> AGM. The results declared shall be available on the website of the company [www.carrier.com/building-solutions/en/in/investor/](http://www.carrier.com/building-solutions/en/in/investor/) and on the website of the CDSL. The resolutions will be deemed to be passed on the date of 29<sup>th</sup> AGM subject to receipt of the requisite number of votes in favor of the resolutions.
42. Additional information in respect of Mr. Chirag Baijal (DIN: 08465289) as required in the secretarial standard is given herein below:
- i. Name & Designation of the Director: Mr. Chirag Baijal, Managing Director
  - ii. Director Identification Number: 08465289
  - iii. Date of Birth (Age in years) August 16, 1976 (45 years)
  - iv. Original Date of Appointment: June 25, 2019
  - v. Qualifications: Management graduate with majors in finance & marketing, a graduate in economics.
  - vi. Experience & expertise in specific functional area: He carries over 19 years of diverse experience in the Airconditioning, refrigeration, tools & automotive equipment, financial services & building industries. He is a thought leader in the field of sustainability & business development and is actively involved with CII - Indian Green Building Council in promoting green building movement in India. He is currently the member of the IGBC executive board in India
  - vii. Shareholding in the company: Nil
  - viii. Remuneration last drawn from company in FY 2020-21: 1,51,33,775/-

- ix. Number of board meetings attended during the financial year: Four (4)
- x. Terms & conditions of appointment/ re-appointment and remuneration: Appointed as a whole-time director liable to retire by rotation. As per nomination & remuneration policy forming part of director's report
- xi. Relationship with other director/KMP: No relationship with other director/KMP
- xii. Directorships held in other companies: Nil
- xiii. Members/Chairmanship of committees in public limited companies in India: Carrier Airconditioning & Refrigeration Limited – member of corporate social responsibility committee.

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

**Item No. 5: To re-appoint and approve remuneration of Mr. Rahul Kumar Jain (DIN: 07858457) as whole-time Director on the Board of Directors of the company:**

- (i) Name & Designation of the Director: Mr. Rahul Kumar Jain whole-time Director
- (ii) Director Identification Number: 07858457
- (iii) Date of Birth (Age in years): February 21, 1979 (42 years)
- (iv) Original Date of Appointment: June 27, 2017
- (v) Qualifications: Master of science in Mechanical Engineering (Design) and MBA Finance from USA
- (vi) Experience & expertise in specific functional area: He has joined the company in September 2013 as supply chain head and was elevated to the position of operations head for the company HVAC Business in year 2015. He is also appointed as factory occupier for Gurgaon factory.
- (vii) Terms & conditions of appointment/ re-appointment and remuneration: Appointed as a whole-time director liable to retire by rotation. As per nomination & remuneration policy forming part of director's report
- (viii) Relationship with other director/KMP: No relationship with other director/KMP
- (ix) Shareholding in the company: Nil
- (x) Remuneration last drawn from company in FY 2020-21: 9,103,199/-
- (xi) Number of board meetings attended during the financial year: Two (2)
- (xii) Directorships held in other companies: Nil
- (xiii) Members/Chairmanship of committees in public limited companies in India: Nil

The Board of Directors has appointed Mr. Rahul Kumar Jain (DIN: 07858457) as whole-time director of the company for a period of 5 (five) years with effect from June 27, 2017 till June 26, 2022 and members of the company in their general meeting have approved his appointment as whole-time Director on Board of Directors of the company. As per terms of appointment Mr. Rahul Kumar Jain shall hold office of whole-time Director of the company till June 26, 2022.

Based on the recommendations of the nomination and remuneration committee, the Board of Directors in their meeting held on August 24, 2021 have re-appointed Mr. Rahul Kumar Jain (DIN: 07858457) on terms and conditions of appointment including remuneration as recommended by nomination and remuneration committee subject to approval by members of the company for a period of 5 (five) years with effect from June 27, 2022 till June 26, 2027.

It is proposed to seek members approval for resolution given in item number 5 for re-appointment and approval of remuneration of Mr. Rahul Kumar Jain (DIN: 07858457) as whole-time Director of the company with effect from June 27, 2022. Mr. Rahul Kumar Jain (DIN: 07858457) shall get a minimum remuneration of Rs. 91,03,199/- (Rupees Ninety-One Lakh Three Thousand and One Hundred Ninety -Nine only) per annum subject to applicable policies of the company up to a maximum of Rs. 1,50,00,000/- (Rupees One Crore Fifty Lakh only) per annum.

Mr. Rahul Kumar Jain (DIN: 07858457) satisfies all other conditions set out in part-I of schedule V, section 196 (3) of the Companies Act and eligible for re-appointment. He is not disqualified from being appointed as whole-time director in terms of section 164 of the Companies Act. Notice in writing under section 160 of the Companies Act, 2013 is received from Mr. Rahul Kumar Jain (DIN: 07858457) signifying his candidature for the office of whole-time director of the company. The above may also be treated as a written memorandum setting out the terms of re-appointment of Mr. Rahul Kumar Jain (DIN: 07858457) under section 190 of the Companies Act.

Further in the event of no profit or inadequate profit in any financial year during the currency of his tenure absolute authority/liberty is sought in favour of Board of Directors of the company by way of special resolution to approve/ratify the remuneration of Mr. Rahul Kumar Jain subject to ceiling of remuneration of Rs. 1,50,00,000/- per annum for a period not exceeding three years during which no profit or inadequacy in profit remains in the company.

The Board of Directors recommends the resolution set out at item number 5 of the Notice of AGM to approve the re-appointment and remuneration of Mr. Rahul Kumar Jain (DIN: 07858457) as whole-time Director on the Board of Directors of the company for five years with effect from June 27, 2022.

The relevant documents referred to in the Notice of 29<sup>th</sup> AGM will be available electronically for inspection by the members during 29<sup>th</sup> AGM of the company on the website of the company at [www.carrier.com/building-solutions/en/in/investor/](http://www.carrier.com/building-solutions/en/in/investor/) and can also be inspected at the registered office of the company during business hours up to the date of passing of above said resolution. Members seeking to inspect such documents can write to company at [secretarial@carrier.com](mailto:secretarial@carrier.com).

Mr. Rahul Kumar Jain (DIN: 07858457) is interested in the resolution set out at item number 5 of the notice. Save and except the above none of the other directors / key managerial personnel of the company / their relatives are in any way concerned or interested financially or otherwise in the resolution.

**Item No. 6: To ratify remuneration of cost auditors of the company for the financial year 2021-22:**

In terms of the provisions of section 148(3) of the Companies Act, 2013 read with rule 14 of the Companies (Audit & Auditors) Rules, 2014 the remuneration payable to the cost auditors shall be fixed by the Board of Directors of the company on the recommendation of the audit committee and the same shall be subsequently ratified by the members of the company at a general body meeting.

The Board of Directors of the company on the recommendation of the audit committee have approved the remuneration of Jain Sharma & Associates, Cost Accountants (Firm Registration Number 000270) as cost auditors of the company to conduct the audit as per the scope of work approved by the Board of Directors of the cost records of the company for the financial year 2021-22 at a remuneration of Rs. 3,45,800/- (Rupees Three Lakh Forty-Five Thousand and Eight Hundred Only) excluding out of pocket expenses and taxes as applicable.

Accordingly, the consent of the members is sought by passing an ordinary resolution as set out at item number 6 of the notice for ratification of the remuneration payable to the cost auditors for the financial year 2021-22.

The relevant documents referred to in the Notice of AGM will be available electronically for inspection by the members during AGM of the company on the website of the company at [www.carrier.com/building-solutions/en/in/investor/](http://www.carrier.com/building-solutions/en/in/investor/) and can also be inspected at the registered office of the company during business hours up to the date of passing of above said resolution. Members seeking to inspect such documents can write to company at [secretarial@carrier.com](mailto:secretarial@carrier.com).

None of the directors/key managerial personnel/ their relatives are in any way concerned or interested financially or otherwise in this resolution.

**Registered Office:**

**Carrier Airconditioning & Refrigeration Limited**

**CIN: U74999HR1992FLC036104**

**Regd. Office:** Narsingpur, Kherki Daula Post,  
Gurgaon – 122001, Haryana

**Website:** [www.carrierindia.com](http://www.carrierindia.com)

**E-mail:** [secretarial@carrier.com](mailto:secretarial@carrier.com)

**Tel: +91-124-4825500**

**Fax: +91-124-2372230**

**Date:** August 24, 2021

**Place:** Gurugram

By order of the Board of Directors

For **Carrier Airconditioning & Refrigeration Limited**

Sd/-

**Suraj Arora**

Company Secretary

Membership No.: FCS 10752



## BOARD'S REPORT

Dear Members,

Your Board of Directors are pleased to present the 29<sup>th</sup> (Twenty Ninth) Annual Report on the business and operations of your company along with audited financial statements and Auditor's report thereon for the financial year ended March 31, 2021.

The company's financial performance for the year ended March 31, 2021 is summarized below:

### 1. Financial Performance:

(In INR Lakh)		
Particulars	March 31, 2021	March 31, 2020
Revenue from operations	121,813	152,444
Other Income	2,278	2,501
<b>Total Income</b>	<b>124,091</b>	<b>154,945</b>
Total Expenses	120,751	146,880
Profit before tax	3,340	8,065
Tax Expense	931	3,358
Tax related to earlier years	741	-
Profit for the year (A)	1,668	4,707
Other comprehensive income for the year (B)	144	(113)
<b>Total comprehensive income for the year (A) + (B)</b>	<b>1,812</b>	<b>4,594</b>
Basic Earnings per Share*	1.57	4.43

\* Nominal Value per share Rs.10

### 2. State of Affairs of the company and outlook:

The financial year 2021 was very challenging because of the first wave of the COVID 19 pandemic and the consequent national lockdown. The first quarter, which is the peak period of Airconditioning industry, was totally washed out due to lockdown and the volumes were significantly impacted. The challenges in relation to market demand and foreign exchange deterioration continued post market opening. Your company implemented cost rationalization measures which assisted in covering some of the income loss due to lower volumes. Your company also continued to invest in new products and on digital tools.

During the financial year ended March 31, 2021 your company has total net revenue from operations is Rs. 121,813 Lakh as against Rs. 152,444 Lakh in the previous financial year. Profit before tax for the financial year 2021 was Rs. 3,340 Lakh as against Rs. 8,065 Lakh in the previous financial year. Total comprehensive income is Rs. 1,812 Lakh against Rs. 4,594 Lakh in the previous financial year.

Your company continued to strengthen the balance sheet. During the year, your company generated operating cash of Rs. 13,516 Lakh as against Rs. 5,811 Lakh in the previous financial year. With the strong cash generation, your company repaid the borrowings in full.

Your company did it's best to safeguard business interest of our customer's without compromising on the health & safety of our employee's, channel partner's or service franchisee.

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

**Light Commercial Airconditioning:** Due to COVID 19 pandemic and the consequent national lockdown, a new normal to work from home was adopted and many of the ongoing projects came to a standstill for some time. However, there were expansions in segments like Hospitals, temporary care centers and



Pharma industry. The requirement for special designs in Airconditioning systems became a need. Your company equipped with design knowledge on special requirement of filtration and an innovative range of products in VRF and Light Commercial was able to meet the customer expectations with quick installation and deliveries. Some of the products were introduced with special controllers displaying the concentration of pollutants in the zone.

The Government segment saw an increase in the requirement for air conditioning works and your company's products and brands were approved for Light Commercial as well as VRF products on government portals like GeM.

We tend to pay little attention to the air around us, especially while being continuously engaged in work. While we can observe some concerns raised with respect to the Outdoor Air Quality, for Indoor Air, not as much. Since we spend the major portion of our time indoors, we can't neglect the IAQ around us. With the COVID 19 virus, all countries including India went into a lockdown, and the people were forced to stay indoors throughout. Your company took it upon itself to spread awareness about the need for better indoor air quality and organized a series of webinars. Keeping in mind the pandemic, we introduced application specific solutions for air purification. We helped our customers to select the best solution as per their need providing them with cleaner air for better health.

Our offering includes products catering to areas of 180 sq. ft. going all the way upto 4,400 sq. ft. The different products come equipped with pre filters, HEPA Filters and Active Carbon filters. Our products also include a UV based solution, which in combination with Photocatalyst filter, helps to deactivate viruses and bacteria. We also introduced OptiClean™ negative air machine and air scrubber in the India market. It has the capability of converting any hospital room into an air borne infectious isolation room and prevents the spread of contaminants. TIME featured OptiClean™ in the Medical Care category of its prestigious annual list that recognizes 100 groundbreaking inventions that are making the world better and smarter. We have also launched a PM 2.5 filter and display kit which can be retrofitted to our ducted products. It is a combined air purification and air conditioning solution built into a single product.

**Service:** To grow business, your company continued to focus upon conversions, capture, recapture and retrofits /upgrade of chillers along with annual service agreements. Your company also focused on getting contracts for entire plant room equipment's. This business also digitized service operations in FY 2021 by launching digital tools i.e. Salesforce, Service Max and Preventive maintenance module. Your company also launched Dealer Technician Certification program to enhance the skill building of your company's dealers.

With the guidelines set for operations to be safe and to keep everyone safe, in alignment with Government regulations and along with utmost personal safety , the business continuity was given emphasis to connect with the customers virtually and we did see a significant traction around the same which continued well until the unlocking stages. The emphasis continued to get the customers back on service agreements and also built up of the pipeline for service modernization. The focus on IAQ solutions for healthy building management and connected services solutions to the customers continued.

**TOTALINE:** Your company focused on business with original equipment manufacturer and started business through e- commerce platform of Amazon for better market reach and visibility.

**Commercial Refrigeration:** This business was also hit badly by Covid in the beginning of the year. Due to our strong presence in all three critical segments for this business - Food Retail, Pharma and e- commerce, your company sales started to grow steadily. Carrier retained its SOS with the major food retail customer's. Carrier commercial refrigeration business saw good jump coming in channel sales as well as in the KA segment where we continue to grow YOY.

During the year 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.

**Transicold:** This business continues to lead the way in the truck refrigeration industry. Our continuous efforts of educating and training our clients as well as policy engagement with various government bodies have enabled better understanding of the cold chain in India.

Your company focus on solutions for the COVID-19 vaccine drive met with success. Your company's products have been deployed by Government bodies as well as private players for both intercity and local vaccine deliveries.

Your company continued to be the preferred suppliers of truck refrigeration systems due a large and reliable sales and service network which has now grown to more than 65 service centers pan India.

Your company channeled its focus to increase its geographic reach and build its brand image by penetrating into tier II and tier III cities and towns. The models of Citimax™ 280, Citimax™ 350, Citimax™ 400 & the Citimax™ 700 for chilled and frozen applications gained traction in the direct vehicle engine driven segment.

Your company continues to foster strong relations with cold chain clients, truck and container manufacturing OEM's. In light of our efforts to reduce food loss and creating awareness in the rapidly growing cold chain sector, your company has been actively involved with various initiatives of the Ministry of Agriculture & Ministry of Food Processing Industries. Your company continue to be an active member of the Confederation of Indian Industry (CII) Task Force on Post Harvest & Logistics and the National Center for Cold Chain Development (NCCD) set up by the Government of India to promote the usage of the cold chain.

Your company continues to be a leader and our customer's first choice for transport refrigeration solutions thus adding value to our Indian customers.

**AdvanTE3C:** AdvanTEC solution, part of aftermarket, strived on the retrofit of HVAC plant rooms through our modernization and energy efficiency solution approach. Service modernization team spread their wings on providing healthy building solutions also to customers. Your company will continue to focus and address the customer need of efficient HVAC system and healthy indoor environment.

### 3. Environment, Health & Safety:

At Carrier, EH&S is an integral part of our operations and a prime consideration in every decision that we make. The ultimate motive is to ensure that our employees, channel partner, suppliers and contractors go home safely every day.

We have been able to work on this fundamental evolved us in the marketplace as well as acted as a differentiator from others. We have been focusing on increasing health & safety awareness among all our employees, channel partners, vendors and service providers.

FY 2021 has been a tough year due to pandemic, despite the situation the contribution of the employees towards Health & Safety has been tremendous. We are pleased to inform you that your company's Commercial HVAC division achieved their "Zeon Accident" (LWIR & TRIR) goals of 2020. Commercial HVAC division has clocked more than 30 Million Hours without lost time accident which translates to 14 years stating that no work hours were lost due to an employee injury for employees in factory and S&D. .



Your company is continuously monitoring the evolving COVID-19 pandemic closely and responding appropriately in accordance with relevant government requirements.

We are pleased to see the positive trends of internal & external initiatives for health & safety practices from our employees, channel partners and customers as well. We would like to appreciate every individual in Carrier India to sustain this achievement, since the satisfaction of our employees and customers is the key to achieve superior operational results.

**We are aiming to reduce our manufacturing and customers' carbon footprint through various sustainability initiatives in our engineering & operations and manufacture industry-leading innovative & energy-efficient products. For us, sustainability means we can do good for the planet while we do good for our employees, communities, customers, and shareowners. Sustainability is not an option – it's an imperative. From reducing greenhouse gas and chemical emissions, energy and water consumption, and industrial waste to being at the forefront of the green & healthy building movement, we are committed to aggressive targets to improve environmental performance.**

In this journey we have been able to earn many other milestones for our commitment to health and safety and our continued focus on environment goals from 2015-2020 in Carrier factory have been able to achieved results as below:

- 33% absolute reduction in Green House Gas
- 35% absolute reduction in Water consumption
- 42% absolute reduction in Hazardous waste.

We will keep our focus on creating awareness on our recently launched lead with safety program and adherence with teams of our channel partners, suppliers and service providers.



Our behaviors on safety, health and environment are key in becoming employees' strongest ally and our customers first choice. Together we will lead with safety and make a positive impact to the lives of people we touch & the communities we operate in.

**4. Reserves:**

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

**5. Share Capital:**

The Company has not issued any shares during the financial year under review.

