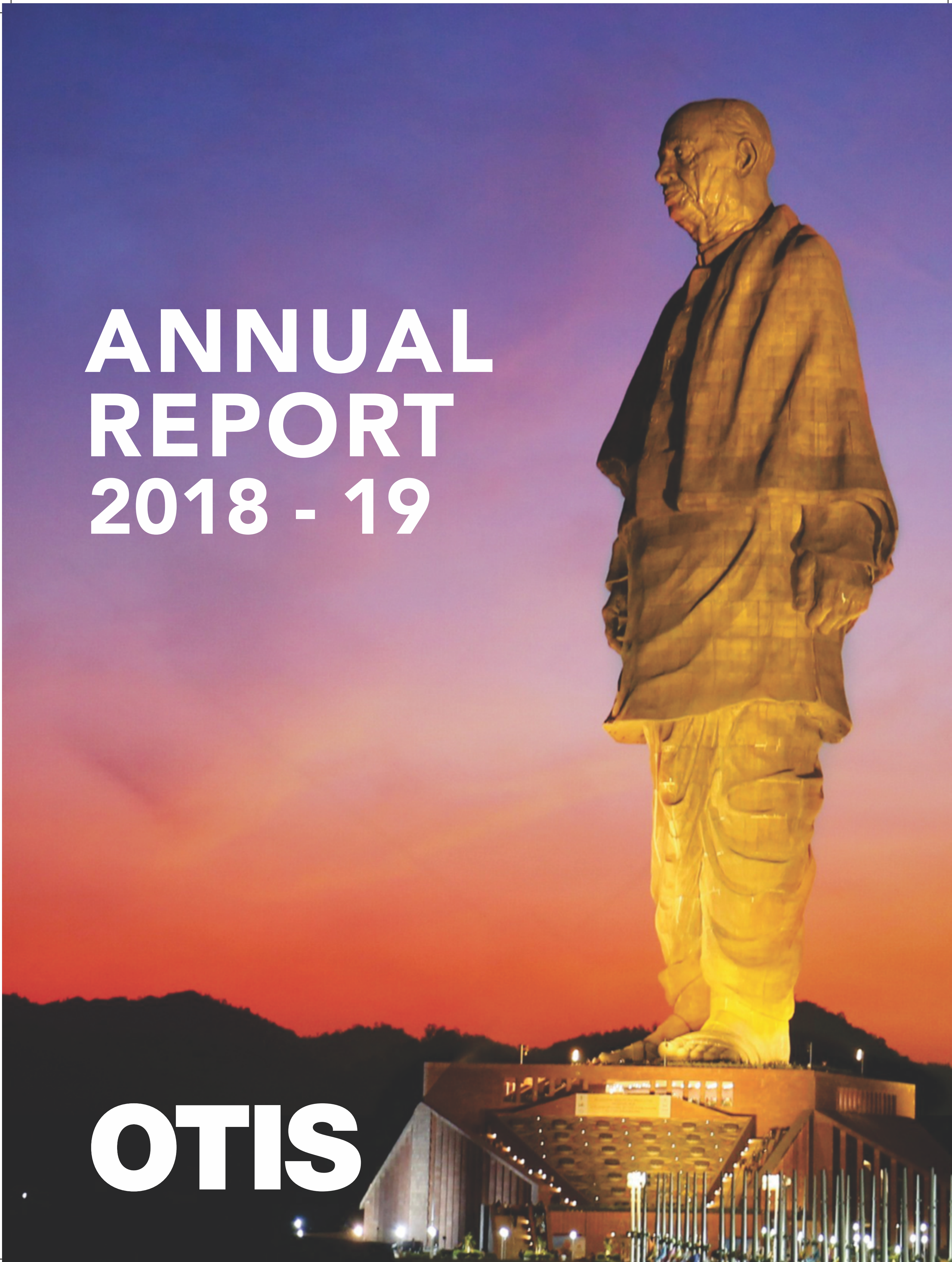
# ANNUAL REPORT 2018 - 19



OTIS

# Our new Three Absolutes

Three Absolutes

SAFETY

ETHICS

QUALITY

# CORPORATE INFORMATION

## Registered Office & Head Office

9th Floor, Magnus Towers,
Mindspace, Link Road,
Malad (West),
Mumbai - 400 064
Maharashtra
Tel.: 91-22-2844 9700/ 66795151
Fax: 91-22-2844 9791
CIN: U29150MH1953PLC009158

www.otis.com

## Manufacturing Facility

**Otis Elevator Company (India) Limited**
92, KIADB Industrial Estate Phase II,
Jigani Industrial Area Anekal Taluk,
Bengaluru - 560 105

## National Service Centre

'Sai Dhara', Block D2, Warehouse No. 3 & 4,
Mumbai-Nashik Highway (NH3),
Opp. R.K Petrol Pump,
Next to Shangrila Resort,
Kuksha Village,
Bhiwandi - 421 302
Dist: Thane.

## Regional Offices

9th Floor, Magnus Towers,
Mindspace, Link Road,
Malad (West),
Mumbai - 400 064
Maharashtra

Otis Elevator Company (India) Limited
Victoria Park, Level 2,
Block: GN, Plot no. 37/2,
Sector V, Salt Lake,
Kolkata - 700 091

Unit Nos. 171, 172, 173 on 1st Floor,
Unit Nos. 271 and 272 on 2nd Floor,
Aggarwal Cyber Plaza - II,
Plot No C-7, Netaji Subhash Place,
Pitampura, Delhi - 110 034

Otis House, MK Towers,
#27, Langford Road, Shanti Nagar,
Bengaluru - 560 027

## Bankers

Citibank N. A.

Standard Chartered Bank

Deutsche Bank

HDFC Bank Limited

Canara Bank

Bank of America

State Bank of India

## Auditors

**M/s. BSR & Co. LLP**
Chartered Accountants

## Cost Auditors

**M/s. Kishore Bhatia & Associates**
Cost Accountants

## Secretarial Auditors

**M/s. JSP Associates**
Company Secretary

## Registrar & Share Transfer Agents

**Link Intime India Pvt Ltd.**
C 101, 247 Park, L.B.S Marg,
Vikhroli (West),
Mumbai – 400083, Maharashtra

Tel.: 91-22-49186270
Fax: 91-22-49186060

Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

## BOARD OF DIRECTORS

| | |
|---|---|
| Sebi Joseph | - Managing Director |
| P. S. Dasgupta | - Independent Director |
| Anil Vaish | - Independent Director |
| Suma P N | - Whole-time Director |
| N. K. Mohanty | - Director |

## CHIEF FINANCIAL OFFICER

Bharatkumar Nayak

## COMPANY SECRETARY

Harish Iyer

## AUDIT COMMITTEE

| | |
|---|---|
| P. S. Dasgupta | - Chairman |
| Sebi Joseph | - Member |
| Anil Vaish | - Member |

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

| | |
|---|---|
| Sebi Joseph | - Chairman |
| Suma P N | - Member |
| P. S. Dasgupta | - Member |

## NOMINATION AND REMUNERATION COMMITTEE

| | |
|---|---|
| P. S. Dasgupta | - Chairman |
| N. K. Mohanty | - Member |
| Anil Vaish | - Member |

## STAKEHOLDERS RELATIONSHIP COMMITTEE

| | |
|---|---|
| N. K. Mohanty | - Chairman |
| Sebi Joseph | - Member |
| Suma P N | - Member |

## CONTENTS

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the **SIXTY FIFTH ANNUAL GENERAL MEETING** of the shareholders of **OTIS ELEVATOR COMPANY (INDIA) LIMITED** will be held on **Friday, September 27, 2019, at 10:30 am** at Magnolia, Sarovar Grand Hometel, Chincholi Bunder, Mindspace, Malad (West), Mumbai - 400 064, Maharashtra, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt:

   a. The Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2019 together with the reports of the Board of Directors and Auditors thereon; and

   b. The Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2019 together with the report of the Auditors thereon.

2. To appoint a Director in place of Ms. Suma P N (DIN: 05350680) who retires by rotation at this meeting and being eligible, offers herself for re-appointment.

**SPECIAL BUSINESS**

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

   "RESOLVED THAT pursuant to the provisions of the Section 185 of Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014 and other applicable provisions of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) and re-enactment(s) thereof for the time being in force) and pursuant to the Memorandum and Articles of Association of the Company, the consent of the members be and is hereby accorded to authorize the Board of Directors of the Company to advance any loan/s including any loan represented by a book debt or give any guarantee or provide any security in connection with any loan/s taken by Otis Global Services Center Pvt. Ltd., CIN: U74999KA2017FTC107731, being under the category of 'a person in whom any of the director of the company is interested' as specified in the explanation to Sub-section 2(b) of the said Section, of aggregate outstanding amount not exceeding INR. 5,00,00,000/- (Indian Rupees Five Hundred million only)" on the terms and conditions agreed between the Company and Otis Global Services Center Pvt. Ltd.

   RESOLVED FURTHER THAT any two Directors of the Company be and are hereby authorized to take all the necessary steps relating and to make, sign and execute, on and on behalf of the company, such deeds, documents, agreements, undertakings and all such acts, deeds and things as may be necessary to give effect to the aforesaid resolution".

4. To ratify remuneration payable to the Cost Auditors for the financial year 2019-20 and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   **"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules framed thereunder as amended from time to time, the remuneration payable to M/s. Kishore Bhatia and Associates (FRN: 00294), Cost Accountants, Mumbai, re-appointed by the Board of Directors of the Company, on the recommendation of the Audit Committee, as Cost auditors to conduct the audit of the cost records of the Company for the financial year 2019-20, of an amount not exceeding INR 3,35,000 (Rupees Three Lakh Thirty Five Only) plus applicable taxes and reimbursement of out of pocket expenses at actuals, be and is hereby ratified and approved.

   **RESOLVED FURTHER THAT** Mr. Sebi Joseph, Managing Director (DIN: 05221403), the Chief Financial Officer and the Company Secretary be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

**By Order of the Board of Directors**

**Harish Iyer**
**Company Secretary**

**REGISTERED OFFICE:**
9th Floor, Magnus Towers,
Mindspace, Malad Link Road
Malad (W), Mumbai- 400 064
Maharashtra
Tel.: 91-22-2844 9700/ 66795151
Fax: 91-22-2844 9791
CIN: U29150MH1953PLC009158

www.otis.com

Place: Mumbai
Date: August 21, 2019

# NOTICE OF ANNUAL GENERAL MEETING

**Notes:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

2. Proxy, in order to be effective, must be received at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted by an authorized representative of companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

   A person can act as a proxy on behalf of not exceeding 50 members and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

3. An Explanatory Statement under Section 102 of the Companies Act, 2013 in respect of Item Nos. 3 and 4 to be transacted at the Meeting is appended hereto.

4. The Register of Members and the Share Transfer Books of the Company will remain closed from **Friday, September 20, 2019 to Friday, September 27, 2019** (both days inclusive).

5. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. The Company or its Registrar and Share Transfer Agents (RTA) cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates.

   Shareholders are requested to provide Bank details to facilitate payment of dividend either in electronic mode or for printing on the payment instruments.

6. For any queries/grievances in respect of the shareholdings, the shareholders are requested to send their communication to the Company's Registrar and Share Transfer Agents (RTA) – Link Intime India Private Limited located at C 101, 247 Park, LBS Road, Vikhroli (West), Mumbai - 400 089, Tel. No.: +91 22 49186270 Fax: +91 22 49186060 Email Id: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

   Further Members are requested to:

   i. Quote their folio number/client ID no. in all correspondence with the Company/RTA.

   ii. Members holding shares in physical form are requested to intimate the following directly to the Company's RTA:

      a. Changes, if any, in their address with pin code numbers.
      b. Quote their ledger folio no. in all their correspondence.
      c. Request for nomination forms for making nominations

7. The amount outstanding in unpaid dividend account in respect of financial year ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government after the end of seven years from the respective date of transfer of the same to the Company's unpaid dividend account. The shareholders are advised to send all the un-encashed demand drafts/dividend warrants pertaining to the above years to our RTA for revalidation or issuance of fresh demand drafts/dividend warrants.

8. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services Limited.

9. The facility for voting through ballot paper will also be made available at the 65th Annual General Meeting ("AGM") and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have already cast their votes through remote e-voting prior to AGM may attend the AGM but shall not be entitled to cast their votes again.

10. The Company has appointed Mr. Jatin Popat, proprietor of M/s. JSP Associates, Practicing Company Secretary, Mumbai as Scrutinizers for conducting the remote e-voting and physical voting at the AGM in a fair and transparent manner.

11. The instructions for shareholders voting electronically are as under:

   (i) The remote e-voting period begins on **September 24, 2019 at 9.00 am and ends on September 26, 2019 at 5.00 pm.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date September 20, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

   (ii) The shareholders should log on to the e-voting website www.evotingindia.com

   (iii) Click on Shareholders.

   (iv) Now, Select the 'COMPANY NAME' from the drop down menu and click on 'SUBMIT'

   (v) Now Enter your User ID

# NOTICE OF ANNUAL GENERAL MEETING

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.

(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 and cast vote earlier for EVSN 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 | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field.<br>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field. |
| DOB | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details | • Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.<br>• Please enter the DOB or Dividend Bank Details in order to login. If 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). |

(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 Otis Elevator Company (India) Limited and on which you choose to vote.

(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 out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders 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. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) Note for Non-Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- 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.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- 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.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ('FAQs') and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

12. The results shall be declared on or after the Annual General Meeting of the Company. The results declared

# NOTICE OF ANNUAL GENERAL MEETING

along with the scrutinizer's report shall be placed on the Company's website www.otis.com and on the web site of CDSL within two (2) days of passing of the resolutions at the Annual General Meeting of the Company.

13. A member can opt for only one mode i.e. either through e-voting or voting at the annual general meeting. If a member casts votes by both modes, then voting done through e-voting shall prevail and the voting at annual general meeting shall be treated as invalid.

14. Members desiring any information in relation to the Annual Report are requested to write to the Company Secretary at the Registered Office, Mumbai at least ten (10) days before the date of the Annual General Meeting so that information can be made available at the meeting.

15. To promote green initiative as per circular issued by Ministry of Corporate Affairs in 2011, members are requested to register their e-mail addresses through their Depository Participants where they are holding their demat accounts for sending the future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number.

16. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

17. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours from Monday to Friday, up to and including the date of the Annual General Meeting of the Company.

**Annexure to the Notice**

**The Explanatory Statement as required under Section 102 (1) of the Companies Act, 2013**

**Item No. 3**

The Company with the approval of members by way of special resolution intends to provide financial assistance by way of loan to other group entities (i.e. Otis Global Services Center Private Limited) upto an aggregate sum of INR. 5,00,00,000/- (Indian Rupees Five Hundred million only).

The below mentioned are the full particulars of the amount of the Loan and the purpose:

| S. No. | Full Particulars of the Loan Given | Purpose for which the Loan is proposed to be utilized by the borrowing company. |
|---|---|---|
| 01 | INR 500 MN @11.25% on ARMS length basis | General Business purposes and working capital |

Your Directors recommend the resolution set out at Item no. 3 to be passed as a special resolution by the members.

Except Mr. [Sebi Joseph] (being a director in Otis Global Services Center Pvt. Ltd.), none of the Promoter, Directors, Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested financially or otherwise in the said resolution.

**Item No. 4**

The Board of Directors, on the recommendation of the Audit Committee, has approved the re-appointment of M/s. Kishore Bhatia & Associates as the Cost Auditors to conduct the audit of the cost records of the Company, if applicable, for the financial year ending March 31, 2020 at a remuneration not exceeding INR 3,35,000 plus applicable taxes and out-of pocket expenses at actuals.

In accordance, with the provisions of Section 148 of the Companies Act, 2013 read with the Rules framed thereunder as amended, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution set out at item no. 4 of the Notice.

**Interest of Directors:**
None of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in this resolution.

**By Order of the Board of Directors**

**Harish Iyer**
**Company Secretary**

**REGISTERED OFFICE:**
9th Floor, Magnus Towers,
Mindspace, Malad Link Road
Malad (W), Mumbai - 400 064
Maharashtra
Tel: 91-22-2844 9700/ 66795151
Fax: 91-22-2844 9791
CIN: U29150MH1953PLC009158

www.otis.com

Place: Mumbai
Date: August 21, 2019

# DIRECTORS' REPORT

**TO THE MEMBERS OF OTIS ELEVATOR COMPANY (INDIA) LIMITED**

Your Directors have pleasure in presenting the Sixty Fifth Annual Report on the business and operations of the Company, together with the Audited Financial Statements for the Financial Year ended March 31, 2019.

**FINANCIAL HIGHLIGHTS:**

Financial highlights of the Company are presented in the table below:

**(Rs. in millions)**

| | Standalone | | Consolidated | |
|---|---|---|---|---|
| | **2018-19** | **2017-18** | **2018-19** | **2017-18** |
| Revenue from operation | 16,978 | 14,182 | 17,068 | 14,312 |
| Other Income | 869 | 1,091 | 848 | 1,091 |
| **Total Income** | **17,847** | **15,273** | **17,916** | **15,403** |
| Profit before tax | 2,594 | 2860 | 2,592 | 2,841 |
| Provision for Tax | 860 | 1,073 | -868 | 1,071 |
| **Net Profit after tax** | **1,734** | **1,787** | **1,724** | **1,770** |
| Share of Net Profit of Associates | - | - | | - |
| Surplus brought forward | 5,826 | 9,121 | 5,772 | 9,084 |
| **Profit after tax available for appropriation** | **7,560** | **10,908** | **7,495** | **10,854** |
| Items of Other Comprehensive Income | (8) | 34 | -7 | 34 |
| Ind AS 115 impact (net of tax) | 3 | - | 3 | - |
| **Appropriation:** | | | | |
| Interim & Proposed Dividend | 4,723 | 4,251 | 4,723 | 4,251 |
| Dividend Distribution tax | 971 | 865 | 971 | 865 |
| Transaction with Non-controlling Interest | - | - | | - |
| **Surplus carried forward** | **1,861** | **5,826** | **1,796** | **5,772** |

**DIVIDEND**

Your Company paid interim dividend of 1750%, being INR 175 per equity share of INR 10 each fully paid up in March 2019 for the financial year 2018-19. In view of this, no final dividend is recommended for the year under review. The Register of Members and Share Transfer Books shall remain closed from Friday September 20, 2019 to Friday September 27, 2019 (both days inclusive) for the purpose of Annual General Meeting.

**TRANSFER TO RESERVE**

During the year under review, an amount of Rs. 1,861 million is proposed to be carried forward to the Profit & Loss Account and no amount was transferred to General Reserve.

**REVIEW OF OPERATIONS**

**FINANCIALS**

On Standalone basis, Sales from operations for FY 2018-19 at Rs. 16,978 million, was higher by 2,796 million over last year (Rs.14,182 million in FY 2017-18) reflecting increase of 20.33%. New equipment sales and service business has shown good revenue growth. Profit after tax ("PAT") for the year was Rs. 1,734 million registering a decrease of 2.87% over the PAT of Rs.1,787 million in FY 2017-18, driven by reduction in non - operating other income.

On Consolidated basis, Sales from operations for FY 2018-19 at Rs. 17,068 million was higher by 19.25 % over last year (Rs. 14,312 million in FY 2017-18). Profit after tax ("PAT") for the year was Rs. 1,731 million recording an decrease of 2.20 % over the PAT of Rs.1, 770 million of FY 2017-18.

**BUSINESS**

For the fiscal 2018-19, GDP growth registered was 7%. India continues to remain one of the fastest growing economy in the world.

The real estate industry has shown signs of stability since the implementation of the RERA and GST.

As you are aware, your Company's revenue accrues from three major business segments - New Equipment sales, Service and Modernisation:

**NEW EQUIPMENT SALES**

Your company has been improving share in the segment and will continue the journey to grow our share further. The product portfolio and the sales footprint has been enhanced. Your Company intends to continue to invest further expand the product portfolio and the foot-print to enhance turnkey execution and service capabilities. The Gen2 range has been consistent in performance and has captured significant share in its segment. This has helped in the overall share growth. In continuation, your company is further strengthening the Gen2 family with Gen2 Life which was launched recently. The Company also launched Arise for mid to high rise segment. Your company will continue to leverage its access to world class technologies and processes.

**SERVICE**

Your Company continues to be the largest Company in terms of service portfolio and revenue, in India. Today, we have a network of 97 service centres spread across India, serving more than 300 cities and towns. 24/7 call centre and extensive service network ensures speedy and efficient response to customers. Your Company has registered healthy growth in Service revenue in the year under review. To stay ahead of competition and retain our leadership position, Your Company is investing heavily in digitalization, technology, manpower and skill development.

**MODERNISATION (MOD)**

With new MOD products and increase in the sales coverage your Company has registered growth in modernisation revenues in the year under review. In 2018, the Company has launched a new package for modernization, Gen2-Mod. We have been seeing increase in acceptance from customer for this modernization package.

**CURRENT OUTLOOK:**

Otis India has been progressing well in their effort to localize their global products at their state of art manufacturing facility in Bengaluru. There are a number of products that are being planned to be launched both in the short term and long term. Our launches during the last 5 years for products in Gen2 family will continue to bear traction in years to come. We had a recent launch of Gen2 Life in the mid-rise segment. The new product has seen good customer acceptance with some significant early wins. On the Modernization front, the new products of Manual to Auto and Gen2 Mod will facilitate the growth in the modernization business.

# DIRECTORS' REPORT

Our new aesthetics packages have seen good acceptance by customers and facilitating growth.

India remains to be the second largest elevator-escalator market in the world after China, expected to grow at a healthy rate 5-6% for the next 5 years. The Company management is closely monitoring and reviewing these changes to suitably modify its business strategy in accordance with the changing market environment. The Company continues to promote green products which will have a positive environmental impact. Your Company is confident of forging ahead without compromising on its core values, while sustaining its brand-value with its customers.

**SAFETY**

Your Company continues to strive to ensure that its products and services are safe; its workplaces are safe from hazards. During the year under review the Company continued to maintain high safety standard. Safety is one of the three absolutes of the Company.

**CERTIFICATION**

Your Company is certified for ISO 9001:2008 (Quality Management System) and ISO 14001:2004 (Environmental Management System).

**CONSOLIDATED FINANCIAL STATEMENTS**

The Annual Consolidated Financial Statements together with the Report of the Auditors' thereon forms part of this Annual Report.

**REVIEW OF SUBSIDIARIES AND ASSOCIATES**

Your Company has one Wholly-owned Subsidiary Company - Supriya Elevator Company (India) Limited. Financials of the Subsidiary Company are disclosed in the Consolidated Financial Statements, which form part of the Annual Report.

During the year under review, your company divested its shareholding of 19.9% in Trio Elevators company India Ltd.

A Statement containing salient features of the Financial Statements of the Subsidiaries and Associate Companies is attached to the Financial Statements pursuant to section 129(3) of the Companies Act, 2013 and Rules made thereunder as amended in the prescribed Form AOC -1.

There has been no change in the nature of business of the Company and its Subsidiary Company during the year.

The Company has obtained a Certificate from the Statutory Auditors of the Company for the year under review certifying that the Company is in compliance with the FDI conditionality's under Foreign Exchange Management Act, 1999 for downstream investment by the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 134(3)© of the Companies Act, 2013, your Directors state that:

i. In the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures if any;

ii. The directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2019 and of the profit and loss of the Company for the year ended March 31, 2019;

iii. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The directors had prepared the annual accounts on a going concern basis.

v. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

**PARTICULARS OF LOANS GUARANTEES OR INVESTMENT U/S 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, 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.

**FIXED DEPOSITS**

The Company has not accepted any deposits within the meaning of section 73 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 on account of principal or interest on public deposits was outstanding as on the date of balance sheet.

**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 a Risk Management Policy. Risks are classified in different categories such as 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.

**DIRECTORS**

Ms. Suma P N retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Attention of the Members is invited to the relevant items in the Notice of the Annual General Meeting seeking your approval to the aforesaid appointment.

Mr. P. S. Dasgupta (DIN: 00012552) and Mr. Anil Vaish (DIN: 00208119), the Independent Directors of the Company have furnished declarations that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as Independent Director during the year.

# DIRECTORS' REPORT

During the year under review, Mr. Harish Iyer was appointed as the Company Secretary w.e.f 1st August, 2018.

## REMUNERATION POLICY

The Board on the recommendation of the Nomination and Remuneration Committee had adopted the policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management.

The Company's policy on directors' appointment and remuneration and other matters provided in section 178(3) of the Act and rules framed thereunder as amended, has been disclosed on the Company's website at
http://www.otis.com/site/in/pages/Investor_Relations.aspx?menuID=6

## NUMBER OF MEETINGS OF THE BOARD

The Board met four times during the Financial Year 2018-19 on June 05, 2018, August 08, 2018, December 05, 2018, and March 25, 2019. The necessary quorum was present for all the meetings. The maximum interval between any two meetings did not exceeded 120 days.

Details of attendance of directors at the Board Meetings and Annual General Meeting (AGM) during the financial year 2017-18 are provided below:

| Name | Designation | Number of Board Meetings attended | Whether attended last AGM held on September 27, 2018 |
|---|---|---|---|
| Mr. Sebi Joseph | Managing Director | 4 | Yes |
| ^Mr. P S Dasgupta | Non-Executive Independent Director | 2 | Yes |
| Ms. Suma P N | Director | 4 | Yes |
| *Mr. Nirmal Kumar Mohanty | Director | 3 | Yes |
| #Mr. Anil Vaish | Non- Executive Independent Director | 4 | Yes |

^Mr. P S Dasgupta did not attend the Board meetings held on June 05, 2018 and March 25, 2019.

*Mr. Nirmal Kumar Mohanty did not attend the Board meeting held on December 05, 2018.

## AUDIT COMMITTEE

The constitution of the Audit Committee, its scope, role and terms of reference are as per the provisions of the Companies Act, 2013, and the Rules framed thereunder as amended. All the recommendations made by the Audit Committee were accepted by the Board.

The members of the Audit Committee are as under:

1. Mr. P. S. Dasgupta, Independent Director - Chairman
2. Mr. Anil Vaish, Independent Director - Member
3. Mr. Sebi Joseph - Member

## AUDITORS

M/s. BSR & Co. LLP, Chartered Accountants (FRN 101248W/W-100022) were appointed as the Statutory Auditors of the Company in the Sixty Third Annual General Meeting held on September 22, 2017 till the conclusion of the Sixty Eighth Annual General Meeting to be held in the year 2022, subject to ratification by members every year.

However, as per the provisions of Section 40 of the Companies (Amendment) Act, 2017 pertaining to amendment of first proviso of Sec 139(1) being notified only on 7th May 2018, ratification of the appointment of auditor every year during their tenure is no longer applicable and hence no ratification will be done by the Company for the appointed Statutory Auditors and their tenure will last till 2022.

The Members of the Company are requested to take note of the aforesaid amendment and its implication

The Auditors' Report for the financial year 2018-19 does not contain any qualifications, reservations or adverse remarks.

## COST AUDITORS

The Board of Directors at its Meeting held on August 21, 2019, based on the recommendation of the Audit Committee, re-appointed, M/s. Kishore Bhatia & Associates, (FRN: 00294) Cost Accountants, Mumbai as the Cost Auditor of the Company for undertaking cost audit of the Cost Accounting Records to be maintained by the Company for the financial year 2019-20 at a remuneration not exceeding INR 3,35,000 (Rupees Three Lakhs Thirty Five Thousand) plus applicable taxes and out-of pocket expenses at actuals. The said Auditors have given their eligibility certificate for appointment as Cost Auditors. The remuneration payable to the said Cost Auditors needs to be ratified by members at the ensuing 65th Annual General Meeting. The Cost Audit Report for the financial year 2017-18, was filed with the Ministry of Corporate Affairs on September 05, 2018.

## SECRETARIAL AUDITOR

Pursuant to the provision of Section 204 of Companies Act, 2013 read with the Rules framed there under, the Board has appointed M/s. JSP Associates, Company Secretaries in Practice (having Firm Registration Number S2004MH073200), to undertake Secretarial Audit of the Company for the Financial Year 2018-19. There are no qualifications in the Secretarial Audit Report. Report of the secretarial auditor is annexed as **Annexure-A** which forms part of this report.

## ENERGY CONSERVATION, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required under Section 134(3 m) of the Companies Act, 2013, and Rules made thereunder as amended are set out in **Annexure-B** to this Report.

## PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule (5)(2) and Rule (5)(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules is annexed as **Annexure-C** to this Report.

## EXTRACT OF ANNUAL RETURN

The Extract of the Annual Return in Form No. MGT-9 as per Section 134 (3) (a) of the Companies Act, 2013 and Rules made thereunder as amended is annexed as **Annexure-D** to this Report.

# DIRECTORS' REPORT

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has been supporting charitable and social causes in the communities, where it does business. The CSR Committee of the Board of Directors of the Company consists of Mr Sebi Joseph - Chairman of the CSR Committee, Mr P S Dasgupta - Independent Director and Ms Suma P N - Director.

The present CSR initiatives focus is on promoting education a recognised activity mentioned in Schedule VII of the Companies Act, 2013. The Company's CSR policy is available on the website of the Company and the report on Corporate Social Responsibility (CSR) activities as required under Section 135 of the Companies Act, 2013 is annexed as **Annexure-E** to this Report.

During the year under review, the Company has spent 2% of the average profits, for the last three financial years as stipulated in the Companies Act, 2013 read with the Rules framed thereunder, as amended.

## RELATED PARTY TRANSACTIONS

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. The Audit Committee has given its approval for the Related Party Transactions. The material transactions on arm's length basis are furnished in the prescribed Form-AOC 2 is annexed to this Report as **Annexure-F.**

## INTERNAL FINANCIAL CONTROLS

The Company has an adequate internal financial control with reference to the Financial Statements operating effectively for ensuring the accuracy and completeness of the accounting records.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The Policy has set guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC, whilst dealing with issues related to sexual harassment at the work place. All employees (permanent, contractual, temporary, trainees), third parties who deal with our Company are covered under this Policy. The Company had received 2 complaints during the year out of which 1 was established for which your company has taken appropriate action.

## ACKNOWLEDGEMENTS:

Your Directors acknowledge the support and wise counsel extended to the Company by analysts, bankers, government agencies, members, investors, suppliers, distributors and others associated with the Company as its business partners for their continued and unstinted support.

**For and on behalf of the Board of Directors**

| | |
|---|---|
| **Sebi Joseph** | **Suma P N** |
| Managing Director | Director |
| DIN 05221403 | DIN 05350680 |

Place: Mumbai
Date: August 21, 2019

# ANNEXURE A TO THE DIRECTORS' REPORT

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

*[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
**Otis Elevator Company (India) Limited**
9th Floor, Magnus Towers,
Mind Space, Link Road
Malad (West),
Mumbai - 400 064

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by **Otis Elevator Company (India) Limited** (hereinafter called 'the Company') for the audit period covering the financial year ended on 31st March, 2019 (the 'audit period'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, and subject to my separate letter attached as Annexure I; I hereby report that in my opinion, the Company has, during the audit period generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed subject to my remarks herein below and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

(I) The Companies Act, 2013 ('the Act') and the Rules made thereunder;

(ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iii) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment;

(iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-

(a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India related to meetings and minutes.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Standards mentioned above with the Registrar of Companies within the stipulated period provided under the Act.

During the period under review, provisions of the following regulations were not applicable to the Company:

(I) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;
(ii) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
(iii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
(iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009;
(v) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
(vi) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
(viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
(ix) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

**I further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No change took place in the composition of the Board of Directors during the period under review.