**6. Change in the nature of business if any:**

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

**7. Dividend:**

The Board of Directors of your company are pleased to recommend dividend at the rate of Rs. 0.50 on each fully paid up equity shares of Rs. 10/- each for the financial year 2020-21 total amounting to Rs. 5,31,88,373/- (Rupees Five Crore Thirty-One Lakh Eighty-Eight Thousand Three Hundred and Seventy-Three Only). The aforesaid Dividends are subject to approval/declaration by shareholders of the company in the 29<sup>th</sup> Annual General Meeting and shall be subject to deduction of income tax at source.

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

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

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

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

**10. Changes in Board of Directors and Key Managerial Personnel:**

During the financial year under review and till the date of this report the following changes have occurred in the composition of Board of Directors and Key Managerial Personnel of the company:

S. No.	Name of Director	Designation	Date of Appointment	Date of Cessation	Mode of Cessation
1.	Mr. Pritesh Agrawal (DIN:08757017)	Whole-time Director	June 8, 2020	N.A.	N.A.
2.	Ms. Nandita Luthra (DIN: 06948082)	Whole-time Director	April 1, 2019	March 3, 2021	Resignation
3.	Ms. Simran Thapar (DIN: 09026461)	Whole-time Director	March 31, 2021	N.A.	N.A.

Further in accordance with the articles of association of the company and relevant provisions of the Companies Act, 2013, Mr. Chirag Bajjal (DIN: 08465289) Managing Director is liable to retire by rotation at the 29<sup>th</sup> annual general meeting and being eligible offer himself for re-appointment and resolution for his re-appointment is purposed in the notice of 29<sup>th</sup> annual general meeting of the company. This shall not constitute a break in his office as managing director of the company.

The Board of Directors, based on performance evaluation and as per the recommendation of the Nomination and Remuneration committee has commended the re-appointment of Mr. Rahul Kumar Jain, as Whole-time Director of the company effective June 27, 2022 on completion of his current term of office. In the opinion of the Board, he possesses requisite expertise, integrity and experience for re-appointment as Whole-time Director of the company and the Board considers that, given his professional background, experience and contributions made by him during his tenure, the continued association of Mr. Rahul Kumar Jain would be beneficial to the company.

**11. Number of meetings of the Board of Directors:**

During the financial year under review the company had four meetings of the Board of Directors as per section 173 of Companies Act, 2013 on August 10, 2020; November 12, 2020; December 16, 2020 and

March 31, 2021. The provisions of Companies Act, 2013 and secretarial standard 1 for meetings of Board of Directors issued by The Institute of Company Secretaries of India were adhered to while considering the time gap between two meetings. The composition of the Board of Directors and their attendance at the board meetings during the financial year 2020-21 is as below:

S. No.	Name of the Directors and Director Identification Number	Category of Directorship	No. of Board Meetings during tenure of respective Board Member	
			Held	Attended
1.	Mr. Chirag Baijal (DIN: 08465289)	Managing Director	4	4
2	Mr. Narendra Singh Sisodia (DIN: 06363951)	Non-Executive Independent Director	4	4
3.	Mr. Pankaj Prakash Sahni (DIN: 07132999)	Non-Executive Independent Director	4	3
4.	Ms. Nandita Luthra* (DIN: 06948082)	Whole-time Director	3	1
5.	Mr. Rahul Kumar Jain (DIN: 7858457)	Whole-time Director	4	2
6.	Mr. Har Amrit Pal Singh Dhillon (DIN: 07043895)	Non-Executive Director	4	4
7.	Mr. Pritesh Agrawal (DIN: 08757017)	Whole-time Director	4	4

\*Ms. Nandita Luthra resigned from the office of Whole-time Director with effect from March 3, 2021. The entire remuneration of Ms. Nandita Luthra is being fully cross charged to the holding company resulting into no managerial remuneration cost to the company and hence, not charged to the profit and loss account of the Company.

\*\* Ms. Simran Thapar was appointed as Whole-time Director with effect from March 31, 2021.

## 12. Directors' Responsibility Statement:

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

- In the preparation of the annual accounts for the financial year ended March 31, 2021 the applicable accounting standards have 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 profit 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

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

### 13. Secretarial Standards:

The directors state that applicable secretarial standards issued by the Institute of Company Secretaries of India i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively have been duly followed by the company.

### 14. Declaration of independence by independent directors:

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and the Board of Directors of the company have taken the declarations in their record.

### 15. Annual Performance Evaluation:

In compliance with the provisions of the Companies Act, 2013, the Board of Directors has carried out an annual performance evaluation of independent directors and of its own performance and that of its committees and individual directors for the year under review. Members of nomination and remuneration committee have also carried out evaluation of every director's performance. The independent directors assessed the performance of non-independent directors and other directors of the company as well as of the board as a Whole for the financial year and timeliness of flow of information between management and the board. The manner of performance evaluations was based on parameters including but not limited to knowledge of business/operations of the company, effective participation in board/committee meetings, independence, their value addition/ contribution to company's objectives and plans, efficient discharge of their responsibilities, governance, trust & confidentiality and other relevant parameters. It was further acknowledged that board, every individual director and committee of the board contributes its best in the overall growth of the organization and the independent directors are having expertise, experience (including the proficiency) and integrity.

### 16. Corporate Social Responsibility (CSR):

Your 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. Your company recognizes its need to deliver value to the society which is the reason for its existence. Your company's most important responsibility is to fulfill the expectations of stakeholders and to continuously improve social, environmental and economic performance while ensuring the sustainability and operational success of your company. Your company has undertaken activities as per the CSR policy and the details thereof are given in **Annexure "A"** forming an integral part of this report. Your company will continue to support projects that are consistent with the policy. The revised CSR policy formulated by the Corporate Social Responsibility Committee and approved by the Board on August 24, 2021 can be accessed at <https://www.carrier.com/commercial/en/in/investor/corporate-social-responsibility/>.

### 17. Nomination and Remuneration Policy:

The Board of Directors has on the recommendation of the nomination and remuneration committee framed a policy for selection and appointment of directors, key managerial personnel, senior management and their remuneration including criterion for determining qualifications, positive attributes, independence of a director and other matters provided under section 178(3) of the Companies Act, 2013. The policy formulated by nomination and remuneration committee is attached as **Annexure "B"** forming an integral part of this report and is also available on <https://www.carrier.com/building-solutions/en/in/investor>.



## 18. Annual Return:

As required under section 134(3)(a) of the Companies Act, 2013, the annual return for the financial year ended March 31, 2021 as required under section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 has been placed on the company's website and can be accessed at [www.carrier.com/building-solutions/en/in/investor/](http://www.carrier.com/building-solutions/en/in/investor/).

## 19. Audit Committee:

### Composition of Audit Committee:

The audit committee reviews and looks into the matters prescribed under the Companies Act, 2013 or rules made thereunder as amended from time to time. The committee comprises of following three directors out of which two are independent directors and one is Whole-time Director. During the year, all the recommendations made by the audit committee were accepted by the Board.

- Mr. Pankaj Prakash Sahni, Chairman & Non-Executive Independent Director
- Mr. Narendra Singh Sisodia, Non-Executive Independent Director and
- Mr. Pritesh Agrawal, Whole-time Director & Chief Financial Officer

### Meetings and Attendance:

During the financial year under review two meetings of audit committee were held on November 12, 2020 and March 31, 2021. The attendance of the members of audit committee meetings during the financial year 2020-21 is as below:

Name of the Members	Category	No. of Meetings	
		Held	Attended
Mr. Pankaj Prakash Sahni	Non-Executive Independent Director	2	1
Mr. Narendra Singh Sisodia	Non-Executive Independent Director	2	2
Mr. Pritesh Agrawal	Whole-time Director & Chief Financial Officer	2	2

## 20. Nomination and Remuneration Committee:

### Composition of Nomination and Remuneration Committee:

The nomination and remuneration committee review and looks into the matters prescribed under the Companies Act, 2013 or rules made thereunder as amended from time to time. During the financial year under review the committee comprises of the following three directors out of which two are independent directors:

- Mr. Pankaj Prakash Sahni, Chairman & Non-Executive Independent Director;
- Mr. Narendra Singh Sisodia, Non-Executive Independent Director; and
- Mr. Har Amrit Pal Singh Dhillon, Non-Executive Director

### Meetings and Attendance:

During the financial year under review two meetings of nomination and remuneration committee were held as on December 16, 2020 and March 31, 2021. The attendance of members of nomination and remuneration committee meetings held during the financial year 2020-21 is as below:

Name of the Members	Category	No. of Meetings	
		Held	Attended
Mr. Pankaj Prakash Sahni	Non-Executive Independent Director	2	1
Mr. Narendra Singh Sisodia	Non-Executive Independent Director	2	2
Mr. Har Amrit Pal Singh Dhillon	Non-Executive Director	2	2

## 21. Corporate Social Responsibility Committee:

### Composition of Corporate Social Responsibility Committee:

The corporate social responsibility committee reviews and looks into the matters prescribed under the Companies Act, 2013 or rules made thereunder as amended from time to time. During the financial year under review the committee comprises of following three directors out of which one is non-executive independent director and two are executive directors:

- Mr. Narendra Singh Sisodia, Chairman & Non-Executive Independent Director;
- Mr. Chirag Baijal, Managing Director; and
- Mr. Pritesh Agarwal, Whole-time Director & Chief Financial Officer

### Meetings and Attendance:

During the period under review two meeting of corporate social responsibility committee was held as on August 10, 2020 and November 12, 2020. The attendance of the members of corporate social responsibility at the meeting during the financial year 2020-21 are as below:

Name of the Members	Category	No. of Meetings	
		Held	Attended
Mr. Narendra Singh Sisodia	Non-Executive Independent Director	2	2
Mr. Chirag Baijal	Managing Director	2	2
Mr. Pritesh Agarwal	Whole-time Director & Chief Financial Officer	2	2

## 22. Stakeholder Relationship Committee:

### Composition of Stakeholder Relationship Committee:

The stakeholders' relationship committee reviews and looks into the matters prescribed under the Companies Act, 2013 or rules made thereunder as amended from time to time. During the financial year under review, the committee comprises of the following three directors out of which first is non-executive independent director, second is executive director & chief financial officer and third is non-executive director:

- Mr. Narendra Singh Sisodia, Chairman & Non-Executive Independent Director;
- Mr. Pritesh Agarwal, Whole-time Director & Chief Financial Officer; and
- Mr. Har Amrit Pal Singh Dhillon, Non-Executive Director.

### Meetings and Attendance:

During the period under review one meeting of stakeholder's relationship committee was held on March 31, 2021 with following members:



Name of the Members	Category	No. of Meetings	
		Held	Attended
Mr. Narendra Singh Sisodia	Non-Executive Independent Director	1	1
Mr. Pritesh Agrawal	Whole-time Director & Chief Financial Officer	1	1
Mr. Har Amrit Pal Singh Dhillon	Non-Executive Director	1	1

### 23. Statutory Auditor and Auditor's Report:

Pursuant to the provisions of section 139 of the Companies Act, 2013 and rules framed thereunder MSKA & Associates, Chartered Accountants (Firm Registration Number: 105047W ) have been appointed as statutory auditors of the company to fill the casual vacancy caused by the resignation of B S R & Associates LLP (116231 W/W- 100024) in the Extraordinary General Meeting (EGM) of the company held on May 10, 2021. The term of appointment of MSKA & Associates, Chartered Accountants (Firm Registration Number: 105047W) as statutory auditor of the company is till the conclusion of 29<sup>th</sup> Annual General Meeting of members of the company. Further based on the recommendations of audit committee the Board of Directors of your company proposed to appoint MSKA & Associates, Chartered Accountants (Firm Registration Number: 105047W) as statutory auditor of the company for a term of 5 (five) consecutive years i.e. from conclusion of 29<sup>th</sup> Annual General Meeting till conclusion of 34<sup>th</sup> Annual General Meeting of the company. MSKA & Associates, Chartered Accountants (Firm Registration Number: 105047W) have confirmed their eligibility and qualification required under the Companies Act for holding the office of statutory auditors of the company.

The notes to the accounts as referred to in the auditors' report by the auditor are self-explanatory. There are no qualifications, reservation, adverse remark or disclaimer in the auditor's report on financial statements of the company for the financial year ended March 31, 2021. Hence no explanation or comments of the Board of Director is required in this matter.

### 24. Cost Auditors and Cost Accounting Records:

As per the requirement of Central Government and pursuant to section 148 of the Companies Act, 2013 and rules made thereunder as amended from time to time your company maintains the cost records and accounts and carries out an audit of cost records relating to manufacturing activities. The Board of Directors of the company has appointed Jain Sharma & Associates, Cost Accountants (Firm Registration Number - 000270) as cost auditor to audit the cost accounts of the company for the financial year 2020-21 and remuneration of Jain Sharma & Associates was ratified by the members of the company at their 28th annual general meeting held on December 16, 2020. The cost audit report for the financial year 2019-20 was filed with the ministry of corporate affairs within prescribed time.

For the financial year ended March 31, 2021, the cost auditor has submitted its report to the Board of Directors on August 24, 2021. The Board of Directors took note of the same and said report shall be filed with the ministry of corporate affairs within prescribed time. There are no qualifications in cost auditors report on the cost accounts of the company for the financial year ended March 31, 2021.

### 25. Secretarial Auditor:

The Board of Directors of your company appointed Vinod Kothari & Company, Practicing Company Secretaries as the secretarial auditor of the company for financial year 2020-21 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 "C"** and forms an integral part of this report. There are no qualifications in secretarial audit report for the financial year ended March 31, 2021. Hence no explanation or comments of the Board of Directors is required in this matter.

### 26. Internal Auditor:

Pursuant to the provisions of section 138 of Companies Act, 2013 read with rules framed thereunder your company has appointed Mr. Amit Bhatia as internal auditor of the company with effect from May

16, 2017. He is a chartered accountant by qualification and has a rich work experience of 13 years on the date of appointment. Internal Auditor of the company has conducted internal audit of the functions and activities of the company. He has submitted his report to the chairman of the audit committee and this was further reviewed by the Board of Directors and taken on record.

**27. Fixed Deposits:**

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

**28. 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 of Directors the existing internal control framework is adequate and commensurate to the size and nature of the business of the company.

**29. Human Resources:**

Health, safety and wellbeing of our employees is of paramount importance to Carrier. Right from the beginning of the pandemic in March 2020, we have supported our employees & their families in several ways possible. While we worked with our digital teams to ensure that employees are well equipped to work remotely as necessary, we also introduced policies like home support on broadband, travel guidelines to avoid public transport. Parallely, we launched special insurance policy for employee & their dependents that covered them for home quarantine if they were diagnosed for covid.

We continued with our support during the second covid wave in April 2021 & ramped up efforts on multiple fronts including arranging oxygen & oxygen concentrators, critical medicines, tie-up to facilitate online doctor consultation & discounted diagnostic tests, ambulances, facilitating hospital admissions, tie-up with hotels for Covid isolation rooms for our employees and their immediate family members. The second wave had a lasting impact on several employees, to support mental wellbeing, several workshops were done on mental wellbeing. We have also partnered with a leading organization to provide counselling support to employees on confidential basis. As we emerge out of the second covid wave, we continue to support our employees & their families on all the above aspects & also partner with leading hospitals & agencies for vaccination.

The pandemic has caused immeasurable loss and suffering. These may seem small gestures, but we have tried our best to provide relief wherever possible. It has been a year of great hardship. But the way Carrier India employees displayed kindness, empathy, generosity and perseverance is really commendable and due to this Carrier India family come out stronger, more resilient, more caring and more agile than ever before.

Your Board of Directors would like to place on record their appreciation for 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.

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

The company has complied with provisions relating to the constitution of internal complaint committee under Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013. The company has an anti-sexual harassment policy in line with the requirement of the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review no matter has been reported to the internal complaint committee related to sexual harassment.

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

The particulars as prescribed under section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and amendments made thereto for the financial year ended March 31, 2021 are set out in the **Annexure “D”** and form an integral part of this report.

**32. Particulars of Loans, Guarantees or Investments under section 186:**

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

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

All the related party transactions that were entered into during the financial year under review were in ordinary course of business and on arm’s length basis in compliance with the applicable provisions of the Companies Act, 2013. Omnibus approval is being obtained for all potential related party transactions from the audit committee. The related party transactions are disclosed in notes of the financial statements.

**34. Enterprise Risk Management Policy:**

In today’s economic environment, risk management is a very important part of business. Your company’s risk management is embedded in business. The company has formulated and implemented a mechanism for risk management and has developed an enterprise risk management policy. Risks are classified in different categories such as financial risks, operational risks, market risks, business and compliance related risks. These risks are reviewed on a periodic basis and controls are put in place and mitigation planned with identified process owners and defined timelines. The risks are taken into account while preparing the annual business plan for the year. The Enterprises Risk Management policy is available on the website of the company at [www.carrier.com/building-solutions/en/in/investor/](http://www.carrier.com/building-solutions/en/in/investor/).

**35. Reporting of frauds by auditors:**

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the audit committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board’s report.

**36. Vigil Mechanism:**

Your company follows the Carrier Code of Ethics which allows any stakeholder including directors, officers and employees to report suspected or actual violations without fear of retaliation. In addition, any stakeholder can also report any violation to the compliance officer designated within your company or to Chairman of Audit Committee. Further there is also a system of reporting any suspected/ actual violation through confidential mails or telephonic call. The policy on code of ethics is available on the website of the company at [www.carrier.com/building-solutions/en/in/investor/](http://www.carrier.com/building-solutions/en/in/investor/). All such matters are disclosed to management as a standard worldwide practice.

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

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

**38. General:**

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these matters during the year under review.

There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016. There was no instance of onetime settlement with any Bank or Financial Institution.

**39. Acknowledgement:**

Your Board of Directors wish to express their gratitude to the company's dealers, suppliers, bankers, auditors, customers, central and state government departments 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 and look forward for your continued support in the future.

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

**Date: August 24, 2021**

**Place: Gurugram**

**Sd/-**  
**Chirag Bajjal**  
Managing Director  
DIN: 08465289

**Sd/-**  
**Pritesh Agrawal**  
Whole-time Director &  
Chief Financial Officer  
DIN: 08757017

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY PURSUANT TO RULES 8 & 9 OF COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2021**

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, as amended 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 Promoting Health Care including preventive health care and sanitation environmental sustainability.

The Corporate Social Responsibility Policy of the Company is available on the website of the Company <https://www.carrier.com/commercial/en/in/investor/corporate-social-responsibility/>.

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

The Corporate Social Responsibility Committee comprises of 3(three) members of the Board, one is Non-Executive Independent Director and two are Executive Directors. The Chairman of the Committee is an Independent Director.

S. No.	Name	Category	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Narendra Singh Sisodia	Non-Executive Independent Director	Chairman	2	2
2.	Mr. Chirag Baijal	Managing Director	Member	2	2
3.	Mr. Pritesh Agrawal	Whole-time Director & Chief Financial Officer	Member	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company <https://www.carrier.com/commercial/en/in/investor/corporate-social-responsibility/>.
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). **Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

S. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
1	-	Nil	Nil

6. **Average net profit of the Company for last three financial years:** The Average Net Profit of last three financial years preceding the reporting financial year (i.e. 2019-20, 2018-19, 2017-18) calculated in accordance with Section 135 of the Companies Act, 2013 is **Rs. 108.72 Crores.**
7. (a) Two percent of average net profit of the company as per section 135(5): **2.17 Crore**  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**  
 (c) Amount required to be set off for the financial year: **Nil**
8. (d) Total CSR obligation for the financial year (7a+7b7c) **2.17 Crore**
9. (a) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)			
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)	
	Amount	Date of transfer	Name of the fund	Date of transfer
2.17 Crore	Not Applicable		Not Applicable	

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the Project State, District	Project duration.	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).
1	<p><b>United for Air</b></p> <p>Objective: To reduce Carbon Footprint &amp; enhance environmental sustainability</p> <p>Specific objectives:</p> <ul style="list-style-type: none"> <li>• Raise awareness on alarming levels of air pollution and its implications on climate change.</li> <li>• Educate on the direct impact of air pollution on human health and existence.</li> <li>• Promote mechanisms for raising capacity of communities to deal with pollution at community level and adopt a healthy lifestyle.</li> </ul> <p>Encourage community and government action to adopt the “refuse, reduce, reuse and renew” for a better environment and to promote healthy lifestyle.</p>	Environment	Yes	Haryana, Gurgaon	Multi Year ongoing Project	1,45,90,392	1,45,90,392	-
2	<p><b>Green Your School</b></p> <p>Objective:</p> <p>To raise awareness on Green Buildings and sustainability amongst the youth of India</p> <p>Specific objectives:</p> <ul style="list-style-type: none"> <li>• Encouraging the youth to come up with ideas on implementation of Green Building initiatives in their schools</li> <li>• Awarding the best adjudged schools to implement initiatives in the schools</li> </ul>	Environment	Yes	Pan India	Multi Year on Going Project	40,00,000	40,00,000	-
3	<p><b>SOS Children's Villages in India</b></p> <p>Funding project “Samarth” to support the quality education of 77 children at three locations of SOS in order to bring sustainable changes in their lives under Carrier’s CSR activity</p>	Education	Yes	Bawana/ Faridabad, Rajpura and Bangalore		20,70,000	20,70,000	-



(c) Details of CSR amount spent against other than ongoing projects for the financial year: NA

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project		Amount spent for the project (in Rs.)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.

(d) Amount spent in Administrative Overheads – 11 Lacs

(e) Amount spent on Impact Assessment, if applicable NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - 2.17 Crore

(g) Excess amount for set off, if any – Not Applicable

S. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	NA
(ii)	Total amount spent for the Financial Year	NA
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NA
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

(a) Details of Unspent CSR amount for the preceding three financial years: NIL

S. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.).	Date of transfer	
NIL							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): LAST YEAR

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced	Project duration.	Amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1	COVID	Covid-19 CSR Project	2019-2020	2 Years	1,26,71,030	1,26,71,030	1,26,71,030	On Going
2	Environment	United for Air	2019-2020	Multi Year	23,58,970	23,58,970	23,58,970	On Going
3	Environment	Green Your School	2019-2020	Multi Year	44,00,000	44,00,000	44,00,000	On Going
4	Education	SOS	2019-2020	Multi Year	20,70,000	20,70,000	20,70,000	On Going
5	Evaluation of CSR projects	Administrative Costs	2019-2020	One Year	11,00,000	11,00,000	11,00,000	
<b>Total</b>					<b>2,26,00,000</b>			

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

S. No	Assets Name	Qty	Date of creation or acquisition of the capital asset(s):	Amount of CSR spent for creation or acquisition of capital asset.	FY	Complete address and location of the capital asset	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
1	LED Display Board-P4	4	15-12-2020	₹ 2,25,42,720	2020-21	1. Sector 52A Botanical Garden Spot 1,	United Way of Delhi, S79, Block S, Panchsheel Park, South Delhi
2	LED Display Board-P4	2	09-03-2021	₹ 11,82,360	2020-21	2. Sector 52A Botanical Garden Spot 2, 3. Aravalli Biodiversity Park Spot 1 (On MG Road near Nathupur), 4. Aravalli Biodiversity Park Spot 2 (On MG Road near Nathupur), 5. Netaji Subhash Marg Spot 1 (Durga Mata Mandir Square), 6. Netaji Subhash Marg Spot 2 (Durga Mata Mandir Square)	
3	Air Quality Monitor	2	22-02-2021	₹ 94,838	2020-21	1. Sector 52A Botanical Garden 2. Aravalli Biodiversity Park	
4	Air Quality Monitor	1	31-03-2021	₹ 47,419	2020-21	3. Netaji Subhash Marg 4. Kherki Daula	
5	Air Quality Monitor	1	31-03-2021	₹ 50,959	2020-21		
6	Mircotek Co UPS -UFA	1	21-09-2020	₹ 26,200	2020-21	765, Block F Sector 42 Golf Course, Gurugram, Haryana - 122009	
7	Laptop	1	09-02-2021	₹ 51,897	2020-21		

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). Not Applicable

By order of the Board  
For Carrier Airconditioning & Refrigeration Limited

Date: August 24, 2021  
Place: Gurgaon

Sd/-  
Chirag Baijal  
Managing Director

Sd/-  
Narendra Singh Sisodia  
Chairman CSR Committee

**NOMINATION AND 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’ mean Directors of the Company.
- iv. ‘Key Managerial Personnel’ means:  
Chief Executive Officer or the Managing Director or the Manager;  
Whole-time director;  
Chief Financial Officer;  
Company Secretary; and  
Such other officer as may be prescribed.
- v. ‘Senior Management’ mean 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 Rs One Lac per meeting of the Board or Committee, or such amount as may be prescribed by the Central Government from time to time.

#### 4. MEMBERSHIP

- i. The Committee shall consist of a minimum 3 non-executive directors, not less than one-half of them being independent.
- ii. Minimum (2) members (in person or through any audio visual means) shall constitute a quorum for the Committee meeting.
- iii. Term of the Committee shall be continued unless terminated by the Board of Directors.

## 5. CHAIRPERSON

- i. Chairperson of the Committee shall be appointed by the Board.
- ii. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- iii. Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## 6. FREQUENCY OF MEETINGS

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

## 7. COMMITTEE MEMBERS' INTERESTS

- i. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- ii. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## 8. SECRETARY

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

## 9. MINUTES OF COMMITTEE MEETING

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

## 10. MODIFICATION OF POLICY

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

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

Sd/-  
**Chirag Baijal**  
Managing Director  
DIN: 08465289

Sd/-  
**Pritesh Agrawal**  
Whole-time Director &  
Chief Financial Officer  
DIN: 08757017

**Date:** August 24, 2021

**Place:** Gurugram

**VINOD KOTHARI & COMPANY****Practising Company Secretaries**

1006-1009, Krishna Building, 224 A.J.C.

Bose Road Kolkata – 700 017, India

Phone: 033 – 2281 7715 | 1276 | 3742

email: corplaw@vinodkothari.com

Web www.vinodkothari.com

PAN No:- AAMFV6726E

GSTIN No. 07AAMFV6726E1ZW

Udyog Aadhar Number – WB10D0000448

**ANNEXURE “C”****Form No. MR-3****Secretarial Audit Report**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

To,  
The Members,  
Carrier Airconditioning & Refrigeration Limited,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Carrier Airconditioning & Refrigeration Limited** (hereinafter called **“the Company”**) for the financial year ended March 31, 2021 [**“Period under Review”**]. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period under review, has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period under review, according to the provisions of applicable law provided hereunder:

1. The Companies Act, 2013 (‘the Act’) and the rules made thereunder including any re-enactment thereof;
2. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
3. Specific laws applicable to the industry to which the Company belongs, as identified and compliance whereof as confirmed by the management, that is to say:
  - a. The Bureau of Energy Efficiency (Particulars and Manner of their Display on Labels of Room Air Conditioners) Regulations, 2009; and
  - b. Legal Metrology Act, 2009.

We have also examined compliance with the applicable clauses of the Secretarial Standard 1 and 2 issued by the Institute of Company Secretaries of India.

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**Mumbai Office:** 403-406 175 Shreyas Chambers, D.N. Road, Fort, Mumbai-400001 Delhi

**Office:** A-11 Hauz Khas, New Delhi-110016 Ph-011- 41315340



## Management Responsibility

Kindly refer to our letter of even date which is annexed as **Annexure 'I'** which is to be read with and forms an integral part of this report.

We report that during the Period under Review, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards etc. mentioned above.

### We report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Director 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 and other applicable laws.

Adequate notice is given to all directors to schedule the Board Meetings and Committee meetings, agenda and detailed notes on agenda were sent at least seven days in advance except for the Board Meeting held on December 16, 2020 which was held on a shorter notice and in the presence of two independent directors, 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 the decisions were unanimous and there was no instance of dissent in Board or Committee Meetings.

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

We further report that during the period under review, the Company has not undertaken following specific events/ actions that can have a major bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

#### i. Appointment of Statutory Auditor

During the period under review, BSR & Associates LLP Chartered Accountants Firm Registration No. 116231W /W-100024 resigned from office of Statutory Auditor of the company with effect from 16<sup>th</sup> March 2021. Pursuant to section 139(8) of the Companies Act, 2013, the Board had accorded its consent to fill the casual vacancy in the office of Statutory Auditors by appointing MSKA & Associates (ICAI Firm Registration Number 105047W) as Statutory Auditor, subject to approval by the Company at a general meeting, who shall hold the office of Statutory Auditor till conclusion of next annual general meeting. All due compliances were made by the Company with respect to this event.

**For M/s Vinod Kothari & Company  
Practicing Company Secretaries  
Unique Code: P1996WB042300**

**Sd/-  
Pammy Jaiswal  
Partner**

**Membership No.: A48046  
CP No.: 18059**

**Place: Kolkata  
Date: July 28, 2021**

## Annexure 1

### ANNEXURE TO SECRETARIAL AUDIT REPORT (NON-QUALIFIED)

To,  
The Members,  
Carrier Airconditioning & Refrigeration Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit. The list of documents for the purpose, as seen by us, is listed in **Annexure II**;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. Our Audit examination is restricted only upto legal compliances of the applicable laws to be done by the Company, we have not checked the practical aspects relating to the same.
4. Wherever our Audit has required our examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication. Wherever for the purposes of our Audit, there was a need for physical access to any of the places of business of the Company, the same was not possible due to the lockdowns and travel restrictions imposed by Central and State Governments respectively. We have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.
6. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.
7. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
8. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.
9. The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with respect to the Company.
10. 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.

## Annexure II

### List of Documents

1. Minutes of the following were provided (draft copies of the final set of minutes)
  - a. Board Meeting;
  - b. Audit Committee;
  - c. Nomination and Remuneration Committee;
  - d. Stakeholders Relationship Committee;
  - e. Corporate Social Responsibility Committee;
  - f. General Meeting;
  - g. Independent Directors' Meeting
2. Notice and Agenda for Board and Committee Meetings on sample basis;
3. Annual Report 2019-20;
4. Memorandum and Articles of Association;
5. Disclosures under Companies Act and rules made thereunder on sample basis;
6. Statutory Registers under Companies Act other than MBP-4 and Attendance Register of Committee Meetings;
7. Policies framed under Companies Act;
8. Forms and returns filed with the ROC and RBI on sample basis;
9. Specific law compliance checklist as informed by the Company;

**ANNEXURE “D”**

**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**

Energy conservation measures taken:

- Energy and Green House Gas Reduction by conversion of DG fuel (HSD to PNG) in March 2021.
- 210 KWp solar power plant started, which will generate about 0.30 million units per annum from Solar lights and have life span of about 25 years.
- Start to Usage of energy efficient Motor for air washer by March 2021.

**Power fuel consumption**

Particulars	Year ended March, 2021	Year ended March 31, 2020
<b>1. Electricity</b>		
(a) Purchased		
Units (in Lakhs)	24.82	28.02
Total amount (in Lakhs)	222.9	250.01
Rate/unit (Rs)	8.98	8.92
(b) Own generation		
(i) Through diesel generator		
Units (in Lakhs)	3.49	8.9
Units per litre of diesel oil	3.25	3.02
Cost/unit (Rs)	24.65	21.18
(ii) Through steam turbine/generator		
Units	-	-
Units per litre of fuel oil/gas	-	-
Cost/unit (Rs)	-	-
<b>2. Coal</b>		
Quantity (Tonnes)	-	-
Total cost (Rs)	-	-
Average rate (Rs)	-	-
<b>3. Furnace oil</b>		
Quantity (K. ltrs.)	-	-
Total amount (Rs)	-	-
Average rate (Rs)	-	-
<b>4. Other/internal generation (SOLAR)</b>		
Quantity (Unit) (in Lakhs)	5.42	3.91

## B. TECHNOLOGY ABSORPTION

### (a) Research and Development (R&D)

- (i) Specific areas in which R&D carried out by the Company:
- Remaining models of R410A based ducted range were launched at significantly low cost and more environment friendly through reduction in refrigerant charge. With the result of this effort by program team, there has been significant conversion of sales from R22 to R410A refrigerant products.
  - Introduced some models with Low GWP, R410 refrigerant w.r.t R404a and low noise products in commercial refrigerant products category with additional cost improvement benefit.
  - Worked on smart diagnostics features to identify failures in refrigeration cycle / components
- (ii) Benefits derived as a result of the above R&D:
- Designed products as per India specific requirements for local market.
  - Competitive advantages in terms of cost and additional revenue generation.
  - Improvement in the performance and reliability of the units.
  - Lead time reduction for product availability by localization of commercial products Company branded / indigenized products available from India factory.
- (iii) Future plan of action:
- Develop new products in keeping upcoming technology and market requirements.
  - Localize more products for cost/lead time benefit to customers.
  - VAVE to optimize product cost with improved/same performance.
  - Provide energy efficient solutions.
  - Quality/reliability improvement for products supplied from factory.
  - Low temperature application condensing & evaporating unit to bridge the gap with existing Usage of mode advance tools to optimize the cost and bring agility in design cycle.
- (iv) Expenditure on R&D:
- During the period under review, the Company has incurred following expenditure on R&D:
- |                                                       |                   |
|-------------------------------------------------------|-------------------|
| a. Capital                                            | : Rs 85,90,828    |
| b. Recurring                                          | : Rs. 3,43,34,822 |
| c. Total                                              | : Rs. 4,29,25,650 |
| d. Total R&D expenditure as a percentage of turnover: | 0.35              |

### (b) Technology absorption, adaptation, and innovation

- (i) Efforts, in brief, made towards technology absorption, adaptation and innovation. Technology transfer and absorption for water cooled and air-cooled screw chillers for cost and lead time reduction to help in gaining market share. Indigenized product in evaporator product category available for customer.
- (ii) Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc.
- The above stated efforts have resulted in improving capability of producing of various products and helped in better customer service through cost/lead time reduction. Also, this will help in increasing revenue and profitability.
- (iii) In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year 2010), following information may be furnished:

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

**C. FOREIGN EXCHANGE EARNINGS & OUTGO:**

The foreign exchange earned in terms of actual inflows and actual outgo during the financial year is given below:

(In Rs Lakhs)

S. No.	Foreign Exchange Earnings and Outgo	2020-21	2019-20
1.	Earnings in foreign exchange	2,672	1,500
2.	Expenditure in foreign currency*	1,481	1,288
3.	CIF Value of Import	40,637	67,057

\*Excluding provision

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

Sd/-  
**Chirag Bajjal**  
Managing Director  
DIN: 08465289

Sd/-  
**Pritesh Agrawal**  
Whole-time Director &  
Chief Financial Officer  
DIN: 08757017

Date: August 24, 2021  
Place: Gurugram

**Information regarding Production, Purchases, Sales and Closing Stocks:**

**(a) Production, Sale and Stocks - Manufactured Goods**

Products	Opening Stock		Production Qty (No's)	Closing Stock	
	Qty (No's)	Amount		Qty (No's)	Amount
<b>Compressor</b>					
Current Year	55	3	-	45	2
Previous Year	151	7	-	55	3
<b>Room Airconditioners</b>					
Current Year	6,259	2,959	14,487	3,918	1,920
Previous Year	4,306	2,107	26,621	6,259	2,959
<b>AHU/ FCU &amp; Chillers</b>					
Current Year	959	1,032	2,397	1,070	1,552
Previous Year	1,246	1,131	2,685	959	1,032
<b>Condenser/Evaporator Module</b>					
Current Year	860	392	3,576	854	405
Previous Year	1,001	487	4,021	860	392
<b>Freezers / Cold Room Systems</b>					
Current Year	7	3	-	7	1
Previous Year	42	11	-	7	3
<b>Cylinder &amp; Gas &amp; Fluid</b>					
Current Year	3,909	154	77,175	2,110	48
Previous Year	740	15	99,071	3,909	154
<b>Nozzle &amp; Valve</b>					
Current Year	140	6	1,682	69	2
Previous Year	30	2	2,660	140	6
<b>Suppression Accessories</b>					
Current Year	21	4	28	21	4
Previous Year	67	27	154	21	4



		Compressor	Room Airconditioners ##	AHU/ FCU & Chillers	Condenser/ Evaporator Module	Freezers / Cold Room Systems
<b>Sale #</b>						
Current Year	Qty(Nos)	10	16,824	2,286	3,582	@
	Amount	3	14,566	5,084	2,330	1
Previous Year	Qty(Nos)	96	24,668	2,972	4,162	35
	Amount	1	22,167	7,105	2,628	2

		Cylinder & Gas & Fluid	Nozzle & Valve	Suppression Accessories
<b>Sale #</b>				
Current Year	Qty(Nos)	78,974	1,753	28
	Amount	2,011	51	1
Previous Year	Qty(Nos)	95,902	2,550	200
	Amount	2,340	71	61

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

# The unit sales quantities include Inventory adjustments as well.

## Excludes 4 Room Air Conditioners (Previous Year 0) capitalised during the year.

#### (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
<b>Room Airconditioners</b>					**			
Current Year	30,819	9,894	74,730	23,143	88,503	32,925	16,860	5,961
Previous Year	28,807	8,890	1,13,259	34,941	1,11,039	42,777	30,819	9,894
<b>AHU/FCU &amp; Chillers</b>								
Current Year	516	372	4,226	3,195	4,495	3,953	247	274
Previous Year	403	459	6,639	4,632	6,526	5,490	516	372
<b>Stabilizers &amp; others</b>					***			
Current Year	49,320	879	90,777	2,733	92,120	3,321	47,937	967
Previous Year	61,686	944	68,493	2,631	80,748	3,326	49,320	879

Products	Opening Stock		Purchase		Sale *		Closing Stock	
	Qty (No's)	Amount	Qty (No's)	Amount	Qty (No's)	Amount	Qty (No's)	Amount
<b>Truck Refrigeration</b>								
Current Year	737	2,306	689	1,876	817	3,528	609	1,635
Previous Year	489	1,473	1,679	6,062	1,431	7,027	737	2,306
<b>Freezers &amp; System</b>								
Current Year	305	368	1,564	2,071	1,344	2,329	525	721
Previous Year	161	274	32,048	2,482	31,903	3,121	305	368
<b>Condenser/Evaporator</b>								
Current Year	38	53	350	439	319	512	69	79
Previous Year	16	20	485	543	463	664	38	53
<b>Cylinder</b>								
Current Year	4	@	-	-	-	-	4	@
Previous Year	11	@	-	-	7	@	4	@
<b>Nozzle &amp; Valve</b>								
Current Year	1,191	24	-	-	5	@	1,186	21
Previous Year	1,284	21	50	7	143	5	1,191	24
<b>Spares</b>								
Current Year	#	8,539	#	17,139	#	21,191	#	8,421
Previous Year	#	7,374	#	18,856	#	21,186	#	8,539

\* The unit sales quantities include Inventory adjustments as well.