Proper notice was given to all Directors to schedule the Board meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013, agenda and detailed notes on agenda were generally sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

**I further report that –**

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations.

**I further report that** during the audit period, no specific event took place which has major bearing on the Company's affairs.

**For JSP Associates**
Company Secretary
[Firm Regn. No. S2004MH073200]

**Jatin Popat**
Proprietor
FCS 4047/ CP No. 6880

Place: Mumbai
Date: August 12, 2019

# ANNEXURE A TO THE DIRECTORS' REPORT

**Annexure I to the Secretarial Audit Report for the financial year ended 31st March, 2019**

To,
The Members
**Otis Elevator Company (India) Limited**
9th Floor, Magnus Towers,
Mind Space, Link Road
Malad (West),
Mumbai - 400 064

My secretarial audit report of even date is to be read along with this letter.

1. Maintenance of secretarial records and compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records and compliance based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed by me provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.

4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.

**For JSP Associates**
Company Secretaries
[Firm Regn. No. S2004MH073200]

**Jatin Popat**
Proprietor
FCS 4047/ CP No. 6880

Place: Mumbai
Date: August 12, 2019

# ANNEXURE B TO THE DIRECTORS' REPORT

## Information Pursuant to Section 134 (3) (m) of the Companies Act, 2013 Read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2019.

**(A) Conservation of energy -**

**(I) The steps taken or impact on conservation of energy:**

The Company's focus remains on energy conservation through challenging existing processes and finding ways for lower energy consumption

a) In the factory shop floor, high wattage MV lamps were replaced with LED light fixtures thus saving more than 50% of energy used for lighting.

b) Shut it off program practiced for office air-conditioning & lighting to optimize energy usage.

c) Energy conservation awareness in factory and offices by constant communication and involvement of employees.

d) Promotion of energy saving components in elevators and while erecting the same.

**(ii) The steps taken by the Company for utilizing alternate sources of energy:** Nil

**(iii) The capital investment on energy conservation equipment:** Nil

**(B) Technology absorption -**

**(I) The efforts made towards technology absorption:**

**Research & Development (R&D)**

The Company continues to carry out R&D w.r.t. elevator and escalator equipment.

The Company has strengthened R&D engineering team and also invested on Test Tower that provides strong capability for system & component level evaluation & qualification of the elevator systems.

**(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:**

a) Improvement of overall performance, reliability, service, maintenance and safety of existing products.

b) Cost reduction primarily by the efficient use of indigenous raw materials & local eco-system and extensive value analysis/ value engineering.

c) Continuous optimization exercises to improve products and reduce costs, thereby maintaining market competitiveness.

d) Finding innovative products and technologies which are energy and environment friendly.

e) Improvement in installation method for elevator and improvement of maintenance practice of elevator.

**(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -** Not Applicable

(a) The details of technology imported;

(b) The year of import;

(c) Whether the technology been fully absorbed;

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

**(iv) The expenditure incurred on Research and Development:** Revenue expenditure of Rs.184,593,610 & Capital expenditure Rs. 4,516,235.

**(C) Foreign exchange earnings and Outgo -**

The details of foreign exchange earnings and outgo are given in the Notes to the accounts.

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| | **Sebi Joseph** | **Suma P N** |
| Place: Mumbai | Managing Director | Director |
| Date: August 21, 2019 | DIN 05221403 | DIN 05350680 |

# ANNEXURE C TO THE DIRECTORS' REPORT

*Pursuant to section 197 (12) of the Companies Act, 2013, and Rules 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014*

**A. The name of the top ten Employees employed throughout the financial year and were in receipt of remuneration aggregating to not less than Rs. 1,02,00,000 per annum**

| Name | Designation | Remuneration (in INR) | Date of commencement of employment | Age (years) | Qualification | Experience in years | Last Employment | Designation In Last Employment |
|---|---|---|---|---|---|---|---|---|
| Sebi Joseph | President Otis India | 86,007,571 | 1st March 2012 | 57 | MBA, BE (Mech) | 32 | Otis SEMA UAE | Area Director - Gulf Region |
| Bharatkumar Sanjiva Nayak | Director - Finance | 17,150,775 | 5th October 2017 | 56 | CA | 34 | Otis Singapore | Director - Finance |
| Suma P N | Director - Human Resources | 17,455,325 | 5th August 2013 | 50 | MBA, PG in personnel Mgmt & IR | 30 | UTC India Pvt Ltd | Director - HR |
| Dheeraj Vohra | Sr. Director - Operations & FOD | 26,705,197 | 1st April 2012 | 49 | MBA, BE (Production) | 27 | UTC India Pvt Ltd | Director - Operations |
| Wilfred Stephen Dsouza | Director - West Region | 15,876,421 | 9th November 1987 | 53 | BBA, Diploma in Electrical Engg | 32 | - | - |
| Sridhar Rajagopal | Director, Sales, Marketing, Strategy & Business Development, Otis India | 19,702,970 | 16th May 2011 | 48 | PhD (Business Strategy), MSc. (Tech) | 21 | Armstrong World Industries India Limited | Executive Director and Business Head (Flooring) |
| Paresh Kariya | Director - Field Ops, Gujarat & MP | 10,337,865 | 5th April 2011 | 53 | Doctor of Business Admin, Master of Mgmt (Mkt), BE (Mech) | 30 | Otis Thailand | Managing Director, Thailand |

**B. Employed for part of the financial year and were in receipt of remuneration aggregating to not less than Rs. 8,50,000 per month**

| Name | Designation | Remuneration (in INR) | Date of commencement of employment with us | Age (years) | Qualification | Experience in years | Name of the Company with which last employed & designation | Designation In Last Employment |
|---|---|---|---|---|---|---|---|---|
| K. Manivannan | Director - West Region | 12,897,127 | 25th October 2011 | 53 | MBA, Diploma Electrical Engg. | 33 | Kone Elevators India Pvt Ltd | Regional Director (East& West) |
| Alok Mahajan | Director - North Region | 3,756,783 | 2nd January 2013 | 49 | BE (Electrical) | 27 | Zayani Otis Elevator Company WLL, Bahrain | General Manager |

**Notes:**

1. The nature of employment of the above mentioned employee is contractual.

2. Remuneration received as shown in the statement includes salary, dearness allowance, other allowances, incentive payment, commission, bonus, house rent allowance, or value of perquisite for company owned accommodation, employer's contribution to provident fund and superannuation scheme, group insurance scheme, leave encashment, leave, travel policy, education subsidy, merit award, reimbursement of medical as applicable but excludes provision/ payment under approved voluntary retirement scheme, gratuity provided or paid.

3. The above employee is not a relative of any Director of the Company

**For and on behalf of the Board of Directors**

**Sebi Joseph**
Managing Director
DIN 05221403

**Suma P N**
Director
DIN 05350680

Place: Mumbai
Date: August 21, 2019

# ANNEXURE D TO THE DIRECTORS' REPORT

**FORM NO. MGT 9 - EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2019.**

*(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.)*

| I | **REGISTRATION & OTHER DETAILS:** | |
|---|---|---|
| i | CIN | U29150MH1953PLC009158 |
| ii | Registration Date | October 30, 1953 |
| iii | Name of the Company | OTIS ELEVATOR COMPANY (INDIA) LIMITED |
| iv | Category of the Company | PUBLIC COMPANY |
| v | **Address of the Registered office & contact details** | |
| | Address: | 9th FLOOR, MAGNUS TOWERS, MINDSPACE, LINK ROAD, MALAD WEST |
| | Town/City: | MUMBAI - 400 064 |
| | State: | MAHARASHTRA |
| | Country Name: | INDIA |
| | Telephone (with STD Code): | 022-28449700 |
| | Fax Number: | 022-28449791 |
| | Email Address: | harish.iyer@otis.com |
| | Website, if any: | www.otis.com |
| vi | Whether listed company | NO |
| vii | **Name and Address of Registrar & Transfer Agents (RTA):-** | |
| | Name of RTA: | LINK INTIME INDIA PRIVATE LIMITED |
| | Address: | C - 101, 247 PARK, L.B.S. MARG, VIKHROLI (WEST) |
| | Town/City: | MUMBAI |
| | State: | MAHARASHTRA |
| | Pin Code: | 400083 |
| | Telephone: | 022-49186270 |
| | Fax Number: | 022-49106060 |
| | Email Address: | rnt.helpdesk@linkintime.co.in |

## II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

| Sl. No. | Name and Description of main products/services | NIC Code of the Product/service | % to total turnover of the company |
|---|---|---|---|
| 1 | Manufacture and Maintenance of Elevator/Lifts | 2915* | 100 |

* Source: As per NIC-2004 available on site of Ministry of Corporate Affairs

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| | |
|---|---|
| No. of Companies for which information is being filled | 1 |

| S. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY / ASSOCIATE | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Supriya Elevator Company (India) Limited | U29150TN2008PLC068160 | Subsidiary | 100.00 | 2(87) |

# ANNEXURE D TO THE DIRECTORS' REPORT

**FORM NO. MGT 9 - EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2019.**

*(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.)*

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

**i. Category-wise Share Holding**

| Category of Shareholders | No. of Shares held at the beginning of the year (as on April 1, 2018) | | | | No. of Shares held at the end of the year (as on March 31, 2019) | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoter's** | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| **(1) Indian** | | | | | | | | | |
| a) Individual/ HUF | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | 0% |
| b) Central Govt | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | 0% |
| c) State Govt(s) | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | 0% |
| d) Bodies Corp. | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | 0% |
| e) Banks/FI | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | 0% |
| f) Any other | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | 0% |
| **Sub-Total (A) (1)** | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | 0% |
| **(2) Foreign** | | | | | | | | | |
| a) NRI - Individuals | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | 0% |
| b) Other - Individuals | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | 0% |
| c) Bodies Corp. | 11599819 | 0 | 11599819 | 98.24% | 11599819 | 0 | 11599819 | 98.24% | 0% |
| d) Banks/FI | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | 0% |
| e) Any other | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | 0% |
| **Sub-Total (A) (2)** | **11599819** | **0** | **11599819** | **98.24%** | **11599819** | **0** | **11599819** | **98.24%** | **0%** |
| **Total shareholding of Promoter (A) = (A)(1) + (A)(2)** | 11599819 | 0 | 11599819 | 98.24% | 11599819 | 0 | 11599819 | 98.24% | 0% |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | 25 | 0 | 25 | 0.00% | 25 | 0 | 25 | 0.00% | 0% |
| b) Banks/FI | 164 | 963 | 1127 | 0.01% | 164 | 963 | 1127 | 0.01% | 0% |
| c) Central Govt | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0% |
| d) State Govt(s) | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0% |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0% |
| f) Insurance Companies | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0% |
| g) FIIs | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0% |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0% |
| i) Others (specify) | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0% |
| **Sub-total (B) (1):-** | **189** | **963** | **1152** | **0.01%** | **189** | **963** | **1152** | **0.01%** | **0%** |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 6180 | 0 | 6180 | 0.05% | 5511 | 0 | 5511 | 0.05% | -0.01% |
| ii) Overseas | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0.00% | 0% |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 109183 | 87439 | 196622 | 1.67% | 118151 | 79283 | 197434 | 1.67% | 0.00% |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0.00% | 0% |

# ANNEXURE D TO THE DIRECTORS' REPORT

**FORM NO. MGT 9 - EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2019.**

*(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.)*

| Category of Shareholders | No. of Shares held at the beginning of the year (as on April 1, 2018) | | | | No. of Shares held at the end of the year (as on March 31, 2019) | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| c) Others (specify)<br>Non Resident Individuals | 4004 | 445 | 4449 | 0.04% | 3861 | 445 | 4306 | 0.04% | -0.02% |
| Non Domestic Company | | | | | | | | | |
| **Sub-total (B)(2):-** | **119367** | **87884** | **207251** | **1.76%** | **127523** | **79728** | **207251** | **1.75%** | **0%** |
| **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | **119556** | **88847** | **208403** | **1.77%** | **127712** | **80691** | **208403** | **1.76%** | **0%** |
| **C. Shares held by Custodian for GDRs & ADRs** | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0.00% | 0% |
| **Grand Total (A+B+C)** | **11719375** | **88847** | **11808222** | **100%** | **11727531** | **80691** | **11808222** | **100%** | **0%** |

### ii Shareholding of Promoters

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | |
| 1 | UNITED TECHNOLOGIES SOUTH ASIA PACIFIC PTE LTD | 11599819 | 98.24% | 0.00% | 11599819 | 98.24% | 0.00% | N.A. |
| | **TOTAL** | 11599819 | 98.24% | 0.00% | 11599819 | 98.24% | 0.00% | N.A. |

### iii Change in Promoters' Shareholding: Not Applicable since there was no change during the year

| Sl. No. I - NA | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company |
| At the beginning of the year | | - | - | - | - |
| Changes during the year | | | | | |
| **Increase** | | | | | |
| **Date** | **Reason for Increase** | | | | |
| -<br>-<br>-<br>- | -<br>-<br>-<br>- | -<br>-<br>-<br>- | -<br>-<br>-<br>- | -<br>-<br>-<br>- | -<br>-<br>-<br>- |
| **Decrease** | | | | | |
| **Date** | **Reason for Decrease** | | | | |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| At the End of the year | | - | - | - | - |

# ANNEXURE D TO THE DIRECTORS' REPORT

**FORM NO. MGT 9 - EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2019.**

*(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.)*

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

| Sl. No.: 1 For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Change in Shareholding (Number of Shares) | | Shareholding at the end of the year | |
|---|---|---|---|---|---|---|
| | No. of shares | % of total shares of the company | Increase | Decrease | No. of shares | % of total shares of the company |
| 1. Vinod Dadlani | 6570 | 0.06% | - | - | 6570 | 0.06% |
| 2. Sanjivnath P J | 0 | 0.00% | 2988 | 0 | 2988 | 0.03% |
| 3. RTG Share Broking Limited | 2988 | 0.03% | - | - | 2988 | 0.03% |
| 4 Arjan Thawardas Hathiramani | 2850 | 0.02% | - | - | 2850 | 0.02% |
| 5. Ashoke Dass | 2390 | 0.02% | - | - | 2390 | 0.02% |
| 6. Yunus Zia | 2300 | 0.02% | - | - | 2300 | 0.02% |
| 7. Mohammad Junaid Farooq | 2200 | 0.02% | - | - | 2200 | 0.02% |
| 8. Anjana Vasant Jhaveri | 2086 | 0.02% | - | - | 2086 | 0.02% |
| 09. Zainuddin Hatim Popat | 2030 | 0.02% | - | - | 2030 | 0.02% |
| 10. Harshad Ambalal Patel | 2014 | 0.02% | - | - | 2014 | 0.02% |

* The details of holding has been clubbed based on PAN.

# % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

**v Shareholding of Directors and Key Managerial Personnel: NIL**

| Sl. No.: I - NA | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company |
| At the beginning of the year | | - | - | - | - |
| Changes during the year | | | | | |
| **Increase** | | | | | |
| **Date** | **Reason for Increase** | | | | |
| -<br>-<br>-<br>- | -<br>-<br>-<br>- | -<br>-<br>-<br>- | -<br>-<br>-<br>- | -<br>-<br>-<br>- | -<br>-<br>-<br>- |
| **Decrease** | | | | | |
| **Date** | **Reason for Decrease** | | | | |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| At the End of the year | | - | - | - | - |

# ANNEXURE D TO THE DIRECTORS' REPORT

**FORM NO. MGT 9 - EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2019.**

*(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.)*

## V. INDEBTEDNESS

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

| Indebtedness at the beginning of the financial year | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtness |
|---|---|---|---|---|
| i) Principal Amount | 0 | 0 | 0 | 0 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accured but not due | 0 | 0 | 0 | 0 |
| **Total (i+ii+iii)** | 0 | 0 | 0 | 0 |
| **Change in Indebtedness during the financial year** | **Secured Loans excluding deposits** | **Unsecured Loans** | **Deposits** | **Total Indebtness** |
| * Addition | 0 | 0 | 0 | 0 |
| * Reduction | 0 | 0 | 0 | 0 |
| **Net Change** | 0 | 0 | 0 | 0 |
| **Change in Indebtedness during the financial year** | **Secured Loans excluding deposits** | **Unsecured Loans** | **Deposits** | **Total Indebtness** |
| i) Principal Amount | 0 | 0 | 0 | 0 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accured but not due | 0 | 0 | 0 | 0 |
| **Total (i+ii+iii)** | 0 | 0 | 0 | 0 |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in Rs.)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total Amount |
|---|---|---|---|---|
| | | Sebi Joseph Managing Director | Suma Puthan (WTD) | |
| 1 | Gross salary | 39,638,489 | | 39,638,489 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 33388888.84 | 16094694.24 | 49,483,583 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 6249600.01 | 0 | 6,249,600 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 0 | 0 | 0 |
| 2 | Stock Option | 46369082.63 | 1360631 | 47,729,714 |
| 3 | Sweat Equity | 0 | 0 | 0 |
| 4 | Commission | | | |
| | - as % of profit | 0 | 0 | 0 |
| | - others, specify | 0 | 0 | 0 |
| 5 | Others, please specify | 0 | 0 | 0 |
| | **Total (A)** | **8,60,07,571** | **17,455,325** | **143,101,386** |

# ANNEXURE D TO THE DIRECTORS' REPORT

**FORM NO. MGT 9 - EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2019.**

*(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.)*

B. Remuneration to other Directors: (Amount in Rs.)

| Sl. No. | Particulars of Remuneration | Name of Directors | | Total Amount |
|---|---|---|---|---|
| | | Mr. P.S.Dasgupta | Mr. Anil Vaish | |
| 1 | **Independent Directors** | | | |
| | Fee for attending board & committee meetings | 1,80,000 | 2,40,000 | 4,20,000 |
| | Commission | 7,50,000 | 7,50,000 | 15,00,000 |
| | Others, please specify | - | - | - |
| | Total (1) | 9,30,000 | 9,90,000 | 19,20,000 |
| 2 | **Other Non-Executive Directors** | | | |
| | Fee for attending board committee meetings | - | - | - |
| | Commission | - | - | - |
| | Others, please specify | - | - | - |
| | Total (2) | - | - | - |
| | Total (B)=(1+2) | 9,30,000 | 9,90,000 | **19,20,000** |
| | Total Managerial Remuneration | 9,30,000 | 9,90,000 | **19,20,000** |

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD (Amount in Rs.)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---|---|---|---|---|
| | | Harish Iyer Company Secretary | Bharat Nayak CFO | Total |
| 1 | Gross salary | 1675805.46 | 17150774.92 | 18826580.38 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1675805.46 | 16537574.92 | 18213380.38 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0 | 613200 | 613200 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 0 | 0 | 0 |
| 2 | Stock Option | 0 | 0 | 0 |
| 3 | Sweat Equity | 0 | 0 | 0 |
| 4 | Commission | | | |
| | - as % of profit | 0 | 0 | 0 |
| | - others, specify… | 0 | 0 | 0 |
| 5 | Others, please specify | 0 | 0 | 0 |
| | **Total** | **1675805.46** | **17150774.92** | **18826580.38** |

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Nil**

| Type | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/ Compounding fees imposed | Authority [RD/NCLT/COURT] | Appeal made, if any (give Details) |
|---|---|---|---|---|---|
| | | | **A. COMPANY** | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| | | | **B. DIRECTORS** | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| | | | **C. OTHER OFFICERS IN DEFAULT** | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

# ANNEXURE E TO THE DIRECTORS' REPORT

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2018-2019.**

**1.** A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Otis Elevator Company (India) Limited has been supporting charitable and social causes in the communities. In line with the requirements of Section 135 of the Companies Act, the Company has instituted a CSR Policy, duly approved by the Board. The policy highlights the key areas of focus for the Company. The present CSR initiatives focus is on promoting education a recognised activity mentioned in Schedule VII of the Companies Act, 2013.

The Company's CSR policy is available on the Company's website at http://www.otis.com/site/in/pages/CSR_Policy.aspx?menuID=6

**2. The Composition of CSR Committee**

Mr. Sebi Joseph – Chairman & Managing Director.
Mr. P.S Dasgupta – Independent Director
Ms. Suma P N – Director

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

INR 2,179,105,824

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**

INR 43,582,116

**5. Details of CSR spent during the Financial Year.**

(a) Total amount to be spent for the financial year: INR 43,582,116
(b) Total amount spent for the Financial Year: INR 43,582,116
(c) Amount unspent : Nil
(d) Manner in which the amount spent during the financial year is detailed below.

**6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:**

| Sr. No. | CSR Project / Activity | Sector in which the project is covered (Schedule VII) | Projects or program (1) Local area or other (2) Specify the State and District where projects or programs was undertaken | Amount outlay (budget) project or programs (in INR) | Amount Spent Sub-heads: 1. Direct expenditure on projects or programs | Cumulative expenditure up to the reporting period (in INR) | Amount spent: Direct or through Implementing Agency |
|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | Education Project "Shine" | Promoting Education | Trichur, Rourkela, Raipur, Pune, Pondicherry, Nagapattinam, Kolkatta, Jaipur, Hyderabad, Guwahati, Greenfields, Cochin, Chennai, Bhuj, Bhopal, Bawana, Bangalore, Alibaug. | 2,63,00,000 | Direct Expenditure | 86,52,286 | NGO - 'SOS Children's Villages of India' |
| 2 | Skilling Project | Promoting Education | Bangalore, Belgaum, Delhi, Ananthpur (AP) | 1,20,00,000 | Direct Expenditure | 27,43,286 | NGO- 'Samarthanam Trust for Disabled' |
| 3 | Education Project | Promoting Education | Tamil Nadu, Karnataka, Kerala, Telangana, Andhra Pradesh, West Bengal, Puducherry Union Territory | 52,82,116 | Direct Expenditure | 21,37,135 | NGO- 'Mother Teresa Charitable Trust' |
| | **TOTAL** | | | **43,582,116** | | **1,35,32,707** | |

Not Applicable

**7. A responsibility statement of CSR Committee that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company:**

The CSR Committee declares that the implementation and monitoring of our CSR Policy is in compliance with the CSR objectives and Policy of the Company. The projects have been considered and undertaken with the best of our intentions to contribute to the greater good of the society. In line with the requirements of the Companies Act, 2013 we have also instituted monitoring mechanisms to ensure the projects are implemented as planned.

**For and on behalf of the Board of Directors**

**Sebi Joseph**
(DIN: 05221403)
Managing Director & Chairman of CSR Committee

Place: Mumbai
Date: August 21, 2019

# ANNEXURE F TO THE DIRECTORS' REPORT

**FORM AOC-2**

*[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act,2013 and Rules 8(2) of the Companies (Accounts) Rules, 2014.]*

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

**1) Details of contracts or arrangements or transactions not at Arm's length basis: N.A.**

a) Name(s) of the related party & nature of relationship: N.A.
b) Nature of contracts/arrangements/transactions: N.A.
c) Duration of the contracts/arrangements/transactions: N.A.
d) Salient terms of the contracts or arrangements or transaction including the value, if any: N.A.
e) Justification for entering into such contracts or arrangements or transactions: N.A.
f) Date(s) of approval by the Board: N.A.
g) Amount paid as advances, if any: N.A.
h) Date on which the special resolution was passed in General meeting as required under first proviso to section 188: N.A.

**2) Details of material contracts or arrangements or transactions at arm's length basis: N.A.**

a) Name(s) of the related party & nature of relationship: N.A.
b) Nature of contracts/arrangements/transactions: N.A.
c) Duration of the contracts/arrangements/transactions: N.A.
d) Salient terms of the contracts or arrangements or transaction including the value, if any: N.A.
e) Date(s) of approval by the Board, if any: N.A.
f) Amount paid as advances, if any: N.A.

***** The transactions were entered into by the Company in its ordinary course of business & at arm's length basis. Materiality threshold is as prescribed in Rule 15(3) of the Companies (Meeting of Board and it Powers) Second amendment Rules, 2014.**

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| Place: Mumbai<br>Date : August 21, 2019 | **Sebi Joseph**<br>Managing Director<br>DIN 05221403 | **Suma P N**<br>Director<br>DIN 05350680 |

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF OTIS ELEVATOR COMPANY (INDIA) LIMITED

### Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Otis Elevator Company (India) Limited (“the Company”), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the 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 standalone financial statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, its profit (including other 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 SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 together with the ethical requirements that are relevant to our audit of the standalone 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.

### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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.

### Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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,

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF OTIS ELEVATOR COMPANY (INDIA) LIMITED**

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 adequate 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account ;

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act;

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act; and

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

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

i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements – Refer Note 46 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 23 and Note 24 to the standalone financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30

December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008
UDIN : 19116008AAAAAW1544

Place: Mumbai
Date: 21 August 2019

**Otis Elevator Company (India) Limited**

**Annexure A to the Independent Auditors' Report – 31 March 2019**

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, we report the following:

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

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

(c) According to the information and explanations given to us, we report that, the title deeds, of immovable properties comprising of freehold land and buildings as listed in Note 4 of the standalone financial statements, are held in the name of the Company.

(ii) As explained to us, the inventories have been physically verified (except for goods in-transit and stock with third parties) during the year by the management at reasonable intervals. For stock lying with third parties at the year-end, return confirmations have obtained by the management from the parties. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of accounts.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Act with respect to loans given and investments made. The Company has not provided any guarantees or security to the parties covered under Section 185 and 186 of the Act.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, value added tax, duty of customs, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities except for employees' state insurance, income tax, employees labour welfare fund and professional tax where there has been a delay in few instances and except for goods and services tax where there has been a significant delay in few instances,. As explained to us, the Company did not have any dues on account of sales tax, service tax and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, professional tax, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, employees labour welfare fund, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable except for employees' state insurance and goods and services tax as given below:

| Name of the statute | Nature of the dues | Amount (Rs in lacs) | Period to which the amount relates | Due date | Date of payment |
|---|---|---|---|---|---|
| Goods and Services tax Act, 2017 | Goods and Service Tax and Interest thereon | 215 | April 2018 to August 2018 | Various dates | 19 July 2019 |
| The Employees' State Insurance Act, 1948 | Employees' State Insurance | * | May 2018 to June 2018 | Various dates | 24 April 2019 |

*The amount is Rs. 29,567

Also, refer note 46 to the standalone financials statements.

(b) According to the information and explanations given to us, there are no dues of duty of customs and goods and service tax which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of income-tax, sales tax, service tax and value added tax have not been deposited as at 31 March 2019 by the Company on account of disputes:

| Name of the statute | Nature of the dues | Amount (Rs in lacs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| The Central Excise Act, 1944 | Excise duty liability | 1,331 | FY 1986-87<br>FY 1994-05 | The Supreme Court of India |
| The Central Excise Act, 1944 | Excise duty liability | 2,079 | FY 2000-01<br>FY 2003-04<br>FY 2004-05 | The Supreme Court of India |
| The Central Excise Act, 1944 | Excise duty liability | 53 | FY 1992-93 to FY 1995-96<br>FY 1997-98 to FY 1998-99<br>and FY 2008-09 to FY 2009-10 | Customs, Excise and Service Tax Appellate Tribunal, Mumbai |
| Finance Act 1994 (Service Tax) | Service Tax in dispute | 24,132 | FY 2007-08 to FY 2014-15 | Customs, Excise and Service Tax Apellate Tribunal, Mumbai |
| Sales Tax/ Value Added Tax - As per the statutes applicable in the following states - Goa, Haryana, Bihar, Jharkhand, Kerala, Maharashtra, Punjab, Rajasthan, West Bengal, Uttar Pradesh | Sales tax in dispute | 26,301 | FY 1995-96<br>FY 1998-99 to FY 2015-16 | Assessing Authorities and First Appellate Authorities of Various States |
| Sales Tax/ Value Added Tax - As per the statutes applicable in the following states - West Bengal and Uttar Pradesh | Sales tax in dispute | 2,748 | FY 2003-06<br>FY 2007-09<br>FY 2010-11 | Apellate Tribunal |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2019

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

(ix) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations give 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 of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as specified in Nidhi Rules, 2014. Accordingly, paragraph 3(xii) of the Order is 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 Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is 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 any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008
UDIN : 19116008AAAAAW1544

Place: Mumbai
Date: 21 August 2019

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Annexure B to the Independent Auditor's Report – 31 March 2019**
**(Referred to in our report of even date)**

**Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**Referred to in paragraph 1. (A) f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date**

**Opinion**

We have audited the internal financial controls with reference to financial statements of Otis Elevator Company (India) Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls 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 (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in 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 Companies Act, 2013 (hereinafter referred to as "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, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 controls 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls 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.

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008
UDIN : 19116008AAAAAW1544

Place: Mumbai
Date: 21 August 2019

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Standalone Balance Sheet as at March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| | Note | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 6,450 | 5,911 |
| Capital work-in-progress | 4 | 337 | 1,189 |
| Intangible assets | 4 | 1,224 | - |
| Investments | 5 | - | 144 |
| Financial assets | | | |
| (i) Loans | 6(a) | 30 | 10 |
| (ii) Trade receivables | 13(a) | 47 | 214 |
| (iii) Other financial assets | 7 | 665 | 751 |
| Deferred tax assets (net) | 8 | 11,975 | 11,465 |
| Non-current tax assets (net) | 9 | 6,557 | 7,014 |
| Other non-current assets | 10 | 7,242 | 6,733 |
| **Total non current assets** | | **34,527** | **33,431** |
| **Current assets** | | | |
| Inventories | 11 | 12,456 | 13,009 |
| Financial assets | | | |
| (i) Loans | 6(b) | 25,235 | 24,189 |
| (ii) Contract work-in-progress | 12 | 7,673 | 4,332 |
| (iii) Trade receivables | 13(b) | 33,039 | 29,743 |
| (iv) Cash and cash equivalents | 14 | 24,029 | 72,033 |
| (v) Bank balances other than (iv) above | 15 | 287 | 198 |
| (vi) Other financial assets | 16 | 3,389 | 2,147 |
| Other current assets | 17 | 1,737 | 5,726 |
| Assets held for sale | 4 | 10 | - |
| **Total current assets** | | **1,07,855** | **1,51,377** |
| **TOTAL ASSETS** | | **1,42,382** | **1,84,808** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity share capital | 18 | 1,181 | 1,181 |
| Other equity | 19 | 22,143 | 61,308 |
| **Total equity** | | **23,324** | **62,489** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Provisions | 20 | 15,245 | 13,986 |
| Other non-current liabilities | 21 | 1,367 | 1,134 |
| **Total non-current liabilities** | | **16,612** | **15,120** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Trade payables | 22 | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | 2 | 1 |
| (b) Total outstanding dues other than micro enterprises and small enterprises | | 35,483 | 31,118 |
| (ii) Other financial liabilities | 23 | 807 | 339 |
| Provisions | 24 | 6,185 | 9,484 |
| Employee benefit obligations | 25 | 3,907 | 3,331 |
| Liabilities for current tax (net) | 26 | 1,406 | 2,214 |
| Other current liabilities | 27 | 54,656 | 60,712 |
| **Total current liabilities** | | **1,02,446** | **1,07,199** |
| **Total liabilities** | | **1,19,058** | **1,22,319** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,42,382** | **1,84,808** |

The above Standalone Balance sheet should be read in conjunction with the accompanying notes.

In terms of our report of even date attached.

**For and on behalf of the Board of Directors of Otis Elevator Company (India) Limited**
CIN: U29150MH1953PLC009158

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008

Place: Mumbai
Date: August 21, 2019

**Sebi Joseph**
Managing Director
DIN 05221403

Place: Mumbai

**Suma P N**
Director
DIN 05350680

Place: Mumbai

**Bharat Nayak**
Chief Financial Officer
Membership No. 38710

Place: Mumbai
Date: August 21, 2019

**Harish Iyer**
Company Secretary
Membership No. 24491

Place: Perhentian Island, Malaysia

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Standalone Statement of Profit and Loss for the year ended March 31, 2019**

( All amounts are in Rupees in Lakhs, except otherwise as stated )

| | Note | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | 28 | 1,69,778 | 1,41,819 |
| Other income | 29 | 8,693 | 10,907 |
| **Total income** | | **1,78,471** | **1,52,726** |
| **Expenses** | | | |
| Cost of materials consumed | 30 | 81,972 | 59,729 |
| Changes in inventories of work-in-progress | 31 | 262 | 11 |
| Excise duty | | - | 627 |
| Employee benefits expense | 32 | 31,809 | 30,161 |
| Finance costs | 33 | 280 | 114 |
| Depreciation and amortisation expenses | 34 | 1,199 | 973 |
| Other expenses | 35 | 37,014 | 32,518 |
| **Total expenses** | | **1,52,536** | **1,24,133** |
| **Profit before tax** | | **25,935** | **28,593** |
| **Income tax expense** | | | |
| 1. Current tax | 43 | 9,850 | 9,500 |
| 2. Deferred tax | 43 | (486) | 916 |
| 3. Adjustment of tax for earlier years | | (762) | 310 |
| | | **8,602** | **10,726** |
| **Profit for the year** | | **17,333** | **17,867** |
| **Other comprehensive income** | | | |
| Items that will not be reclassified to Statement of Profit and Loss: | | | |
| Actuarial gains/(loss) arising from remeasurements of post-employment benefit obligations | | (116) | 528 |
| Deferred tax income/(expense) related to these items | | 41 | (185) |
| **Other comprehensive income for the year, net of tax** | | (75) | 343 |
| **Total comprehensive income for the year** | | **17,258** | **18,210** |
| Earnings per Equity Share - (Basic and Diluted) (Refer Note 36) [Nominal value of share Rs. 10 each] (Previous Year - Rs. 10 each) | | 146.79 | 151.31 |

The above Standalone Statement of Profit and Loss should be read in conjunction with the accompanying notes.

In terms of our report of even date attached.

**For and on behalf of the Board of Directors of Otis Elevator Company (India) Limited**
CIN: U29150MH1953PLC009158

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008

Place: Mumbai
Date: August 21, 2019

**Sebi Joseph**
Managing Director
DIN 05221403

Place: Mumbai

**Suma P N**
Director
DIN 05350680

Place: Mumbai

**Bharat Nayak**
Chief Financial Officer
Membership No. 38710

Place: Mumbai
Date: August 21, 2019

**Harish Iyer**
Company Secretary
Membership No. 24491

Place: Perhentian Island, Malaysia

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Standalone Statement of Cash flows for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| Cash flow from operating activities: | | |
| Profit Before Tax | 25,935 | 28,593 |
| **Adjustments for:** | | |
| Depreciation and amortisation expense | 1,199 | 973 |
| Provision for trade receivables and other financial assets | 3,333 | 1,800 |
| Provision for non-financial assets | - | 7 |
| Unrealised loss on fluctuation in foreign exchange (net) | (521) | 513 |
| Bad trade receivables and other financial assets written off | 85 | 900 |
| Interest expense on delayed payments of taxes | 203 | 61 |
| Interest on : | | |
| - Deposits with bank | (3,238) | (2,244) |
| - Income tax refund | (17) | (164) |
| - Loans to related parties | (2,645) | (6,515) |
| - Others | (2) | (22) |
| (Profit)/loss on sale/disposal of property, plant and equipment (net) | (150) | 70 |
| Provision for product upgradation | (360) | 131 |
| Provision for contingency/write back of provision for contingency (net) | 1,737 | (732) |
| Unwinding of interest on deposits/ retention money/employee loans | 77 | 53 |
| Share based payments to employees | 488 | 491 |
| Profit on sale of shares held in Associate Company Trio Elevators Co (India) Limited (Refer Note 41) | (286) | - |
| **Operating profit before working capital changes** | **25,838** | **23,915** |
| **Change in operating assets and liabilities** | | |
| (Increase)/decrease in trade receivables - current | (6,269) | 161 |
| Decrease/(increase) in trade receivables - non current assets | 168 | (167) |
| Decrease/(increase) in inventories | 553 | (2,647) |
| Increase in trade payables | 4,887 | 10,114 |
| Decrease/(increase) in other current financial assets | 273 | (74) |
| (Increase) in other non-current assets | (500) | (546) |
| Decrease/(increase) in other current assets | 4,006 | (4,248) |
| Increase/(decrease) in provisions (non-current) | 1,259 | (1,628) |
| (Decrease) in provisions (current) | (4,676) | (6,898) |
| Increase in employee benefit obligations (current) | 460 | 796 |
| Increase/(decrease) in other current financial liabilities | 381 | (232) |
| Increase in non-current liabilities | 233 | 107 |
| (Increase)/decrease in other non-current financial assets | (247) | 136 |
| (Decrease)/increase in other current liabilities | (6,660) | 6,501 |
| (Increase) in contract work-in-progress | (2,689) | (3,408) |
| **Operating profit after working capital changes** | **17,017** | **21,885** |
| Taxes paid (net) | (9,519) | (7,887) |
| **Net cash generated from operating activities (A)** | **7,498** | **13,998** |
| **Cash flow from investing activities** | | |
| Purchase of property, plant and equipment | (2,212) | (1,839) |
| Proceeds from sale of property, plant and equipment | 225 | 11 |
| Sale of investments | 430 | - |
| Loans given (net of repayment) | (1,066) | 48,898 |
| Interest received | 4,169 | 10,383 |
| (Increase) in other bank balances | (89) | (134) |
| **Net Cash flows generated from Investing Activities (B)** | **1,457** | **57,319** |
| **Cash flow from financing activities** | | |
| Dividend paid | (47,144) | (42,381) |
| Dividend distribution tax paid | (9,709) | (8,654) |
| Interest expense | (106) | - |
| **Net cash (utilised) for Financing Activities ( C )** | **(56,959)** | **(51,035)** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Standalone Statement of Cash flows for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **Net (decrease)/increase in Cash and Cash Equivalents (A+B+C)** | **(48,004)** | **20,282** |
| Cash and Cash Equivalents at the Beginning of the Year | 72,033 | 51,751 |
| **Cash and Cash Equivalents at the End of the Year** | **24,029** | **72,033** |
| **Cash and Cash Equivalents comprise :** | | |
| Bank Balances: | | |
| - In Current accounts | 3,896 | 3,564 |
| - In Demand Deposits | 20,133 | 68,469 |
| Cash on hand | * | * |
| | **24,029** | **72,033** |

**Notes:**

1 The above Standalone Statement of Cash flows has been prepared under "Indirect Method" set out in Accounting Standard (Ind AS) 7 on the Statement of Cash Flow as notified under Companies (Accounts) Rules, 2015.

2 The above Standalone Statement of Cash flows should be read in conjunction with the accompanying notes.

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

In terms of our report of even date attached.

**For and on behalf of the Board of Directors of Otis Elevator Company (India) Limited**
CIN: U29150MH1953PLC009158

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008

Place: Mumbai
Date: August 21, 2019

**Sebi Joseph**
Managing Director
DIN 05221403

Place: Mumbai

**Suma P N**
Director
DIN 05350680

Place: Mumbai

**Bharat Nayak**
Chief Financial Officer
Membership No. 38710

Place: Mumbai
Date: August 21, 2019

**Harish Iyer**
Company Secretary
Membership No. 24491

Place: Perhentian Island, Malaysia

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Standalone Statement of Changes in Equity (SOCIE) for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**A. Equity Share Capital** (Refer Note18)

| Particulars | Amount |
|---|---|
| **Balance as at March 31, 2017** | **1,181** |
| Changes in equity share capital | - |
| **Balance as at March 31, 2018** | **1,181** |
| Changes in equity share capital | - |
| **Balance as at March 31, 2019** | **1,181** |

**B. Other equity** (Refer Note19)

| Particulars | Reserve and Surplus | | | Other Equity | Total |
|---|---|---|---|---|---|
| | Capital redemption reserve | General reserve | Retained earnings | Equity contribution from Ultimate Parent-Share based payments | |
| **Balance as at April 1, 2017** | **73** | **1,759** | **91,214** | **725** | **93,771** |
| Profit for the year | - | - | 17,867 | - | **17,867** |
| Other comprehensive income | - | - | 343 | - | **343** |
| **Total comprehensive income for the year** | **-** | **-** | **18,210** | - | **18,210** |
| Dividends paid | - | - | (42,510) | - | **(42,510)** |
| Dividend distribution tax | - | - | (8,654) | - | **(8,654)** |
| Additions towards share based payments | - | - | - | 491 | **491** |
| **Balance as at March 31, 2018** | **73** | **1,759** | **58,260** | **1,216** | **61,308** |

| Particulars | Reserve and Surplus | | | Other Equity | Total |
|---|---|---|---|---|---|
| | Capital redemption reserve | General reserve | Retained earnings | Equity contribution from Ultimate Parent-Share based payments | |
| **Balance as at April 1, 2018** | **73** | **1,759** | **58,260** | **1,216** | **61,308** |
| Profit for the year | - | - | 17,333 | - | **17,333** |
| Other comprehensive income | - | - | (75) | - | **(75)** |
| **Total comprehensive income for the year** | **-** | **-** | **17,258** | **-** | **17,258** |
| Impact on adoption of Ind AS 115 (net of tax of Rs. 17 lakhs) | - | - | 31 | - | **31** |
| Dividends paid | - | - | (47,233) | - | **(47,233)** |
| Dividend distribution tax | - | - | (9,709) | - | **(9,709)** |
| Additions towards share based payments | - | - | - | 488 | **488** |
| **Balance as at March 31, 2019** | **73** | **1,759** | **18,607** | **1,704** | **22,143** |

The above Standalone Statement of Changes in Equity should be read in conjunction with the accompanying notes.

In terms of our report of even date attached.

**For and on behalf of the Board of Directors of**
**Otis Elevator Company (India) Limited**
CIN: U29150MH1953PLC009158

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008

Place: Mumbai
Date: August 21, 2019

**Sebi Joseph**
Managing Director
DIN 05221403

Place: Mumbai

**Suma P N**
Director
DIN 05350680

Place: Mumbai

**Bharat Nayak**
Chief Financial Officer
Membership No. 38710

Place: Mumbai
Date: August 21, 2019

**Harish Iyer**
Company Secretary
Membership No. 24491

Place: Perhentian Island, Malaysia

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

**1 Background of the Company**

Otis Elevator Company (India) Limited ("the Company") was incorporated on October 30, 1953 vide certificate of incorporation number U29150MH1953PLC009158 issued by the Registrar of Companies, Mumbai, Maharashtra. The Company is engaged inter-alia in the business of manufacture, erection, installation and maintenance of elevators, escalators and travolators.

The registered office and principal place of business of the Company is 9th Floor, Magnus Tower, Mindspace, Link Road, Malad (West), Mumbai - 400064.

**2 Basis of preparation**

**(a) Statement of compliance**

These Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the Section 133 of the Companies Act, 2013 (“the 2013 Act”) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, and the relevant provisions and amendments, as applicable.

These standalone financial statements were authorised for issue by the Company’s Board of Directors on August 21, 2019.

**(b) Historical cost convention**

These standalone financial statements have been prepared on the historical cost basis except for the following:
(i) Certain financial assets and liabilities (including derivative instruments) measured at fair value
(ii) Defined benefit plans - plan assets measured at fair value and
(iii) Share based payments

**(c) Use of estimates and judgments**

The preparation of the standalone 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. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

This note provides an overview of the areas that involved higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the standalone financial statements.
The areas involving critical estimates or judgments are:
(i) Estimation of total contract revenue and cost of revenue recognition (Refer Note 52)
(ii) Estimation of defined benefit obligations (Refer Notes 25 and 32)
(iii) Estimation of current tax expense and receivables/payables (Refer Notes 9, 26 and 43)
(iv) Impairment of Investments (Refer Note 5)
(v) Impairment of trade receivables and other receivables (Refer Notes 6(a), 6(b), 7, 10, 13(a), 13(b), 16 and 17)
(vi) Recognition and measurement of provisions and contingencies (Refer Notes 20 and 24)

**(d) Current vs non-current classification**

**Operating cycle**

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of business and the time between the supply of products/rendering of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities.

**3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these Standalone Ind AS financial statements, unless otherwise indicated.

**(a) Foreign currency translations**

**(i) <u>Functional and presentation currency</u>**

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The standalone financial statements are presented in Indian rupee (Rs.), which is Company’s functional and presentation currency.

**(ii) <u>Transactions and balances</u>**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate prevailing on that date. Foreign exchange gains and 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 rate are generally recognised in standalone statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

**(b) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(i) Financial assets**

A financial asset is (i) Cash; (ii) a contractual right to receive cash or another financial asset; to exchange financial assets or financial liabilities under potentially favorable conditions; (iii) or a contract that will or may be settled in the entity's own equity instruments and a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

**Recognition, measurement and classification**

A financial asset is recognised in the standalone balance sheet only when the Company becomes party to the contractual provisions to the instrument. All financial assets are measured initially at its fair value plus, in the case of a financial asset not at fair value through Profit and Loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs of financial assets carried at fair value through Profit and Loss are expensed to standalone statement of profit or loss.

The Company classifies its financial assets into a) financial assets measured at amortised cost, and b) financial assets measured at fair value (either through other comprehensive income or through Statement of Profit and Loss). Management determines the classification of its financial assets at the time of initial recognition or, where applicable, at the time of reclassification. The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

**(1) Financial assets measured at amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in standalone statement of profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

A financial asset is classified at amortised costs if it is held within a business model whose objective is to a) hold financial asset in order to collect contractual cash flows and b) the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using effective interest rate method (EIR). amortised cost is arrived at after taking into consideration any discount or fees or costs that are an integral part of the EIR. The amortization of such interests forms part of finance income in the standalone Statement of Profit and Loss. Any impairment loss arising from these assets are recognised in the standalone Statement of Profit and Loss.

**(2) Financial assets measured at fair value through other comprehensive income (FVTOCI)**

A financial asset is classified at fair value through other comprehensive income if it is held within a business model whose objective is to a) hold financial asset in order to collect contractual cash flows and for selling the financial assets and b) the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through Other Comprehensive Income (OCI), except for the recognition of impairment of gains or losses, interest revenue and foreign exchange gains and losses which are recognised in statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

**(3) Financial assets measured at fair value through profit and loss (FVTPL)**

Any asset which do not meet the criteria for classification as at amortised cost or as FVTOCI, is classified as FVTPL. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the Statement of Profit and Loss.

**(ii) Financial Liabilities**

A financial liability is (i) a contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial instruments under potentially unfavorable conditions; (ii) or a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of its own equity instruments; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

**Recognition, measurement and classification**

A financial liability is recognised in the balance sheet only when the Company becomes party to the contractual provisions to the instrument. Financial liabilities are classified as either held at a) fair value through profit or loss, or b) at amortised cost. Management determines the classification of its financial liabilities at the time of initial recognition or, where applicable, at the time of reclassification.

After initial measurement, such financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

**(iii) Equity instruments**

An equity instrument is any contract that evidences residual interests in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**(iv) De-recognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership is transferred. A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

**(v) Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets.

The Company follows 'simplified approach' permitted by Ind AS 109, Financial instruments, for recognition of impairment loss allowance on Trade Receivables which requires expected lifetime losses to be recognised from initial recognition of the receivables.

At the time of recognition of impairment loss on other financial assets, the Company determines that whether there has been a significant increase in the credit risk since its initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance/ reversal is recognised during the year as expense/ income in the Statement of Profit and Loss. In case of financial assets measured as at amortised cost, ECL is presented as an allowance. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount but is disclosed as net carrying amount.

**((vi) Derivatives**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value through Statement of Profit and Loss.

**(vii) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**(c) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost of components for service and repair inventories are computed on weighted average cost basis. Cost for components of elevators and Work-in-progress for components for elevators constructions includes materials, labour and manufacturing overheads and other costs incurred in bringing the inventories to their present location, and is determined using standard cost method that approximates actual cost.

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

**(d) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty (up to the applicable date), and net of sales taxes (up to the applicable date), Goods and Services Tax (GST) and taxes collected on behalf of the third parties. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Company has adopted Ind AS 115, Revenue from Contracts with Customers, with effect from 01 April 2018. The Company has elected the option of the modified retrospective approach. The Company has applied the following accounting policy for revenue recognition:

**Revenue from sale of contracts for supply and installation of elevators, escalators and trav-o-lators.**

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

**Step 1.** Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

## OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

**Step 2.** Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3.** Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4.** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5.** Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

**1.** The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

**2.** The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

**3.** The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

Any costs incurred that do not contribute to satisfying performance obligations are excluded from the Company's input methods of revenue recognition as the amounts are not reflective of our transferring control of the system to the customer. Significant judgment is required to evaluate assumptions related to the amount of net contract revenues, including the impact of any sales incentives, royalties, and other forms of variable consideration.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration to be earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

**Advances from customers, progress payments, amount due from and due to customers and retention money receivable.**

Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract.

Progress payments received are adjusted against amount receivable from customers in respect of the contract work performed.

Amounts due from contract customers represents the gross unbilled amount expected to be collected from customers for contract work performed till date. It is measured at cost plus margin recognised till date less progress billings and recognised losses when incurred.

Amounts due to contract customers represents the excess of progress billings over the revenue recognised (costs plus attributable margin) for the contract work performed till date.

Amounts retained by the customers until the satisfactory completion of the contracts are recognised as receivables.

Revenue from construction and repair contracts is recognised on Percentage of Completion Method with reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion of a contract is determined as the proportion that contract costs incurred for work performed up to the year end bear to the estimated total contract costs. However, provisions are made for the entire loss on a contract irrespective of the amount of work done.

When two or more revenue generating activities or deliverables are provided under a single arrangement, each deliverable is considered to be a separate unit of account and 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. Under contracts for supplies and installation, the Company provides free service/maintenance to its customers. The consideration received is allocated between the equipment sale and service relative to the fair value of free service offered. The fair value of the free service is deferred and recognised as revenue on pro-rata basis over the contract period.

Revenue from maintenance contracts is recognised on pro-rata basis over the contract period.

Revenue from the sale of raw materials and components, and sale of scrap are recognised when the significant risks and rewards of ownership of the goods have passed to the customer.

Price Adjustment Claims, if any, are recognised as income after considering reasonable certainty of collection.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

**(e) Other income**

Interest income from financial asset 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. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial asset (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Recoveries from Group Companies include recoveries towards common facilities/resources and other support provided to such parties which is recognised as per terms of agreement.

**(f) Property, plant and equipment**

**Recognition and measurement**

Freehold land is stated at cost. All other items of property, plant and equipment are measured at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**Depreciation methods, estimated useful lives and residual value**

Depreciation on tangible assets is provided on written down value method at the rates and in the manner prescribed under Schedule II of the Companies Act, 2013. Depreciation is provided on pro-rata basis with reference to the month of addition/installation/disposal of assets, except in case of assets costing Rs. 5,000 or less, which are depreciated fully in the year of acquisition. The Company has expensed all tangible assets equal to or below Rs. 150,000 post April 1, 2017 in the Statement of Profit and Loss account. The Company has estimated the useful lives of assets equivalent to the useful lives prescribed in Schedule II to the Companies Act, 2013 as below:

| Particulars | Useful lives |
|---|---|
| Buildings | 30 years |
| Plant and equipments | 15 years |
| Furniture and fixtures | 10 years |
| Electrical installations | 10 years |
| Computers | 3 years |
| Vehicles | 8 - 10 years |
| Office equipments | 5 years |

The residual values are not more than 5% of the original cost of the asset. Depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount.

Gains or losses arising from the retirement or disposal of a tangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Leaseholds improvements are amortised over the lease period on Straight line basis.

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Assets 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, are generally measured at the lower of their carrying amount and fair value less costs 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 they are no longer depreciated.

**(g) Intangible assets**

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Softwares purchased are amortised over a period of 5 years on straight line basis.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.
Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

**Research and Development:**
Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility and other criteria set out in Ind AS 38 – 'Intangible assets' have been established, in which case such expenditure is capitalized.

**Transition to Ind AS**
On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

**(h) Impairment of non-financial assets**
Non-Financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

**(i) Leases**
**Operating lease**
As a Lessee, lease in which significant portion of risks and rewards of ownership are not transferred to the Company are classified as operating lease.

Payments made under operating leases are charged to Statement of Profit and Loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**(j) Employee benefits**
**i) Short term obligation**
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Termination benefits are recognised as an expense as and when incurred.

**ii) Other long-term employee benefit obligations**
Compensated Absences

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**iii) Post employment obligations**
**a) Defined contribution plans**
A defined contribution plan is a post-employment plan under which an entity pays fixed contributions and will have no legal or constructive obligation to pay further amounts.

The Company contributes to Superannuation Fund, Employee's State Insurance Fund and Employees Deposit Linked Insurance scheme, and has no further obligation beyond making its contribution. The Company's contributions to the above funds are charged to the Statement of Profit and Loss.

**(b) Defined benefit plans**

Provident Fund
Contributions to Provident Fund and Employee's Pension Scheme 1995 are made to Trust administered by the Company. The Company's liability is actuarially determined (using the Project Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company, is additionally provided for.

Gratuity
The Company provide for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment of vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year.

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit or loss as past service cost.

**(iv) Termination Benefits**

Termination benefits in the nature of voluntary separation plan are recognised in the Statement of Profit and Loss as and when incurred.

**(v) Share based payments**

Share based compensation benefits are provided to employees by the Ultimate Parent Company without any cross charge.

The fair value of of options granted is recognised as an employee benefit expenses with a corresponding increase in equity as contribution from the parent. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

**(k) Income tax**

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

**Current tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Deferred tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(l) Provisions and contingent liabilities**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value, wherever company can estimate the time of settlement, of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The increase in the provisions due to passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with in the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

required to settle or a reliable estimate of the amount can not be made. Wherever the likelihood of outflow of resources is remote, no provision or disclosure as specified in Ind AS-37 - "Provision, contingent liabilities and contingent assets" is made.

**(m) Segment reporting**

The Chief Operational Decision Maker (CODM) monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM.

**(n) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(o) Cash and cash equivalents**

For the purpose of presentation in the Statement of Cash flows, Cash and cash equivalent comprise of cash/cheques on hand and at banks including short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, and bank overdrafts.

**(p) Investments**

Investments in subsidiary and associate are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiary/associate, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss. Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiary and associate at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., April 1, 2015.

**(q) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**(r) Measurement of fair value**

The Company measures certain financial instruments, such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as under, based on the lowest level input that is significant to the fair value measurement as a whole:
A. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
B. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
C. Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**(s) Borrowing cost**

Borrowing costs are interest and ancillary costs incurred in connection with the arrangement of borrowings. General and specific borrowing costs attributable to acquisition and construction of any qualifying asset (one that takes a substantial period of time to get ready for its designated use or sale) are capitalised until such time as the assets are substantially ready for their intended use or sale, and included as part of the cost of that asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All the other borrowing costs are recognised in the Statement of Profit and Loss within Finance costs of the period in which they are incurred.

**(t) Rounding of amounts**

All amounts disclosed in the Standalone financial statements and notes have been rounded off to the nearest Rupees in lakhs as per the requirement of Schedule III, unless otherwise stated.

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**4 Property, plant and equipment**

| Description | Gross Block | | | | | Accumulated Depreciation | | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at March 31, 2018 | Additions | Deductions | Assets held for sale | As at March 31, 2019 | As at March 31, 2018 | For the year | Deductions | Assets held for sale | As at March 31, 2019 | As at March 31, 2019 |
| Freehold land | 250 | - | - | - | 250 | - | - | - | - | - | 250 |
| Buildings | 4,442 | 810 | 4 | 21 | 5,227 | 1,175 | 355 | 1 | 11 | **1,518** | 3,709 |
| Leasehold improvements | 467 | 27 | - | - | 494 | 400 | 60 | - | - | **460** | 34 |
| Plant and equipment | 3,471 | 681 | 153 | - | 3,999 | 1,415 | 465 | 83 | - | **1,797** | 2,202 |
| Furniture and fittings | 173 | - | - | - | 173 | 102 | 19 | - | - | **121** | 52 |
| Electrical installations | 294 | - | - | - | 294 | 172 | 30 | - | - | **202** | 92 |
| Computers | 70 | 45 | 8 | - | 107 | 54 | 18 | 6 | - | **66** | 41 |
| Vehicles | 19 | - | * | - | 19 | 10 | 2 | * | - | **12** | 7 |
| Office equipments | 237 | 45 | 5 | - | 277 | 184 | 35 | 5 | - | **214** | 63 |
| **Total** | **9,423** | **1,608** | **170** | **21** | **10,840** | **3,512** | **984** | **95** | **11** | **4,390** | **6,450** |
| | | | | | | | | | | | |
| **Capital work-in-progress** | **775** | **1,170** | **1,608** | - | **337** | - | - | - | - | - | **337** |

| Description | Gross Block | | | | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at March 31, 2017 | Additions | Deductions | As at March 31, 2018 | As at March 31, 2017 | For the year | Deductions | As at March 31, 2018 | As at March 31, 2018 |
| Freehold land | 250 | - | - | 250 | - | - | - | - | 250 |
| Buildings | 4,445 | - | 3 | 4,442 | 828 | 348 | 1 | 1,175 | 3,267 |
| Leasehold improvements | 461 | 25 | 19 | 467 | 359 | 59 | 18 | 400 | 67 |
| Plant and equipments | 2,983 | 587 | 99 | 3,471 | 1,015 | 445 | 45 | 1,415 | 2,056 |
| Furniture and fittings | 172 | 13 | 12 | 173 | 85 | 25 | 8 | 102 | 71 |
| Electrical installations | 297 | - | 3 | 294 | 132 | 41 | 1 | 172 | 122 |
| Computers | 79 | 2 | 11 | 70 | 47 | 10 | 3 | 54 | 16 |
| Vehicles | 38 | - | 19 | 19 | 16 | 5 | 11 | 10 | 9 |
| Office equipments | 235 | 8 | 6 | 237 | 147 | 40 | 4 | 183 | 53 |
| **Total** | **8,960** | **635** | **172** | **9,423** | **2,629** | **973** | **91** | **3,511** | **5,912** |
| | | | | | | | | | |
| **Capital work-in-progress** | **26** | **1,384** | **635** | **775** | - | - | - | - | **775** |

**Intangible assets**

| Description | Gross Block | | | | Accumulated Amortisation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2018 | Additions | Deductions | As at March 31, 2019 | As at April 1, 2018 | For the year | Deductions | As at March 31, 2019 | As at March 31, 2019 |
| Software | - | 1,439 | - | **1,439** | - | 215 | - | 215 | **1,224** |
| | - | **1,439** | - | **1,439** | - | **215** | - | **215** | **1,224** |
| **Capital work-in-progress** | **414** | **1,025** | **1,439** | - | - | - | - | - | - |

| Description | Gross Block | | | | Accumulated Amortisation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2017 | Additions | Deductions | As at March 31, 2018 | As at April 1, 2017 | For the year | Deductions | As at March 31, 2018 | As at March 31, 2018 |
| Software | | | | - | | | | - | - |
| | | | | | | | | | |
| **Capital work-in-progress** | - | **414** | - | **414** | - | - | - | **414** | - |

**Note:**

The Company has availed the deemed cost exemption in relation to the property plant and equipment and intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

* Amounts are below rounding off norms adopted by the Company.

**Assets classified as held for sale**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Building | 10 | - |
| | **10** | **-** |

In August 2018, the Company have decided to sell the Godown No. 12 & 13 and garage no. 1 located at Seeta Mahal Co-op Housing Society Limited, Mumbai 400 026 and office premises located at Sarvodaya Industrial Premises Co-operative Society Limited, Andheri (East).

Mumbai 400 093 in the Board meeting held on 8th August, 2018. Accordingly, the net book value of building apportionment thereto has been classified as assets held for sale.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

| 5 Non-current investments (carried at cost) | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unquoted:** | | |
| Subsidiary Company: | | |
| 268,700 Equity Shares (Previous Year 268,700) of Rs. 100 each fully paid-up in Supriya Elevator Company (India) Limited | 564 | 564 |
| Less: Provision for impairment | (564) | (564) |
| | - | - |
| Associate Company: | | |
| NIL Equity Shares (Previous Year 288,550) of Rs. 10 each fully paid up in Trio Elevators Co (India) Limited | - | 144 |
| **TOTAL** | - | 144 |
| Aggregate book value of gross unquoted investments | 564 | 708 |
| Aggregate book value of net unquoted investments | - | 144 |
| Aggregate amount of impairment in value of investments | 564 | 564 |

**Note:**
During the previous year, pursuant to the Board of Directors resolution dated August 27, 2018 and Share Purchase Agreement dated August 27, 2018, the Company has sold 288,550 equity shares of Rs. 10 each representing remaining 19.90% shareholding in its Associate Company, Trio Elevators Co (India) Limited for a consideration of Rs. 430 lakhs.

| 6(a) Loans - Non-current | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured, considered good:** | | |
| Loans to employees | 30 | 10 |
| | **30** | **10** |

| 6(b) Loans - Current | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured, considered good:** | | |
| Loans to related parties | | |
| Chubb Alba Control Systems Limited | 19,197 | 20,986 |
| Carrier Race Technologies Private Limited | 3,700 | 3,150 |
| United Technologies Corporation India Private Limited | 2,300 | - |
| Loans to employees | 38 | 53 |
| | **25,235** | **24,189** |

**Details of Loans to Related Parties**

| Particulars | As at March 31, 2019 | Purpose | Rate of interest % | Repayable on or before |
|---|---|---|---|---|
| Chubb Alba Control Systems Limited | 19,197 | Project financing and working capital | 11.25 | July 31, 2019 |
| | **19,197** | | | |
| Carrier Race Technologies Private Limited | 3,150 | Working capital | 11.25 | May 14, 2019 |
| | 550 | Working capital | 11.25 | May 14, 2019 |
| | **3,700** | | | |
| United Technologies Corporation India Private Limited | 2,300 | Project financing and working capital | 11.25 | October 11, 2019 |
| | **2,300** | | | |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

**Details of Loans to Related Parties**

| Particulars | As at March 31, 2018 | Purpose | Rate of interest % | Repayable on or before |
|---|---|---|---|---|
| Chubb Alba Control Systems Limited | 20,986 | Project financing and working capital | 11.25 | May 19, 2018 |
| | **20,986** | | | |
| Carrier Race Technologies Private Limited | 3,150 | Working capital | 12.50 | July 30, 2018 |
| | **3,150** | | | |

| 7 | **Other financial assets (Non - current)** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|
| | **Unsecured, considered good** | | |
| | Security deposits | 665 | 751 |
| | **Unsecured, considered doubtful** | | |
| | Receivable from related parties: | | |
| | Supriya Elevator Company (India) Limited | 598 | 253 |
| | Less: Provision for expected credit loss | (598) | (253) |
| | | - | - |
| | Security deposits | 98 | 110 |
| | Less: Provision for expected credit loss | (98) | (110) |
| | | - | - |
| | | **665** | **751** |

| 8 | **Deferred tax assets (net)** (Refer Note 43D) | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|
| | **Deferred Tax Assets** | | |
| | Provision for expected credit loss | 3,246 | 2,626 |
| | Provision for compensated absences and gratuity | 1,366 | 1,164 |
| | Voluntary separation plan | - | 75 |
| | Provision for product upgradation | 73 | 463 |
| | Provision for impairment | 197 | - |
| | Disallowances under Section 40(a) of the Income tax Act, 1961 | 136 | 136 |
| | Depreciation/amortisation | 95 | 208 |
| | Provision for contingency | 5,325 | 4,886 |
| | Mark to market adjustment on derivative contracts | 130 | - |
| | Provision for foreseeable losses on contracts | 1,407 | 1,930 |
| | | 11,975 | 11,488 |
| | **Deferred tax liabilities** | | |
| | Mark to market adjustment on derivative contracts | - | 23 |
| | | - | 23 |
| | **Deferred tax asset (net)** | **11,975** | **11,465** |

| 9 | **Non-current tax assets (net)** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|
| | Advance income tax | 29,024 | 53,168 |
| | Provision for tax | (22,467) | (46,154) |
| | | **6,557** | **7,014** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

| 10 Other non-current assets | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured, considered good** | | |
| Capital advance | 39 | 23 |
| Prepaid expenses | 68 | 77 |
| Balances with Government Authorities | 7,135 | 6,600 |
| Advance to employees | - | 33 |
| **Unsecured, considered doubtful** | | |
| Balances with Government Authorities | 1,107 | 1,099 |
| Less: Impairment loss allowance | (1,107) | (1,099) |
| | - | - |
| | **7,242** | **6,733** |

**11 Inventories (at lower of cost or net realisable value)**

| | | |
|---|---|---|
| Raw materials: | | |
| Components [including Components In-transit Rs. 5,204 lakhs (Previous year Rs. 6,814 lakhs)] | 12,456 | 12,747 |
| Work-in-progress for components for Elevators Constructions | - | 262 |
| | **12,456** | **13,009** |

During the year, the Company has written down inventories by Rs. 61 lakhs (Previous Year Rs. 20 lakhs) in respect of provision for slow moving and obsolete items. These are recognised as an expense during the year.