\*\* Excludes 186 Room Air Conditioners (Previous Year 208) capitalised during the year.

\*\*\* Excludes 39 (Previous Year 111) Stabilisers capitalised during the year.

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

# 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.

**Cost of materials consumed #**

	Year ended March 31, 2021		Year ended March 31, 2020	
	Quantity	Amount	Quantity	Amount
Aluminium (Kgs)	2,42,763	522	4,22,783	1,091
Compressor (Nos)	17,315	4,178	27,068	6,682
Copper (Kgs/Nos)	14,11,393	2,205	24,60,232	4,058
Motors (Nos)	46,853	877	76,209	1,501
Refrigerant / Gas (Kgs)	1,89,707	1,428	2,79,517	1,957
Valve (Nos)	1,11,478	676	1,77,741	964
Electrical Parts (Nos)	7,73,049	2,084	11,90,831	2,999
Others*		4,082		4,076
<b>Total</b>	<b>27,92,557</b>	<b>16,052</b>	<b>46,34,382</b>	<b>23,328</b>

\*Includes inventory adjustments and consumption for internal use. It is not practicable to furnish quantitative information of other raw materials and components consumed in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

# Includes consumption of consumables which are consumed with raw material. The value of such consumables is not material and hence same is not shown separately.

**Value of imported and indigenous raw materials, components**

	Current Year		Previous Year	
	%	Amount	%	Amount
Imported	53	8,532	69	16,081
Indigenous	47	7,520	31	7,247
<b>Total</b>	<b>100</b>	<b>16,052</b>	<b>100</b>	<b>23,328</b>

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

Sd/-  
**Chirag Baijal**  
Managing Director  
DIN: 08465289

Sd/-  
**Pritesh Agrawal**  
Whole-time Director &  
Chief Financial Officer  
DIN: 08757017

Date: August 24, 2021  
Place: Gurugram

## INDEPENDENT AUDITOR'S REPORT

To the Members of Carrier Airconditioning & Refrigeration Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Carrier Airconditioning & Refrigeration Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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. 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 statement that give a true and fair view and are

free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.

### **Other Matter**

The financial statements of the Company for the year ended March 31, 2020, were audited by another auditor whose report dated November 12, 2020, expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of this matters.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, the Statement of Changes in Equity and the Statement of Cash Flow 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, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 14, Note 28 and Note 29 to the financial statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

**For MSKA & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No. 105047W

**Sd/-**  
**Vinod Gupta**  
Partner

Membership No. 503690  
UDIN: 21503690AAAAAG2672

**Place:** Gurugram  
**Date:** August 24, 2021

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE FINANCIAL STATEMENTS OF CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

### Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**For MSKA & Associates**  
**Chartered Accountants**  
 ICAI Firm Registration No. 105047W

**Sd/-**  
**Vinod Gupta**  
 Partner

Membership No. 503690  
 UDIN: 21503690AAAAAG2672

**Place:** Gurugram  
**Date:** August 24, 2021



## **ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CARRIER AIRCONDITIONING & REFRIGERATION LIMITED FOR THE YEAR ENDED MARCH 31, 2021**

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).
- (b) The Company has a regular programme of physical verification of its fixed assets in which all fixed assets are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year. No material discrepancies were noticed on such verification during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the erstwhile names of the Company. Subsequently, the Company had changed its name to Carrier Airconditioning & Refrigeration Limited.
- ii. The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stocks and the book records.
- iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, 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.
- vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant as specified by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and we 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, undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, Labour welfare Fund, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there have been few delays in the payment of professional tax.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess on account of any dispute, are as follows:

Name of the Statute	Nature of the dues	Amount (Rs. in lacs)	Amount paid (Rs. in lacs)	Period to which amount relates	Forum where dispute is pending
<b>Income tax</b>					
Income tax Act, 1961	Income tax	63	-	2006-07	Assistant commissioner of Income-tax
Income tax Act, 1961	Income tax	55	-	2018-19	Commissioner of Income tax (Appeals)
Income tax Act, 1961	Income tax	353*	79@	2000-01, 2005-06 & 2013-14	Income tax appellate tribunal
<b>Sales tax</b>					
Sales tax/Value added tax Act of various states	Sales tax/Value added tax	4,631	412	1988-90, 1992-93, 1994-95 to 2007-08, 2009-10 to 2019-20	Appellate authorities of various states
Sales tax/Value added tax Act of various states	Sales tax/Value added tax	621	236	1997-2002, 2004-10, 2011-12, 2012-13, 2014-15 and 2017-18	Sales tax Appellate tribunal of various states
Sales tax/Value added tax Act of various states	Sales tax/Value added tax	169	79	1989-90, 1995-97, 1998-2002 and 2003-06	High Courts of various states
Sales tax/Value added tax Act of Kerala	Sales tax/Value added tax	46	18	2002-03	Supreme Court
<b>Central Excise duty</b>					
Central Excise Act, 1944	Excise duty	5	-	2002-08	Commissioner of Excise (Appeals)
Central Excise Act, 1944	Excise duty	13	-	2006-08	Central Excise and Service tax Appellate Tribunal

Name of the Statute	Nature of the dues	Amount (Rs. in lacs)	Amount paid (Rs. in lacs)	Period to which amount relates	Forum where dispute is pending
<b>Custom duty</b>					
Customs Act, 1962	Custom duty	36	-	1998-00 & 2014-15	Assistant Commissioner of Customs
<b>Service tax</b>					
Finance Act, 1994	Service tax	64	2	1997-02 & 2012-13 to 2015-18	Assistant Commissioner of Central Excise
Finance Act, 1994	Service tax	3,832	-	2010-18	Commissioner of Excise and Service tax (Appeals)
Finance Act, 1994	Service tax	5,903	143	2006-15	Central Excise and Service tax Appellate Tribunal
Finance Act, 1994	Service tax	10,184	-	2005-12	Hon'ble High Court (department has gone into appeal)
<b>Local Area Development tax/Entry tax</b>					
Local Area Development Tax Act, 2000	Local area development tax	53	-	2000-08	Supreme court
Local Area Development Tax Act, 2000	Local area development tax	3,415	-	2008-2018	High Court
The West Bengal Tax on Entry of Goods into Local Area Act, 2012	Entry tax	67	-	2015-2018	Supreme court

\*Rs. 274 lacs. represents tax impact due to reduction in business loss and unabsorbed depreciation for the period 2000-01 and 2005-06.

@ Represents tax impact on account of addition in taxable income adjusted from refund payable to the Company.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any loans or borrowings from government or financial institutions or any dues to debenture holders during the year.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.
- x. During the course of our audit, 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.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, 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. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

**For MSKA & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No. 105047W

**Sd/-**  
**Vinod Gupta**  
Partner

Membership No. 503690  
UDIN: 21503690AAAAAG2672

**Place:** Gurugram  
**Date:** August 24, 2021

## **ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CARRIER AIRCONDITIONING & REFRIGERATION LIMITED**

Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report

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

We have audited the internal financial controls with reference to financial statements of Carrier Airconditioning & Refrigeration Limited ("the Company") as of March 31, 2021 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**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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) (the "Guidance Note"). 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**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls with Reference to Financial Statements**

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements 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

authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

**For MSKA & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No. 105047W

**Sd/-**  
**Vinod Gupta**  
Partner  
Membership No. 503690  
UDIN: 21503690AAAAAG2672

**Place:** Gurugram  
**Date:** August 24, 2021

## CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

### BALANCE SHEET AS AT MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

	Note	As at March 31, 2021	As at March 31, 2020
<b>I. ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	7,264	7,111
Right-of-use assets	4.1	1,165	1,640
Capital work-in-progress	3	398	334
Other intangible assets	4	297	314
Financial assets			
Investments	5.1	1	1
Loans	5.2	185	216
Others	5.3	321	323
Income tax assets (net)	6	1,648	2,218
Deferred tax assets, net	7	3,639	3,524
Other non-current assets	8	2,117	1,851
<b>Total non-current assets</b>		<b>17,035</b>	<b>17,532</b>
<b>Current assets</b>			
Inventories	9	25,130	29,294
Financial assets			
Trade receivables	10.1	27,414	28,073
Cash and cash equivalents	10.2	1,347	4,879
Bank balances other than above	10.3	-	11
Loans	10.4	277	276
Others	10.5	2,423	1,603
Other current assets	11	4,125	5,049
Assets held for sale	37	-	1,054
<b>Total current assets</b>		<b>60,716</b>	<b>70,239</b>
<b>TOTAL ASSETS</b>		<b>77,751</b>	<b>87,771</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	10,638	10,638
Other equity	13	13,071	11,175
<b>Total equity</b>		<b>23,709</b>	<b>21,813</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Lease liabilities	31	537	946
Provisions	14	5,627	5,728
Other non-current liabilities	15	203	278
<b>Total non-current liabilities</b>		<b>6,367</b>	<b>6,952</b>



## CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

### BALANCE SHEET AS AT MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

<b>Current liabilities</b>			
Financial liabilities			
Borrowings	16.1	-	15,337
Lease liabilities	31	709	770
Trade payables	16.2		
a) total outstanding dues of micro and small enterprises; and		908	348
b) total outstanding of creditors other than micro and small enterprises		36,344	32,252
Other current financial liabilities	16.3	1,421	1,579
Other current liabilities	17	7,253	7,567
Provisions	18	1,040	1,153
<b>Total current liabilities</b>		<b>47,675</b>	<b>59,006</b>
<b>Total liabilities</b>		<b>54,042</b>	<b>65,958</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>77,751</b>	<b>87,771</b>

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

**For MSKA & Associates**  
 Chartered Accountants  
 ICAI Firm Registration No. 105047W

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

Sd/-  
**Chirag Bajjal**  
 Managing Director  
 DIN No. 08465289

Sd/-  
**Pritesh Agrawal**  
 WTD & CFO  
 DIN No. 08757017

**Place:** Gurugram  
**Date:** August 24, 2021

**Place:** Gurugram  
**Date:** August 24, 2021

Sd/-  
**Vinod Gupta**  
 Partner  
 Membership No: 503690

Sd/-  
**Suraj Arora**  
 Company Secretary  
 Membership No: F10752

**Place:** Gurugram  
**Date:** August 24, 2021

**Place:** Gurugram  
**Date:** August 24, 2021

## CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
<b>Income</b>			
Revenue from operations	19	1,21,813	1,52,444
Other income	20	2,278	2,501
<b>Total income</b>		<b>1,24,091</b>	<b>1,54,945</b>
<b>Expenses</b>			
Cost of materials consumed		16,052	23,328
Purchase of traded goods (Including spares)		50,596	70,155
Changes in inventories of finished goods, stock-in-trade and work-in-progress	21	4,978	(3,832)
Employee benefits expense	22	15,188	14,854
Finance costs	23	1,054	1,619
Depreciation and amortization expense	24	1,985	1,804
Other expenses	25	30,898	38,952
<b>Total expenses</b>		<b>1,20,751</b>	<b>1,46,880</b>
<b>Profit before tax</b>		<b>3,340</b>	<b>8,065</b>
<b>Tax expense/(credit)</b>			
Current tax	7	1,095	2,575
Deferred tax	7	(164)	783
Tax related to earlier years (refer note 35)		741	-
<b>Profit for the year (A)</b>		<b>1,668</b>	<b>4,707</b>
<b>Other comprehensive income/(loss)</b>			
(i) Items that will not be reclassified to profit or loss	34	193	(151)
(ii) Income tax related to items that will not be reclassified to profit or loss	7	(49)	38
<b>Other comprehensive income for the year (B)</b>		<b>144</b>	<b>(113)</b>
<b>Total comprehensive income for the year (A+B)</b>		<b>1,812</b>	<b>4,594</b>
Earning per share (in Rs.)			
Nominal value of share INR 10 [previous year INR 10]			
Basic	26	1.57	4.43
Diluted	26	1.57	4.43
Significant accounting policies	2		

The notes referred above form an integral part of these financial statements.  
As per our report of even date attached.

**For MSKA & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

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

Sd/-  
**Vinod Gupta**  
Partner  
Membership No: 503690

Place: Gurugram  
Date: August 24, 2021

Sd/-  
**Chirag Bajjal**  
Managing Director  
DIN No. 08465289  
Place: Gurugram  
Date: August 24, 2021

Sd/-  
**Pritesh Agrawal**  
WTD & CFO  
DIN No. 08757017  
Place: Gurugram  
Date: August 24, 2021

Sd/-  
**Suraj Arora**  
Company Secretary  
Membership No: F10752  
Place: Gurugram  
Date: August 24, 2021

**CARRIER AIRCONDITIONING & REFRIGERATION LIMITED**  
**STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in ₹ Lacs, unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>A. Cash flows from operating activities :</b>		
Profit before tax	3,340	8,065
<b>Adjustments for :</b>		
Depreciation and amortization expense	1,985	1,804
Share based payments	84	39
Loss/ (Profit) on sale of Property, plant and equipments (net)	(572)	(27)
Interest on lease liabilities	112	135
Interest income on fixed deposits	-	(136)
Interest income on inter-corporate deposits	-	(50)
Provision for inventory obsolescence	633	285
Allowance for doubtful debts and advances	119	2,129
Bad debts & advances written off	4	32
MTM gain on forward contracts	62	(82)
Unrealised (gain)/ loss on foreign exchange fluctuations	8	194
Liabilities no longer required written back	(1,103)	(1,244)
<b>Operating profit before change in assets and liabilities</b>	<b>4,672</b>	<b>11,144</b>
<b>Adjustments for :</b>		
Decrease/(increase) in other current and non current assets	339	1,422
Decrease/(increase) in current and non current loans	(29)	(25)
Decrease/(increase) in inventories	4,525	(3,243)
Decrease/(increase) in current and non current financial assets -other	(821)	(757)
(Increase)/decrease in current financial assets- trade receivables	591	1,706
Increase/(decrease) in current financial liabilities - trade payables	5,969	(1,893)
Increase/(decrease) in current and non current financial liabilities - others	(5)	(53)
(Decrease) in other current and non current liabilities	(389)	(46)
Increase/ (decrease) in current and non-current provisions	(20)	(295)
<b>Cash generated from operating activities</b>	<b>14,832</b>	<b>7,960</b>
Income tax paid, net of refund and interest thereon	(1,316)	(2,149)
<b>Net cash generated from operating activities (A)</b>	<b>13,516</b>	<b>5,811</b>
<b>Cash flow from investing activities :</b>		
Acquisition of property, plant and equipment	(1,386)	(1,259)
Acquisition of ROU	(342)	-
Receipt / (payment) of inter-corporate deposit (net)	-	3,802
Proceeds from sale of property, plant and equipment / intangible assets	578	50
Interest received on deposits	2	146
Interest received on inter-corporate deposits	-	50
Investment in fixed deposits	11	(11)
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(1137)</b>	<b>2,778</b>
<b>Cash flow from financing activities :</b>		
Proceeds/(Repayment) from short-term borrowings	(15,337)	15,337
Payment of lease liabilities	(581)	(873)
Dividend Paid (including corporate dividend tax)	(2)	(34,882)
<b>Net cash used in financing activities (C)</b>	<b>(15,920)</b>	<b>(20,418)</b>

**CARRIER AIRCONDITIONING & REFRIGERATION LIMITED**  
**STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in ₹ Lacs, unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Net (decrease) / increase in cash and cash equivalents during the year (A+B+C)</b>	<b>(3,541)</b>	<b>(11,829)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>4,879</b>	<b>16,732</b>
Add: Re-instatement gain on balance in EEFC account	9	(24)
<b>Cash and Cash Equivalents at close of the year</b>	<b>1,347</b>	<b>4,879</b>
<b>Cash and cash equivalents consists of the following</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Bank balance		
-in current account	1,347	4,859
Cheques on hand	-	20
	<b>1,347</b>	<b>4,879</b>
<b>Movement in financial liabilities</b>	<b>Borrowings</b>	<b>Lease liabilities</b>
<b>As at 31 March 2019</b>	-	<b>1,838</b>
Loan taken during the year	32,266	-
Repayment during the year	(16,929)	-
Other non cash transactions		
Lease acquisition during the year	-	616
Interest expense during the year	-	135
Payment during the year	-	(873)
<b>As at 31 March 2020</b>	<b>15,337</b>	<b>1,716</b>
Loan taken during the year	11,500	-
Repayment during the year	(26,837)	-
Other non cash transactions		
Lease acquisition during the year	-	369
Lease terminated during the year	-	(28)
Interest expense during the year	-	112
Payment during the year	-	(923)
<b>As at 31 March 2021</b>	<b>-</b>	<b>1,246</b>

**Note:-**

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

Significant accounting policies (refer note 2)

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

As per our report of even date attached

**For MSKA & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

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

Sd/-  
**Chirag Baijal**  
Managing Director  
DIN No. 08465289

Sd/-  
**Pritesh Agrawal**  
WTD & CFO  
DIN No. 08757017

**Place:** Gurugram  
**Date:** August 24, 2021

**Place:** Gurugram  
**Date:** August 24, 2021

Sd/-  
**Vinod Gupta**  
Partner  
Membership No: 503690

Sd/-  
**Suraj Arora**  
Company Secretary  
Membership No: F10752

**Place:** Gurugram  
**Date:** August 24, 2021

**Place:** Gurugram  
**Date:** August 24, 2021

## CARRIER AIRCONDITIONING & REFRIGERATION LIMITED

(All amounts in ₹ Lacs, unless otherwise stated)

### Notes to the financial statements for the year ended March 31, 2021

#### 1. Corporate Information

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

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

#### 2. Basis of preparation of financial statements

##### a) Statement of Compliance with Ind AS

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

The financial statements are authorised for issue by the Company’s Board of Directors on August 24, 2021.