**Details of inventory**

Following the industry pattern, the Company considers an Elevator as produced when total components comprising complete elevators are dispatched from the Shipping department. Accordingly, there is no closing stock of goods produced as of March 31, 2019 and March 31, 2018.

| 12 Contract Work-In-Progress [Refer Note 28] | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Progress work | 40,791 | 25,479 |
| Less: Aggregate amount of progress billings | 33,118 | 21,147 |
| | **7,673** | **4,332** |

| 13(a) Trade receivables - non current (Unsecured) | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Receivables considered good | 47 | 214 |
| | **47** | **214** |

| 13(b) Trade receivables - current (Unsecured) | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Receivables considered good * | 33,039 | 29,743 |
| Receivables with significant increase in credit risk | 6,898 | 5,823 |
| | 39,937 | 35,566 |
| Less: Provision for expected credit loss | (6,898) | (5,823) |
| | **33,039** | **29,743** |

* This includes amount receivable from related parties Rs. 28 lakhs (Previous Year Rs. 127 lakhs). (Refer Note 44).

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 42

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **14** | **Cash and cash equivalents** | | |
| | Balances with banks | | |
| | - In Current accounts | 3,896 | 3,564 |
| | - Deposits with original maturity of less than three months | 20,133 | 68,469 |
| | Cash on hand | - | # |
| | | **24,029** | **72,033** |

# Amount is below rounding off norms adopted by the Company.

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **15** | **Bank balances other than above** | | |
| | Unpaid dividend accounts | 265 | 177 |
| | Deposit with banks [towards security deposit against sales tax and other matters] | 22 | 21 |
| | | **287** | **198** |

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **16** | **Other financial assets** | | |
| | **Receivables from related parties** (Refer Note 44) | | |
| | Interest accrued on loans | | |
| | Chubb Alba Control Systems Limited | 1,947 | 344 |
| | Carrier Race Technologies Private Limited | 640 | 316 |
| | | 2,587 | 660 |
| | Other receivables | 225 | 345 |
| | **Other receivables - Unsecured considered good** | | |
| | Deposits - Others | 427 | 590 |
| | Interest accrued on fixed deposits | 129 | 340 |
| | Other receivables | - | 139 |
| | Derivative not designated as hedges | | |
| | - Foreign exchange forward contracts | 21 | 73 |
| | **Unsecured considered doubtful** | | |
| | Security deposits - Others | 580 | 456 |
| | Less: Impairment loss allowance | (580) | (456) |
| | | - | - |
| | Interest accrued on loan to subsidiary | 10 | 10 |
| | Less: Impairment loss allowance | (10) | (10) |
| | | - | - |
| | | **3,389** | **2,147** |

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **17** | **Other current assets** | | |
| | Prepaid expenses | 643 | 442 |
| | Advance to suppliers | 857 | 1,233 |
| | Less: Impairment loss allowance | - | (17) |
| | | 857 | 1,216 |
| | Balances with Government Authorities | 237 | 4,068 |
| | | **1,737** | **5,726** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

| 18 Equity share capital | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Authorised** | | |
| 15,000,000 (Previous Year 15,000,000) equity shares of Rs. 10 each | 1,500 | 1,500 |
| **Issued, subscribed and paid-up** | | |
| 11,808,222 (Previous Year 11,808,222) equity shares of Rs. 10 each fully paid-up | 1,181 | 1,181 |
| | **1,181** | **1,181** |

**(a) Reconciliation of the shares outstanding at the begining and at the end of the reporting period**

| Particular | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| Balance as at the beginning of the year | 11,808,222 | 1,181 | 11,808,222 | 1,181 |
| Additions/deletions during the year | - | - | - | - |
| **Balance as at the end of the year** | **11,808,222** | **1,181** | 11,808,222 | 1,181 |

**(b)** The Company has one class of equity shares having a par value of Rs. 10 per equity share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim Dividend. 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.

| (c) Shares held by the holding company of the Company | Relationship | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| 11,599,819 (Previous Year 11,599,819) equity shares are held by United Technologies South Asia Pacific Pte. Ltd. | Holding Company | 1,160 | 1,160 |
| | | **1,160** | **1,160** |

**(d) List of shareholders holding more than 5% shares as at the Balance Sheet date:**

| Name of the Shareholders | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Number of shares | % holding | Number of shares | % holding |
| United Technologies South Asia Pacific Pte. Ltd. | 11,599,819 | 98.24% | 11,599,819 | 98.24% |

**19 Other equity**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Capital redemption reserve | 73 | 73 |
| General reserve | 1,759 | 1,759 |
| Retained earnings | 18,607 | 58,260 |
| ESOP reserve - contribution from parent | 1,704 | 1,216 |
| | **22,143** | **61,308** |
| **a. Capital redemption reserve** | | |
| Balance as at the beginning of the year | 73 | 73 |
| Closing balance | **73** | **73** |
| **b. General reserve** | | |
| Balance as at the beginning of the year | 1,759 | 1,759 |
| Closing balance | **1,759** | **1,759** |
| **c. Retained earnings** | | |
| Balance as at the beginning of the year | 58,260 | 91,214 |
| Add: Profit for the year | 17,333 | 17,867 |
| Items of other comprehensive income recognised directly in retained earnings | | |
| - Re-measurements of post employment benefit obligation (net of tax) | (75) | 343 |
| Impact on adoption of Ind AS 115 (net of tax of Rs. 17 lakhs) | 31 | - |
| Less: Appropriations | | |
| - Dividend | 47,233 | 42,510 |
| - Dividend distribution tax | 9,709 | 8,654 |
| | **18,607** | **58,260** |
| **d. Employees Share Option Plan (ESOP) reserve** | | |
| Balance as at the beginning of the year | 1,216 | 725 |
| Add: Additions during the year (Refer Note 50) | 488 | 491 |
| Closing balance | **1,704** | **1,216** |
| | **22,143** | **61,308** |

**Nature and purpose of reserves**

**a. Capital redemption reseve**
Capital redemption reserve represents reserves created upon buy back of equity shares in earlier years, pursuant to the requirements of the Companies Act, 1956.

**b. General reserve**
General reserve represents appropriation of retained earnings and are available for distribution to shareholders.

**c. Retained earnings**
Retained earnigns are the profits that the Company has earned till date.

**d. Employees Share Option Plan (ESOP) reserve**
The ESOP reserve is used to recognise the grant date fair value of shared based options issued to employees by the ultimate parent company. Refer note 50 for details.

**e. Dividend (Refer Note 47)**

**20 Provisions - Non-current**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Other provisions | | |
| Provision for Contingency | 15,245 | 13,986 |
| | **15,245** | **13,986** |

**Provision for contingency**
Provision for Contingency represents estimates made for probable liabilities arising out of pending matters with various tax authorities. Outflow with regard to the said matters depends on exhaustion of remedies available to the Company under the law and hence, the Company is not able to reasonably ascertain the time of outflow.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

**Provision for Product Upgradation:**
Provision for product upgradation includes free product upgrade to be provided to the customers to enhance safety, quality and maintenance of elevators. The amount is determined based on the estimated cost of material and labour to be incurred on the affected units.

**Movement in provisions**

| Particulars | As at March 31, 2019 | | | As at March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Provision for product upgradation | Provision for contingency | Provision for unforseen losses on contracts | Provision for product upgradation | Provision for contingency | Provision for unforseen losses on contracts |
| **Opening balance** | 1,323 | 13,986 | 8,161 | 2,042 | 14,760 | 15,796 |
| Provision made during the year | 271 | 1,807 | 2,791 | 171 | 1,418 | 3,346 |
| Provision used during the year | (755) | (478) | - | (850) | (42) | - |
| Unwinding of discount | - | - | - | (40) | - | - |
| Provision reversals/written back during the year | (631) | (70) | (4,975) | - | (2,150) | (10,981) |
| **Closing balance** | **208** | **15,245** | **5,977** | **1,323** | **13,986** | **8,161** |

| 21 Other non-current liabilities | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Advance service and maintenance billing | 1,367 | 1,134 |
| | **1,367** | **1,134** |

| 22 Trade payables | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Trade payables to related parties (Refer Note 44) | 15,089 | 15,299 |
| **Trade Payables - Others** | | |
| - Total outstanding dues of micro enterprises and small enterprises (Refer Note 45) | 2 | 1 |
| - Total outstanding dues other than micro enterprises and small enterprises | 20,394 | 15,819 |
| | **35,485** | **31,119** |

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 42

| 23 Other financial liabilities | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Current** | | |
| Capital creditors | 155 | 156 |
| Unpaid dividends | 265 | 177 |
| Derivative not designated as hedges | | |
| - Foreign exchange forward contracts | 387 | 6 |
| | **807** | **339** |

| 24 Provisions - Current | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Provision for foreseeable losses on contracts (Refer Note 20) | 5,977 | 8,161 |
| Provision for product upgradation (Refer Notes 20) | 1,323 | 1,323 |
| | **6,185** | **9,484** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **25** | **Employee benefit obligations** [Refer Notes 32] | | |
| | **Current provisions for employee benefits:** | | |
| | Provision for gratuity | 638 | 313 |
| | Provision for compensated absences | 3,269 | 3,018 |
| | | **3,907** | **3,331** |

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **26** | **Liabilities for current tax (Net)** | | |
| | Provision for tax | 18,596 | 13,854 |
| | Advance tax | (17,190) | (11,640) |
| | **Provision for tax (Net of advance tax)** | **1,406** | **2,214** |

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **27** | **Other current liabilities** | | |
| | Advances from customers | 6,726 | 7,698 |
| | Advance service and maintenance billing | 9,534 | 7,584 |
| | Statutory liabilities * | 2,611 | 4,212 |
| | Invoices raised in respect of Incomplete Contracts | 1,61,621 | 1,42,413 |
| | Less: Adjusted against aggregated amount of cost incurred and recognised profits (less recognised losses) | 1,26,939 | 1,01,991 |
| | | 34,682 | 40,422 |
| | Deferred Revenue for elevator contracts towards service and maintenance | 1,103 | 796 |
| | | **54,656** | **60,712** |

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| * | **Statutory liabilities includes below break up:** | | |
| | Goods and Service Tax | 1,680 | 3,357 |
| | Sales and Service tax, Tax deducted and tax collected at source | 665 | 513 |
| | Provident fund and family pension scheme | 230 | 311 |
| | Employees state insurance | 9 | 9 |
| | Others (Labour Welfare Fund and Profession Tax) | 27 | 22 |
| | | **2,611** | **4,212** |

| | | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| **28** | **Revenue from operations** | | |
| | Contract Revenue: | | |
| | Contracts for supply and installation of elevators, escalators and trav-o-lators | 1,03,187 | 81,811 |
| | Income from repairs | 9,330 | 7,657 |
| | Income from maintenance services | 56,658 | 51,851 |
| | Other operating revenues: | | |
| | Sale of raw materials and components | - | 12 |
| | Sale of scrap | 603 | 488 |
| | | **1,69,778** | **141,819** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| 29 | Other income | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| | Interest income: | | |
| | - Deposits with banks | 3,238 | 2,244 |
| | - Income tax refund | 17 | 164 |
| | - Loans to related parties (Refer note 44) | 2,645 | 6,515 |
| | - Others | 2 | 22 |
| | Provision for contingency no longer required written back (net) (Refer note 20) | - | 732 |
| | Liabilities no longer required written back | 805 | - |
| | Recoveries of expenses from related parties | 177 | 563 |
| | Provision for product upgradation no longer required written back (net) (Refer notes 20 and 24) | 360 | - |
| | Bad debts recovery | 27 | 151 |
| | Profit on sale of shares in Trio Elevators (Associate Company) | 286 | - |
| | Profit on sale/disposal of property, plant and equipment | 150 | - |
| | Debts recovered | 203 | - |
| | Sales tax refund | 482 | - |
| | Others | 301 | 516 |
| | | **8,693** | **10,907** |

| 30 | Cost of material consumed | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| | Opening stock of components | 12,747 | 10,089 |
| | Add: Purchases of components | 81,681 | 62,387 |
| | Less: Closing stock of components | 12,456 | 12,747 |
| | | **81,972** | **59,729** |

| 31 | Changes in inventories of work-in-progress | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| | Opening stock | | |
| | Components for Elevators Constructions | 262 | 273 |
| | | **262** | **273** |
| | Less: Closing stock | | |
| | Components for Elevators Constructions | - | 262 |
| | | - | 262 |
| | | **262** | **11** |

| 32 | Employee benefit expenses | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| | Salaries, wages, allowances, bonus and benefits (net) | 27,851 | 26,105 |
| | Contribution to Provident and Family Pension Scheme | 1,447 | 1,441 |
| | Contribution to Superannuation Scheme | 167 | 175 |
| | Contribution to Gratuity Fund | 628 | 604 |
| | Contribution to Employees' State Insurance and Employees' Deposit Linked Insurance Scheme | 79 | 48 |
| | Share-based payment to employees (Refer Note 50) | 488 | 491 |
| | Workmen and staff welfare expenses | 1,149 | 1,297 |
| | | **31,809** | **30,161** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

**I Defined Contribution Plans**

a. Superannuation Fund
b. State Defined Contribution Plans
- Employers' Contribution to Employees State Insurance

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Amount recognised in the Statement of Profit and Loss | | |
| (i) Employers' Contribution to Superannuation | 167 | 175 |
| (ii) Employers' Contribution to Employees State Insurance and Employees' Deposit Linked Insurance Scheme | 79 | 48 |
| | **246** | **223** |

**II Defined Benefit Plans**

**i) Gratuity**

**A)** The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

| Particulars | Present Value of Obligation | Fair Value of Plan Assets | Net defined benefit (asset)/liability |
|---|---|---|---|
| **Balance as on March 31, 2018** | 9,547 | 9,234 | 313 |
| Interest cost/income | 722 | 698 | 24 |
| Current service cost | 604 | - | 604 |
| **Total amount recognised in the Statement of Profit and Loss** | **1,326** | **698** | **628** |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | 13 | - | 13 |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | (513) | - | (153) |
| Actuarial Gain/(Loss) on plan assets | - | (256) | 256 |
| **Total amount recognised in other comprehensive income** | **(140)** | **(256)** | **116** |
| Contributions by employer | - | 419 | (419) |
| Benefit Paid | (567) | (567) | - |
| **Balance as on March 31, 2019** | **10,166** | **9,528** | **638** |

| Particulars | Present Value of Obligation | Fair Value of Plan Assets | Net defined benefit (asset)/liability |
|---|---|---|---|
| **Balance as on March 31, 2017** | 8,872 | 8,483 | 389 |
| Interest cost/income | 631 | 603 | 28 |
| Current service cost | 576 | - | 576 |
| **Total amount recognised in the Statement of Profit and Loss** | **1,207** | **603** | **604** |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | (274) | - | (274) |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | 27 | - | 27 |
| Actuarial Gain/(Loss) on plan assets | - | 281 | (281) |
| **Total amount recognised in other comprehensive income** | **(247)** | **281** | **(528)** |
| Contributions by employer | - | 152 | (152) |
| Benefit Paid | (285) | (285) | - |
| **Balance as on March 31, 2018** | **9,547** | **9,234** | **313** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**B)** The net liability disclosed above relates to funded and unfunded plans as below:

| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Present Value of funded obligation as at the year end | (10,166) | (9,547) |
| Fair Value of Plan Assets as at the year end | 9,528 | 9,234 |
| **Funded Status** | **(638)** | **(313)** |
| **Unfunded Net Liability recognised in Balance Sheet** | **(638)** | **(313)** |

**C)** Amount recognised in the Balance Sheet

| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Present Value of obligation at the end of the year | (10,166) | (9,547) |
| Fair value of plan assets at the end of the year | 9,528 | 9,234 |
| Liability recognised in the Balance Sheet | **(638)** | **(313)** |

**D)** Actuarial assumptions

Valuation in respect of Gratuity has been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions:

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Discount rate (per annum) | 7.54% | 7.56% |
| Rate of increase in Salary | 10.00% | 10.00% |
| Rate of Return on Plan Assets | 7.54% | 7.56% |

- The discount rates reflects the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligation.

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

**E)** Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

**Impact on defined benefit obligation of Gratuity**

| | **As at March 31, 2019** | | **As at March 31, 2018** | |
|---|---|---|---|---|
| | **Increase in rate** | **Decrease in rate** | **Increase in rate** | **Decrease in rate** |
| Discount Rate (0.5 % movement) | (314) | 335 | (293) | 312 |
| Compensation levels (0.5 % movement) | 325 | (308) | 304 | (288) |
| Employee turnover (0.5 % movement) | (53) | 56 | (49) | 51 |

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared to the previous year.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**F)** The major categories of plan assets for gratuity are as follows:

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| **Debts Instruments:** | | | | |
| Central Government Securities | - | - | 56 | 1 |
| State Government Securities | 102 | 1 | 102 | 1 |
| Corporate Bonds | 266 | 3 | 572 | 6 |
| | | | | |
| **Investment Funds:** | | | | |
| Insurance managed funds | 8,399 | 88 | 8,178 | 88 |
| | | | | |
| **Others:** | | | | |
| Cash and cash equivalents (Net) | 761 | 8 | 326 | 4 |
| **Total** | **9,528** | **100** | **9,234** | **100** |

**G)**

| Recognised under: | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Non-current employee benefit obligations | - | - |
| Current employee benefit obligations [Refer Note 25] | 638 | 313 |

**H)**

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Expected gratuity contribution for the next year | 1,019 | 917 |

**I) Defined benefit liability and employer contributions**

The weighted average duration of the defined benefit obligation is 8 years (March 31, 2018 – 8 years). The expected maturity analysis of undiscounted gratuity is as follows:

| Particulars | Less than a year | Between 2 - 5 years | Over 5 years | Total |
|---|---|---|---|---|
| **March 31, 2019** | | | | |
| Defined benefit obligation (gratuity) | 1,208 | 3,981 | 13,993 | 19.182 |
| **March 31, 2018** | | | | |
| Defined benefit obligation (gratuity) | 1,238 | 3,379 | 13,304 | 17,921 |

**J) Risk exposure**

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**i) Asset Volatility**

The plan liabilities are calculated using a discount rate set with reference to market yield of Government securities as at the Balance Sheet date; if plan asset underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grade and in Government of India securities, Group Gratuity Scheme of Life Insurance Corporation of India, Public Sector Undertaking Bonds, Special Deposit Scheme and Other Securities. These are subject to interest rate risk and the funds manages interest rate risk. The group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The management intends to maintain the above investment mix in the continuing years.

**Changes in yields**

A decrease in yields of plan assets will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's holdings.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**ii) Provident Fund**

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at March 31, 2019 and March 31, 2018 respectively.

The details of fund and plan asset position are given below:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Plan assets at period end, at fair value | 33,926 | 30,947 |
| Present value of benefit obligation at period end | (33,926) | (30,947) |
| **Asset recognized in balance sheet** | - | - |

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Government of India (GOI) bond yield | 7.54% | 7.56% |
| Remaining term to maturity of portfolio | 5 years | 5 years |
| Expected guaranteed interest rate - First year : | 8.65% | 8.55% |
| - Thereafter : | 8.65% | 8.55% |

The Company contributed Rs. 1,447 lakhs and Rs. 1,441 lakhs to the provident fund during the years ended March 31, 2019 and March 31, 2018 respectively and the same has been recognised in the Standalone Statement of Profit and Loss under the head Employees Benefit Expenses.

**iii)** The Liability for leave encashment and compensated absences as at year end is Rs. 3,269 lakhs (Previous Year - Rs. 3,018 lakhs). [Refer Note 25]

## 33 Finance costs

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Unwinding of interest on deposits/retention money/employee loans | 77 | 53 |
| Interest expense on delayed payment of taxes | 203 | 61 |
| | **280** | **114** |

## 34 Depreciation and amortisation expense

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Depreciation of property, plant and equipment | 984 | 973 |
| Amortisation of intangible assets | 215 | - |
| | **1,199** | **973** |

## 35 Operating and other expenses

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Consumption of stores and consumables | 1,383 | 1,553 |
| Packing and forwarding charges | 4,175 | 3,736 |
| Repairs and maintenance: | | |
| - Buildings | 275 | 286 |
| - Plant and machinery | 98 | 162 |
| - Vehicles | 19 | 10 |
| - Others | 719 | 675 |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

| | | |
|---|---|---|
| Rent (Refer note 37) | 2,082 | 1,930 |
| Rates and taxes | 702 | 711 |
| Insurance | 746 | 1,062 |
| Power and fuel | 461 | 445 |
| Expenses on contracts for installation/service | 4,647 | 4,705 |
| Advertising, publicity and sales promotion | 272 | 463 |
| Commission | 1,263 | 825 |
| Commission to Non-Executive Directors | 15 | 12 |
| Royalties | 5,724 | 4,569 |
| Communication costs | 324 | 323 |
| Travelling and conveyance | 2,121 | 2,269 |
| Printing and stationery | 386 | 359 |
| Legal and professional charges [Refer note (i) below] | 1,850 | 1,853 |
| System and software maintenance expenses | 2,942 | 1,791 |
| Bad trade receivables and other financial assets written off | 1,896 | 2,138 |
| Less: Withdrawn from provision for expected credit loss | (1,811) | (1,238) |
| | 85 | 900 |
| Bad non-financial assets written off | - | 313 |
| Less: Withdrawn from provision for expected credit loss | - | - |
| Provision for expected credit loss and other financial assets | - | 313 |
| Provision for non-financial assets | 3,333 | 1,800 |
| Provision for contingency (Refer note 20) | - | 7 |
| Product upgradation expense (Refer note 24) | 1,737 | - |
| Directors' fees | - | 131 |
| Expenditure towards Corporate Social Responsibility activities | 5 | 3 |
| [Refer Note (ii) below] | 436 | 402 |
| Loss on sale/disposal of property, plant and equipment | - | 70 |
| Loss on fluctuation in foreign exchange (net) | 986 | 1,037 |
| Miscellaneous expenses | 228 | 116 |
| **TOTAL** | **37,014** | **32,518** |

(i) Legal and professional charges includes auditors' remuneration (net of taxes, where applicable):

| | | |
|---|---|---|
| For statutory audit | 36 | 36 |
| For tax audit | 5 | 5 |
| For other services | 22 | 1 |
| Reimbursement of expenses | 2 | - |
| | **65** | **42** |

(ii) Corporate Social Responsibility expenses :
(a) Gross amount required to be spent by the Company during the year was Rs. 436 lakhs (Previous Year Rs. 402 lakhs)
(b) Amount spent during the year on:

| Particulars | Paid during the year | Yet to be paid | Total |
|---|---|---|---|
| (i) Construction/acquisition of any asset | - | - | - |
| (ii) On purposes other than (i) above * | Rs. 436 lakhs (Previous Year Rs. 402 lakhs) | Rs. Nil (Previous Year Rs. Nil lakh) | Rs. 436 lakhs (Previous Year Rs. 402 lakhs) |

* The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

**36 Earnings per share**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Profit attributable to the owners of the company | 17,333 | 17,867 |
| Weighted Average number of Equity Shares of Rs. 10 each during the year | 1,18,08,222 | 1,18,08,222 |
| Earnings Per Share (Basic and Diluted) | 146.79 | 151.31 |
| Nominal Value of an Equity Share | 10 | 10 |

The Company does not have any outstanding potential equity shares. Consequently, the basic and the diluted earnings per share of the Company remain the same.

**37 Operating Leases**
The Company has entered into non-cancellable operating leases for warehouse and office premises for a primary period of 5 to 10 years. The Company has given refundable interest free security deposits under the agreements. Certain agreements contains provision for renewals.

Total future minimum lease payments in respect of the above mentioned premises being:

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Not later than one year | 771 | 428 |
| Later than one year and not later than five years | 430 | 475 |
| Later than five years | - | - |

| | | |
|---|---|---|
| Lease payments recognised in the standalone Statement of Profit and Loss during the year | 2,082 | 1,930 |

**38 Segment information**
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Company. The Company has identified the following segments i.e. (i) Contract for supply and installation of elevators, escalators and trav-o-lators and (ii) services for maintenance, repairs and modernization of elevators and escalators as reporting segments based on the information reviewed by CODM. As per Ind AS 108-Operating Segments - 'If a financial report contains both the consolidated financial statements of a parent that is within the scope of this Ind AS as well as the parent’s separate financial statements, segment information is required to be disclosed only in the consolidated financial statements.' Accordingly, the Segment information is disclosed in the consolidated financial Statements of the Company.

**39 Research and development expenses**
The Cost of Material Consumed, Employee Benefits Expense, Depreciation and Other Expenses shown in the Statement of Profit and Loss include Rs. 1,849 lakhs (Previous Year Rs. 1,694 lakhs) in respect of the research activities undertaken during the year.

**40** The Company has carried out an independent review for assessing compliance up to March 31, 2018 with the “Transfer Pricing Rules, 2001” issued by the Central Board of Direct Taxes of India and no deviations were observed from the requirements of the aforesaid Transfer Pricing Rules. The Company is yet to commission an independent review for assessing compliance for the year April 1, 2018 to March 31, 2019 with the aforesaid Transfer Pricing Rules. However, on the basis of self-assessment of the operations during the year, and the conclusion drawn on independent review of its operations in the previous financial year, the Management does not expect any significant deviations from the requirements of the aforesaid Transfer Pricing Rules.

**41 Note on investment and receivables for subsidiary**

(a) Supriya Elevator Company (India) Limited is having significant business losses and its net worth is fully eroded. The Company performed its annual impairment test for the years ended March 31, 2019 and March 31, 2018. The recoverable amount of investment in Supriya as at year end has been determined based on a "Value-in-use" method using cash flow projections/forecasts from the financial budget approved by the senior management of the Company. It was concluded that the carrying value less costs of disposal did not exceed the value-in-use. As a result of this analysis, the management has not reversed any impairment allowance (Previous Year Rs. Nil lakhs) in the Statement of Profit and Loss. In determining the value-in-use, the cash flows were discounted at a rate of 16.75% on a pre-tax basis (2018 : 16.75%) considering current market assessment of the risk specific to the subsidiary company.

(b) During the previous year, in accordance with Ind AS 109 and Note 3(b), the Company has provided Rs. 345 lakhs (Previous Year Rs. Nil lakhs) on other receivables.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**42 Financial instruments – Fair values and risk management**

**A. Accounting classification and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value.

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).

| | | Carrying amount | | | |
|---|---|---|---|---|---|
| **March 31, 2019** | **Note No.** | **FVTPL** | **FVTOCI** | **Amortised Cost** | **Total** |
| **Financial assets** | | | | | |
| (i) Loans | 6(a) and 6(b) | - | - | 25,265 | 25,265 |
| (ii) Contract work-in-progress | 12 | - | - | 7,673 | 7,673 |
| (iii) Trade receivables | 13(a) and (b) | - | - | 33,086 | 33,086 |
| (iv) Cash and cash equivalents | 14 | - | - | 24,029 | 24,029 |
| (v) Bank balance other than (iv) above | 15 | - | - | 287 | 287 |
| (vi) Other financial assets | 7 and 16 | - | - | 4,033 | 4,033 |
| (vii) Derivatives not designated as hedges | | | | | |
| - Foreign exchange forward contracts | 16 | 21 | - | - | 21 |
| | | **21** | **-** | **94,373** | **94,394** |
| **Financial liabilities** | | | | | |
| (i) Trade payables | 22 | - | - | 35,485 | 35,485 |
| (ii) Other financial liabilities | 23 | - | - | 420 | 420 |
| (iii) Derivative liabilities | | | | | |
| - Foreign exchange forward contracts | 23 | 387 | - | - | 387 |
| | | **387** | **-** | **35,905** | **36,292** |

| | | Carrying amount | | | |
|---|---|---|---|---|---|
| **March 31, 2018** | **Note No.** | **FVTPL** | **FVTOCI** | **Amortised Cost** | **Total** |
| **Financial assets** | | | | | |
| (i) Loans | 6(a) and 6(b) | - | - | 24,199 | 24,199 |
| (ii) Contract work-in-progress | 12 | - | - | 4,332 | 4,332 |
| (iii) Trade receivables | 13(a) and (b) | - | - | 29,957 | 29,957 |
| (iv) Cash and cash equivalents | 14 | - | - | 72,033 | 72,033 |
| (v) Bank balance other than (iv) above | 15 | - | - | 198 | 198 |
| (vi) Other financial assets | 7 and 16 | - | - | 2,825 | 2,825 |
| (vii) Derivatives not designated as hedges | | | | | |
| - Foreign exchange forward contracts | 16 | 73 | - | - | 73 |
| | | **73** | **-** | **133,544** | **133,617** |
| **Financial liabilities** | | | | | |
| (i) Trade payables | 22 | - | - | 31,119 | 31,119 |
| (ii) Other financial liabilities | 23 | - | - | 333 | 333 |
| (iii) Derivative liabilities | | | | | |
| - Foreign exchange forward contracts | 23 | 6 | - | - | 6 |
| | | **6** | **-** | **31,452** | **31,458** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**B. Measurement of fair values**

i) **Valuation processe**

The finance department of the Company includes a team that carries out the valuation of financial assets and liabilities required for financial reporting purposes.

ii) **Fair value hierarchy**

No financial instruments are recognised and measured at fair value, except derivative contracts which are measured at fair value through Statement of profit and loss. These derivative contracts are over-the-counter short term foreign exchange forwards that are not traded in an active market. Their fair valuation is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates and quotes received from the banks. Since all significant inputs required to fair value these derivative contracts are observable, the instruments are classified as level 2. Other than derivatives liabilities, all other financial assets and liabilities are classified as level 3.