##### b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items:

- a. Certain financial assets and liabilities (including derivative instruments) - measured at fair value (refer note 2(g)(5)).
- b. Other financial assets and liabilities - measured at amortised cost (refer note 2(g)(5)).
- c. Net defined benefit (asset)/ liability - measured at fair value of plan assets less present value of defined benefit obligations.

##### c) Functional and presentation currency

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

##### d) Significant accounting judgments, estimates and assumptions

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

The Company believes that the estimates used in preparation of financial statements are reasonable and management has made assumptions about the possible effects of novel coronavirus (COVID-19) pandemic on significant accounting judgement and estimates. Although these estimates and assumptions are based upon management’s best knowledge of current events and actions, as of the date of approval of financial statements, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the Company’s financial statements. There are no assumptions and estimation uncertainties including expected future useful lives of assets and intangibles, that are at a significant risk of being adversely impacted resulting in a material adjustment in the future periods.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

### **e) Assumptions and estimation uncertainties**

- (i) measurement of useful life, residual values and impairment of property, plant and intangible assets
- (ii) impairment of financial assets and non-financial assets
- (iii) recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources
- (iv) recognition and estimation of tax expense including deferred tax

#### Measurement of fair values

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

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

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

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

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

### **f) Current and non-current classification**

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

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

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

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

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

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

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

### *Operating cycle*

Based on the nature of the operations and the time between the acquisition of assets for processing and their realisation in cash or cash equivalents, the Company has ascertained its operating cycle as less than 1 year for the purpose of current/non-current classification of assets and liabilities.

### **g) Significant accounting policies**

#### **1) Property, plant and equipment and depreciation**

##### *Recognition and measurement*

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

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

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

##### *Subsequent expenditure and disposal*

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

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

##### *Depreciation*

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

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

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

- Tools are depreciated over a period of one to five years based on the technical evaluation of estimated useful life done by the Management.
- Leasehold improvements are depreciated over primary period of lease or the useful life of the asset, whichever is lower.
- Property, plant and equipments costing less than INR 187,500 (equivalent USD 2,500) each are fully depreciated in the year of purchase.

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

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

### **2) Intangible assets and amortisation**

#### *Recognition and measurement*

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

#### *Subsequent expenditure and disposal*

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

#### *Amortisation*

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

<b>Particulars</b>	<b>Useful Life (Years)</b>
SAP & SAP related upgradations	10
Computer Software	6
Technical- know how	3

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

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

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

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

**4) Inventories**

Inventories are valued at lower of cost and net realizable value. Material costs are determined using the weighted average method. Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventory to their present location and condition. 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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to make the sale.

Raw materials, components and other supplies held in production of finished products are not written down below cost except in case where material prices have declined and it is estimated that the cost of the finished product will exceed their net realisable value. The comparison of cost and net realisable value is done on a item by item basis.

Provision for excess inventory and inventory obsolescence is determined based on Management's estimate.

**5) Financial instruments***i) Recognition and initial measurement*

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

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

*ii) Classification and subsequent measurement*

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

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

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

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

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

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### *Financial assets: Business model assessment*

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

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

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

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

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

### *Financial assets: Subsequent measurement and gains and losses*

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

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

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

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

### *Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

*iii) Derecognition*

## Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

## Financial liabilities

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

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

*iv) Offsetting*

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

*v) Modification of financial assets and liabilities*

## Financial assets:

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

## Financial Liabilities:

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

*vi) Impairment*

## Impairment of financial instruments

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

amortised cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

Measurement of expected credit losses

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

The Company follows "simplified approach" for recognition of impairment loss allowance on trade receivables. Under the simplified approach, the company recognises impairment loss allowances based

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

on life time ECLs at each reporting date, right from initial recognition.

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

vii) Income/loss recognition

- Interest income

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

## **6. Leases**

### **The Company as a lessee**

The Company's lease asset classes primarily consist of leases for office premises and car leases. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term.

ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### **The Company as a lessor**

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116.

### **Transition**

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective approach.

Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability. The Company has used discounted rate as the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019. There is no impact on retained earnings as on 1 April 2019.

The effect of this adoption is insignificant on the profit before tax, profit after tax and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The incremental borrowing rate has been applied to lease liabilities.

**7. Asset retirement obligations**

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

**8. Provisions**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed by the management at each reporting date and adjusted to reflect the current best estimates. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

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

**9. Contingent liabilities**

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. When there is a possible obligation or present obligation where the likelihood of an outflow is remote, no disclosure or provision is made.

**10. Revenue recognition**

Effective 1 April 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using cumulative effect approach, as per the transitional provision option available to the Company. The Company also reassessed the revenue recognition method in respect of measuring percentage of completion for applicable product/services.

Revenue is recognized based on the price specified in the contract with customers, net of returns, rebates and discounts. Revenue excludes Goods & Services Tax, where applicable on the supply of goods and services. The Company recognizes revenue when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable and specific criteria have been met for each of the company's activities as described below:

**(i) Sale of products**

Revenue from sale of goods is recognized when control of the goods has transferred when the goods have been delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the customer location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the goods in accordance with the sales contract.



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

For contracts that allow the customers to avail the discount/incentives, the Company estimates the value of discount/incentives based on the terms of the scheme and past experience of the Company. No element of financing is deemed present as the sales are made with credit terms, which vary from 30 days to 90 days, which is consistent with market practice. The Company's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision.

A receivable is recognized when the goods are delivered and accepted by the Customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

A contract liability is recognized where payments received from the customers exceed the goods sold by the Company.

### **(ii) Income from services**

Income from services rendered is recognized based on agreements/arrangements with the customers on the performance of service. Revenue from services is recognized in the accounting period in which the services are rendered. Revenue is recognised to the amount to which the Company has a right to invoice.

If the services rendered by the Company exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

#### **Annual Maintenance Contracts**

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

#### **Repairs and Installation Jobs**

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

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

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

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

### **(iii) Interest income, commission income**

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

### **(iv) Multiple deliverable arrangements**

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



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021****11. Accounting for Foreign currency transactions**

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

**12. Income tax**

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

*Current tax*

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

*Deferred tax*

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

**13) Employee benefits***(i) Short-term employee benefits*

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

*(ii) Post-employment benefits**(a) Defined contribution plan*

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions and has no obligation to pay any further amounts. The Company has

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

defined contribution plans for post retirement employment benefits' namely provident fund, superannuation fund, employee state insurance scheme and employee pension scheme. The Company makes specified monthly contributions towards these schemes. The Company's contributions are recorded as an expense in the Profit or loss during the period in which the employee renders the related service. If the contribution already paid is less than the contribution payable to the scheme for service received before the balance sheet date, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

### *(b) Defined benefit plan*

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

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

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

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

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

### *(d) Share based payment transactions*

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021****14. Segment reporting**

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

**Identification of segments:**

In accordance with Ind AS 108– Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Company's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Company that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

Results of the operating segments are reviewed regularly by the board of directors which has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

**15. Earnings per share**

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

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

**16. Cash and cash equivalents**

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

**17. Non-current assets or disposal group held for sale**

Non-current assets or disposal comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less cost to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in Statement of Profit and Loss. Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortised or depreciated.

**CARRIER AIRCONDITIONING & REFRIGERATION LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in ₹ Lacs, unless otherwise stated)

	Number	Amount
<b>a. Equity share capital</b>		
<b>As at March 31, 2019</b>		
Changes in equity share capital during the year	10,63,76,745	10,638
As at March 31, 2020	-	-
Changes in equity share capital during the year	10,63,76,745	10,638
<b>As at March 31, 2021</b>	<b>10,63,76,745</b>	<b>10,638</b>

	Reserves and Surplus				Other comprehensive income		Total
	Capital reserve	Reserves on business combination	General reserve	Retained earnings	Share options outstanding account	Re-measurement gain/(loss) on defined benefit obligations	
<b>Balance as at March 31, 2019</b>	1	657	895	39,478	393	-	41,424
Profit for the year	-	-	-	4,745	-	(151)	4,594
Transfer to retained earnings	-	-	-	(151)	(16)	151	(16)
Dividend paid during the year ( Refer Note 27)	-	-	-	(34,882)	-	-	(34,882)
Share based payments ( Refer Note 42 )	-	-	-	16	39	-	55
<b>Balance as at March 31, 2020</b>	<b>1</b>	<b>657</b>	<b>895</b>	<b>9,206</b>	<b>416</b>	<b>-</b>	<b>11,175</b>
Profit for the year	-	-	-	1,668	-	144	1,812
Transfer to retained earnings	-	-	-	144	(11)	(144)	(11)
Dividend paid during the year ( Refer Note 27)	-	-	-	-	-	-	-
Share based payments ( Refer Note 42 )	-	-	-	11	84	-	95
<b>Balance as at March 31, 2021</b>	<b>1</b>	<b>657</b>	<b>895</b>	<b>11,029</b>	<b>489</b>	<b>-</b>	<b>13,071</b>

The notes referred above form an integral part of these financial statements.  
As per our report of even date attached

**For MSKA & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

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

Sd/-  
**Chirag Bajjal**  
Managing Director  
DIN No. 08465289  
Place: Gurugram  
Date: August 24, 2021

Sd/-  
**Pritesh Agrawal**  
WTD & CFO  
DIN No. 08757017  
Place: Gurugram  
Date: August 24, 2021

Sd/-  
**Vinod Gupta**  
Partner  
Membership No: 503690  
Place: Gurugram  
Date: August 24, 2021

Sd/-  
**Suraj Arora**  
Company Secretary  
Membership No: F10752  
Place: Gurugram  
Date: August 24, 2021

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in ₹ Lacs, unless otherwise stated)

Particulars	Gross block			Depreciation			Net block	
	As at April 01, 2020#	Additions during the year	Deletions/ adjustments during the year	As at March 31, 2021	As at April 01, 2020#	For the year	on deletions/ adjustments	As at March 31, 2021
Freehold land*	450	-	4	446	-	-	-	446
Buildings	1,224	40	-	1,264	215	60	-	989
Leasehold improvements	575	-	27	548	323	64	27	188
Plant and Equipment	6,874	715	7	7,582	1,945	705	6	4,938
Furniture and fixtures	591	53	31	613	293	87	31	264
Computers and office equipment	522	376	11	887	291	168	10	438
Vehicles	4	1	-	5	2	2	-	1
<b>Sub total</b>	<b>10,240</b>	<b>1,185</b>	<b>80</b>	<b>11,345</b>	<b>3,069</b>	<b>1,086</b>	<b>74</b>	<b>7,264</b>
<b>Capital work-in-progress</b>	-	-	-	-	-	-	-	<b>398</b>
<b>Total</b>	<b>10,240</b>	<b>1,185</b>	<b>80</b>	<b>11,345</b>	<b>3,069</b>	<b>1,086</b>	<b>74</b>	<b>7,662</b>

#Opening balance includes gross block Rs. 122 lacs and accumulated depreciation of Rs. 61 transferred from asset held for sale as of March 31, 2020. refer note 37

\*During the year National Highway Authority of India and Haryana Urban Development Authority has taken over the possession of some part of Company' Land admeasuring 4,933 square meter for construction of road and clover leaf. Pursuant to acquisition, Company has been awarded total compensation of INR 560 Lacs, out of which INR 388 lacs has been received by the company during the year and balance of INR 172 lacs, which is shown as receivable under balances with government authorities in note 11, is under process with respective authorities and expected to be received soon. Accordingly, profit of INR 556 lacs has been considered in financials based on difference between acquisition cost and amount awarded by the Authority.

Particulars	Gross block			Depreciation			Net block	
	As at April 01, 2019	Additions during the year	Deletions/ adjustments during the year#	As at March 31, 2020	As at April 01, 2019	For the year	on deletions/ adjustments	As at March 31, 2020
Freehold land	450	-	-	450	-	-	-	450
Buildings	763	455	-	1,218	162	52	-	1,004
Leasehold improvements	534	26	-	560	245	70	-	245
Plant and Equipment	4,598	2,216	38	6,776	1,327	601	33	4,881
Furniture and fixtures	543	70	22	591	220	95	22	298
Computers and office equipment	329	196	5	520	186	108	5	231
Vehicles	4	-	-	4	2	-	-	2
<b>Sub Total</b>	<b>7,221</b>	<b>2,963</b>	<b>65</b>	<b>10,119</b>	<b>2,142</b>	<b>926</b>	<b>60</b>	<b>7,111</b>
<b>Capital work-in-progress</b>	-	-	-	-	-	-	-	<b>334</b>
<b>Total</b>	<b>7,221</b>	<b>2,963</b>	<b>65</b>	<b>10,119</b>	<b>2,142</b>	<b>926</b>	<b>60</b>	<b>7,445</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in ₹ Lacs, unless otherwise stated)

4. Intangible assets											
Particulars	Gross block				Amortization				Net block		
	As at April 01, 2020	Additions during the year	Deletions/ adjustments during the year	As at March 31, 2021	As at April 01, 2020	For the year	on deletions/ adjustments	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Computer software	490	66	-	556	176	83	-	259	297	297	-
Technical know-how	38	-	-	38	38	-	-	38	-	-	-
<b>Total</b>	<b>528</b>	<b>66</b>	<b>-</b>	<b>594</b>	<b>214</b>	<b>83</b>	<b>-</b>	<b>297</b>	<b>297</b>	<b>297</b>	<b>-</b>
Particulars											
Particulars	Gross block				Amortization				Net block		
	As at April 01, 2019	Additions during the year	Deletions/ adjustments during the year	As at March 31, 2020	As at April 01, 2019	For the year	on deletions/ adjustments	As at March 31, 2020	As at March 31, 2020	As at March 31, 2020	As at March 31, 2020
Computer software	420	70	-	490	114	62	-	176	314	314	-
Technical know-how	38	-	-	38	38	-	-	38	-	-	-
<b>Total</b>	<b>458</b>	<b>70</b>	<b>-</b>	<b>528</b>	<b>152</b>	<b>62</b>	<b>-</b>	<b>214</b>	<b>314</b>	<b>314</b>	<b>-</b>
4.1 Right-of-use assets											
Particulars	Gross block				Amortization				Net block		
	As at April 01, 2020	Additions during the year	Deletions/ adjustments during the year	As at March 31, 2021	As at April 01, 2020	For the year	on deletions/ adjustments	As at March 31, 2021	As at March 31, 2021	As at March 31, 2021	As at March 31, 2021
Right-of-use assets	2,456	368	52	2,772	816	816	25	1,607	1,165	1,165	-
<b>Total</b>	<b>2,456</b>	<b>368</b>	<b>52</b>	<b>2,772</b>	<b>816</b>	<b>816</b>	<b>25</b>	<b>1,607</b>	<b>1,165</b>	<b>1,165</b>	<b>-</b>
Particulars											
Particulars	Gross block				Amortization				Net block		
	As at April 01, 2019	Additions during the year	Deletions/ adjustments during the year	As at March 31, 2020	As at April 01, 2019	For the year	on deletions/ adjustments	As at March 31, 2020	As at March 31, 2020	As at March 31, 2020	As at March 31, 2020
Right-of-use assets	1,838	618	-	2,456	-	816	-	816	1,640	1,640	-
<b>Total</b>	<b>1,838</b>	<b>618</b>	<b>-</b>	<b>2,456</b>	<b>-</b>	<b>816</b>	<b>-</b>	<b>816</b>	<b>1,640</b>	<b>1,640</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### 5.1 Non-current financial assets - Investments

	As at March 31, 2021	As at March 31, 2020
<b>A. Investment in equity shares (at FVTPL)</b>		
<u>Unquoted</u>		
Carrier Aircon Employees' Co-operative Thrift and Credit Society Limited (2,000 shares of Rs. 50 each)	1	1
<b>B. Investment in Govt. or trust securities (at amortised cost)</b>		
<u>Unquoted</u>		
6 Year National Savings Certificate VIII Issue (Pledged with Govt authorities)	-	-
<b>Total</b>	<b>1</b>	<b>1</b>
Aggregate value of unquoted investments	1	1

### 5.2 Non-current financial assets - Loans

	As at March 31, 2021	As at March 31, 2020
<i>Unsecured, considered good</i>		
Security deposits	185	216
<i>Unsecured, considered doubtful</i>		
Security deposits	59	-
Impairment allowance for doubtful advances	(59)	-
<b>Total</b>	<b>185</b>	<b>216</b>

### 5.3 Non-current financial assets - others

	As at March 31, 2021	As at March 31, 2020
<i>Unsecured, considered good</i>		
Unclaimed dividend account	321	323
<b>Total</b>	<b>321</b>	<b>323</b>

### 6. Income tax assets (net)

	As at March 31, 2021	As at March 31, 2020
Advance tax and tax deducted at source	1,648	2,218
<b>Total</b>	<b>1,648</b>	<b>2,218</b>

Net of provision for tax Rs. 16,609 (as at March 31, 2020 Rs 25,252).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### 7. Income tax

The major components of tax expense/deferred tax assets recognised as at and for the year ended March 31, 2021 are indicated below:

#### a) Amounts recognised in profit or loss

	As at March 31, 2021	As at March 31, 2020
<b>Current tax on profit for the year</b>		
- for the year	1,095	2,575
<b>Total current tax</b>	<b>1,095</b>	<b>2,575</b>
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	(164)	783
<b>Total deferred tax</b>	<b>(164)</b>	<b>783</b>
<b>Tax charge/(credit) for the year</b>	<b>931</b>	<b>3,358</b>

#### b) Amounts recognised in other comprehensive income

Current tax on defined benefit obligations	-	-
Deferred tax on defined benefit obligations	49	(38)
<b>Tax charge/(credit) for the year</b>	<b>49</b>	<b>(38)</b>

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

Accounting profit before tax	3,340	8,065
Applicable tax rate	25.17%	25.17%
<b>Tax on profit at statutory tax rate</b>	<b>841</b>	<b>2,030</b>
Permanent differences	67	56
Remeasurement of deferred tax assets and liabilities*	-	1,194
Others	24	78
<b>Tax charge/(credit) for the year</b>	<b>931</b>	<b>3,358</b>

\* On 20 September 2019, the Government of India vide the Taxation laws (Amendment) Ordinance, 2019 inserted section 115BAA in the income tax Act which provides domestic companies an option to pay corporate income tax rate at 22% plus applicable surcharge and cess ("New tax rate") subject to certain conditions therein.

Further, INDAS 12 requires deferred tax assets and liabilities to be measured using the enacted (or substantively enacted) tax rates expected to apply to taxable income in the years in which temporary differences are expected to reverse. The Company has re-measured its deferred tax assets/liabilities at the new rate and impact of such re-measurement has been recognized in the Statement of Profit and Loss. The tax expense for the year ended 31 March 2020 include one time net reversal of Rs.1,194 lacs on account of re-measurement of deferred tax assets/liabilities.

#### d) Deferred tax assets/liabilities

	As at April 01, 2020	(Charged)/ credited to PL	Charged to OCI	As at March 31, 2021
Property, plant and equipment	(235)	32	-	(203)
Provision for doubtful debts and advances	1,454	(133)	-	1,321
Provision for inventory obsolescence	596	163	-	759
Provision for gratuity and compensated absences	386	(82)	(49)	255
Provision for litigation/disputes	1,087	145	-	1,232
Others	236	39	-	275
<b>Total</b>	<b>3,524</b>	<b>164</b>	<b>(49)</b>	<b>3,639</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

	As at April 01, 2019	(Charged)/ credited to PL	Charged to OCI	As at March 31, 2020
Property, plant and equipment	(322)	87	-	(235)
Provision for doubtful debts and advances	1,560	(106)	-	1,454
Provision for inventory obsolescence	674	(78)	-	596
Provision for gratuity and compensated absences	602	(254)	38	386
Provision for litigation/disputes	1,537	(450)	-	1,087
Others	218	18	-	236
<b>Total</b>	<b>4,269</b>	<b>(783)</b>	<b>38</b>	<b>3,524</b>

### 8. Other non-current assets

	As at March 31, 2021	As at March 31, 2020
<i>Unsecured, considered good</i>		
Capital advances	79	187
Amount paid under protest	1,433	1,664
Amount deposited with gratuity fund ( refer note 34)	605	-
<i>Unsecured, considered doubtful</i>		
Balances with Government authorities	272	394
Capital advances	18	18
Provision for doubtful advances	(290)	(412)
<b>Total</b>	<b>2,117</b>	<b>1,851</b>

### 9. Inventories

	As at March 31, 2021	As at March 31, 2020
Raw Materials and Components	4,982	3,119
- Stock-in-transit	961	1,471
Work-in-progress	188	194
Finished goods	3,934	4,464
Traded goods	14,355	17,805
Stock in transit (traded goods)	3,725	4,323
Provision for inventory obsolescence	(3,015)	(2,082)
<b>Total</b>	<b>25,130</b>	<b>29,294</b>

Provision for inventory obsolescence relates to provision made for Excess & Obsolete stock amounting to Rs 3,015 (As at March 31, 2020 – Rs 2,082). The provision is reversed as and when excess & obsolete inventory is sold/disposed off. Net provision for inventory obsolescence expense during the year is Rs.633 Lacs ( March 2020 Rs. 285 lacs) after considering provision of excess & obsolete stock held for sale as of March 31, 2020 same has been transferred to inventory as above.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### 10.1 Current financial assets - Trade receivables\*

	As at March 31, 2021	As at March 31, 2020
<i>Trade receivable considered good- Unsecured</i>	27,414	28,073
Trade receivable credit impaired	3,815	4,490
<b>Total</b>	<b>31,229</b>	<b>32,563</b>
Loss Allowance	(3,815)	(4,490)
<b>Total</b>	<b>27,414</b>	<b>28,073</b>

\*refer note 40 for related parties balances

### 10.2 Current financial assets - Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Cheques on hand	-	20
Balances with banks:		
- on current accounts	1,347	4,859
<b>Total</b>	<b>1,347</b>	<b>4,879</b>

### 10.3 Current financial assets - Bank balances other than above

	As at March 31, 2021	As at March 31, 2020
<b>Balances with banks:</b>		
<i>on deposit accounts</i>	-	11
<b>Total</b>	<b>-</b>	<b>11</b>

### 10.4 Current financial assets - Loans

	As at March 31, 2021	As at March 31, 2020
<b>(At amortised cost)</b>		
<i>Unsecured, considered good</i>		
Security deposits	277	276
<i>Unsecured, considered doubtful</i>		
Security deposits	118	119
Impairment allowance for doubtful security deposits	(118)	(119)
<b>Total</b>	<b>277</b>	<b>276</b>

### 10.5 Current financial assets - Others

	As at March 31, 2021	As at March 31, 2020
<i>Unsecured, considered good</i>		
Unbilled revenue	2,004	1,223
Interest accrued on deposits	-	2
Derivatives not designated as hedges	-	33
Others	419	345
Unsecured, considered doubtful		
<i>Others</i>	278	278
Impairment allowance	(278)	(278)
<b>Total</b>	<b>2,423</b>	<b>1,603</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### 11. Other current assets

	As at March 31, 2021	As at March 31, 2020
<i>Unsecured, considered good</i>		
Contract assets #	826	993
Prepaid expenses	454	441
Contract prepayments	714	842
Advance to suppliers	346	509
Advance to employees	1	61
Balances with Government authorities	1,784	2,203
<i>Unsecured, considered doubtful</i>		
Contract assets #	189	74
Advance to suppliers	107	77
Balances with Government authorities	391	326
Impairment allowance for doubtful advances	(687)	(477)
<b>Total</b>	<b>4,125</b>	<b>5,049</b>

# Contract asset is a right that is conditioned on something other than the passage of time therefore a contract asset is not a financial instrument. In some of the Company's contracts with customers, since the contractual right to payment arises only upon achievement of milestones specified in the contract, it is believed that the performance completed until the achievement of a particular milestone should be recorded as a contract asset under non-financial assets.

### 12. Share capital

	As at March 31, 2021	As at March 31, 2020		
<b>A. Authorised share capital</b>				
Equity shares of ₹ 10 each (with voting rights)				
- Number	11,00,00,000	11,00,00,000		
- Amount	11,000	11,000		
<b>B. Issued, subscribed and paid up</b>				
Equity shares of ₹ 10 each (with voting rights)				
- Number	10,63,76,745	10,63,76,745		
- Amount	10,638	10,638		
<b>C. Reconciliation of shares outstanding</b>				
Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Number	Amount	Number	Amount
Balance as at beginning of the year	10,63,76,745	10,638	10,63,76,745	10,638
Issued during the year	-	-	-	-
<b>Balance as at end of the year</b>	<b>10,63,76,745</b>	<b>10,638</b>	<b>10,63,76,745</b>	<b>10,638</b>
<b>D. Shares held by ultimate holding Company and its subsidiaries/associates and details of shareholders holding more than 5% shares of the Company</b>				
	As at March 31, 2021			
	Numbers	Amount	Holding %	
<i>Holding company</i>				
Carrier Corporation	10,26,18,689	10,262	96.5%	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

	As at March 31, 2020		
	Numbers	Amount	Holding %
<i>Holding company</i>			
Carrier Corporation*	10,26,18,689	10,262	96.5%

\*The Board of Directors of United Technologies Corporation (ultimate holding company) has approved a plan to spinning off Carrier division into independent, publicly traded company, therefore shares held by United Technologies South Asia Pacific Pte Ltd have been transferred to Carrier Corporation on December 13, 2019.

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

### 13. Other equity

	As at March 31, 2021	As at March 31, 2020
Capital reserve	1	1
Reserves on business combination	657	657
General reserve	895	895
Retained earnings	11,029	9,206
Share options outstanding account	489	416
	<b>13,071</b>	<b>11,175</b>

#### Nature and purpose of other reserves/ other equity

##### Reserves on business combination

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

##### General reserve

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

##### Other comprehensive income

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

- (a) actuarial gains and losses
- (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

##### Share options outstanding account

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

##### Capital reserve

Balance at the beginning of the year	1	1
Add : Additions made during the year	-	-
<b>Balance at the end of the year</b>	<b>1</b>	<b>1</b>

##### Reserves on business combination

Balance at the beginning of the year	657	657
Add : Additions made during the year	-	-
<b>Balance at the end of the year</b>	<b>657</b>	<b>657</b>

##### General reserve

Balance at the beginning of the year	895	895
Add : Additions made during the year	-	-
<b>Balance at the end of the year</b>	<b>895</b>	<b>895</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### Retained earnings

Balance at the beginning of the year	9,206	39,478
Add : Additions made during the year	1,668	4,707
Less: Transfers from other comprehensive income	(144)	113
Less: Dividends paid (Refer to note 27)	-	34,882
Add: Share options outstanding account	11	16
<b>Balance at the end of the year</b>	<b>11,029</b>	<b>9,206</b>

### Other comprehensive income

Balance at the beginning of the year	-	-
Add : Additions made during the year	144	113
Transferred to retained earnings	(144)	(113)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

### Share options outstanding account

Balance at the beginning of the year	416	393
Add : Additions made during the year	84	39
Less : Transferred to retained earnings	(11)	(16)
<b>Balance at the end of the year</b>	<b>489</b>	<b>416</b>

## 14. Non-current provisions

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Leave encashment	731	757
Gratuity (Refer note 34)	-	399
Other provisions		
Litigations/disputes (Refer note 28)	4,896	4,572
<b>Total</b>	<b>5,627</b>	<b>5,728</b>

### Movement in Litigations/Disputes

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance as at beginning of the year	4,572	4,400
Additions	324	185
Disposals/adjustments	-	13
<b>Balance as at end of the year</b>	<b>4,896</b>	<b>4,572</b>
Current maturity thereof	-	-
<b>Balance of non-current provisions</b>	<b>4,896</b>	<b>4,572</b>

### Litigation/Disputes

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### 15 Other non-current liabilities

	As at March 31, 2021	As at March 31, 2020
Deferred revenue	203	278
<b>Total</b>	<b>203</b>	<b>278</b>

### 16.1 Current financial liabilities- Borrowings

	As at March 31, 2021	As at March 31, 2020
Bank overdraft*	-	3,066
Working capital loan*	-	12,271
<b>Total</b>	<b>-</b>	<b>15,337</b>

\* The ultimate holding company has executed corporate guarantee of Rs.51,100 lacs in favour of the company.

Particulars	Amount	Maturity date	Interest rate
Bank overdraft	3,066	Payable on demand	6.75%
Working capital loan	6,000	15-Apr-20	6.61%
Working capital loan	2,000	21-Apr-20	6.53%
Working capital loan	4,271	27-Jun-20	6.50%
<b>Total</b>	<b>15,337</b>		

### 16.2 Trade payables

	As at March 31, 2021	As at March 31, 2020
Micro and small enterprises	908	348
Other than micro and small enterprises	36,344	32,252
<b>Total</b>	<b>37,252</b>	<b>32,600</b>

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

### 16.3 Other current financial liabilities

	As at March 31, 2021	As at March 31, 2020
Security deposits	449	438
Unclaimed/unpaid dividend	321	323
Employee benefits payable	456	473
Interest accrued	-	11
Payable for purchase of property, plant and equipment	53	233
Royalty payable	113	101
Derivatives not designated as hedges	29	-
<b>Total</b>	<b>1,421</b>	<b>1,579</b>

### 17. Other current liabilities

	As at March 31, 2021	As at March 31, 2020
Advances from customers	3,493	3,010
Deferred revenue	2,809	3,268
Statutory dues	951	1,289
<b>Total</b>	<b>7,253</b>	<b>7,567</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### 18. Current provisions

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Leave encashment	281	175
Gratuity (Refer to note 34)	-	200
Other provisions		
Warranty	759	778
<b>Total</b>	<b>1,040</b>	<b>1,153</b>

### Movement in Warranty provisions

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance as at beginning of the year	778	900
Additions	595	710
Disposals/adjustments	614	832
<b>Balance as at end of the year</b>	<b>759</b>	<b>778</b>
Current maturity thereof	759	778
<b>Balance of non-current provisions</b>	<b>-</b>	<b>-</b>

#### Nature of Provisions

##### Warranty

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

### 19. Revenue from operations

	Year ended March 31, 2021	Year ended March 31, 2020
Sale of finished goods	24,044	34,373
Sale of traded goods	67,759	83,596
Sale of services #	29,525	33,807
	<b>1,21,328</b>	<b>1,51,776</b>
<b>Other operating income</b>		
Commission income	374	456
Scrap sales	111	212
<b>Total</b>	<b>1,21,813</b>	<b>1,52,444</b>

# including contract revenue of ₹ 2,923 lacs (Previous year ₹ 3,956 lacs)

#### Disclosures required by IND AS 115

- Revenue from contracts with customers is disaggregated by major products and service lines and is disclosed in Note no. 19 to the financial statements. Further, the revenue is disclosed in the said note is net of ₹ 596 lacs (Previous year ₹ 1,351 lacs) representing incentives given to various customers and ₹ 125 lacs (Previous year Rs.34 lacs) representing revenue on extended warranty.
- Aggregate amount of the transaction price allocated to the performance obligation that are unsatisfied amounts to ₹ 203 (Previous year ₹ 278). The amount does not include the value of performance obligations outstanding as at 31 March 2021 that have an original expected duration of one year or less, as allowed by Ind AS 115.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### 20. Other income

	Year ended March 31, 2021	Year ended March 31, 2020
Interest income from financial assets measured at amortised cost		
- On fixed deposits	-	136
- On inter-corporate deposits	-	50
Foreign exchange fluctuation gain (net)	-	296
Liabilities and provisions no longer required, written back	1,103	1,244
Profit on sale of property, plant and equipment (net)	572	27
Rental income from property leased (refer note 31)	18	18
MTM gain on forward contracts	-	82
Miscellaneous income	585	648
<b>Total</b>	<b>2,278</b>	<b>2,501</b>

\*Include Rs. 556 lacs related to profit on compulsorily land acquisition (refer note 3 above)

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

	Year ended March 31, 2021	Year ended March 31, 2020
Opening stock*		
Work-in-progress	194	134
Finished goods	4,552	3,788
Traded goods	22,435	19,427
	<b>27,181</b>	<b>23,349</b>
Closing stock*		
Work-in-progress	188	194
Finished goods	3,934	4,552
Traded goods	18,081	22,435
	<b>22,203</b>	<b>27,181</b>
<b>Net (increase)/decrease</b>	<b>4,978</b>	<b>(3,832)</b>

\*Previous year includes inventory relating to Fire & Suppression business Refer note 37

### 22. Employee benefits expense

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	13,611	13,269
Contribution to provident and other funds (Refer note 34)	723	673
Gratuity and Leave encashment	407	417
Share based payments (Refer note 42)	84	39
Staff welfare	363	456
<b>Total</b>	<b>15,188</b>	<b>14,854</b>

### 23. Finance costs

	Year ended March 31, 2021	Year ended March 31, 2020
Interest on deposits	-	12
Interest on borrowings	890	1,357
Interest on lease liabilities (refer note 31)	112	135
Interest-others	52	115
<b>Total</b>	<b>1,054</b>	<b>1,619</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### 24. Depreciation and amortization expense

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment	1,086	926
Depreciation of right-of-use assets (refer note 31)	816	816
Amortisation of intangible assets	83	62
<b>Total</b>	<b>1,985</b>	<b>1,804</b>

### 25. Other expenses

	Year ended March 31, 2021	Year ended March 31, 2020
Power, fuel and water	367	594
Cost of services	18,439	21,935
Communication expenses	664	609
Rent, including lease rentals (Refer note 31)	528	573
Repairs and maintenance:		
Building	40	40
Machinery	95	115
Others	126	126
Insurance	329	372
Rates and taxes	649	695
Dealer/ Service commission	661	1,406
Travelling and conveyance	356	1,001
Advertisement and sales promotion	354	845
Sales and distribution expenses	3,783	4,326
Warranty	595	710
Bad debts & advances written off	505	711
Less- Existing provision utilized	501	679
Allowance for doubtful debts and advances	119	2,129
Payment to auditors (excluding Goods and services tax)		
As Auditors:		
Audit fees	27	34
Tax audit fees	1	2
In other capacity	1	1
Out-of-pocket expenses	1	-
Expenditure towards Corporate Social Responsibility (Refer note 36)	217	226
Training	52	46
Legal and professional	1,413	1,426
Royalty	194	289
Provision for inventory obsolescence	633	285
Research and development	343	262
Foreign exchange fluctuation loss (net)	16	-
MTM gain on forward contracts	62	-
Miscellaneous	829	873
<b>Total</b>	<b>30,898</b>	<b>38,952</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### 26. Earnings per share (EPS)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Basic and diluted earnings per share</b>		
Profit for the year (Rs. In lacs)	1,668	4,707
Weighted average number of shares (in numbers)	10,63,76,745	10,63,76,745
Nominal value per share (in Rs.)	10	10
<b>Earnings per share (Basic and diluted) (in Rs.)</b>	<b>1.57</b>	<b>4.43</b>

### 27. Dividend Proposed

The Board of Directors of the Company at their meeting held on August 24, 2021 considered and recommended a final dividend aggregating Rs. 532 lacs @ Rs. 0.5 per share for the financial year 2020-21 for approval by the shareholders of the company in their ensuing general meeting. (Previous year dividend paid aggregating Rs. 28,934 lacs @ Rs. 27.20 per share for the financial year 2018-19).