For all the financial assets and liabilities referred above that are measured at amortised cost, their carrying amounts are reasonable approximations of their fair values. The carrying amounts of loans, contract work in progress, trade receivables, trade payables, cash and cash equivalents, other bank balances, other financial assets, are considered to be the same as their fair values due to their short term nature.

**C. Financial risk management**

**Risk management framework**

The Company's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk and market risks. The Company's senior management and key management personnel have the ultimate responsibility for managing these risks. The Company has mechanism to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

**i Management of the 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. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

**Trade Receivables**

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. Concentrations of credit risk with respect to trade receivables are limited, due to the Company’s customer base being large. All trade receivables are reviewed and assessed for default on a regular basis. The historical experience of collecting receivables, supported by the level of default, is that the credit risk is low.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. The Company assesses and manages credit risk based on the Company's credit policy. Under the Company's credit policy, each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instrument, which requires expected lifetime losses to be recognised from initial recognition of the receivables. 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's accounts receivable are geographically dispersed. The Management do not believe there are any particular customer or group of customers that would subject the Company to any significant credit risks in the collection of accounts receivable.

**Following is the movement in Provision for Expected Credit Loss on Trade Receivables:**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Loss allowance at the beginning of the year | 5,823 | 6,227 |
| Changes in allowance during the year | 1,074 | (404) |
| Loss allowance as at the end of the year | 6,898 | 5,823 |

**Loans to related parties:**

The Company has given unsecured loans to other group entities of United Technologies Corporation Inc. In the past, based on letter of support received from the parent companies of these group companies, the Company perceives low credit risk pertaining to carrying amount of loans receivable from group companies, considering 12-month’s expected credit loss. These loans have been repaid subsequent to the year end.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**Cash and cash equivalents**

The Company is also exposed to credit risks arising on cash and cash equivalents and term deposits with banks. The Company believes that its credit risk in respect to cash and cash equivalents and term deposits is insignificant as funds are invested in term deposits at pre - determined interest rates for specified period of time. For cash and cash equivalents only high rated banks are accepted.

**Derivatives**

The Company may be exposed to losses in the future if the counterparties to derivative contracts fail to perform. The Company is satisfied that the risk of such non-performance is remote due to its monitoring of credit exposures. Additionally, the Company enter into master netting agreements with contractual provisions that allow for netting of counterparty positions in case of default.

**Other Financial Assets:**

The Company periodically monitors the recoverability and credit risks of its other financials assets including employee loans, deposits and other receivables. The Company evaluates 12 month expected credit losses for all the financial assets for which credit risk has not increased. In case credit risk has increased significantly, the Company considers life time expected credit losses for the purpose of impairment provisioning.

**Following is the movement in Provision for Expected credit loss on Other non-current financial assets:**

| **Security deposits** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| Loss allowance at the beginning of the year | 566 | 611 |
| Changes in allowance during the year | 112 | (45) |
| Loss allowance as at the end of the year | 678 | 566 |

| **Receivable from subsidiary company** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| Loss allowance at the beginning of the year | 263 | 263 |
| Changes in allowance during the year | 345 | - |
| Loss allowance as at the end of the year | 608 | 263 |

ii **Liquidity risk**

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Company maintained a cautious funding strategy, with a positive cash balance throughout the years. This was the result of cash generated from the business. Cash flow from operating activities provides the funds to service the working capital requirement. Accordingly, low liquidity risk is perceived.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| **Particulars** | **Carrying amount** | **Contractual cash flows** | | | |
|---|---|---|---|---|---|
| | | **Total** | **Less than 1year** | **1-5 years** | **More than 5 years** |
| **As at March 31, 2019**<br>**Non-derivative financial liabilities** | | | | | |
| Trade payables | 35,485 | 35,485 | 35,485 | - | - |
| Other financial liabilities | 420 | 420 | 420 | | |
| **Derivative Financial Liabilities** | | | | - | - |
| Foreign exchange forward contracts | 387 | 387 | 387 | | |
| **As at March 31, 2018**<br>**Non-derivative financial liabilities** | | | | | |
| Trade payables | 31,119 | 31,119 | 31,119 | - | - |
| Other financial liabilities | 333 | 333 | 333 | - | - |
| **Derivative Financial Liabilities** | | | | | |
| Foreign exchange forward contracts | 6 | 6 | 6 | - | - |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**iii Market risk**

The Company's size and operations result in it being exposed to foreign currency risk. The foreign currency risk may affect the Company's income and expenses, or its financial position and cash flows. The objective of the Company's management of foreign currency risk is to maintain this risk within acceptable parameters, while optimising returns. The Company manages currency exposures within prescribed limits, through use of forward exchange contracts. Foreign exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. The Company's exposure to, and management of this risks is explained below:

**The details of forward contracts outstanding as at the balance sheet date are as follows:**

| Particulars | As at March 31, 2019 | | | As at March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Number of contracts | Foreign currency Amount | Amount | Number of contracts | Foreign currency Amount | Amount |
| **Import contracts** | | | | | | |
| EURO | 10 | 31 | 2,537 | 23 | 37 | 3,170 |
| JPY | 7 | 152 | 101 | 11 | 137 | 84 |
| USD | 4 | 11 | 751 | 10 | 11 | 729 |
| CHF | 3 | 1 | 64 | 6 | 1 | 51 |
| CNH | 15 | 777 | 8,381 | 19 | 413 | 4,256 |
| SGD | - | - | - | 1 | * | 5 |
| HKD | 3 | 22 | 198 | - | - | - |
| **Total** | | | **12,032** | | | **8,295** |
| **Export contracts** | | | | | | |
| USD | 1 | 10 | 709 | - | - | - |
| **Total** | | | **709** | | | - |

**The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR lakhs, are as follows:**

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|
| | Foreign currency Amount | Amount | Foreign currency Amount | Amount |
| **Receivables** | | | | |
| USD | - | - | 7 | 460 |
| **Payables** | | | | |
| USD | 29 | 1,945 | 19 | 1,222 |
| EURO | 17 | 1,232 | * | - |
| SGD | * | 13 | * | 1 |
| HKD | 9 | 69 | 26 | 215 |
| JPY | - | - | 71 | 44 |
| CNH | - | - | 608 | 6,328 |
| AED | - | - | * | 2 |
| CHF | - | - | * | 17 |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Ind AS Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**Sensitivity analysis**

A 10% strengthening / weakening of the respective foreign currencies with respect to functional currency of the Company would result in increase or decrease in profit or loss and equity as shown in table below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The following analysis has been worked out based on the exposures as of the date of statements of financial position.

| **Effect in INR** | **Profit or loss** | |
|---|---|---|
| | **March 31, 2019** | **March 31, 2018** |
| **Currencies** | | |
| USD | 195 | 76 |
| EURO | 123 | - |
| SGD | 1 | * |
| HKD | 7 | 21 |
| JPY | - | 4 |
| CNH | - | 633 |
| AED | - | * |
| CHF | - | 2 |
| | **326** | **736** |

* Amounts are below rounding off norms adopted by the Company.

| | | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|---|
| **43** | **Tax expense** | | |
| **A** | **Amounts recognised in Statement of Profit and Loss** | | |
| | **Income tax expense** | | |
| | **Current income tax** | | |
| | Current tax on profits for the year | 9,850 | 9,500 |
| | Adjustments for current tax of prior periods | (762) | 310 |
| | Total current tax expense | **9,088** | **9,810** |
| | **Defered income tax asset /(liability), net** | | |
| | (Decrease) increase in deferred tax liabilites | (486) | 916 |
| | Total deferred tax expense/(benefit) | (486) | 916 |
| | **Income tax expense for the year** | **8,602** | **10,726** |

| | | **For the year ended 31 March, 2019** | | |
|---|---|---|---|---|
| | | **Before tax** | **Tax (expense) benefit** | **Net of tax** |
| **B** | **Amounts recognised in other comprehensive income** | (116) | 41 | (75) |
| | Remeasurements of defined benefit liability/(asset) | **(116)** | **41** | **(75)** |

| | **For the year ended 31 March, 2019** | | |
|---|---|---|---|
| | **Before tax** | **Tax (expense) benefit** | **Net of tax** |
| Remeasurements of defined benefit liability/(asset) | 528 | (185) | 343 |
| | 528 | (185) | 343 |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| C | Reconciliation of effective tax rate | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| | **Profit before tax** | **25,935** | **28,593** |
| | Tax using the Company's domestic tax rate (Current year 34.94% and Previous Year 34.61%) | 9,063 | 9,895 |
| | **Add Tax Effect on amounts which are not deductible (taxable) in calculating taxable income:** | | |
| | Adjustments for current tax of prior periods | (762) | 310 |
| | Effect of changes in tax rate | (29) | - |
| | Effect of non-deductible expenses | 247 | 122 |
| | Interest on delayed payments of taxes | 71 | 239 |
| | Impairment of investment in the subsidiary | (285) | 21 |
| | Others | 271 | 139 |
| | | **8,602** | **10,726** |

The Company's weighted average tax rates for years ended March 31, 2019 and 2018 were 33.17% and 37.51%, respectively. The effective tax rate is primarily lower / higher on account of adjustment of tax for earlier years and increase in tax rate. Further disallowance of CSR and Share-based payment to employees which resulted in increase in current tax expense for the year.

**D Movement in deferred tax balances**

| Deferred Tax Assets | Deferred Tax Assets/(Liability) April 1, 2018 | Recognised in Statement of Profit and Loss | Recognised in OCI/Retained earnings | Deferred tax assets | Deferred tax liability | Net Deferred Tax Assets March 31, 2019 |
|---|---|---|---|---|---|---|
| Provision for expected credit loss | 2,626 | 620 | - | 3,246 | - | 3,246 |
| Provision for compensated absences and gratuity | 1,164 | 202 | - | 1,366 | - | 1,366 |
| Voluntary Separation Plan | 75 | (75) | - | - | - | - |
| Provision for Product Upgradation | 463 | (390) | - | 73 | - | 73 |
| Disallowances under Section 40(a) of the Income Tax Act, 1961 | 136 | - | - | 136 | - | 136 |
| Depreciation/amortisation | 208 | (113) | - | 95 | - | 95 |
| Provision for Contingency | 4,886 | 439 | - | 5,325 | - | 5,325 |
| Remeasurements of defined benefit obligation | - | (41) | 41 | - | - | - |
| Provision for foreseeable losses on contracts | 1,930 | (523) | - | 1,407 | | 1,407 |
| Mark to Market adjustment on derivative contracts gains | (23) | 153 | - | 130 | - | 130 |
| Provision for impairment | - | 197 | - | 197 | - | 197 |
| Impact on adoption of Ind AS 115 | - | 17 | (17) | - | - | - |
| **Deferred Tax Assets** | **11,465** | **486** | **24** | **11,975** | **-** | **11,975** |
| Depreciation | - | | - | | | - |
| **Net tax assets** | **11,465** | **486** | **24** | **11,975** | **-** | **11,975** |

| Deferred Tax Assets | Deferred Tax Assets/(Liability) April 1, 2017 | Recognised in Statement of Profit and Loss | Recognised in OCI | Deferred tax assets | Deferred tax liability | Net Deferred Tax Assets March 31, 2018 |
|---|---|---|---|---|---|---|
| Provision for expected credit loss | 2,510 | 116 | - | 2,626 | - | 2,626 |
| Provision for compensated absences and gratuity | 1,060 | 104 | - | 1,164 | - | 1,164 |
| Voluntary Separation Plan | 168 | (93) | - | 75 | - | 75 |
| Provision for Product Upgradation | 707 | (244) | - | 463 | - | 463 |
| Disallowances under Section 40(a) of the Income Tax Act, 1961 | 135 | 1 | - | 136 | - | 136 |
| Depreciation | 149 | 59 | - | 208 | - | 208 |
| Provision for Contingency | 5,108 | (222) | - | 4,886 | - | 4,886 |
| Remeasurements of defined benefit obligation | - | 185 | 185 | - | - | - |
| Provision for foreseeable losses on contracts | 2,667 | (737) | - | 1,930 | - | 1,930 |
| Deferred revenue | 62 | (62) | - | - | - | - |
| Mark to Market adjustment on derivative contracts gains | - | (23) | - | - | (23) | (23) |
| **Deferred Tax Assets** | **12,566** | **(916)** | **(185)** | **11,488** | **(23)** | **11,465** |
| Depreciation | - | | | | | - |
| **Net tax assets** | **12,566** | **(916)** | **(185)** | **11,488** | **(23)** | **11,465** |

Deferred Tax Assets and Deferred Tax Liabilities have been offset since they relate to the same governing taxation laws.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**44 Related Party Disclosures**

**A Relationships:**

**(I) Where Control Exists**

| | |
|---|---|
| United Technologies Corporation Inc., United States | Ultimate Holding Company |
| United Technologies South Asia Pacific Pte Ltd, Singapore | Holding Company |

**(II) Subsidiary Company**

Supriya Elevator Company (India) Limited, India

**(III) Associate Company**

Trio Elevators Co (India) Limited, India (Upto 27th August, 2018)

**(IV) Parties Under Common Control with whom transactions have taken place during the year.**

Carrier Airconditioning & Refrigeration Limited, India
Carrier Race Technologies Private Limited, India
Carrier Singapore (Pte) Limited, Singapore
Chubb Alba Control Systems Limited, India
Chubb Group Security LTD, United Kingdom
Concepcion-Otis Philippines, Inc., Philippines
Ceam SRL, Italy
Elevators (Private) Limited, Sri Lanka
Guangzhou Otis Elevator Company Ltd, China
Nippon Otis Elevator Company, Japan
Otis A.S., Czech Republic (formerly known as Otis Escalators S.R.O.- Czech Republic)
Otis A.S., Czech Republic
Otis Electric Elevator Co., Ltd., China
Otis Elevator (China) Co., China
Otis Elevator Co Pty Ltd, Australia
Otis Elevator Company (H.K.) Limited, Hong Kong
Otis Elevator Company (M) SDN BHD, Malaysia
Otis Elevator Company (S) Pte. Ltd., Singapore
Otis Elevator Company Ltd, Thailand
Otis Elevator Company, New Jersey, United States
Otis Elevator Traction Machine (China) Co. Ltd., China
Otis Elevator Vietnam Company Limited, Vietnam
Otis Elevator, Korea
Otis Elevators International Inc., Hong Kong
Otis Elevator Management (Shanghai) Company Limited, China
Otis Limited, United Kingdom
Otis Gmbh & Co. OHG, Germany
Otis High-Rise Elevator(Shanghai) Co., Ltd., China
Otis LLC, U.A.E
OTIS NV, Belgium
Otis Scs, France
P.T.Citas Otis Elevator, Indonesia
Pratt & Whitney, U. S. A.
Seral Otis Industria Metalurgica Ltda, Chile
Sigma Elevator Singapore Pte Ltd, Singapore
United Technologies Corporation India Private Limited, India
UTC Fire & Security India Limited, India
Zayani Otis Elevator Company W.L.L., Bahrain
Zardoya Otis S.A., Spain

**(V) Key Managerial Personnel**

| | |
|---|---|
| Sebi Joseph | Managing Director |
| Puthan Naduvakkat Suma | Director |
| Priya Shankar Dasgupta | Independent Director |
| Anil Vaish | Independent Director |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**(VI) Transaction with Post Emploment benefit entities**

Otis Elevator Company (India) Limited Employees' Gratuity Fund

Otis Elevator Company (India) Limited Staff Provident Fund

**B Transaction:**

**(i) Transactions with parties referred to in (V) above**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Short term employee benefits: | | |
| - Salaries and other employee benefits | 588 | 587 |
| Post employment benefits - gratuity | 28 | 19 |
| Long term employee benefits- Compensated absences | 20 | 14 |
| Employee share-based payment | 477 | 169 |
| Commission and sitting fee to non executive directors | 20 | 15 |
| **Total** | **1,133** | **804** |

# In addition to the above, 7,377 units stock options (Previous Year 3,258 Units stock options) of United Technologies Corporation Inc., USA, the Ultimate Holding Company, were exercised during the year.

| Particulars | Category | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| **Purchase of Goods and Materials** | | | |
| Otis Elevator (China) Co., China | IV | 3,067 | 1,094 |
| Otis Electric Elevator Co., Ltd., China | IV | 14,670 | 12,755 |
| Zardoya Otis S.A., Spain | IV | 4,661 | 3,170 |
| Otis GMBH & Co. OHG, Germany | IV | 4,283 | 3,347 |
| Otis Elevator Company, New Jersey, United States | IV | 509 | 414 |
| Otis Elevator Traction Machine (China) Co. Ltd., China | IV | 501 | 41 |
| Nippon Otis Elevator Company, Japan | IV | 203 | 192 |
| OTIS SCS, France | IV | 299 | 473 |
| Guangzhou Otis Elevator Company Ltd, China | IV | 193 | 6 |
| Otis High-Rise Elevator(Shanghai) Co., Ltd., China | IV | 4,960 | 2,925 |
| Ceam SRL, Italy | IV | 1 | * |
| Otis LLC, U.A.E | IV | - | 2 |
| Carrier Airconditioning & Refrigeration Limited, India | IV | - | 7 |
| Chubb Alba Control Systems Limited, India | IV | - | 6 |
| Otis A.S., Czech Republic | IV | * | * |
| Otis Elevator, Korea | IV | - | * |
| Otis Elevators International Inc., Hong Kong | IV | * | - |
| Supriya Elevator Company (India) Limited, India | II | 57 | 68 |
| Otis Elevator Company Ltd, Thailand | IV | 1 | - |
| Otis Elevator Management (Shanghai) Company Limited, China | IV | 1 | - |
| **Total** | | **33,406** | **24,500** |
| **Purchase of property, plant and equipment** | | | |
| Zardoya Otis S.A., Spain | IV | - | 40 |
| Otis High-Rise Elevator(Shanghai) Co., Ltd., China | IV | - | 48 |
| **Total** | | | **88** |
| **Purchase of Intangible assets** | | | |
| Otis Elevator Company, New Jersey, United States | IV | 847 | - |
| **Total** | | **847** | **-** |
| **System and Software Maintenance Expenses** | | | |
| Otis Elevator Company (S) Pte. Ltd., Singapore | IV | 14 | 8 |
| Otis Elevator Company, New Jersey, United States | IV | 862 | 931 |
| Otis Elevators International Inc., Hong Kong | IV | 302 | 347 |
| **Total** | | **1,178** | **1,286** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| Particulars | Category | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| **Legal and Professional Expenses** | | | |
| Otis Elevator Company, New Jersey, United States | IV | 34 | 11 |
| **Total** | | **34** | **11** |
| **Royalties Expenses** | | | |
| Otis Elevator Company, New Jersey, United States | IV | 5,724 | 4,569 |
| **Total** | | **5,724** | **4,569** |
| **Management Fee** | | | |
| United Technologies South Asia Pacific Pte Ltd, Singapore | IV | 651 | - |
| **Total** | | **651** | **-** |
| **Repairs & Maintenance charges of elevators** | | | |
| Elevators (Private) Limited, Sri Lanka | IV | 139 | 163 |
| **Total** | | **139** | **163** |
| **Repairs and Maintenance - Others** | | | |
| Carrier Airconditioning & Refrigeration Limited, India | IV | 22 | 14 |
| Chubb Alba Control Systems Limited, India | IV | 12 | - |
| **Total** | | **34** | **14** |
| **Reimbursement of Expenses to related parties** | | | |
| Otis Elevator Company, New Jersey, United States | IV | 30 | 91 |
| Otis Elevator VietNam Company Limited, Vietnam | IV | 1 | - |
| OTIS SCS, France | IV | - | 5 |
| Otis Elevator Company (S) Pte. Ltd., Singapore | IV | 1 | 7 |
| Otis Elevator Co Pty Ltd, Australia | IV | - | 2 |
| Nippon Otis Elevator Company, Japan | IV | 3 | - |
| Carrier Airconditioning & Refrigeration Limited, India | IV | * | - |
| United Technologies Corporation India Private Limited, India | IV | 3 | - |
| Carrier Race Technologies Private Limited, India | IV | - | * |
| United Technologies South Asia Pacific Pte Ltd, Singapore | I | 10 | 29 |
| Otis Elevators International Inc., Hong Kong | IV | 1 | - |
| Guangzhou Otis Elevator Company Ltd, China | IV | - | 70 |
| Otis LLC, U.A.E | IV | - | * |
| Otis Elevator, Korea | IV | 2 | - |
| **Total** | | **51** | **204** |
| **Rent paid to Other Companies** | | | |
| Carrier Airconditioning & Refrigeration Limited, India | IV | 95 | 83 |
| **Total** | | **95** | **83** |
| **Revenue from Sale of Goods/Services** | | | |
| Otis Elevator Company (S) Pte. Ltd., Singapore | IV | 10 | - |
| Seral Otis Industria Metalurgica Ltda, Chile | IV | 89 | 90 |
| Otis Elevator Company (H.K.) Limited, Hong Kong | IV | - | 1 |
| Otis Elevator Company (S) Pte. Ltd., Singapore | IV | - | 10 |
| OTIS SCS, France | IV | * | * |
| P.T.Citas Otis Elevator, Indonesia | IV | 1 | - |
| Zayani Otis Elevator Company W.L.L., Bahrain | IV | - | 1 |
| Elevators (Private) Limited, Sri Lanka | IV | 3,810 | 1,768 |
| Nippon Otis Elevator Company, Japan | IV | * | - |
| OTIS NV, Belgium | IV | 1 | - |
| United Technologies South Asia Pacific Pte Ltd, Singapore | IV | 20 | - |
| Otis GMBH & Co. OHG, Germany | IV | 1 | - |
| **Total** | | **3,932** | **1,870** |
| **Recovery from related parties (other income)** | | | |
| Otis Elevator Company, New Jersey, United States | IV | 31 | 129 |
| Concepcion-Otis Philippines, Inc., Philippines | IV | - | * |
| Otis Electric Elevator Co., Ltd., China | IV | - | * |
| OTIS LIMITED, United Kingdom | IV | 46 | 179 |
| Otis Elevator Company (M) SDN BHD, Malasiya | IV | - | 2 |
| United Technologies South Asia Pacific Pte Ltd, Singapore | I | 100 | 253 |
| **Total** | | **177** | **563** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

| Particulars | Category | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| **Recovery of expenses from related parties** | | | |
| Otis Elevator Company (M) SDN BHD, Malaysia | IV | 140 | 103 |
| Otis Elevator Company Ltd, Thailand | IV | - | 1 |
| Elevators (Private) Limited, Sri Lanka | IV | - | * |
| Concepcion-Otis Philippines, Inc., Philippines | IV | - | 51 |
| Carrier Airconditioning & Refrigeration Limited, INDIA | IV | - | 7 |
| Sigma Elevator Singapore Pte Ltd, Singapore | IV | - | 1 |
| Chubb Group Security LTD, United Kingdom | IV | - | 57 |
| Otis Elevator Company, New Jersey, United States | IV | 16 | 100 |
| United Technologies South Asia Pacific Pte Ltd, Singapore | I | 168 | 124 |
| United Technologies Corporation India Private Limited, India | IV | - | * |
| Otis LLC, U.A.E | IV | 3 | - |
| Otis Elevator Company (S) Pte. Ltd., Singapore | IV | 19 | * |
| Supriya Elevator Company (India) Limited, India | IV | 404 | 156 |
| Otis Electric Elevator Co., Ltd., China | III | - | 14 |
| Carrier Singapore (PTE) Limited, Singapore | II | - | 2 |
| Nippon Otis Elevator Company, Japan | IV | 174 | 236 |
| Otis Elevators International Inc., Hong Kong | IV | 1 | - |
| Pratt & Whitney, U. S. A. | IV | - | 7 |
| Otis Elevator VietNam Company Limited, Vietnam | IV | - | 1 |
| P.T.Citas Otis Elevator, Indonesia | IV | 2 | - |
| **Total** | | **927** | **860** |
| **Recovery of rent from related parties (netted off from rent expense)** | | | |
| Supriya Elevator Company (India) Limited, India | II | 5 | 5 |
| Carrier Airconditioning & Refrigeration Limited, India | IV | 105 | 148 |
| Carrier Race Technologies Private Limited, India | IV | - | 9 |
| Chubb Alba Control Systems Limited, India | IV | 7 | 17 |
| UTC Fire & Security India Limited, India | IV | - | 12 |
| **Total** | | **117** | **191** |
| **Inter Corporate Loan Given / (Repaid) (Net)** | | | |
| UTC Fire & Security India Limited, India | IV | - | (15,430) |
| Chubb Alba Control Systems Limited, India | IV | (1,789) | (33,591) |
| Carrier Race Technologies Private Limited, India | IV | 550 | 220 |
| United Technologies Corporation India Private Limited, India | IV | 2,300 | - |
| **Total** | | **1,061** | **(48,801)** |
| **Interest on Inter Corporate Loan Given** | | | |
| UTC Fire & Security India Limited, India | IV | - | 1,425 |
| Chubb Alba Control Systems Limited, India | IV | 2,164 | 4,740 |
| Carrier Race Technologies Private Limited, India | IV | 360 | 350 |
| United Technologies Corporation India Private Limited, India | IV | 121 | - |
| **Total** | | **2,645** | **6,515** |
| **Dividend paid during the year** | | | |
| United Technologies South Asia Pacific Pte Ltd, Singapore | I | 46,399 | 41,759 |
| **Total** | | **46,399** | **41,759** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

| Outstanding Balances | Category | Balance as at March 31, 2019 | Balance as at March 31, 2018 |
|---|---|---|---|
| **Loan/Advance Receivable** | | | |
| Carrier Race Technologies Private Limited, India | IV | 3,700 | 3,150 |
| Chubb Alba Control Systems Limited, India | IV | 19,197 | 20,986 |
| United Technologies Corporation India Private Limited | IV | 2,300 | - |
| **Total** | | **25,197** | **24,136** |
| **Accrued Interest on Inter Corporate Deposit (net of TDS)** | | | |
| Chubb Alba Control Systems Limited, India | IV | 1,947 | 344 |
| Supriya Elevator Company (India) Limited, India | II | - | 10 |
| Carrier Race Technologies Private Limited, India | IV | 640 | 316 |
| **Total** | | **2,587** | **670** |
| **Payables** | | | |
| Otis Elevator Company, New Jersey, United States | IV | 2,435 | 1,799 |
| Otis Elevators International Inc., Hong Kong | IV | 268 | 215 |
| Otis Elevator Company (S) Pte. Ltd., Singapore | IV | 13 | 7 |
| OTIS SCS, France | IV | 386 | 232 |
| Carrier Airconditioning & Refrigeration Limited, India | IV | 35 | 27 |
| Ceam SRL, Italy | IV | - | * |
| Chubb Alba Control Systems Limited, India | IV | - | 6 |
| Zardoya Otis S.A., Spain | IV | 1,764 | 1,185 |
| Otis GMBH & Co. OHG, Germany | IV | 1,488 | 1,433 |
| Nippon Otis Elevator Company, Japan | IV | 60 | 124 |
| Guangzhou Otis Elevator Company Ltd, China | IV | 28 | 130 |
| Otis High-Rise Elevator(Shanghai) Co., Ltd., China | IV | 1,720 | 1,961 |
| Otis Elevator (China) Co., China | IV | 1,095 | 627 |
| Otis Elevator Traction Machine (China) Co. Ltd., China | IV | 170 | 23 |
| Otis LLC, U.A.E | IV | - | 2 |
| Otis Electric Elevator Co., Ltd., China | IV | 5,041 | 7,520 |
| Otis Elevator VietNam Company Limited, Vietnam | IV | 1 | - |
| United Technologies South Asia Pacific Pte Ltd, Singapore | I | 583 | 6 |
| Otis Elevator Company Ltd, Thailand | IV | 1 | - |
| Otis Elevator Management (Shanghai) Company Limited, CHINA | IV | 1 | - |
| **Total** | | **15,089** | **15,299** |
| **Receivables** | | | |
| **Non Current Financial Assets** | | | |
| Supriya Elevator Company (India) Limited, India [Net of provision of Rs. 598 lakhs (March 31, 2018 - Rs. 253 lakhs)] | II | - | - |
| **Trade Recievables:** | | | |
| Elevators (Private) Limited, Sri Lanka | IV | 28 | 127 |
| **Other Non Current Financial Assets:** | | | |
| United Technologies South Asia Pacific Pte Ltd, Singapore | I | 95 | 30 |
| Otis Elevator Company (S) Pte. Ltd., Singapore | IV | 10 | 10 |
| Otis Elevators International Inc., Hong Kong | IV | 1 | - |
| P.T.Citas Otis Elevator, Indonesia | IV | 3 | - |
| Concepcion-Otis Philippines, Inc., Philippines | IV | - | 5 |
| Otis Elevator Company (M) SDN BHD, Malaysia | IV | 61 | 35 |
| Seral Otis Industria Metalurgica Ltda, Chile | IV | 5 | 82 |
| Otis Elevator Company Ltd, Thailand | IV | - | 1 |
| Otis Elevator VietNam Company Limited, Vietnam | IV | - | 1 |
| OTIS SCS, France | IV | * | - |
| Carrier Airconditioning & Refrigeration Limited, India | IV | 11 | 27 |
| Chubb Alba Control Systems Limited, India | IV | * | 5 |
| Nippon Otis Elevator Company, Japan | IV | 9 | 73 |
| Carrier Race Technologies Private Limited, India | IV | * | 2 |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

| Particulars | Category | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| UTC Fire & Security India Limited, India | IV | - | 3 |
| OTIS LIMITED, United Kingdom | IV | - | 1 |
| Otis GMBH & Co. OHG, Germany | IV | 1 | - |
| Otis Elevator Company, New Jersey, United States | IV | - | 71 |
| OTIS NV, Belgium | IV | 1 | |
| **Total** | | **225** | **472** |

**Note:**
For information on transactions with post employment benefit plans mentions in A (VI) above, refer the note 32.

The terms and conditions of transactions with related parties where no more favourable than those available, or which might be expected to be available, in similar transactions with non-related parties on an arms's length basis.

*Amounts are below rounding off norms adopted by the Company.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**45 Dues to Micro and Small Enterprises**

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| The principal amount remaining unpaid to any supplier as at the end of each accounting year; | 2 | - |
| The interest due thereon remaining unpaid to any supplier as at the end of each accounting year; | * | - |
| The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year; | 28 | 18 |
| 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 this Act | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year; and | 1 | 1 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of dis allowance as a deductible expenditure under section 23. | 1 | 1 |

* Amounts are below rounding off norms adopted by the Company for which following information is given in Rupees below:

**Detailed break-up of Interest is as follows:**

| Particulars | Year ended March 31, 2019 Rupees | Year ended March 31, 2018 Rupees |
|---|---|---|
| The interest due thereon remaining unpaid to any supplier as at the end of each accounting year; | 1,941 | - |

The above information regarding total outstanding dues to Micro Enterprises and Small Enterprises and that is given in Note 22 has been determined to the extent such parties have been identified on the basis of information available with the Company. The auditors have relied upon the management for identification of such parties.

| **46 Contingent Liabilities** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| **a) Claims against the Company not acknowledged as debt** | | |
| **(i) Sales tax matters** | | |
| - Show Cause Notices | 646 | 646 |
| - Demand Notices | 30,791 | 30,655 |

**Note:**
Assessed Sales Tax liabilities of the Company not acknowledged as debts and not provided for, in respect of which the Company is in appeal pertains to litigations/ disputes with various Sales Tax Authorities. Based on opinion received from legal consultants, the Management is of view that the Company does not expect an outflow in this regard.

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **(ii) Excise, Service Tax and Custom matters** | | |
| **Excise matters** | | |
| - Show Cause Notices | 48,517 | 44,601 |
| - Demand Notices | 2,184 | 3,234 |
| **Service Tax matters** | | |
| - Show Cause Notices | 6,096 | 5,930 |
| - Demand Notices | 24,362 | 24,362 |
| **Custom matters** | | |
| - Show Cause Notices | 15 | 10 |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| | | | |
|---|---|---|---|
| | Excise, Service tax and Custom liabilities of the Company not acknowledged as debts and not provided for, in respect of which the Company is in appeal pertains to litigations/disputes with various Excise, Service Tax and Custom Authorities. Based on opinion received from legal consultants, the Management is of view that the Company has strong grounds of appeal and does not foresee any outflow in this regard. | | |
| | Interest with respect to above matters has been considered to the extent quantified by the tax authorities. | | |
| **b)** | Litigations/claims against the Company by customers/ ex-employees/general public. | 3,030 | 2,693 |
| | The Company has strong grounds of appeal and does not foresee any outflow in this regard. | | |
| **c)** | **Commitments** | | |
| i) | Estimated amount of contracts [net of capital advances of Rs. Nil (Previous Year Rs. 12 lakhs) remaining to be executed on Capital Account not provided for. | 105 | 120 |
| ii) | Guarantees given by banks to various government departments and customers for specific business purpose. The Management is of opinion that there will be no impact on future cash flows of the Company. | 18,785 | 18,880 |

**d)** The Company has issued letter of undertaking to provide need based financial support to its subsidiary Supriya Elevator Company (India) Limited.

**e)** The Hon'ble Supreme Court of India ("SC") by their order dated 28 February 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

In view of the management, the liability for the period from date of the SC order to 31st March, 2019 is not significant. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts. Accordingly, this has been disclosed as a Contingent liability in the financial statements.

**47 Capital management**

The Company determines the capital requirements based on its financial performance, operating and long term investment plans. The funding requirements are met through operating cash flows generated. For the purpose of Company's Capital Risk Management, "Capital" includes issued equity share capital, securities premium and all other equity reserves attributable to it's shareholders.

The Company's objective in managing its capital is to safeguard its ability to continue as a going concern and to maximise shareholder's values.

The capital structure of the Company is based on management's assessment of the appropriate balance of key elements in order to meet its strategic and day-to day needs. The Company considers the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company maintains a stable and strong capital structure with a focus on total equity so as to maintain shareholders and creditors confidence and to sustain future development and growth of its business. The Company takes appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The management monitors the return on capital as well as the level of dividends to shareholders. Refer table below for the dividends paid:

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **Equity shares**<br>Interim dividend Rs. 400 per share fully paid (Previous year - Rs. 360) | 47,233 | 42,510 |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**48 Events Occurring after the balance sheet date:**

Subsequent to year end, the Board of directors of the Company have declared an interim dividend of Rs. NIL per share (Previous Year Rs. 225 per share) aggregating Rs. NIL lakhs (Previous Year Rs. 26,568 lakhs) vide Board resolution dated June 05, 2018 in the previous year. The dividend distribution tax paid on these dividend is Rs. NIL lakhs (Previous Year 5,461 lakhs).

**49 Offsetting financial assets and financial liabilities**

The following table presents the recognized financial instruments that are subject to enforceable master netting arrangements and other similar agreements but not offset, as at March 31, 2019 and March 31, 2018.

| Particulars | | Related amounts not offset | |
|---|---|---|---|
| | Gross Amounts | Amounts subject to master netting arrangements | Net amount |
| **As at March 31, 2019** | | | |
| **Other financial assets** | | | |
| **Derivative not designated as hedges** | | | |
| - Foreign exchange forward contracts | 21 | (21) | - |
| **Other financial liabilities** | | | |
| **Derivative Financial Liabilities** | | | |
| Foreign exchange forward contracts | 387 | (21) | 366 |
| **As at March 31, 2018** | | | |
| **Other financial assets** | | | |
| **Derivative not designated as hedges** | | | |
| - Foreign exchange forward contracts | 73 | (73) | - |
| **Other financial liabilities** | | | |
| **Derivative Financial Liabilities** | | | |
| Foreign exchange forward contracts | 6 | (73) | (66) |

**Master netting arrangements - not currently enforceable**

Agreements with derivative counterparties are based on ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Company does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet, but have been presented separately in the table above.

**50 Employee share based payments**

Certain employees of the Company have been granted Long-Term Incentive Plan (LTIP) namely - Stock Appreciation Rights (SAR), Performance Stock Units (PSU), and Restricted Stock Units (RSU) by the Ultimate Parent Company United Technologies Corporation (UTC).

- SARs are the grant of a "right" to acquire UTC shares based on the appreciation in value of a fixed number of shares.
- PSUs are units (representing one UTC Share) transferred to the employee subject to the satisfaction of certain performance conditions.
- RSUs are units (representing one UTC Share) transferred to the employee at the end of the vesting period.

Generally, stock appreciation rights and stock options have a term of ten years and a minimum three-year vesting period. LTIP awards with performance based vesting generally have a minimum three-year vesting period and vest based on performance against pre-established metrics. The fair value of each option award is estimated on the date of grant using a binomial lattice model.

The Company has recognised an employee benefit expense towards share based payment of Rs. 488 lakhs (Previous Year Rs. 491 lakhs) with a corresponding increase in Other Equity as equity contribution from the Ultimate Holding Company.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Ind AS Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

**51 Recent accounting pronouncements**

Standards issued but not yet effective:

**Ind AS 116 - Leases**

Ind AS 116, is applicable for financial reporting periods beginning on or after 1 April 2019 and replaces existing lease accounting guidance, namely Ind AS 17 Leases. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as Ind AS 116 replaces the operating lease expense (i.e., rent) with depreciation charge for ROU assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. The Company is in the process of analysing the impact of new lease standard on its financial statements.

**Ind AS 12 - Income Taxes**

Amendments to Ind AS 12, Income Taxes, clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. Further, Appendix C, uncertainty over income tax treatments has been added to clarify how entities should reflect uncertainties over income tax treatments, in particular when assessing the outcome a tax authority might reach with full knowledge and information if it were to make an examination.

**Ind AS 19 - Employee Benefits**

When a change to a plan by way of either an amendment, curtailment or settlement takes place, Ind AS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments to Ind AS 19 require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, Ind AS 19 did not specify how to determine these expenses for the period after the change to the plan.

**52 New accounting pronouncement adopted by the Company during the year**

**Disclosure as per Ind AS 115**

**(a)** The Company is engaged inter-alia in the business of manufacture, erection, installation and maintenance of elevators, escalators and travolators. The type of work in the contracts with the customers involve construction, engineering, designing, supply of materials, development of system, installation, project management, operations and maintenance, etc. The effect of initially applying Ind AS 115 on the Company’s revenue from contracts with customers is described in Note (e) below. The Company has recognised the cumulative effect of applying Ind AS 115 as an adjustment to the opening balance at April 1, 2018. Due to the transition method chosen in applying Ind AS 115, comparative information has not been restated to reflect the new requirements.

**(b) Disaggreagtion of revenue from contracts with customers**

In the following table, revenue from contracts with customers is disaggregated by primary geographical area.

| **Particulars** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| Primary geographical markets | | |
| India | 1,62,752 | 1,40,979 |
| Sri Lanka | 4,978 | 222 |
| Nepal | 758 | 37 |
| Bangladesh | 221 | 22 |
| Bhutan | 466 | 59 |
| | **1,69,175** | **1,41,319** |

*Company has applied Ind AS 115 using the cumulative effect method. Under this method, the comparative information is not restated.

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**(c) Contract balances**

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| **Receivables which are included in Trade and other receivables** | | |
| **Contract assets** | | |
| - Amount due from customers on construction contract | 7,673 | 4,332 |
| - Accrued value of work done net off provision | 1,67,730 | 1,27,470 |
| **Contract liabilities** | | |
| - Amount due to customers under construction contract | 34,682 | 40,422 |
| - Advance from customer | 6,726 | 7,698 |

*Company recognised the cumulative effect of applying Ind AS 115 as an adjustment to the opening balance at April 1, 2018.

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The amount of contract assets during the year ended March 31, 2019 was impacted by an impairment charge of INR NIL. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers for construction for which revenue is recognised over time.

Amounts due from contract customers represents the gross unbilled amount expected to be collected from customers for contract work performed till date. It is measured at cost plus profit recognised till date less progress billings and recognised losses when incurred.

Amounts due to contract customers represents the excess of progress billings over the revenue recognised (cost plus attributable profits) for the contract work performed till date.

Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activity based on normal operating capacity.

**Significant changes in contract asset and contract liabilities balances during the year are as follows:**

| | **Particulars** | **As at March 31, 2019** |
|---|---|---|
| **(A)** | **Due from contract customers:** | |
| | At the beginning of the reporting period (Para 116 (a)) | 4,332 |
| | Cost incurred plus attributable profits on contracts-in-progress | 15,312 |
| | Progress billings made towards contracts-in-progress | 11,971 |
| | Due from contract customers impaired during the reporting period (Para 118) | - |
| | Significant change due to other reasons (Eg. Business acquisition etc.) | - |
| | At the end of the reporting period (Para 116 (a)) | 7,673 |
| **(B)** | **Due to contract customers:** | |
| | At the beginning of the reporting period (Para 116 (a)) | 40,422 |
| | Revenue recognised that was classified as due to contract customers at the beginning of the reporting period (Para 116 (b)) | 24,948 |
| | Progress billings made towards contracts-in-progress | 19,208 |
| | Significant change due to other reasons (Para 118) (Eg. Business acquisition etc.) | - |
| | At the end of the reporting period (Para 116 (a)) | 34,682 |
| | **Total (A+B)** | |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

As on March 31, 2019, revenue recognised in the current year from performance obligations satisfied/partially satisfied in the previous year is Rs. 796 lakhs.

**(d) Performamce obligation**

The Company evaluates whether each contract consists of a single performance obligation or multiple performance obligations. Contracts where the Company provides a significant integration service to the customer by combining all the goods and servicesare concluded to have a single performance obligations. Contracts with no significant integration service, and where the customer can benefit from each unit on its own, are concluded to have multiple performance obligations. In such cases consideration is allocated to each performance obligation, based on standalone selling prices. Where the Company enters into multiple contracts with the same customer, the Company evaluates whether the contract is to be combined or not by evaluating factors such as commercial objective of the contract, consideration negotiated with the customer and whether the individual contracts have single performance obligations or not.

The Company recognises contract revenue over time as the performance creates or enhances an asset controlled by the customer. For such arrangements revenue is recognised using cost based input methods. Revenue is recognised with respect to the stage of completion, which is assessed with reference to the proportion of contract costs incurred for the work performed at the balance sheet date relative to the estimated total contract costs.

Any costs incurred that do not contribute to satisfying performance obligations are excluded from the Company's input methods of revenue recognition as the amounts are not reflective of our transferring control of the system to the customer. Significant judgment is required to evaluate assumptions related to the amount of net contract revenues, including the impact of any performance incentives, liquidated damages, and other forms of variable consideration.

If estimated incremental costs on any contract, are greater than the net contract revenues, the Company recognises the entire estimated loss in the period the loss becomes known.

Variations in contract work, claims, incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Company recognises revenue from Operations and Maintenance services using the time-elapsed measure of progress i.e input method on a straight line basis.

The following table includes revenue to be recognised in future related to performance obligations that are unsatisfied (or partially satisfied) as at March 31, 2019:

| **Particulars** | **March 2020** | **March 2021** | **2022-2026** | **Total** |
|---|---|---|---|---|
| Contract revenue | 88,759 | 56,854 | 10,809 | 1,56,422 |
| | **88,759** | **56,854** | **10,809** | **1,56,422** |

The Company applies practical expedient in paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

**(e) Reconciliation of revenue recognised in the Statement of Profit and Loss**

The following table discloses the reconciliation of amount of revenue recognised as at 31 March 2019:

| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Contract price of the revenue recognised | 1,69,176 | 1,41,318 |
| Add: Performance bonus | - | - |
| Add: Incentives | - | - |
| Less: Liquidated damages | - | - |
| **Revenue recognised in the Statement of Profit and Loss** | **1,69,176** | **1,41,318** |

*Company has applied Ind AS 115 using the cumulative effect method. Under this method, the comparative information is not restated.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Standalone Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**(f)** The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' effective April 1, 2018. The Company has elected the option of the modified retrospective approach and there is an impact of Rs. 31 lakhs (net of tax Rs. 17 lakhs) on the measurement of revenue and retained earnings as of April 1, 2018. The presentation of certain contract related balances have been changed for the current year only and the previous year balances continues to be disclosed as done in the previous year, in compliance with the requirements of Ind AS 115.

**53 Prior year comparative**

The figures for the previous year regrouped/ reclassified to correspond with current year's classification/disclosure.

In terms of our report of even date attached

**For and on behalf of the Board of Directors of Otis Elevator Company (India) Limited**
CIN: U29150MH1953PLC009158

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008

Place: Mumbai
Date: August 21, 2019

**Sebi Joseph**
Managing Director
DIN 05221403

Place: Mumbai

**Suma P N**
Director
DIN 05350680

Place: Mumbai

**Bharat Nayak**
Chief Financial Officer
Membership No. 38710

Place: Mumbai
Date: August 21, 2019

**Harish Iyer**
Company Secretary
Membership No. 24491

Place: Perhentian Island, Malaysia

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF OTIS ELEVATOR COMPANY (INDIA) LIMITED**

### Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Otis Elevator Company (India) Limited (hereinafter referred to as the 'Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group") and its associate (upto 27 August 2018), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 March 2019, of its consolidated profit (including other comprehensive income), consolidated changes in equity and consolidated cash flows for the year then ended.

### 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 SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate is responsible for overseeing the financial reporting process of each company.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 adequate 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 in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group as well as associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

**Other Matters**

The consolidated financial statements include the Group's share of net profit (and other comprehensive income) of Rs. 31 lacs for the year ended 31 March 2019, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us or by other auditors. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the financial statements/financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

A. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF OTIS ELEVATOR COMPANY (INDIA) LIMITED**

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company and associate company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer Note 46 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 25 and Note 26 to the consolidated financial statements in respect of such items as it relates to the Group;

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company and its associate company incorporated in India during the year ended 31 March 2019.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company, its subsidiary company and its associate company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary company and its associate company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008
UDIN: 19116008AAAAAX4054

Place: Mumbai
Date: 21 August 2019

# ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT - 31 MARCH 2019

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**Referred to in paragraph A. f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date**

## Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Otis Elevator Company (India) Limited (hereinafter referred to as "the Holding Company") and such company incorporated in India under the Companies Act, 2013 which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in 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 the respective 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 Companies Act, 2013 (hereinafter referred to as "the Act").

## Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated 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 internal financial controls with reference to consolidated financial statements.

## Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated 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 controls with reference to consolidated 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT - 31 MARCH 2019

financial statements.

**Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Other Matters**

The Company had only one associate company upto 27 August 2018. Accordingly, our aforesaid report under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements is only in respect of the Holding Company and its subsidiary company incorporated in India.

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008
UDIN: 19116008AAAAAX4054

Place: Mumbai
Date: 21 August 2019

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Consolidated Balance sheet as at March 31, 2019**

| | Notes | As at March 31, 2019 in Rs. Lakhs | As at March 31, 2018 in Rs. Lakhs |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 6,451 | 5,913 |
| Capital work-in-progress | 4 | 337 | 1,189 |
| Intangible assets | 4 | 1,224 | - |
| Investment in an Associate | 5 | - | 329 |
| Financial assets | | | |
| (i) Loans | 6(a) | 30 | 10 |
| (ii) Trade receivables | 13(a) | 47 | 214 |
| (iii) Other financial assets | 7 | 680 | 791 |
| Deferred tax assets (net) | 8 | 11,763 | 11,337 |
| Non-current tax assets (net) | 9 | 6,575 | 7,029 |
| Other non-current assets | 10 | 7,242 | 6,733 |
| **Total non current assets** | | **34,349** | **33,544** |
| **Current assets** | | | |
| Inventories | 11 | 12,535 | 13,154 |
| Financial assets | | | |
| (i) Loans | 6(b) | 25,235 | 24,189 |
| (ii) Contract work-in-progress | 12 | 7,678 | 4,336 |
| (iii) Trade receivables | 13(b) | 33,104 | 29,826 |
| (iv) Cash and cash equivalents | 14 | 24,087 | 72,062 |
| (v) Bank balances other than (iv) above | 15 | 319 | 199 |
| (vi) Other financial assets | 16 | 3,403 | 2,155 |
| Other current assets | 17 | 1,807 | 5,723 |
| Assets held for sale | 4 | 10 | - |
| **Total current assets** | | **108,178** | **151,644** |
| **TOTAL ASSETS** | | **142,527** | **185,189** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity share capital | 18 | 1,181 | 1,181 |
| Other equity | 19 | 21,499 | 60,761 |
| **Total equity** | | **22,680** | **61,942** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Provisions | 20 | 15,245 | 13,986 |
| Employee benefit obligations | 21(a) | 60 | 49 |
| Other non-current liabilities | 22 | 1,367 | 1,134 |
| **Total non-current liabilities** | | **16,672** | **15,169** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Short - term borrowings | 23 | 128 | 116 |
| (ii) Trade payables | 24 | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | 21 | 44 |
| (b) Total outstanding dues other than micro enterprises and small enterprises | | 35,695 | 31,389 |
| (iii) Other financial liabilities | 25 | 816 | 349 |
| Provisions | 26 | 6,189 | 9,493 |
| Employee benefit obligations | 21(b) | 3,945 | 3,362 |
| Liabilities for current tax (net) | 27 | 1,406 | 2,214 |
| Other current liabilities | 28 | 54,975 | 61,111 |
| **Total current liabilities** | | **103,175** | **108,078** |
| **Total liabilities** | | **119,847** | **123,247** |
| **TOTAL EQUITY AND LIABILITIES** | | **142,527** | **185,189** |

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

In terms of our report of even date attached.

**For and on behalf of the Board of Directors of Otis Elevator Company (India) Limited**
CIN: U29150MH1953PLC009158

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008

Place: Mumbai
Date: August 21, 2019

**Sebi Joseph**
Managing Director
DIN 05221403
Place: Mumbai

**Suma P N**
Director
DIN 05350680
Place: Mumbai

**Bharat Nayak**
Chief Financial Officer
Membership No. 38710
Place: Mumbai

**Harish Iyer**
Company Secretary
Membership No. 24491
Place: Perhentian Island, Malaysia

Date: August 21, 2019

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Consolidated Statement of Profit and Loss for the year ended March 31, 2019**

| | Notes | Year ended March 31, 2019 in Rs. Lakhs | Year ended March 31, 2018 in Rs. Lakhs |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | 29 | 170,683 | 143,116 |
| Other Income | 30 | 8,483 | 10,926 |
| **Total income** | | **179,166** | **154,042** |
| **Expenses** | | | |
| Cost of materials consumed | 31 | 82,199 | 60,295 |
| Changes in Inventories of work-in-progress | 32 | 262 | 11 |
| Excise duty | | - | 627 |
| Employee benefits expenses | 33 | 32,267 | 30,562 |
| Finance costs | 34 | 305 | 137 |
| Depreciation and amortisation expenses | 35 | 1,200 | 974 |
| Other Expenses | 36 | 37,041 | 32,919 |
| **Total expenses** | | **153,274** | **125,525** |
| **Profit before share of net profits of investments accounted for using equity method and tax** | | **25,892** | **28,517** |
| Share of net (loss) / profits of investments accounted for using equity method and tax | | 31 | (112) |
| **Profit before Tax** | | **25,923** | **28,405** |
| Income tax expense | | | |
| 1. Current Tax | 43 | 9,850 | 9,500 |
| 2. Deferred Tax | 43 | (402) | 894 |
| 3. Adjustment of tax for earlier years | | (762) | 310 |
| | | **8,686** | **10,704** |
| **Profit for the year** | | **17,237** | **17,701** |
| **Other comprehensive income** | | | |
| Items that will not be reclassified to the Statement of Profit and Loss: | | | |
| Actuarial gains arising from remeasurements of post-employment benefit obligations | | (117) | 524 |
| Deferred tax (expense) related to above item | | 41 | (185) |
| Share of Other comprehensive income of associate accounted using equity method | | - | 1 |
| **Other comprehensive income for the year, net of tax** | | (76) | 340 |
| **Total comprehensive income for the year** | | **17,161** | **18,041** |
| **Profit is attributable to:** | | | |
| Owners of Otis Elevator Company (India) Limited | | 17,237 | 17,701 |
| Non-controlling interests | | - | - |
| **Other comprehensive income attributable to** | | | |
| Owners of Otis Elevator Company (India) Limited | | (76) | 340 |
| Non-controlling interests | | - | - |
| **Total comprehensive income attributable to:** | | | |
| Owners of Otis Elevator Company (India) Limited | | 17,161 | 18,041 |
| Non-controlling interests | | - | - |
| Earnings per Share - (Basic and Diluted) [Refer note 37] (Rs. per Equity Share of Rs. 10 each) [Nominal value of share Rs. 10 each] (Previous Year - Rs. 10 each) | | 145.98 | 149.90 |

The above consolidated statement of Profit and Loss should be read in conjunction with the accompanying notes.

In terms of our report of even date attached.

**For and on behalf of the Board of Directors of Otis Elevator Company (India) Limited**
CIN: U29150MH1953PLC009158

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008
UDIN

Place: Mumbai
Date: August 21, 2019

**Sebi Joseph**
Managing Director
DIN 05221403
Place: Mumbai

**Suma P N**
Director
DIN 05350680
Place: Mumbai

**Bharat Nayak**
Chief Financial Officer
Membership No. 38710
Place: Mumbai

**Harish Iyer**
Company Secretary
Membership No. 24491
Place: Perhentian Island, Malaysia

Date: August 21, 2019

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Consolidated Statement of Cash Flows for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| Profit before tax | 25,923 | 28,405 |
| **Adjustments for :** | | |
| Depreciation and amortisation expense | 1,200 | 974 |
| Provision for trade receivables and other financial assets | 2,988 | 1,800 |
| Provision for non-financial assets | - | 7 |
| Unrealised (Gain) / loss on forex (net) | (521) | 752 |
| Bad trade receivables and other financial assets written off | 82 | 869 |
| Interest expense on delayed payments of taxes | 205 | 61 |
| Interest - others | 10 | 10 |
| Interest on Borrowings | 13 | 13 |
| Interest on : | | |
| - Deposits with Bank | (3,240) | (2,246) |
| -Income tax refund | (17) | (164) |
| - Loans to related parties | (2,645) | (6,515) |
| - Others | (2) | (22) |
| (profit) / Loss on sale / disposal of property, plant and equipment (net) | (150) | 72 |
| Provision for product upgradation | (360) | 131 |
| Provision for contingency / write back of provision for contingency (net) | 1,737 | (732) |
| Unwinding of Interest on deposits/ retention money/ employee loans | 77 | 53 |
| Share based payments to Employees | 488 | 491 |
| (profit) / Loss on sale / disposal of invsetmnet in associate | (70) | - |
| share of net profits of investments accounted for using equity method | (31) | 112 |
| **Operating profit before working capital changes** | **25,687** | **24,071** |
| **Change in operating assets and liabilities** | | |
| Decrease / (increase) in trade receivables - non-current | 167 | (167) |
| (Increase)/ decrease in trade receivables - current | (6,246) | 296 |
| Decrease / (increase) in inventories | 619 | (2,636) |
| Increase in trade Payables | 4,794 | 9,876 |
| Decrease in other current financial assets | 267 | 1,729 |
| (Increase) in other non-current assets | (500) | (547) |
| Decrease / (increase) in other current assets | 3,933 | (4,225) |
| Increase / (decrease) in provisions (non-current) | 1,259 | (1,627) |
| (Decrease) in provisions (current) | (4,681) | (6,908) |
| Increase in employee benefit obligations (non-current) | 11 | 9 |
| Increase in employee benefit obligations (current) | 466 | 795 |
| Increase / (decrease) in other current financial liabilities | 381 | (221) |
| Increase in non-current liabilities | 233 | 107 |
| Decrease in other non current financial assets | 123 | 113 |
| (Decrease) / Increase in other current liabilities | (6,740) | 6,397 |
| (Increase) in Contract work-in-progress | (2,690) | (3,404) |
| **Operating profit after working capital changes** | **17,083** | **23,658** |
| Taxes paid (net) | (9,524) | (7,887) |
| **Net cash generated from operating activities (A)** | **7,559** | **15,771** |
| **Cash flow from investing activities** | | |
| Purchase of property,plant and equipment | (2,214) | (1,841) |
| Proceeds from sale of Property plant and equipment | 225 | 10 |
| Sale of Investments in Associate | 430 | - |
| Loans given (net of repayment) | (1,066) | 48,898 |
| Interest received | 4,171 | 8,577 |
| (Increase) in other bank balances | (120) | (110) |
| **Net Cash Generated from Investing Activities (B)** | **1,426** | **55,534** |
| **Cash flow from financing activities** | | |
| Dividend paid | (47,144) | (42,381) |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Consolidated Statement of Cash Flows for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Dividend distribution tax paid | (9,709) | (8,654) |
| Interest expense | (106) | (13) |
| **Net cash (utilised) for Financing Activities ( C )** | **(56,959)** | **(51,048)** |
| **Net (Decrease) / increase in Cash and Cash Equivalents (A+B+C)** | **(47,974)** | **20,257** |
| Cash and Cash Equivalents at the Beginning of the Year | 72,052 | 51,795 |
| **Cash and Cash Equivalents at the End of the Year** | **24,078** | **72,052** |
| **Cash and Cash Equivalents comprise:** | | |
| Cash on hand | * | * |
| Bank Balances: | | |
| - In Current accounts | 3,954 | 3,593 |
| - In Demand Deposits | 20,133 | 68,469 |
| Temporary overdraft with banks | (9) | (10) |
| | 24,078 | 72,052 |

**Notes:**

1. The above Consolidated Cash Flow Statement has been prepared under "Indirect Method" set out in Accounting Standard (Ind AS) 7 on the Statement of Cash Flows as notified under Companies (Accounts) Rules, 2015.
2. The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

| 3. Movement of short-term borrowing. | For the year ended March 31, 2019 In Rs. Lakhs | For the year ended March 31, 2018 In Rs. Lakhs |
|---|---|---|
| Short-term borrowings (1st April) | 100 | 100 |
| Add/Less: movement during the year | - | - |
| Short-term borrowings (31st March) | 100 | 100 |

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

In terms of our report of even date attached.

**For and on behalf of the Board of Directors of Otis Elevator Company (India) Limited**
CIN: U29150MH1953PLC009158

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008
UDIN

Place: Mumbai
Date: August 21, 2019

**Sebi Joseph**
Managing Director
DIN 05221403
Place: Mumbai

**Suma P N**
Director
DIN 05350680
Place: Mumbai

**Bharat Nayak**
Chief Financial Officer
Membership No. 38710
Place: Mumbai

**Harish Iyer**
Company Secretary
Membership No. 24491
Place: Perhentian Island, Malaysia

Date: August 21, 2019

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Consolidated Statement of changes in equity for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**A. Equity Share Capital (Refer Note 18)**

| Particulars | Amount |
|---|---|
| **Balance as at April 1, 2017** | **1,181** |
| Changes in equity share capital | - |
| **Balance as at March 31, 2018** | **1,181** |
| Changes in equity share capital | - |
| **Balance as at March 31, 2019** | **1,181** |

**B. Other equity (Refer Note 19)**

| Particulars | Reserves and Surplus | | | Other Equity (Refer Note 52) | Total |
|---|---|---|---|---|---|
| | Capital redemption reserve | General reserve | Retained earnings | Equity contribution from Ultimate Parent - Share based payments | |
| **Balance as at April 1, 2017** | 73 | 1,759 | 90,836 | 725 | 93,393 |
| Profit/(loss) for the year | - | - | 17,701 | - | 17,701 |
| Other comprehensive income | - | - | 340 | - | 340 |
| **Total comprehensive income for the year** | - | - | **18,041** | - | **18,041** |
| Dividends paid | - | - | (42,510) | - | (42,510) |
| Dividend distribution tax | - | - | (8,654) | - | (8,654) |
| Addition towards share based payments | - | - | - | 491 | 491 |
| **Balance as at March 31, 2018** | **73** | **1,759** | **57,713** | **1,216** | **60,761** |

| Particulars | Reserves and Surplus | | | Other Equity (Refer Note 52) | Total |
|---|---|---|---|---|---|
| | Capital redemption reserve | General reserve | Retained earnings | Equity contribution from Ultimate Parent - Share based payments | |
| **Balance as at April 1, 2018** | **73** | **1,759** | **57,713** | **1,216** | **60,761** |
| Profit for the year | - | - | 17,237 | - | 17,237 |
| Other comprehensive income | - | - | (76) | - | (76) |
| **Total comprehensive income for the year** | **-** | **-** | **17,161** | **-** | **17,161** |
| Dividends paid | - | - | (47,233) | - | (47,233) |
| Dividend distribution tax | - | - | (9,709) | - | (9,709) |
| Impact on adoption of Ind AS 115 (net of tax Rs.17 lakhs) | | | 31 | | 31 |
| Addition towards share based payments | - | - | - | 488 | 488 |
| **Balance as at March 31, 2019** | **73** | **1,759** | **17,963** | **1,704** | **21,499** |

The above Consolidated Statement of changes in equity should be read in conjunction with the accompanying notes.

In terms of our report of even date attached.

**For and on behalf of the Board of Directors of Otis Elevator Company (India) Limited**
CIN: U29150MH1953PLC009158

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008
UDIN

Place: Mumbai
Date: August 21, 2019

**Sebi Joseph**
Managing Director
DIN 05221403
Place: Mumbai

**Suma P N**
Director
DIN 05350680
Place: Mumbai

**Bharat Nayak**
Chief Financial Officer
Membership No. 38710
Place: Mumbai

**Harish Iyer**
Company Secretary
Membership No. 24491
Place: Perhentian Island, Malaysia

Date: August 21, 2019

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

**1 Background of the Company**

The Otis Elevator Company (India) Limited ('the Holding Company') having its registered office at Magnus Towers, 9th Floor, Mindspace, Link Road, Malad West, Mumbai – 400 064 was incorporated on 30th October,1953 vide certificate of incorporation number U29150MH1953PLC009158 issued by the Registrar of Companies, Mumbai, Maharashtra. The Group is engaged inter-alia in the business of manufacture, erection, installation and maintenance of elevators, escalators and travolators. The financial statements of Otis Elevator Company (India) Limited (hereinafter referred to as the 'Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group").

**2 Basis of Preparation and Principles of Consolidation:**

**(A) Basis of Preparation**

**(a) Statement of compliance**

These consolidated Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the Section 133 of the Companies Act, 2013 ("the 2013 Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, and the relevant provisions and amendments, as applicable.

These consolidated financial statements were authorised for issue by the Company's Board of Directors on August 21, 2019.