### 28. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Demands from regulatory authorities, (excluding applicable penalties)		
Income tax authorities	409	305
Sales tax authorities	4,930	4,367
Excise, Customs Department and Service Tax#	19,946	19,946
Employee State Insurance (ESI) Department	126	126
(b) Claims against the Company, not acknowledged as debt	558	578
(c) Estimated value of contracts remaining to be executed on capital account (net of advances)	151	340

# includes Rs. 19,918 lacs on account of service tax on overseas commission income and recovery of cenvat credit taken on booking and service commission.

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

Additionally, the Company is involved in other disputes, claims and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The Company believes that none of these matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021***(All amounts in ₹ Lacs, unless otherwise stated)*

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

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

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

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

- 30.** The Company has foreign currency payables to various parties aggregating to Rs. 214 lacs (Previous Year Rs. 333 lacs) as of March 31, 2021 and foreign currency receivables from various parties aggregating to Rs. 89 lacs (Previous Year Rs. 1,209 lacs) which are outstanding for more than respective stipulated time period as of March 31, 2021. The Company has also filed applications with the Authorized dealer seeking permission for extension of time period for settlement of trade receivables and payables.

**31. Disclosure required by Ind AS 116**

On 1 April 2019, the Company has recognised, a lease liability measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate as at 1 April 2019 and Right-of-Use (ROU) asset equal to the lease liability, adjusted by accrued lease payments recognised as at 31 March 2019. Also, the Company has elected not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value. The impact of transition Ind AS 116 have been summarized below:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### A. Company as a lessee

This note provides information for leases where the Company is a lessee. The Company leases certain premises and Vehicles.

#### i) Amounts recognised in Balance Sheet

The balance sheet shows the following amounts relating to leases:

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Right-of-use assets</b>		
Leased premises	837	1,305
Leased vehicle	328	335
	<b>1,165</b>	<b>1,640</b>
<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>Lease liabilities</b>		
Current	709	770
Non current	537	946
	<b>1,246</b>	<b>1,716</b>

#### ii) Amount recognised in the Statement of profit and loss

The statement of profit and loss shows the following amounts relating to leases:

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Depreciation of right-of-use assets</b>		
Leased premises	591	515
Leased vehicle	225	301
	<b>816</b>	<b>816</b>
<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Interest expense (included in finance costs - refer note 23)	112	135
Expense relating to short term/low value leases (included in other expenses - refer note 25)*#	528	573
	<b>640</b>	<b>708</b>

\*The Company has taken certain premises on leases with contract terms of one or less than one year which has been classified under short term leases. Further, the Company has also taken certain equipment, laptops and mobile phones on leases which are classified as. low value items. The Company has elected not to recognise Right-of-use assets and lease liabilities for these leases. Further, the total net cash outflow relating to lease payments during the year amounts to Rs. 581 lacs (previous year Rs. 873 lacs).

#Consequential to COVID 19 pandemic the Company has negotiated several rent concessions. In view of recent amendments by the Companies (Indian Accounting Standards) Amendment Rules, 2020, the Company has elected, as a practical expedient, not to assess these rent concessions as lease modifications and has recognized impact of such rent concession in Statement of Profit and Loss. The election is made for all such rent concessions as these satisfy the conditions mentioned in Para 46A and Para 46B of Ind AS 116 (as amended). During the year ended 31st March 2021, the Company has negotiated rent concessions of INR 28 lacs. The Rent expense for the year ended 31st March 2021 were INR 556 lacs. After netting off with the aforesaid rent concessions, the net rent expense/ (credit) for the year ended 31st March 2021 were INR 528 lacs and has been included under Other expenses.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021***(All amounts in ₹ Lacs, unless otherwise stated)***B. Company as a lessor**

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor. The Company has leased out portions of its buildings under operating lease arrangements. These leases may be renewed for a further period based on mutual agreement of the parties. During the year, an amount of 18 lacs (previous year 18 lacs) was recognised as rental income in the Statement of Profit and Loss.

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

Particulars	As at March 31, 2021	As at March 31, 2020
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	908	348
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.*	514	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	28	43
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	52	115
(v) The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	100	561

\*includes Rs. 156 lacs adjustment during the year.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### 34. Employee benefits

#### A. Defined contribution plans

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Superannuation fund	85	91
Employer's contribution to Provident Fund	420	384
Employer's contribution to Employee State Insurance	*	*
Employer's contribution to Employee's Pension Scheme, 1995	218	198
<b>Total</b>	<b>723</b>	<b>673</b>

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

#### B. Defined benefit plans

##### Gratuity plan

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

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

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

(i) Present value of defined benefit obligation	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	2,593	2,155
Current Service Cost	194	212
Interest Cost	159	156
Actuarial (Gains) / Losses	(160)	165
Benefits paid	(221)	(95)
<b>Total</b>	<b>2,565</b>	<b>2,593</b>
(ii) Fair value of plan assets	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	1,994	1,307
Expected return on plan assets	127	99
Actuarial Gains/ (Losses)	33	15
Contribution by the Company	1,237	668
Benefits paid	(221)	(95)
<b>Total</b>	<b>3,170</b>	<b>1,994</b>
(iii) Percentage allocation of plan assets	As at March 31, 2021	As at March 31, 2020
Life Insurance Corporation of India (100%)	3,170	1,994
(iv) Liability/(asset) recognised at Balance Sheet date	As at March 31, 2021	As at March 31, 2020
Present Value of Defined Benefit Obligation	2,565	2,593
Less: Fair Value of Plan Assets	(3,170)	(1,994)
<b>Amounts recognised as liability/(asset)</b>	<b>(605)</b>	<b>599</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

<b>(v) Actual return on plan assets</b>	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
Actual return on Plan Assets	160	114
<b>(vi) Amounts recognised in Profit or loss</b>	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
Current Service Cost	194	213
Interest Cost (net of expected return on plan asset)	32	57
<b>Net expense</b>	<b>226</b>	<b>270</b>
<b>(vii) Amounts recognised in Other Comprehensive Income</b>	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
Actuarial (gain)/loss from demographic assumptions	(430)	(11)
Actuarial (gain)/loss from financial assumptions	-	48
Actuarial (gain)/loss arising from experience adjustments	270	129
Actuarial return on plan asset less interest on plan assets	(33)	(15)
<b>Total</b>	<b>(193)</b>	<b>151</b>
<b>(viii) Actuarial assumptions</b>	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
Discount Rate	6.50%	6.45%
Expected Return on Plan Assets	6.38%	7.61%
Salary Growth Rate		
0-1 year	4.90%	0.00%
0-2 year	6.00%	10.00%
after 2 year	6.00%	8.00%
Attrition rate		
Age group 21-30 Years	19.00%	20.00%
Age group 31-40 Years	10.00%	13.00%
Age group 41-50 Years	7.00%	7%
Age group 51-59 Years	13.00%	11%
<p>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.</p>		
<b>(ix) Expected contribution in next fiscal year</b>	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
Gratuity fund	-	200
<b>(x) Weighted average duration of defined benefit obligation (in years)</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Gratuity	5.98	7.00

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### (xi) Sensitivity analysis

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

Increase / (Decrease) in defined benefit obligation	Year ended March 31, 2021	Year ended March 31, 2020
<b>Discount rate</b>		
Increase by 0.50%	(74.55)	(88.30)
Decrease by 0.50%	78.53	93.45
<b>Expected rate of increase in compensation level of covered employees</b>		
Increase by 0.50%	78.66	92.41
Decrease by 0.50%	(75.36)	(88.20)
<b>Attrition rate</b>		
Increase by 0.50%	(1.31)	(8.14)
Decrease by 0.50%	1.39	8.47

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

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

### (xii) Risk analysis

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

#### *Investment risk*

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

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

#### *Interest risk*

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

#### *Longevity risk/ Life expectancy*

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

#### *Salary growth risk*

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

Code on Social Security, 2020 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and postemployment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

35. The company has been contesting many outstanding cases for various Assessment years under Income Tax Act, 1961. During the year 2020, the Government of India has launched amnesty scheme popularly known as Vivad se Vishwas ("VSV") and provided an opportunity to settle age old litigations.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

The company identified potential benefits under this VSV scheme and decided to settle pending litigations for certain assessment years. VSV related proceedings have been initiated and are under process. The expected additional income tax liability of Rs. 832 lacs has been recorded as provision during the year ended March 31, 2021 and included under tax related to earlier year amount to Rs. 741 lacs in statement of profit & loss.

The entire amnesty proceeding is expected to be completed by end of March 31, 2022.

### 36. Expenditure towards corporate social responsibility

The Company has spent Rs. 217 lacs (2019-20: Rs 226 lacs) towards various schemes of Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013.

The details are:

	Year ended March 31, 2021	Year ended March 31, 2020
Gross amount required to be spent by the Company	217	226
Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above*	217	226

i. The Company does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

ii. The Company does not have any ongoing projects as at 31st March, 2021.

\* During the previous year, out of the above expenditure of Rs. 226 lacs, payment of Rs. 194 lacs was initiated by the Company on 31 March 2020 however, it could not be credited to the beneficiary due to certain technical errors. Subsequently, the payment was reinitiated pursuant to which it got credited to the beneficiary on 3 April 2020.

### 37. The assets held for sale has been stated at lower of its carrying amount and fair value less costs to sell and comprises the following assets:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Property, plant and Equipment		
Gross block	-	122
Accumulated depreciation	-	61
<b>Net block (a)</b>	<b>-</b>	<b>61</b>
Inventory (net) #(b)	-	993
<b>Total (a+b)</b>	<b>-</b>	<b>1,054</b>

# net of provision for inventory obsolescence Rs. Nil lacs (previous year 285 lacs)

On 28 March 2019, the Board of Directors of the Company approved and decided to sell certain assets pertaining to Fire and Suppression business. Accordingly, these assets had been disclosed as 'Assets held for Sale' as on March 31, 2020. Due to current pandemic situation in the country, fellow subsidiary has cancelled its plan to execute the agreement, therefore, board of directors in their meeting held on March 31, 2021 decided to terminate this Asset Purchase Agreement entered into with fellow subsidiary and consequently terminate the sale and transfer of assets related to suppression business of the company. Accordingly, these assets have now been shown under property, plant and equipment and inventory respectively.

### 38. Financial instruments – Fair values and risk management

#### i) Financial instruments by category and fair value

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
*(All amounts in ₹ Lacs, unless otherwise stated)*

	March 31, 2021					
	Carrying Amount			Fair Value		
	FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
<b>Financial assets</b>						
<b>Non-current</b>						
Investments	1	-	-	-	-	1
Loans	-	-	185	-	-	185
Others	-	-	321	-	-	321
<b>Current</b>						
Trade receivables	-	-	27,414	-	-	27,414
Cash and cash equivalents	-	-	1,347	-	-	1,347
Bank balances other than above	-	-	-	-	-	-
Loans	-	-	277	-	-	277
Others	-	-	2,423	-	-	2,423
<b>Total financial assets</b>	<b>1</b>	<b>-</b>	<b>31,967</b>	<b>-</b>	<b>-</b>	<b>31,968</b>
<b>Financial liabilities</b>						
<b>Non-current</b>						
Lease liabilities	-	-	537	-	-	537
<b>Current</b>						
Borrowings	-	-	-	-	-	-
Lease liabilities	-	-	709	-	-	709
Trade payables	-	-	37,252	-	-	37,252
Others	29	-	1,392	29	-	1,392
<b>Total financial liabilities</b>	<b>29</b>	<b>-</b>	<b>39,890</b>	<b>29</b>	<b>-</b>	<b>39,890</b>
<b>March 31, 2020</b>						
	Carrying Amount			Fair Value		
	FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
<b>Financial assets</b>						
<b>Non-current</b>						
Investments	1	-	-	-	-	1
Loans	-	-	216	-	-	216
Others	-	-	323	-	-	323
<b>Current</b>						
Trade receivables	-	-	28,073	-	-	28,073
Cash and cash equivalents	-	-	4,879	-	-	4,879
Bank balances other than above	-	-	11	-	-	11
Loans	-	-	276	-	-	276
Others	-	-	1,603	-	-	1,603
<b>Total financial assets</b>	<b>1</b>	<b>-</b>	<b>35,381</b>	<b>-</b>	<b>-</b>	<b>35,382</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

	March 31, 2020					
	Carrying Amount			Fair Value		
	FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
<b>Financial liabilities</b>						
<b>Non-current</b>						
Lease liabilities			946			946
<b>Current</b>						
Borrowings	-	-	15,337	-	-	15,337
Lease liabilities	-	-	770	-	-	770
Trade payables	-	-	32,599	-	-	32,599
Others	-	-	1,579	-	-	1,579
<b>Total financial liabilities</b>	-	-	<b>51,231</b>	-	-	<b>51,231</b>

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

### ii) Measurement of fair values

The different levels of fair value have been defined below:

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

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

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

There have been no transfers in either direction for the years ended 31 March 2021.

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

### iii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include:

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

### Risk management framework

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

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

#### i. Credit risk

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

Derivatives are entered into with banks and financial institution counterparties, as per the approved guidelines for entering derivative contracts. The Company considers that its derivatives have low credit risk as these are taken with international and domestic banks with high repute.

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

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

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

Reconciliation of loss allowance provision	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening balance	4,490	3,725
Addition/(reversal) during the year	(174)	1,444
Utilised during the year	501	679
<b>Closing balance</b>	<b>3,815</b>	<b>4,490</b>

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

### ii. Liquidity risk

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

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

The Company monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities. In addition to this, the Company maintains the following line of credit to meet the short term funding requirement:

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

#### (a) Exposure to liquidity risk

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

March 31, 2021	Carrying amount	Total	Contractual cash flows	
			Less than 1 year	More than 1 year
<b>Non-derivative financial liabilities</b>				
Lease liabilities (current & non current)	1,368	1,368	731	637
Trade payables	37,252	37,252	37,252	-
Other current financial liabilities	1,421	1,421	1,421	-
	<b>40,041</b>	<b>40,041</b>	<b>39,404</b>	<b>637</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

March 31, 2020	Carrying amount	Total	Contractual cash flows	
			Less than 1 year	More than 1 year
<b>Non-derivative financial liabilities</b>				
Borrowing	15,337	15,337	15,337	-
Lease liabilities (current & non current)	1,935	1,935	857	1,078
Trade payables	31,757	31,757	31,757	-
Other current financial liabilities	1,579	1,579	1,579	-
	<b>50,608</b>	<b>50,608</b>	<b>49,530</b>	<b>1,078</b>

### (b) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2021	March 31, 2020
Overdraft facilities and working capital loan from bank.	51,100	35,763
	<b>51,100</b>	<b>35,763</b>

### iii. Market risk

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

#### Currency risk

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

#### Exposure to currency risk

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

	Currency	March 31, 2021		March 31, 2020	
		FC (in lacs)	INR	FC (in lacs)	INR
Trade payables	EUR	2	142	2	173
(Gross of forward exchange contracts)	GBP	-	-	*	8
	JPY	402	272	171	119
	USD	43	3,172	40	3,012
	CNY	262	2,940	339	3,589
	SGD	-	-	*	7
	THB	149	360	695	1,578
			<b>6,886</b>		<b>8,486</b>
Trade receivables	USD	22	1,636	36	2,462
	JPY	3	2	-	-
	CNY	5	60	-	-
	LKR	1	1	-	-
	EUR	*	3	-	-
	GBP	*	2	-	-
			<b>1,704</b>		<b>2,462</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

Forward exchange contracts	Currency	March 31, 2021		March 31, 2020	
		FC (in lacs)	INR	FC (in lacs)	INR
Trade payables	JPY	241	163	31	22
	CNY	148	1,661	75	797
	THB	97	236	409	929
			<b>2,060</b>		<b>1,748</b>

### Sensitivity analysis

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

Effect in INR	(Profit) or loss / Equity, net of tax	
As at March 31, 2021	Strengthening	Weakening
<b>10% movement</b>		
Foreign Currency	(312)	312
	<b>(312)</b>	<b>312</b>

Effect in INR	(Profit) or loss / Equity, net of tax	
As at March 31, 2020	Strengthening	Weakening
<b>10% movement</b>		
Foreign Currency	(403)	403
	<b>(403)</b>	<b>403</b>

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

#### iv. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings obligations with floating interest rates.

The Company manages the risk by using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

#### Exposure to Interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Fixed-rate instruments</b>		
Financial liabilities - Bank overdraft	-	3,066
	-	<b>3,066</b>
<b>Variable-rate instruments</b>		
Financial liabilities - working capital loans	-	12,271
	-	<b>12,271</b>
<b>Total</b>	-	<b>15,337</b>

#### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

#### Sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

Particulars	(Profit) / loss		Equity, net of tax	
	100 bp decrease	100 bp decrease	100 bp decrease	100 bp decrease
<b>31 March 2021</b>				
Financial liabilities	-	-	-	-
	-	-	-	-
<b>31 March 2020</b>				
Financial liabilities	192	(192)	143	(143)
	<b>192</b>	<b>(192)</b>	<b>143</b>	<b>(143)</b>

### 39. Capital management

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders, raise new debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years end March 31, 2021.

There is no financial covenants which needs to be maintained under the term of borrowing facilities. The capital gearing ratio is as follows.

	As at 31 March 2021	As at 31 March 2020
Total liabilities	54,042	65,958
Less: cash and cash equivalents	1,347	4,879
Adjusted net debt	<b>52,695</b>	<b>61,079</b>
Total equity	<b>23,709</b>	<b>21,813</b>
Adjusted net debt to equity ratio	<b>2.2</b>	<b>2.8</b>

### 40. RELATED PARTY DISCLOSURES

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

#### i) Holding Company

Carrier Corporation, Delaware (refer note 12 (d))

United Technologies South Asia Pacific Pte Ltd. (refer note 12 (d))

#### ii) Ultimate Holding Company

Carrier Global Corporation, USA (w.e.f April 1, 2020)

United Technologies Corporation, USA (till March 31, 2020)

### iii) Fellow Subsidiaries / Entities

- |                                                                                       |                                                           |
|---------------------------------------------------------------------------------------|-----------------------------------------------------------|
| a) Carrier Asia Limited, Hong Kong                                                    | y) UTC Fire & Security B.V., Netherlands                  |
| b) Carrier ARCD Pte. Ltd, Singapore                                                   | z) Carrier (Thailand) Limited, Thailand                   |
| c) Carrier Air Conditioning & Refrigeration R&D Management (Shanghai) Co., Ltd, China | aa) Carrier Middle East Limited, Bermuda                  |
| d) United Technologies Electronic Controls, Inc., Delaware                            | ab) Carrier Hong Kong Limited, Hong Kong                  |
| e) CARRIER S.C.S., France                                                             | ac) Onity India Private Limited, India                    |
| f) Carrier Singapore (PTE) Limited, Singapore                                         | ad) Carrier Transicold Europe, France                     |
| g) Shanghai Yileng Carrier Air Conditioning Equipment Company Limited, China          | ae) Shanghai Carrier Transicold Equipment Co., Ltd, China |
| h) Automated Logic Corporation, Georgia                                               | af) Chubb Group Security Limited, England                 |
| i) Carrier International Sdn. Berhad, Malaysia                                        | ag) Carrier Transicold Hong Kong Limited, Hong Kong       |
| j) United Technologies Corporation India Private Limited, India (till March 31, 2020) | ah) Carrier International Corporation                     |
| k) Carrier Race Technologies Private Limited, India                                   | ai) Carrier Commercial Refrigeration, Inc., Delaware      |
| l) Carrier Technologies India Limited, (till March 31, 2020)                          | aj) Kidde China Limited, Hong Kong                        |
| m) Chubb Alba Control Systems Limited, India                                          | ak) Carrier Kältetechnik Deutschland GmbH, Germany        |
| n) Otis Elevator Company (India) Limited, India, (till March 31, 2020)                | al) Carrier Australia Pty Ltd                             |
| o) UTC Fire & Security Singapore Pte Ltd, Singapore                                   | am) Carrier Kalttechnik Deutschland Gmb                   |
| p) Carrier Airconditioning & Refrigeration System LTG                                 | an) Guangdong Shengjie Fire Protection                    |
| q) Kidde Deutschland GmbH, Germany                                                    | ao) Chubb Singapore Private Limited                       |
| r) Carrier A/C Sales & Service (Shanghai) Co Ltd                                      |                                                           |
| s) Kidde-Fenwal, Inc., Delaware                                                       |                                                           |
| t) Toshiba Carrier AirConditioning Sales (Shanghai) Co., Ltd, China                   |                                                           |
| u) Qingdao Haier-Carrier Refrigeration Equipment Company Limited, China               |                                                           |
| v) Carrier Refrigeration Operation Czech Republic s.r.o, Czech Republic               |                                                           |
| w) Carrier Refrigeration System Sales Service (Shanghai) Co. Ltd, China               |                                                           |
| x) Carrier Commercial Refrigeration (Thailand) Ltd., Thailand                         |                                                           |

### iv) Key Management Personnel

- a) Chirag Bajjal (Managing Director) (w.e.f June 25, 2019).
- b) Arun Bhatia (Managing Director) (till June 25, 2019)
- c) Sugeeth Kumar (CFO & WTD) (till March 25, 2020)
- d) Pritesh Agrawal (CFO & WTD) (w.e.f June 8, 2020)
- e) Rahul Jain (Whole Time Director)
- f) Simran Thapar (w.e.f March 31, 2021)
- g) Narendra Singh Sisodia (Independent director)
- h) Pankaj Prakash Sahni (Independent director)
- i) Nandita Luthra (Whole Time Director) (till March 3, 2021)
- j) Har Amrit Pal Singh Dhillon (Non-Executive Director)



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

**40B - Description of Transactions with the Related Parties**

*(All amounts in ₹ Lacs, unless otherwise stated)*

Sl No	Name of the Party	For the year ended	Sale of Goods and Services #	Purchase of Goods	Commission Income	Expenses		Dividend paid	Interest Income
						Incurred	Re-imbursment		
1	United Technologies South Asia Pacific Pte Ltd	31 March, 2021	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(27,919)	(-)
2	Carrier Asia Limited, Hong Kong	31 March, 2021	-	1,414	468	103	23	-	-
		31 March, 2020	(-)	(2,722)	(448)	(-)	(207)	(-)	(-)
3	Carrier Technologies India Limited	31 March, 2021	59	254	-	365	457	-	-
		31 March, 2020	(193)	*	(-)	(440)	(408)	(-)	(-)
4	Carrier Corporation, Delaware	31 March, 2021	-	667	-	1,416	1,779	-	-
		31 March, 2020	(-)	(774)	(-)	(702)	(1,297)	(-)	(-)
5	Otis Elevator Company (India) Ltd., India	31 March, 2021	-	-	-	-	-	-	-
		31 March, 2020	(32)	(3)	(-)	(16)	(61)	(-)	(-)
6	Carrier Race Technologies Private Limited, India	31 March, 2021	-	137	-	22	165	-	-
		31 March, 2020	(-)	(147)	(-)	(45)	(314)	(-)	(38)
7	Chubb Alba Control Systems Limited, India	31 March, 2021	44	-	-	266	452	-	-
		31 March, 2020	(5)	(12)	(-)	(328)	(488)	(-)	(12)
8	Shanghai Carrier Transicold Equipment Co., Ltd, China	31 March, 2021	-	1,596	-	-	1	-	-
		31 March, 2020	(-)	(5,511)	(-)	(-)	(-)	(-)	(-)
9	Carrier Singapore (PTE) Limited, Singapore	31 March, 2021	-	-	-	-	986	-	-
		31 March, 2020	(-)	(-)	(-)	(705)	(734)	(-)	(-)
10	Shanghai Yileng Carrier Air Conditioning Equipment Company Limited, China	31 March, 2021	-	276	-	-	-	-	-
		31 March, 2020	(-)	(1,487)	(-)	(25)	(27)	(-)	(-)
11	Carrier Transicold Hong Kong Limited, Hong Kong	31 March, 2021	-	138	-	-	149	-	-
		31 March, 2020	(-)	(75)	(-)	(-)	(166)	(-)	(-)
12	Qingdao Haier-Carrier Refrigeration Equipment Company Limited, China	31 March, 2021	-	1,130	-	-	-	-	-
		31 March, 2020	(-)	(779)	(-)	(-)	(-)	(-)	(-)
13	Carrier Airconditioning & Refrigeration System LTG	31 March, 2021	-	1,004	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)
14	Others - Fellow subsidiaries	31 March, 2021	7	1,018	9	33	711	-	-
		31 March, 2020	(9)	(1,979)	(17)	(352)	(385)	(-)	(1)

# including applicable taxes

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

Figures in bracket represent previous year's figures

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

**40B - Description of Transactions with the Related Parties and balances at year end**

(All amounts in ₹ Lacs, unless otherwise stated)

Sl No	Name of the Party	For the year ended	Remuneration Paid			Inter Corporate Deposits			Outstanding Balances at year end				Contribution to the Funds		
			Given	Repayment received	Interest accrued	Interest received	Trade Receivable & Other receivable	Inter Corporate Deposit	Trade payables	Dividend payables	Guarantees Outstanding	Guarantees Outstanding	Contribution to the Funds		
1	United Technologies South Asia Pacific Pte Ltd.	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
2	Carrier Asia Limited, Hong Kong	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
3	Carrier Technologies India Limited	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
4	Carrier Corporation, Delaware	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
5	Carrier Global Corporation, USA	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
6	Carrier Race Technologies Private Limited, India	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
7	Otis Elevator Company (India) Ltd., India	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
8	Chubb Alba Control Systems Limited, India	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
9	Carrier Refrigeration Management Superannuation Fund Trust	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
10	Shanghai Carrier Transcold Equipment Co., Ltd, China	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
11	Carrier Singapore (PTE) Limited, Singapore	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
12	Shanghai Yileng Carrier Air Conditioning Equipment Company Limited, China	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
13	Carrier Air Conditioning & Refrigeration R&D Management (Shanghai) Co., Ltd, China	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
14	Carrier Transcold Hong Kong Limited, Hong Kong	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
15	Qingdao Haier-Carrier Refrigeration Equipment Company Limited, China	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
16	Carrier Airconditioning & Refrigeration System LTG	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
17	Simran Thapar	31 March, 2021	*	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
18	Arun Bhatia	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
19	Sugesh Kumar	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
20	Rahul Jain	31 March, 2021	91	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(82)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
21	Pankaj Prakash	31 March, 2021	2	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(2)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
22	Narendra Singh	31 March, 2021	3	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(3)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
23	Chirag Bajaj	31 March, 2021	151	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(106)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
24	Nandita Luthra*	31 March, 2021	0	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	0	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
25	Pritesh Agrawal	31 March, 2021	81	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
26	Others - Fellow subsidiaries	31 March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		31 March, 2020	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

Figures in bracket represent previous year's figures

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

#The entire remuneration of Ms. Nandita Luthra is being fully cross charged to the holding company resulting into no managerial remuneration cost to the company and hence, not charged to the profit and loss account of the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### 41. Segment Reporting

#### General Information

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

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

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

Airconditioning

Others ( Includes Cold Room, Transicold and Fire & Security Products )\*

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

Transicold includes supply & installation of refrigeration equipment to fleet operators and logistics companies. Fire & Security Products includes manufacturing / trading and supply of fire & safety products, also refer note 37

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

(All amounts in ₹ Lacs, unless otherwise stated)

	Current Year			Previous Year		
	Airconditioning	Others	Total	Airconditioning	Others	Total
<b>(i) Revenue</b>						
External sales and services (net)	1,05,779	15,549	1,21,328	1,30,977	20,799	1,51,776
<b>Total Revenue</b>			<b>1,21,328</b>			<b>1,51,776</b>
<b>(ii) Segment results</b>	4,301	93	4,394	9,295	203	9,498
<b>Operating income</b>			<b>4,394</b>			<b>9,498</b>
Finance charges			(1,054)			(1,619)
Interest income			-			186
<b>Profit before tax</b>			<b>3,340</b>			<b>8,065</b>
Current tax			1,095			2,575
Deferred tax			(164)			783
Tax related to earlier years			741			
<b>Net Profit after tax (A)</b>			<b>1,668</b>			<b>4,707</b>
<b>Other comprehensive income/ (loss)</b>						
(i) Items that will not be reclassified to profit or loss			193			(151)
(ii) Income tax related to items that will not be reclassified to profit or loss			(49)			38
<b>Other comprehensive income for the year (B)</b>			<b>144</b>			<b>(113)</b>
<b>Total comprehensive income for the year (A+B)</b>			<b>1,812</b>			<b>4,594</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

	Current Year			Previous Year		
	Airconditioning	Others	Total	Airconditioning	Others	Total
<b>(iii) Other information</b>						
Segment assets	63,713	7,083	<b>70,796</b>	67,407	9,420	<b>76,827</b>
Add : Unallocated Assets	-	-	6,955	-	-	10,944
<b>Total Assets</b>	<b>63,713</b>	<b>7,083</b>	<b>77,751</b>	<b>67,407</b>	<b>9,420</b>	<b>87,771</b>
Segment liabilities	48,018	5,702	<b>53,721</b>	44,748	5,550	50,298
Add : Unallocated Liabilities	-	-	<b>321</b>	-	-	15,660
<b>Total Liabilities</b>	<b>48,018</b>	<b>5,702</b>	<b>54,042</b>	<b>44,748</b>	<b>5,550</b>	<b>65,958</b>
<b>Capital expenditure</b>	1,386	-	<b>1,386</b>	1,259	-	<b>1,259</b>
<b>Depreciation / Amortization</b>	1,982	3	<b>1,985</b>	1,802	2	<b>1,804</b>

	Revenue		Assets		Capital Expenditure		Non Current Assets	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
India	119,098	150,473	76,047	85,309	1,386	1,259	17,035	17,532
Outside India	2,230	1,303	1,704	2,462	-	-	-	-
<b>TOTAL</b>	<b>121,328</b>	<b>151,776</b>	<b>77,751</b>	<b>87,771</b>	<b>1,386</b>	<b>1,259</b>	<b>17,035</b>	<b>17,532</b>

### C. Information about major customers

No customer individually accounted for more than 10% of the revenues in the year ended 31 March 2021 and 31 March 2020.

## 42. Employee Stock Option Scheme (ESOP)

### A. Description of share based payment arrangements

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

*(All amounts in ₹ Lacs, unless otherwise stated)*

Type of options granted	Vesting condition	Contractual life	Settlement
Restricted stock units (RSU's)	3 years service condition	Equal to vesting period	Settlement to be done by delivery of one common stock of Carrier Corporation
Stock Appreciation Rights (SAR's)	3 years service condition	10 years	Settlement is done by delivery common stock of Carrier Corporation and no cash is being paid to employees. The number of common stock issued represents the amount of appreciation in options granted to employee
Performance Share Units (PSU's)	3 years service condition	10 years	Settlement is done by delivery common stock of Carrier Corporation.

**B. Measurement of fair values**

The parent company estimates the fair value of RSU option award, PSU option award and SAR option award on the date of grant using a binomial lattice model. The following table indicates the assumptions used in estimating fair value for the years ended March 31, 2021 and 2020. Lattice-based option models incorporate ranges of assumptions for inputs; those ranges are as follows:

	31-Mar-2021	31-Mar-2020
Expected volatility	32.1%-35.8%	18.8%-19.7%
Weighted-average volatility	20%	20%
Expected term (in years)	7	6.5-6.6
Expected dividend yield	1.4%-2.0%	2.40%
Risk-free rate	0.1%-1.0%	2.3%-2.7%

The weighted-average grant date fair value of SAR's stock options granted during 2020-21 was Rs.Nil USD equivalent -\$ Nil (2019-20 Rs.1,853 USD equivalent -\$ 26.13)

Expected volatilities are based on the returns of Carrier Corporation stock, including implied volatilities from traded options on Carrier Corporation stock for the binomial lattice model. Historical data is used to estimate equity award exercise and employee termination behavior within the valuation model. The risk-free rate is based on the term structure of interest rates at the time of equity award grant.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

### C. Reconciliation of outstanding share options

A summary of the transactions under all long-term incentive plans for the year ended March 31, 2021 is as follows:-

RSU's stock options	31-Mar-21		31-Mar-20	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	195	-	195	-
Granted during the year	1,035	-	-	-
Restructured shared due to merger	1,004	-	-	-
Outstanding at the end of the year	2,234	-	195	-
Exercisable at the end of the year	-	-	-	-

The options outstanding as at 31 March 2021 have a weighted average remaining contractual life of 8.82 years (31 March 2020 : 8.92 years)

The weighted average share price at the date of exercise for shares options exercised in 2020-21: Rs.Nil USD equivalent - \$ Nil (31 March 2020 : Rs. Nil USD equivalent - \$Nil)

PSU's stock options	31-Mar-2021		31-Mar-2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	140	-	-	-
Granted during the year	445	-	140	-
Restructured shared due to merger	882	-	-	-
Outstanding at the end of the year	1,467	-	140	-
Exercisable at the end of the year	-	-	-	-

The options outstanding as at 31 March 2021 have a weighted average remaining contractual life of 8.52 years (31 March 2020: 8.92 years)

SAR's	31-Mar-2021		31-Mar-2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	11,940	118.51	10,910	94.03
Granted during the year	-	-	3,330	145.15
Exercised during the year	1,013	14.97	2,300	92.06
Restructured shared due to merger	34,595	-	-	-
Outstanding at the end of the year	45,522	68.39	11,940	118.51

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021***(All amounts in ₹ Lacs, unless otherwise stated)*

The options outstanding as at 31 March 2021 have a weighted average remaining contractual life of 7.63 years (31 March 2020 : 6.87 years)

The weighted average share price at the date of exercise for shares options exercised in 2020-21 was Rs.1,111 USD equivalent - \$14.97 (2019-20: Rs.9,598 USD equivalent - \$135.35)

**D. Expense recognised in statement of profit and loss**

For details on the employee benefits expense, refer note 22

**43.** The World Health Organization announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and classified its outbreak as a pandemic on March 11, 2020. This pandemic and response thereon have impacted most of the industries. Consequent to the outbreak of pandemic, the Company’s operations were scaled down in compliance with applicable regulatory orders. Subsequently, during the year, the Company’s operations have been scaled up in a phased manner taking into account directives from various Government authorities.

The management has made an assessment of the impact of COVID-19 on the Company’s liquidity, operations, financial performance and position as at and for the year ended March 31, 2021 and has concluded that there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements.

**For MSKA & Associates***Chartered Accountants*

ICAI Firm Registration No. 105047W

*Sd/-***Vinod Gupta***Partner*

Membership No: 503690

**Place:** Gurugram**Date:** August 24, 2021**For and on behalf of the Board of Directors of  
Carrier Airconditioning & Refrigeration Limited***Sd/-***Chirag Bajjal***Managing Director*

DIN No. 08465289

*Sd/-***Pritesh Agrawal***WTD & CFO*

DIN No. 08757017

**Place:** Gurugram**Date:** August 24, 2021**Place:** Gurugram**Date:** August 24, 2021*Sd/-***Suraj Arora***Company Secretary*

Membership No: F10752

**Place:** Gurugram**Date:** August 24, 2021



## **Carrier Airconditioning & Refrigeration Limited**

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