**(b) Historical cost convention**

These consolidated Ind AS financial statements have been prepared on the historical cost basis except for the following:
(i) Certain financial assets and liabilities (including derivative instruments) measured at fair value
(ii) Defined benefit plans - plan assets measured at fair value and
(iii) Share based payments

**(c) Use of estimates and judgments**

The preparation of the consolidated 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. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

This Note provides an overview of the areas that involved higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant Notes together with information about the basis of calculation for each affected line item in the consolidated Ind AS financial statements.The areas involving critical estimates or judgments are:
(i) Estimation of total contract revenue and cost of revenue recognition (Refer Note 53)
(ii) Estimation of defined benefit obligations ((Refer Notes 33, 21(a) and 21(b))
(iii) Estimation of current tax expense and receivables/payables (Refer Notes 9, 27 and 43)
(iv) Impairment of trade and other receivables (Refer Note 6(a),6(b), 7,10,13(a),13(b),16 and 17)
(v) Recognition and measurement of provisions and contingencies (Refer Notes 20 and 26)

**(d) Current vs non-current classification**

**Operating cycle**

All assets and liabilities have been classified as current or non-current as per the group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of business and the time between the supply of products/rendering of services and their realisation in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities.

**(B) Principles of Consolidation and equity accounting:**

**(a) Subsidiary**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

**(b) Associates**

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associate are accounted for using the equity method of accounting (see (c) below), after initially being recognised at cost.

**(c) Equity Method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in Note 3(h) below.

**(d) Change in ownership interests**

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

**3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated Ind AS financial statements unless otherwise indicated.

**(a) Foreign currency translations**

**(I) <u>Functional and presentation currency</u>**

Items included in the consolidated Ind financial statements of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated Ind AS financial statements are presented in Indian rupee (Rs.), which is group's functional and presentation currency.

**(ii) <u>Transactions and balances</u>**

Transactions in foreign currencies are translated to the functional currency of the group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate prevailing on that date. Foreign exchange gains and 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 rate are generally recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

**(b) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**(I) Financial assets**

A financial asset is (i) Cash; (ii) a contractual right to receive cash or another financial asset; to exchange financial assets or financial liabilities under potentially favorable conditions; (iii) or a contract that will or may be settled in the entity's own equity instruments and a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

**Recognition, measurement and classification**

A financial asset is recognised in the consolidated Ind As balance sheet only when the group becomes party to the contractual provisions to the instrument. All financial assets are measured initially at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed to statement of profit or loss.

The group classifies its financial assets into a) financial assets measured at amortised cost, and b) financial assets measured at fair value (either through other comprehensive income or through profit or loss). Management determines the classification of its financial assets at the time of initial recognition or, where applicable, at the time of reclassification. The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

**(1) Financial assets measured at amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

A financial asset is classified at amortised costs if it is held within a business model whose objective is to a) hold financial asset in order to collect contractual cash flows and b) the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using effective interest rate method (EIR). Amortised cost is arrived at after taking into consideration any discount or fees or costs that are an integral part of the EIR. The amortisation of such interests forms part of finance income in the statement of profit and loss. Any impairment loss arising from these assets are recognised in the Statement of Profit and Loss.

**(2) Financial assets measured at fair value through other comprehensive income (FVTOCI)**

A financial asset is classified at fair value through other comprehensive income if it is held within a business model whose objective is to a) hold financial asset in order to collect contractual cash flows and for selling the financial assets and b) the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through Other Comprehensive Income (OCI), except for the recognition of impairment of gains or losses, interest revenue and foreign exchange gains and losses which are recognised in statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

**(3) Financial assets measured at fair value through profit and loss (FVTPL)**

Any asset which do not meet the criteria for classification as at amortised cost or as FVTOCI, is classified as FVTPL. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the Statement of Profit and Loss.

**(ii) Financial liabilities**

A financial liability is (i) a contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial instruments under potentially unfavourable conditions; (ii) or a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of its own equity instruments; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

**Recognition, measurement and classification**

A financial liability is recognised in the balance sheet only when the group becomes party to the contractual provisions to the instrument.

Financial liabilities are classified as either held at a) fair value through profit or loss, or b) at amortised cost. Management determines the classification of its financial liabilities at the time of initial recognition or, where applicable, at the time of reclassification.

After initial measurement, such financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

**(iii) De-recognition**

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership is transferred. A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

**(iv) Impairment of financial assets**

In accordance with Ind AS 109, the group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets.

The Group follows 'simplified approach' permitted by Ind AS 109, Financial instruments, for recognition of impairment loss allowance on Trade Receivables which requires expected lifetime losses to be recognised from initial recognition of the receivables.

At the time of recognition of impairment loss on other financial assets, the group determines that whether there has been a significant increase in the credit risk since its initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance / reversal is recognized during the period as expense/income in the Statement of Profit and Loss. In case of financial assets measured as at amortised cost, ECL is presented as an allowance. Until the asset meets write-off criteria, the group does not reduce impairment allowance from the gross carrying amount but is disclosed as net carrying amount.

**(v) Derivatives**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value through Profit or Loss.

**(vi) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

**(c) Inventories**

Inventories are valued at the lower of cost and net realisable value.Cost of components for service and repair inventories are computed on weighted average cost basis. Cost for components of elevators work -in-progress for components for elevators constructions includes materials, labour and manufacturing overheads and other costs incurred in bringing the inventories to their present location, and is determined using standard cost method that approximates actual cost.

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

**(d) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty (up to the applicable date), and net of sales taxes (up to the applicable date), Goods and Services Tax (GST) and taxes collected on behalf of the third parties. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Group has adopted Ind AS 115, Revenue from Contracts with Customers, with effect from 01 April 2018. The group has adopted Ind AS 115 'Revenue from Contracts with Customers' effective 1 April 2018. The group has elected the option of the modified retrospective approach Group has applied the following accounting policy for revenue recognition:

Revenue from sale of contracts for supply and installation of elevators, escalators and trav-o-lators.

Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which group expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1.The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

3. The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

Any costs incurred that do not contribute to satisfying performance obligations are excluded from group's input methods of revenue recognition as the amounts are not reflective of our transferring control of the system to the customer. Significant judgment is required to evaluate assumptions related to the amount of net contract revenues, including the impact of any sales incentives, royalties, and other forms of variable consideration.

When group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration to be earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability

**Advances from customers, progress payments, amount due from and due to customers and retention money receivable.**

Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract.

Progress payments received are adjusted against amount receivable from customers in respect of the contract work performed.

Amounts due from contract customers represents the gross unbilled amount expected to be collected from customers for contract work performed till date. It is measured at cost plus margin recognised till date less progress billings and recognised losses when incurred.

Amounts due to contract customers represents the excess of progress billings over the revenue recognised (costs plus attributable margin) for the contract work performed till date.

Amounts retained by the customers until the satisfactory completion of the contracts are recognised as receivables.

Revenue from construction and repair contracts is recognised on Percentage of Completion Method with reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion of a contract is determined as the proportion that contract costs incurred for work performed up to the year end bear to the estimated total contract costs. However, provisions are made for the entire loss on a contract irrespective of the amount of work done.

When two or more revenue generating activities or deliverables are provided under a single arrangement, each deliverable is considered to be a separate unit of account and 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. Under contracts for supplies and installation, the group provides free service / maintenance to its customers. The consideration received is allocated between the equipment sale and service relative to the fair value of free service offered. The fair value of the free service is deferred and recognised as revenue on pro-rata basis over the contract period.

Revenue from Maintenance contracts is recognised on pro-rata basis over the contract period.

Revenue from the sale of raw materials and components, and sale of scrap are recognised when the significant risks and rewards of ownership of the goods have passed to the customer.

Price Adjustment Claims, if any, are recognised as income after considering reasonable certainty of collection.

**(e) Other Income**

Interest income from financial asset 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. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial asset (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

(All amounts are in Rupees in Lakhs, except otherwise as stated)

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be measured reliably.

Recoveries from Group Companies include recoveries towards common facilities / resources and other support provided to such parties which is recognised as per terms of agreement.

**(f) Property, plant and equipment**

**Recognition and measurement**

Freehold land is stated at cost. All other items of property, plant and equipment are measured at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**Depreciation methods, estimated useful lives and residual value**

| Particulars | Useful lives |
|---|---|
| Buildings | 30 years |
| Plant & equipment | 15 years |
| Furniture & fixtures | 10 years |
| Electrical installations | 10 years |
| Computers | 3 years |
| Vehicles | 8 - 10 years |
| Office equipments | 5 years |

Depreciation on tangible assets is provided on written down value method at the rates and in the manner prescribed under Schedule II of the Companies Act, 2013. Depreciation is provided on pro-rata basis with reference to the month of addition / installation / disposal of assets, except in case of assets costing Rs. 5,000 or less, which are depreciated fully in the year of acquisition. The Group has expensed all tangible assets equal to or below Rs. 150,000 post April 1, 2017 in the Statement of Profit and Loss account. The Group has estimated the useful lives of assets equivalent to the useful lives prescribed in Schedule II to the Companies Act, 2013 as below:

The residual values are not more than 5% of the original cost of the asset. Depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount.

Gains or losses arising from the retirement or disposal of a tangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Leaseholds improvements are amortised over the lease period on Straight line basis.

**Transition to Ind AS**

On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Assets 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, are generally measured at the lower of their carrying amount and fair value less costs 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 they are no longer depreciated.

**(g) Intangible assets**

Intangible assets that are acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Softwares purchased are amortised over a period of 3 to 5 years on straight line basis.

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

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

**Research and Development:**
Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility and other criteria set out in Ind AS 38 - 'Intangible assets' have been established, in which case such expenditure is capitalised.

**Transition to Ind AS**
On transition to Ind AS, the group has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

**(h) Impairment of non-financial assets :**
Non-Financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

**(I) Leases**
Operating lease
As a Lessee, lease in which significant portion of risks and rewards of ownership are not transferred to the group are classified as operating lease.

Payments made under operating leases are charged to Statement of Profit and Loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**(j) Employee benefits**
**i) Short term obligation**
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Termination benefits are recognised as an expense as and when incurred.

**ii) Other long-term employee benefit obligations**
Compensated Absences
The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**iii) Post employment obligations**
**a) Defined contribution plans**
A defined contribution plan is a post-employment plan under which an entity pays fixed contributions and will have no legal or constructive obligation to pay further amounts.
The group contributes to Superannuation Fund, Employee's State Insurance Fund and Employees Deposit Linked Insurance scheme, and has no further obligation beyond making its contribution. The group's contributions to the above funds are charged to the Statement of Profit and Loss.

**b) Defined benefit plans**
Provident Fund
Contributions to Provident Fund and Employee's Pension Scheme 1995 are made to Trust administered by the group. The group's liability is actuarially determined (using the Project Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the group, is additionally provided for.

Gratuity
The group provide for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment of vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment. The group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year.

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit or loss as past service cost.

**iv) Termination Benefits**
Termination benefits in the nature of voluntary separation plan are recognised in the Statement of Profit and Loss as and when incurred.

**v) Share based payments**
Share based compensation benefits are provided to employees by the Ultimate Parent Group without any cross charge. The fair value of of options granted is recognised as an employee benefit expenses with a corresponding increase in equity as contribution from the parent.
The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of revision to original estimates, if any, in the statement of profit or loss, with a corresponding adjustment to equity.

**(k) Income tax**
Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates items recognised directly in equity or in other comprehensive income.

**Current tax**
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Deferred tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

**(l) Provisions and contingent liabilities**

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value, wherever group can estimate the time of settlement, of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The increase in the provisions due to passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with in the control of the group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount can not be made. Where the likelihood of outflow of resources is remote, no provision or disclosure as specified in Ind AS - 37 - "Provision, contingent liabilities and contingent assets" is made.

**(m) Segment reporting**

The Chief Operational Decision Maker (CODM) monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM.

**(n) Earnings per share**

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

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

**(o) Cash and cash equivalents**

For the purpose of presentation in the Statement of Cash flows, Cash and cash equivalent comprise of cash / cheques on hand and at banks including short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, and bank overdrafts.

**(p) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**(q) Measurement of fair value**

Group measures certain financial instruments, such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or

B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as under, based on the lowest level input that is significant to the fair value measurement as a whole:

A. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
B. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
C. Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**(r) Borrowing cost**

Borrowing costs are interest and ancillary costs incurred in connection with the arrangement of borrowings. General and specific borrowing costs attributable to acquisition and construction of any qualifying asset (one that takes a substantial period of time to get ready for its designated use or sale) are capitalised until such time as the assets are substantially ready for their intended use or sale, and included as part of the cost of that asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All the other borrowing costs are recognised in the Statement of Profit and Loss within Finance costs of the period in which they are incurred.

**(s) Rounding of amounts**

All amounts disclosed in the consolidated Ind AS financial statements and Notes have been rounded off to the nearest Rupees in lakhs as per the requirement of Schedule III, unless otherwise stated.

**4. Property, Plant and Equipment**

| Description | Gross Block | | | | | Depreciation | | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2018 | Additions | Deductions | Assets held for sale | As at March 31, 2019 | As at April 1, 2018 | For the year | Deductions | Assets held for sale | As at March 31, 2019 | As at March 31, 2019 |
| Freehold land | 250 | - | - | | 250 | - | - | - | | - | 250 |
| Buildings | 4,442 | 810 | 4 | 21 | 5,227 | 1,175 | 355 | 1 | 11 | 1,518 | 3,709 |
| Leasehold improvements | 465 | 27 | - | | 492 | 400 | 60 | - | | 460 | 32 |
| Plant and equipments | 3,471 | 681 | 153 | | 3,999 | 1,416 | 465 | 83 | | 1,798 | 2,201 |
| Furniture and fixtures | 174 | - | - | | 174 | 102 | 19 | - | | 121 | 53 |
| Electrical installations | 294 | - | - | | 294 | 172 | 30 | - | | 202 | 92 |
| Computers | 72 | 45 | 8 | | 109 | 56 | 18 | 6 | | 68 | 41 |
| Vehicles | 18 | - | - | | 18 | 8 | 2 | - | | 10 | 8 |
| Office Equipments | 241 | 45 | 5 | | 281 | 185 | 36 | 5 | | 216 | 65 |
| **Total** | **9,427** | **1,608** | **170** | **21** | **10,844** | **3,514** | **985** | **95** | **11** | **4,393** | **6,451** |
| **Capital work-in-progress** | **775** | **1,170** | **1,608** | | **337** | **-** | **-** | **-** | | **-** | **337** |

| Description | Gross Block | | | | Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2017 | Additions | Deductions | As at March 31, 2018 | As at April 1, 2017 | For the year | Deductions | As at March 31, 2018 | As at March 31, 2018 |
| Freehold land | 250 | - | - | 250 | - | - | - | - | 250 |
| Buildings | 4,445 | - | 3 | 4,442 | 828 | 348 | 1 | 1,175 | 3,267 |
| Leasehold improvements | 460 | 24 | 19 | 465 | 359 | 59 | 18 | 400 | 65 |
| Plant and equipments | 2,983 | 587 | 99 | 3,471 | 1,016 | 445 | 45 | 1,416 | 2,055 |
| Furniture and fixtures | 175 | 13 | 14 | 174 | 87 | 25 | 10 | 102 | 72 |
| Electrical installations | 297 | - | 3 | 294 | 132 | 41 | 1 | 172 | 122 |
| Computers | 81 | 2 | 11 | 72 | 49 | 10 | 3 | 56 | 16 |
| Vehicles | 37 | - | 19 | 18 | 14 | 5 | 11 | 8 | 10 |
| Office Equipments | 239 | 9 | 7 | 241 | 149 | 41 | 5 | 185 | 56 |
| **Total** | **8,967** | **635** | **175** | **9,427** | **2,634** | **974** | **94** | **3,514** | **5,913** |
| **Capital work-in-progress** | **26** | **1,384** | **635** | **775** | **-** | **-** | **-** | **-** | **775** |

**Other Intangible assets**
[Refer Notes 3 (g) and (h)]

| Description | Gross Block | | | | Amortisation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2018 | Additions | Deductions | As at March 31, 2019 | As at April 1, 2018 | For the year | Deductions | As at March 31, 2019 | As at March 31, 2019 |
| Software | 1 | 1,440 | 1 | 1,440 | - | 215 | - | 215 | 1,224 |
| **Total** | **1** | **1,440** | **1** | **1,440** | **-** | **215** | **-** | **215** | **1,224** |
| **Capital Work-in-progress** | **414** | **1,025** | **1,439** | **-** | **-** | | | **-** | **-** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

| Description | Gross Block | | | | Amortisation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2017 | Additions | Deductions | As at March 31, 2018 | As at April 1, 2017 | For the year | Deductions | As at March 31, 2018 | As at March 31, 2018 |
| Software | 2 | 1 | 2 | 1 | 1 | * | 1 | - | * |
| Total | 2 | 1 | 2 | 1 | 1 | * | 1 | - | * |
| **Capital Work-in-progress** | - | 414 | | 414 | - | | | - | 414 |

**Note:**
The Company has availed the deemed cost exemption in relation to the property plant and equipment and intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

* Amounts are below rounding off norms adopted by the Group.

**Assets classified as held for sale**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Building | 10 | - |
| | **10** | **-** |

In August 2018, the directors of the Company have decided to sell the Godown No. 12 & 13, garage no. 1 located at Seeta Mahal Co-op Housing Society Limited, Mumbai 400 026 and office premises located at Sarvodaya Industrial Premises Co-operative Society Limited, Andheri (East). Mumbai 400 093 in the Board meeting held on 8th August, 2018. Accordingly, the net book value of building apportionment thereto has been classified as assets held for sale.

## 5 Investment in an Associate:

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unquoted:** | | |
| Associate Company: | | |
| Nil Equity Shares (March 31, 2018: 288,550) of Rs. 10 each fully paid up in Trio Elevators Company (India) Limited | - | 329 |
| | **-** | **329** |
| Aggregate book value of gross unquoted investments | - | 329 |
| Aggregate book value of net unquoted investments | - | 329 |

## 6 (a) Loans - Non-Current

| | | |
|---|---|---|
| Loans to employees | 30 | 10 |
| | **30** | **10** |

## 6 (b) Loans - Current

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured, considered good:** | | |
| Loans to related parties | | |
| Chubb Alba Control Systems Limited | 19,197 | 20,986 |
| Carrier Race Technologies Private Limited | 3,700 | 3,150 |
| United Technologies Corporation India Private Limited | 2,300 | |
| Loans to employees | 38 | 53 |
| | **25,235** | **24,189** |

**Details of Loans to Related Parties**

| Particulars | As at March 31, 2019 Amounts | Purpose | Rate of interest % | Repayable on or before |
|---|---|---|---|---|
| Chubb Alba Control Systems Limited | 19,197 | Project financing and working capital | 11.25 | July 31, 2019 |
| | **19,197** | | | |
| Carrier Race Technologies Private Limited | 3,150 | Working capital | 11.25 | May 14, 2019 |
| | 550 | Working capital | 11.25 | May 14, 2019 |
| | **3,700** | | | |
| United Technologies Corporation India Private Limited | 2,300 | Project financing and working capital | 11.25 | October 11, 2019 |
| | **2,300** | | | |

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**Details of Loans to Related Parties**

| Particulars | As at March 31, 2018 Amounts | Purpose | Rate of interest % | Repayable on or before |
|---|---|---|---|---|
| Chubb Alba Control Systems Limited | 20,986 | Project financing and working capital | 11.25 | May 19, 2018 |
| | **20,986** | | | |
| Carrier Race Technologies Private Limited | 3,150 | Working capital | 12.50 | July 30, 2018 |
| | **3,150** | | | |

## 7 Other financial assets (non current)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured, considered good** | | |
| Security deposits | 680 | 757 |
| Long-term Deposits with bank with maturity period more than 12 months | - | 34 |
| **Unsecured, considered doubtful** | | |
| Security deposits | 98 | 110 |
| Less: Impairment loss allowance | (98) | (110) |
| | - | - |
| | **680** | **791** |

## 8 Deferred tax assets (Net)
[Refer note 43D]

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Deferred tax assets** | | |
| Provision for expected credit loss | 3,034 | 2,536 |
| Provision for compensated absences and gratuity | 1,366 | 1,164 |
| Voluntary separation plan | - | 75 |
| Provision for product upgradation | 73 | 463 |
| Disallowances under Section 40(a) of the Income tax Act, 1961 | 136 | 136 |
| Depreciation / amortisation | 95 | 208 |
| Provision for contingency | 5,325 | 4,886 |
| Provision for forseeable losses on contracts | 1,407 | 1,930 |
| Mark to market adjustment on derivative contracts | 130 | - |
| Provision for impairment | 197 | - |
| **Gross deferred tax assets** | 11,763 | 11,398 |
| **Deferred tax liabilities** | | |
| Mark to market adjustment on derivative contracts gains | - | 23 |
| Dividend distribution tax on undistributed profits of an associate | - | 38 |
| **Gross deferred tax liabilities** | - | 61 |
| **Net deferred tax assets (net)** | **11,763** | **11,337** |

## 9 Non-current tax assets (net)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Advance income tax | 29,043 | 53,184 |
| Provision for tax | (22,468) | (46,155) |
| | **6,575** | **7,029** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

| 10 Other non-current assets | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured, considered good** | | |
| Capital advances | 39 | 23 |
| Prepaid expenses | 68 | 77 |
| Balances with government authorities | 7,135 | 6,600 |
| Advance to employees | - | 33 |
| **Unsecured, considered doubrful** | | |
| Balances with Government Authorities | 1,107 | 1,099 |
| Less: Impairment loss allowance | (1,107) | (1,099) |
| | - | - |
| | **7,242** | **6,733** |

| 11 Inventories (at lower of cost or net realisable value) | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Raw materials: | | |
| Components and Spares [including Components In-transit Rs. 5,204 lakhs (March 31, 2018: Rs. 6,814 lakhs)] | 12,535 | 12,892 |
| Work-in-progress for components for elevator constructions | - | 262 |
| | **12,535** | **13,154** |

During the year, the Group has written down inventories by Rs. 61 lakhs (Previous Year Rs. 20 lakhs) in respect of provision for slow moving and obsolete items. These are recognised as an expense during the year.

**Details of Inventory**

Following the industry pattern, the group considers an Elevator as produced when total components comprising complete elevators are dispatched from the Shipping department. Accordingly, there is no closing stock of goods produced as of March 31, 2019 and March 31, 2018

| 12 Contract Work-In-Progress [Refer Note 28] | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Progress work | 40,812 | 25,506 |
| Less: Aggregate amount of progress billings | 33,134 | 21,170 |
| | **7,678** | **4,336** |

| 13(a) Trade receivables - non current (Unsecured) | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Receivables considered good | 47 | 214 |
| | **47** | **214** |

| 13(b) Trade receivables - current (Unsecured) | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Receivables considered good * | 33,104 | 29,826 |
| Receivables with significant increase in credit risk | 6,920 | 5,858 |
| | 40,024 | 35,684 |
| Less: Provision for expected credit loss | (6,920) | (5,858) |
| | **33,104** | **29,826** |

* This includes amount receivable from related parties Rs. 28 lakhs (March 31, 2018 : Rs. 127 lakhs)

The group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 42.

(All amounts are in Rupees in Lakhs, except otherwise as stated)

## 14 Cash and Cash equivalents

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balances with banks | | |
| - In Current accounts | 3,954 | 3,593 |
| - Deposits with original maturity of less than three months | 20,133 | 68,469 |
| Cash on hand | # | # |
| | **24,087** | **72,062** |

# Amount is below rounding off norms adopted by the Company.

## 15 Bank balances other than above

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Unpaid dividend | 265 | 177 |
| Deposit with banks [towards security deposit against sales tax and other matters] | 54 | 22 |
| | **319** | **199** |

## 16 Other financial assets

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Receivables from related parties** (Refer note 44) | | |
| Interest accrued on loans | - | - |
| Chubb Alba Control Systems Limited | 1,947 | 344 |
| Carrier Race Technologies Private Limited | 640 | 316 |
| | 2,587 | 660 |
| Other receivables | 225 | 345 |
| **Other receivables - Unsecured considered good** | | |
| Deposits - Others | 439 | 596 |
| Interest accrued on fixed deposits | 131 | 342 |
| Other receivables | - | 139 |
| Derivative not designated as hedges | | |
| - Foreign exchange forward contracts | 21 | 73 |
| **Unsecured, considered doubtful** | | |
| Security deposits - Others | 584 | 460 |
| Less: Impairment loss allowance | (584) | (460) |
| | - | - |
| | **3,403** | **2,155** |

## 17 Other current assets

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Prepaid expenses | 645 | 442 |
| Advance to employees | 2 | 2 |
| Advance to suppliers | 864 | 1,224 |
| Less: Impairment loss allowance | - | (17) |
| | 864 | 1,207 |
| Balances with Government Authorities | 296 | 4,072 |
| | **1,807** | **5,723** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

| 18 EQUITY SHARE CAPITAL | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Authorised** | | |
| 15,000,000 (Previous Year 15,000,000) equity shares of Rs. 10 each | 1,500 | 1,500 |
| **Issued, subscribed and paid-up** | | |
| 11,808,222 (previous year: 11,808,222) equity shares of Rs. 10 each fully paid-up | 1,181 | 1,181 |
| | **1,181** | **1,181** |

**(a) Reconciliation of the shares outstanding at the begining and at the end of the reporting period**

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | **Number of shares** | **Amount** | **Number of shares** | **Amount** |
| Balance as at the beginning of the year | 11,808,222 | 1,181 | 11,808,222 | 1,181 |
| Additions/deletions during the year | - | - | - | - |
| **Balance as at the end of the year** | **11,808,222** | **1,181** | **11,808,222** | **1,181** |

**(b)** The Group has one class of equity shares having a par value of Rs. 10 per equity share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim Dividend. 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.

**(c) Shares held by the holding company of the company**

| | Relationship | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| 11,599,819 equity shares (Previous Year: 11,599,819 equity shares) are held by United Technologies South Asia Pacific Pte. Ltd. | Holding Company | 1,160 | 1,160 |
| | | **1,160** | **1,160** |

**(d) List of shareholders holding more than 5% shares as at the Balance Sheet date:**

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| **Name of the Shareholders** | **Number of shares** | **% holding** | **Number of shares** | **% holding** |
| United Technologies South Asia Pacific Pte. Ltd. | 11,599,819 | 98.24% | 11,599,819 | 98.24% |

| 19 OTHER EQUITY | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Capital redemption reserve | 73 | 73 |
| General reserve | 1,759 | 1,759 |
| Retained earnings | 17,963 | 57,713 |
| ESOP reserve - contributon from parent | 1,704 | 1,216 |
| | **21,499** | **60,761** |
| **a. Capital redemption reserve** | | |
| Balance as at the beginning of the year | 73 | 73 |
| Balance as at the end of the year | **73** | **73** |
| **b. General reserve** | | |
| Balance as at the beginning of the year | 1,759 | 1,759 |
| Balance as at the end of the year | **1,759** | **1,759** |

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **c. Retained earnings** | | |
| Balance as at the beginning of the year | 57,713 | 90,836 |
| Add: Profit for the year | 17,237 | 17,701 |
| Items of other comprehensive income recognised directly in retained earnings | | |
| - Re-measurements of post employment benefit obligation (net of tax) | (76) | 340 |
| Impact on adoption of Ind AS 115 (net of tax Rs.17 lakhs) | 31 | - |
| - Dividend | 47,233 | 42,510 |
| - Dividend distribution tax | 9,709 | 8,654 |
| Balance as at the end of the year | **17,963** | **57,713** |
| **d. ESOP reserve - contribution from parent** | | |
| Balance as at the beginning of the year | 1,216 | 725 |
| Add: Additions during the year (Refer Note 52) | 488 | 491 |
| Balance as at the end of the year | **1,704** | **1,216** |
| | **21,499** | **60,761** |

**Nature and purpose of reserves**

**a. Capital redemption reseve**

Capital redemption reserve represents reserves created upon buy back of equity shares in earlier years, pursuant to the requirements of the Companies Act, 1956.

**b. General reserve**

General reserve represents appropriation of retained earnings and are available for distribution to shareholders.

**c. Retained earnings**

Retained earnigns are the profits that the Company has earned till date.

**d. Employees Share Option Plan (ESOP) reserve**

The ESOP reserve is used to recognise the grant date fair value of shared based options issued to employees by the ultimate parent company. Refer note 52 for details.

**e. Dividend (Refer Note 47)**

| 20 **Provisions - Non-Current** | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Other provisions | | |
| Provision for contingency | 15,245 | 13,986 |
| | **15,245** | **13,986** |

**Provision for contingency**

Provision for Contingency represents estimates made for probable liabilities arising out of pending matters with various tax authorities. Outflow with regard to the said matters depends on exhaustion of remedies available to the Company under the law and hence, the Company is not able to reasonably ascertain the time of outflow.

**Provision for product upgradation:**

Provision for product upgradation includes free product upgrade to be provided to the customers to enhance safety, quality and maintenance of elevators. The amount is determined based on the estimated cost of material and labour to be incurred on the affected units.

**(i) Movement in provisions**

| Particulars | Year ended March 31, 2019 | | | Year ended March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Provision for product upgradation | Provision for contingency | Provision for unforseen losses | Provision for product upgradation | Provision for contingency | Provision for unforseen losses |
| **Balance as at March 31, 2018** | 1,323 | 13,986 | 8,170 | 2,042 | 14,760 | 15,817 |
| Provision made during the year | 271 | 1,807 | 2,791 | 171 | 1,418 | 3,351 |
| Provision used during the year | (755) | (478) | - | (850) | (42) | - |
| Unwinding of discount | - | - | - | (40) | - | - |
| Provision reversals/written back during the year | (631) | (70) | (4,980) | - | (2,150) | (10,998) |
| **Balance as at March 31, 2019** | **208** | **15,245** | **5,981** | **1,323** | **13,986** | **8,170** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **21** | **Employee benefit obligations** [Refer Note 33] | | |
| **(a)** | **Non-current provisions for employee benefits:** | | |
| | Provision for gratuity | 60 | 49 |
| | | **60** | **49** |
| **(b)** | **Current provisions for employee benefits:** | | |
| | Provision for gratuity | 644 | 318 |
| | Provision for compensated absences | 3,301 | 3,044 |
| | | **3,945** | **3,362** |

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **22** | **Other non-current liabilities** | | |
| | Advance service and maintenance billing | 1,367 | 1,134 |
| | | **1,367** | **1,134** |

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **23** | **Short-term borrowings** | | |
| | **Unsecured working capital loan from related parties** | | |
| | Carrier Airconditioning & Refrigeration Limited * | 100 | 100 |
| | Interest accrued and due on borrowings ** | 28 | 16 |
| | | **128** | **116** |
| | * Loan repaid on 14th April 2019. Rate of Interest @ 12.50% | | |
| | ** Carrier Airconditioning and Refrigeration Limited | 28 | 16 |

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **24** | **Trade payables** | | |
| | Trade payables to related parties (Refer note 44) | 15,089 | 15,299 |
| | **Trade Payables - Others** | | |
| | - Total outstanding dues of micro enterprises and small enterprises (Refer Note 45) | 21 | 44 |
| | - Total outstanding dues other than micro enterprises and small enterprises | 20,606 | 16,090 |
| | | **35,716** | **31,433** |

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 42.

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **25** | **Other financial liabilities** | | |
| | Capital creditors | 155 | 156 |
| | Unpaid dividends | 265 | 177 |
| | Temporary overdraft with banks | 9 | 10 |
| | Derivative not designated as hedges | | |
| | - Foreign exchange forward contracts | 387 | 6 |
| | | **816** | **349** |

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **26** | **Provisions - Current** | | |
| | Provision for forseeable losses on contracts [Refer Note 20] | 5,981 | 8,170 |
| | Provision for product upgradation [Refer Note 20] | 208 | 1,323 |
| | | **6,189** | **9,493** |

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **27** | **Liabilities for current tax (net)** | | |
| | Provision for tax | 18,596 | 13,854 |
| | Advance tax | (17,190) | (11,640) |
| | | **1,406** | **2,214** |

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **28** | **Other current liabilities** | | |
| | Advances from customers | 6,788 | 7,768 |
| | Advance service and maintenance billing | 9,645 | 7,667 |
| | Statutory liabilities * | 2,617 | 4,219 |
| | Invoices raised in respect of incomplete contracts | 1,61,866 | 143,133 |
| | Less: Adjusted against aggregated amount of cost incurred and recognised profits (less recognised losses) | 1,27,056 | 1,02,489 |
| | | 34,810 | 40,644 |
| | Deferred Revenue for elevator contracts for service and maintenance | 1,115 | 813 |
| | | **54,975** | **61,111** |

| | | | |
|---|---|---|---|
| * | **Statutory liabilities includes below break up:** | | |
| | Goods and Service Tax | 1681 | 3,359 |
| | Sales and Service tax, Tax deducted and tax collected at source | 667 | 515 |
| | Provident fund and family pension scheme | 233 | 314 |
| | Employees state insurance | 9 | 9 |
| | Others (Labour welfare fund and Profession tax) | 27 | 22 |
| | | **2,617** | **4,219** |

| | | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| **29** | **Revenue from operations** | | |
| | Sale of products : | | |
| | Contracts for supply and installation of elevators, escalators and trav-o-lators | 1,03,606 | 82,708 |
| | Income from repairs | 9,392 | 7,740 |
| | Income from maintenance services | 57,080 | 52,167 |
| | Other operating revenues : | | |
| | Sale of raw materials and components | - | 12 |
| | Sale of scrap | 605 | 489 |
| | | **1,70,683** | **1,43,116** |

| | | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| **30** | **Other income** | | |
| | Interest income: | | |
| | - Deposits with banks | 3,240 | 2,246 |
| | - Income tax refund | 17 | 164 |
| | - Loans to related parties (Refer note 44) | 2,645 | 6,515 |
| | - Others | 2 | 22 |
| | Provision for Contingency no longer required written back (net) (Refer note 20) | - | 732 |
| | Provision for product upgradation no longer required written back (Refer note 26) | 360 | - |
| | Liabilities no longer required written back | 805 | - |
| | Recoveries of expenses from related parties | 177 | 563 |
| | Profit on sale/disposal of property, plant and equipment | 150 | - |
| | Profit on sale of shares in Trio Elevators (Associate Company) | 70 | - |
| | Reversal of excess provision for Loss on contracts | 4 | 17 |
| | Bad debts recovery | 27 | 151 |
| | Debts recovered | 203 | - |
| | Sales tax refund | 482 | - |
| | Others | 301 | 516 |
| | | **8,483** | **10,926** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**31 Cost of material consumed**

| Raw material, components and spare parts | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Opening stock | 12,892 | 10,246 |
| Add: Purchases during the year | 81,842 | 62,941 |
| Less: Closing stock | 12,535 | 12,892 |
| | **82,199** | **60,295** |

**32 Changes in inventories of work-in-progress**

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Opening stock | | |
| Components for Elevators Constructions | 262 | 273 |
| Less: Closing stock | | |
| Components for Elevators Contructions | - | 262 |
| | **262** | **11** |

**33 Employee benefit expenses**

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Salaries, wages, allowances, bonus and benefits (net) | 28,270 | 26,463 |
| Contribution to Provident and Family Pension Scheme | 1,467 | 1,462 |
| Contribution to Superannuation Scheme | 167 | 175 |
| Contribution to Gratuity Fund | 638 | 613 |
| Contribution to Employees' State Insurance and Employees' Deposit Linked Insurance Scheme | 79 | 48 |
| Share-based payment to employees (Refer Note 52) | 488 | 491 |
| Workmen and staff welfare expenses | 1,158 | 1,310 |
| | **32,267** | **30,562** |

**I Defined Contribution Plans**

a. Superannuation Fund

b. State Defined Contribution Plans

- Employers' Contribution to Employees State Insurance
- Other contribution plan

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Amount recognised in the Statement of Profit and Loss | | |
| (i) Employers' Contribution to Superannuation | 167 | 175 |
| (ii) Employers' Contribution to Employees State Insurance and Employees' Deposit Linked insurance scheme | 79 | 48 |
| | **246** | **223** |

* Amounts below rounding off norms adopted by the company.

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**II Defined Benefit Plans**

**i) Gratuity**

A) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

| Particulars | Funded Plan | | | Unfunded Plan |
|---|---|---|---|---|
| | Present Value of Obligation | Fair Value of Plan Assets | Net defined benefit (asset) liability | Present Value of Obligation |
| **Balance as on March 31, 2017** | **8,872** | **8,483** | **389** | **44** |
| Interest cost | 631 | 603 | 28 | 3 |
| Current service cost | 576 | - | 576 | 6 |
| **Total amount recognised in profit or loss** | **1,207** | **603** | **604** | **9** |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | (274) | - | (274) | - |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | 27 | - | 27 | (2) |
| Actuarial Gain / (Loss) on plan assets | - | 281 | (281) | - |
| **Total amount recognised in other comprehensive income** | **(247)** | **281** | **(528)** | **(2)** |
| Contributions by employer | - | 152 | (152) | - |
| Benefit Paid | (285) | (285) | - | 3 |
| **Balance as on March 31, 2018** | **9,547** | **9,234** | **313** | **54** |

| Particulars | Present Value of Obligation | Fair Value of Plan Assets | Net defined benefit (asset) liability | Present Value of Obligation |
|---|---|---|---|---|
| **Balance as on March 31, 2018** | **9,547** | **9,234** | **313** | **54** |
| Interest cost | 722 | 698 | 24 | 4 |
| Current service cost | 604 | - | 604 | 7 |
| **Total amount recognised in profit or loss** | **1,326** | **698** | **628** | **11** |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | 13 | - | 13 | - |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | (153) | - | (153) | 1 |
| Actuarial Gain / (Loss) on plan assets | - | (256) | 256 | - |
| **Total amount recognised in other comprehensive income** | **(140)** | **(256)** | **116** | **1** |
| Contributions by employer | - | 419 | (419) | - |
| Benefit Paid | (567) | (567) | - | - |
| **Balance as on March 31, 2019** | **10,166** | **9,528** | **638** | **66** |

B) The net liability disclosed above relates to funded and unfunded plans as below:

| Particulars | Funded Plan | | Unfunded Plan | |
|---|---|---|---|---|
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| Present Value of funded obligation as at the year end | (10,166) | (9,547) | (66) | (54) |
| Fair Value of Plan Assets as at the year end | 9,528 | 9,234 | - | - |
| **Funded Status** | **(638)** | **(313)** | **(66)** | **(54)** |
| Present Value of unfunded Obligation as at the year end | - | - | - | - |
| **Unfunded Net Liability recognised in Balance Sheet** | **(638)** | **(313)** | **(66)** | **(54)** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

C) Amount recognised in the Balance Sheet

| Particulars | Funded Plan | | Unfunded Plan | |
|---|---|---|---|---|
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| Present Value of Obligation at the end of the year | (10,166) | (9,547) | (66) | (54) |
| Fair value of plan assets at the end of the year | 9,528 | 9,234 | - | - |
| (Liability) recognised in the Balance Sheet | **(638)** | **(313)** | **(66)** | **(54)** |

D) Actuarial assumptions

Valuation in respect of Gratuity has been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions:

| | Funded Plan | | Unfunded Plan | |
|---|---|---|---|---|
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| Discount Rate (per annum) | 7.54% | 7.56% | 7.28% | 7.51% |
| Rate of increase in Salary | 10.00% | 10.00% | 9.40% | 9.48% |
| Rate of Return on Plan Assets | 7.54% | 7.56% | - | - |

- The discount rates reflects the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligation.
- The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand and the employment market.

E) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| | Funded Plan – Impact on defined benefit obligation of Gratuity (Amounts) | | | |
|---|---|---|---|---|
| | As at March 31, 2019 | | As at March 31, 2018 | |
| | Increase in rate | Decrease in rate | Increase in rate | Decrease in rate |
| Discount Rate (0.5 % movement) | (314) | 335 | (293) | 312 |
| Compensation levels (0.5 % movement) | 325 | (308) | 304 | (288) |
| Employee turnover (0.5 % movement) | (53) | 56 | (49) | 51 |

| | Unfunded Plan – Impact on defined benefit obligation of Gratuity (Amounts) | | | |
|---|---|---|---|---|
| | As at March 31, 2019 | | As at March 31, 2018 | |
| | Increase in rate | Decrease in rate | Increase in rate | Decrease in rate |
| Discount rate (1% movement) | (62) | 71 | (51) | 57 |
| Compensation levels (1% movement) | 70 | (62) | 57 | (51) |
| Employee turnover (-/+50%) | (64) | 70 | (5) | 56 |

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occuring at the end of the reporting period.

(All amounts are in Rupees in Lakhs, except otherwise as stated)

F) The major categories of plan assets for gratuity are as follows:

| Particulars | Funded Plan | | | |
|---|---|---|---|---|
| | As at March 31, 2019 | | As at March 31, 2018 | |
| | Amount | % | Amount | % |
| **Debts Instruments:** | | | | |
| Central Government Securities | - | - | 56 | 1 |
| State Government Securities | 102 | 1 | 102 | 1 |
| Corporate Bonds | 266 | 3 | 572 | 6 |
| **Investment Funds:** | | | | |
| Special Deposits Scheme | - | 0 | - | 0 |
| Insurance managed funds | 8,399 | 88 | 8,178 | 88 |
| **Others:** | | | | |
| Cash and cash equivalents (net) | 761 | 8 | 326 | 4 |
| **Total** | **9,528** | **100** | **9,234** | **100** |

G)

| Recognised under: | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Non-current employee benefit obligations [Refer Note 21(a)] | 60 | 49 |
| Current employee benefit obligations [Refer Note 21(b)] | 644 | 318 |

H)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Expected gratuity contribution for the next year | 1,019 | 917 |

I) **Defined benefit liability and employer contributions**

The weighted average duration of the defined benefit obligation is 8 years (March 31, 2018 – 8 years). The expected maturity analysis of undiscounted gratuity is as follows:

| Particulars | Funded Plan | | | |
|---|---|---|---|---|
| | Less than a year | Between 2 - 5 years | Over 5 years | Total |
| **March 31, 2019** | | | | |
| Defined benefit obligation (gratuity) | 1,208 | 3,981 | 13,993 | 19,182 |
| **March 31, 2018** | | | | |
| Defined benefit obligation (gratuity) | 1,238 | 3,379 | 13,304 | 17,921 |

| Particulars | Unfunded Plan | | | |
|---|---|---|---|---|
| | Less than a year | Between 2 - 5 years | Over 5 years | Total |
| **March 31, 2019** | | | | |
| Defined benefit obligation (gratuity) | 1 | 39 | 116 | 156 |
| **March 31, 2018** | | | | |
| Defined benefit obligation (gratuity) | 1 | 45 | 117 | 163 |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

**J) Risk exposure**

Through its defined benfit plans, The Group is exposed to a number of risks, the most significant of which are detailed below:

**Asset Volatility**

The plan liabilities are calculated using a discount rate set with reference to market yield of Government securities as at the Balance Sheet date; if plan asset underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grade and in Government of India securities, Group Gratuity Scheme of Life Insurance Corporation of India, Public Sector Undertaking Bonds, Special Deposit Scheme and Other Securities. These are subject to interest rate risk and the funds manages interest rate risk. The Group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The management intends to maintain the above investment mix in the continuing years.

**Changes in yields**

A decrease in yields of plan assets will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' holdings.

**ii) Provident Fund**

The Group has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by The Group has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at March 31, 2019 and March 31, 2018 respectively.

The details of fund and plan asset position are given below:

| **Particulars** | **Funded Plan** | |
|---|---|---|
| | **As at March 31, 2019** | **As at March 31, 2018** |
| Plan assets at period end, at fair value | 33,926 | 30,947 |
| Present value of benefit obligation at year end | (33,926) | (30,947) |
| **Asset recognized in balance sheet** | - | - |

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

| **Particulars** | **Funded Plan** | |
|---|---|---|
| | **As at March 31, 2019** | **As at March 31, 2019** |
| Government of India (GOI) bond yield | 7.54% | 7.56% |
| Remaining term to maturity of portfolio | 5 years | 5 years |
| Expected guaranteed interest rate - First year: | 8.65% | 8.55% |
| - Thereafter: | 8.65% | 8.55% |

The group contributed Rs. 1,467 lakhs and Rs. 1,462 lakhs to the provident fund during the years ended March 31, 2019 and March 31, 2018, respectively and the same has been recognised in the Consolidated Statement of Profit and Loss under the head Employees Benefit Expenses.

**III)** The Liability for leave encashment and compensated absences as at year end is Rs. 3,301 lakhs (March 31, 2018 - Rs. 3,044 lakhs). (Refer note 21)

| **34 Finance Costs** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| Unwinding of interest on deposits / retention money / employee loans | 77 | 53 |
| Interest on Borrowings | 13 | 13 |
| Interest expense on delayed payments of taxes | 205 | 61 |
| Interest - others | 10 | 10 |
| | **305** | **137** |

| 35 Depreciation and amortisation expense | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Depreciation of property, plant and equipment | 985 | 974 |
| Amorisation of intangible assets | 215 | - |
| | **1,200** | **974** |

| 36 Operating and other expenses | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Consumption of stores and consumables | 1,383 | 1,553 |
| Packing and forwarding charges | 4,196 | 3,770 |
| Repairs and maintenance: | | |
| - Buildings | 275 | 286 |
| - Plant and machinery | 98 | 162 |
| - Vehicles | 19 | 10 |
| - Others | 724 | 680 |
| Rent (Refer note 38) | 2,125 | 1,995 |
| Rates and taxes | 702 | 712 |
| Insurance | 748 | 1,065 |
| Power and fuel | 465 | 450 |
| Expenses on contracts for installation/service | 4,864 | 4,931 |
| Advertising, publicity and sales promotion | 272 | 463 |
| Commission | 1,263 | 825 |
| Commission to Non-Executive Directors | 15 | 12 |
| Royalties | 5,724 | 4,569 |
| Communication costs | 328 | 328 |
| Travelling and conveyance | 2,130 | 2,283 |
| Printing and stationery | 394 | 367 |
| Legal and professional charges [Refer note (I) below] | 1,890 | 1,888 |
| Housekeeping expenses | 12 | 13 |
| System and software maintenance expenses | 2,942 | 1,791 |
| Bad trade receivables and other financial assets written off | 1,893 | 2,107 |
| Less: Withdrawn from provision for expected credit loss | (1,811) | (1,238) |
| | 82 | 869 |
| Bad non-financial assets written off | - | 313 |
| Less: Withdrawn from provision for expected credit loss | - | - |
| | - | 313 |
| Provision for expected credit loss and other financial assets | 2,988 | 1,800 |
| Provision for non-financial assets | - | 7 |
| Product upgradation expense (Refer note 26) | - | 131 |
| Provision for contingency (Refer Note 20) | 1,737 | - |
| Directors' fees | 5 | 3 |
| Expenditure towards Corporate Social Responsibility activities [Refer Note (ii) below] | 436 | 402 |
| Loss on sale/disposal of property, plant and equipment (net) | - | 72 |
| Loss on fluctuation in foreign exchange (net) | 986 | 1,037 |
| Miscellaneous expenses | 238 | 132 |
| | **37,041** | **32,919** |

| (i) Legal and professional charges includes auditors' remuneration (net of taxes, where applicable): | | |
|---|---|---|
| For statutory audit | 40 | 40 |
| For tax audit | 6 | 5 |
| For other services | 22 | 1 |
| Reimbursement of expenses | 3 | 1 |
| | **71** | **47** |

(ii) Corporate Social Responsibility Expenses:
(a) Gross amount required to be spent by the group during the year was Rs. 436 lakhs (Previous Year Rs. 402 Lakhs)
(b) Amount spent during the year on:

| Particulars | Paid during the year | Yet to be paid | Total |
|---|---|---|---|
| (i) Construction/acquisition of any asset | - | - | - |
| (ii) On purposes other than (i) above | Rs. 436 lakhs (Previous Year Rs. 402 lakhs) | Rs. Nil (Previous Year Rs. Nil lakhs) | Rs. 436 lakhs (Previous Year Rs. 402 lakhs) |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects.

**37 Earnings per share**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Profit attributable to the owners of the company | 17,237 | 17,701 |
| Weighted Average number of Equity Shares of Rs. 10 each during the year | 11,808,222 | 11,808,222 |
| Earnings Per Share (Basic and Diluted) | 145.98 | 149.90 |
| Nominal Value of an Equity Share | 10 | 10 |

The Company does not have any outstanding potential equity shares. Consequently, the basic and the diluted earnings per share of the Company remain the same.

**38 Operating Leases**

The Group has entered into non-cancellable operating leases for warehouse and office premises for a primary period of 5 to 10 years. The Group has given refundable interest free security deposits under the agreements. Certain agreements contains provision for renewals.

Total future minimum lease payments in respect of the above mentioned premises being:

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Not later than one year | 771 | 428 |
| Later than one year and not later than five years | 430 | 475 |
| Later than five years | - | - |
| Lease payments recognised in the Statement of Profit and Loss during the year | 2,125 | 1,995 |

**39 Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Company. The Group has identified the following segments i.e. (i) Contract for supply and installation of elevators, escalators and trav-o-lators and (ii) services for maintenance, repairs and modernisation of elevators and escalators as reporting segments based on the information reviewed by CODM.

The above business segments have been identified considering:
a) the nature of products and services
b) the differing risks and returns
c) the internal organisation and management structure, and
d) the internal financial reporting systems.

The segment information presented is in accordance with the accounting policies adopted for preparing the consolidated financial statements of the Company.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

| Particulars | 2018-19 | | | 2017-18 | | |
|---|---|---|---|---|---|---|
| | New Equipment Installation | Service | Total | New Equipment Installation | Service | Total |
| **Revenue** | | | | | | |
| Segment revenue | 104,058 | 66,625 | 170,683 | 82,896 | 60,220 | 143,116 |
| Inter-segment revenue | - | - | - | - | - | - |
| **External revenue** | **104,058** | **66,625** | **170,683** | **82,896** | **60,220** | **143,116** |
| **Other income** | 579 | 76 | 655 | 749 | - | 749 |
| **Segment result** | **(2,387)** | **20,930** | **18,543** | **(1,347)** | **19,928** | **18,581** |
| **Unallocable Income/(Expenses)** | | | | | | |
| Other income | | | 7,828 | | | 10,178 |
| Other expenses | | | (479) | | | (242) |
| **Profit before taxation** | | | **25,892** | | | **28,517** |
| **Depreciation** | | | | | | |
| Segment depreciation | 968 | 232 | 1,200 | 868 | 106 | 974 |
| Unallocable depreciation | | | - | | | - |
| **Total Depreciation** | | | **1,200** | | | **974** |
| **Non Cash Expenses/(income) other than Depreciation** | | | | | | |
| Segment Non Cash Expenditure | (940) | 2,202 | 1,262 | 4,152 | (504) | 3,648 |
| Unallocable Non Cash Expenditure | | | 427 | | | (36) |
| **Total Non Cash Expenditure other than Depreciation** | | | **1,689** | | | **3,612** |

**Information about major customers**
There is no single customer which contributes more than 10% of the Group's total revenues.

**40 Research and development expenses**

The Cost of Material Consumed, Employee Benefits Expense, Depreciation and Other Expenses shown in the Statement of Profit and Loss include Rs. 1,849 lakhs (Previous Year Rs. 1,694 lakhs) in respect of the research activities undertaken during the year.

**41** The Group has carried out an independent review for assessing compliance up to March 31, 2018 with the “Transfer Pricing Rules, 2001” issued by the Central Board of Direct Taxes of India and no deviations were observed from the requirements of the aforesaid Transfer Pricing Rules. The Company is yet to commission an independent review for assessing compliance for the year April 1, 2018 to March 31, 2019 with the aforesaid Transfer Pricing Rules. However, on the basis of self-assessment of the operations during the year, and the conclusion drawn on independent review of its operations in the previous financial year, the Management does not expect any significant deviations from the requirements of the aforesaid Transfer Pricing Rules.

**42 Financial instruments - Fair values and risk management**

**A. Accounting classification and fair values**
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value.

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.

(All amounts are in Rupees in Lakhs, except otherwise as stated)

– 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).

| March 31, 2019 | | Carrying amount | | | |
|---|---|---|---|---|---|
| | Note No. | FVTPL | FVTOCI | Amortised Cost | Total |
| **Financial assets** | | | | | |
| (i) Loans | 6(a) and 6 (b) | - | - | 25,265 | 25,265 |
| (ii) Contract work-in-progress | 12 | - | - | 7,678 | 7,678 |
| (iii) Trade receivables | 13 (a) and 13 (b) | - | - | 33,151 | 33,151 |
| (iv) Cash and cash equivalents | 14 | - | - | 24,087 | 24,087 |
| (v) Bank balance other than (iv) above | 15 | - | - | 319 | 319 |
| (vi) Other financial assets (including non-current bank balance) | 7 and 16 | - | - | 4,062 | 4,062 |
| (vii) Derivatives not designated as hedges | | | | | |
| - Foreign exchange forward contracts | 16 | 21 | - | - | 21 |
| | | **21** | **-** | **94,562** | **94,583** |
| **Financial liabilities** | | | | | |
| (i) Short term borrowings | 23 | - | - | 128 | 128 |
| (ii) Trade payables | 24 | - | - | 35,716 | 35,716 |
| (iii) Other financial liabilities | 25 | - | - | 429 | 429 |
| (iv) Derivative liabilities | | | | | |
| - Foreign exchange forward contracts | 25 | 387 | - | - | 387 |
| | | **387** | **-** | **36,273** | **36,660** |

| March 31, 2018 | | Carrying amount | | | |
|---|---|---|---|---|---|
| | Note No. | FVTPL | FVTOCI | Amortised Cost | Total |
| **Financial assets** | | | | | |
| (i) Loans | 6(a) and 6 (b) | - | - | 24,199 | 24,199 |
| (ii) Contract work-in-progress | 12 | - | - | 4,336 | 4,336 |
| (iii) Trade receivables | 13 (a) and 13 (b) | - | - | 30,040 | 30,040 |
| (iv) Cash and cash equivalents | 14 | - | - | 72,062 | 72,062 |
| (v) Bank balance other than (iv) above | 15 | - | - | 199 | 199 |
| (vi) Other financial assets (including non-current bank balance) | 7 and 16 | - | - | 2,873 | 2,873 |
| (vii) Derivatives not designated as hedges | | | | | |
| - Foreign exchange forward contracts | 16 | 73 | - | - | 73 |
| | | **73** | **-** | **133,709** | **133,782** |
| **Financial liabilities** | | | | | |
| (i) Short term borrowings | 23 | - | - | 116 | 116 |
| (ii) Trade payables | 24 | - | - | 31,433 | 31,433 |
| (iii) Other financial liabilities | 25 | - | - | 343 | 343 |
| (iv) Derivative liabilities | | | | | |
| - Foreign exchange forward contracts | 25 | 6 | - | - | 6 |
| | | **6** | **-** | **31,892** | **31,898** |

**B. Measurement of fair values**

i) **Valuation processes**
The finance department of the group includes a team that carries out the valuations of financial assets and liabilities required for financial reporting purposes.

ii) **Fair value hierarchy**
No financial instruments are recognised and measured at fair value, except derivative contracts which are measured at fair value through profit and loss. These derivative contracts are over-the-counter short term foreign exchange forwards that are not traded in an active market. Their fair valuation is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates and quotes recieved from the banks. Since all significant inputs required to fair value these derivative contracts are observable, the instruments are classified as level 2.

(All amounts are in Rupees in Lakhs, except otherwise as stated)

For all the financial assets and liabilities referred above that are measured at amortised cost, their carrying amounts are reasonable approximations of their fair values. The carrying amounts of loans, contract work in progress, trade receivables, trade payables, cash and cash equivalents, other bank balances, short term borrowings, other financial assets and other financial liabilities are considered to be the same as their fair values due to their short term nature.

**C. Risk management framework**

The Group's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk and market risks. The Group's senior management and key management personnel have the ultimate responsibility for managing these risks. The Group has mechanism to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

**i. Management of the credit risk**

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit-worthiness of customers to which the group grants credit terms in the normal course of business.

**Trade and other receivables**

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Concentrations of credit risk with respect to trade receivables are limited, due to the group's customer base being large. All trade receivables are reviewed and assessed for default on a regular basis. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

Exposures to customers outstanding at the end of each reporting period are reviewed by the group to determine incurred and expected credit losses. The group assesses and manages credit risk based on the group's credit policy. Under the group credit policy each new customer is analysed individually for credit worthiness before the group's standard payment and delivery terms and conditions are offered. The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. For trade receivables, the group applies the simplified approach permitted by Ind AS 109 Financial Instrument, which requires expected lifetime losses to be recognised from initial recognition of the receivables. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the group 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 group's historical experience and informed credit assessment and including forward looking information.

The group's accounts receivable are geographically dispersed. The Management do not believe there are any particular customer or group of customers that would subject the group to any significant credit risks in the collection of accounts receivable.

Following is the movement in Provision for Expected Credit Loss on Trade Receivables:

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Loss allowance at the beginning of the year | 5,858 | 5,328 |
| Changes in allowance during the year | 1,062 | 530 |
| **Loss allowance as at the end of the year** | **6,920** | **5,858** |

**Loans to related parties:**

The group has given unsecured loans to other group entities of United Technologies Corporation Inc. Based on letter of support received from the parent companies of these group companies and considering, the group perceives low credit risk pertaining to carrying amount of loans receivable from group companies, considering 12-month's expected credit loss. These loans have been repaid subsequent to the year end.

**Cash and cash equivalents**

The Group is also exposed to credit risks arising on cash and cash equivalents and term deposits with banks. The Group believes that its credit risk in respect to cash and cash equivalents and term deposits is insignificant as funds are invested in term deposits at pre -determined interest rates for specified period of time. For cash and cash equivalents only high rated banks are accepted.

**Derivatives**

The group may be exposed to losses in the future if the counterparties to derivative contracts fail to perform. The group is satisfied that the risk of such non-performance is remote due to its monitoring of credit exposures. Additionally, the group enter into master netting agreements with contractual provisions that allow for netting of counterparty positions in case of default.

**Other financial assets:**

The group periodically monitors the recoverability and credit risks of its other financials assets including employee loans, deposits and other receivables. The group evaluates 12 month expected credit losses for all the financial assets for which credit risk has not increased. In case credit risk has increased significantly, the group considers life time expected credit losses for the purpose of impairment provisioning.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**Following is the movement in Provision for expected credit loss on other financial assets:**

| Security deposits | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Loss allowance at the beginning of the year | 570 | 611 |
| Changes in allowance during the year | 112 | (41) |
| **Loss allowance as at the end of the year** | **682** | **570** |

ii. **Liquidity risk**

Liquidity risk is the risk that the group will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Group maintained a cautious funding strategy, with a positive cash balance throughout the years. This was the result of cash generated from the business. Cash flow from operating activities provides the funds to service the working capital requirement. Accordingly, low liquidity risk is percieved.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| Particulars | Carrying amount | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | | Total | Less than 1 year | 1- 5 years | More than 5 years |
| **As at March 31, 2019** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Short term borrowings | 128 | 128 | 128 | - | - |
| Trade payables | 35,716 | 35,716 | 35,716 | - | - |
| Other financial liabilities | 429 | 429 | 429 | - | - |
| **Derivative Financial Liabilities** | | | | | |
| Foreign exchange forward contracts | 387 | 387 | 387 | - | - |
| **As at March 31, 2018** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Short term borrowings | 116 | 116 | 116 | - | - |
| Trade payables | 31,433 | 31,433 | 31,433 | - | - |
| Other financial liabilities | 343 | 343 | 343 | - | - |
| **Derivative Financial Liabilities** | | | | | |
| Foreign exchange forward contracts | 6 | 6 | 6 | - | - |

iii. **Market risk**

The Group's size and operations result in it being exposed to foreign currency risk. The foreign currency risk may affect the group's income and expenses, or its financial position and cash flows. The objective of the group's management of foreign currency risk is to maintain this risk within acceptable parameters, while optimising returns. The group manages currency exposures within prescribed limits, through use of forward exchange contracts. Foreign exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. The group's exposure to, and management of this risks is explained below:

**The details of forward contracts outstanding as at the balance sheet date are as follows:**

| Particulars | March 31, 2019 | | | March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Number of contracts | Foreign currency | Amount | Number of contracts | Foreign currency | Amount |
| **Import contracts** | | | | | | |
| EURO | 10 | 31 | 2,537 | 23 | 37 | 3,170 |
| JPY | 7 | 152 | 101 | 11 | 137 | 84 |
| USD | 4 | 11 | 751 | 10 | 11 | 729 |
| CHF | 3 | 1 | 64 | 6 | 1 | 51 |
| CNH | 15 | 777 | 8,381 | 19 | 413 | 4,256 |
| SGD | - | * | - | 1 | * | 5 |
| HKD | 3 | 22 | 198 | - | - | - |
| | | | **12,032** | | | **8,295** |
| **Export contracts** | | | | | | |
| USD | 1 | 10 | 709 | | | |

**The group's exposure to foreign currency risk at the end of the reporting period expressed in INR lakhs, are as follows:**

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|
| | Foreign currency | Amount | Foreign currency | Amount |
| **Receivables** | | | | |
| USD | - | - | 7 | 460 |
| **Payables** | | | | |
| USD | 29 | 1,945 | 19 | 1,222 |
| EURO | 17 | 1,232 | * | * |
| SGD | * | 13 | * | 1 |
| HKD | 9 | 69 | 26 | 215 |
| JPY | - | - | 71 | 44 |
| CNH | - | - | 608 | 6,328 |
| AED | - | - | * | 2 |
| CHF | - | - | * | 17 |

**Sensitivity analysis**

A 10% strenghtening/weakening of the respective foreign currencies with respect to functional currency of group would result in increase or decrease in profit or loss and equity as shown in table below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The following analysis has been worked out based on the exposures as of the date of statements of financial position.

| | Statement of Profit or loss (Amount) | |
|---|---|---|
| **Currencies** | **March 31, 2019** | **March 31, 2018** |
| USD | 195 | 76 |
| EURO | 123 | - |
| SGD | 1 | * |
| HKD | 7 | 21 |
| JPY | - | 4 |
| CNH | - | 633 |
| AED | - | * |
| CHF | - | 2 |
| | **326** | **736** |

* Amounts are below rounding off norms adopted by the group

**43 INCOME TAX EXPENSE**

**A Amounts recognised in Statement of Profit and Loss**

| | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| **Income tax expense** | | |
| **Current tax** | | |
| Current tax on profits for the year | 9,850 | 9,500 |
| Adjustments for current tax of prior periods | (762) | 310 |
| Total current tax expense | **9,088** | **9,810** |
| **Deferred tax** | | |
| (Decrease) increase in deferred tax liabilites | (402) | 894 |
| Total deferred tax expense/(benefit) | (402) | 894 |
| **Income tax expense** | **8,686** | **10,704** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

**B Amounts recognised in other comprehensive income**

| | For the Year ended March 31, 2019 | | |
|---|---|---|---|
| | **Before tax** | **Tax expense/ (benefit)** | **Net of tax** |
| Remeasurements of defined benefit liability/(asset) | (117) | 41 | (76) |
| | **(117)** | **41** | **(76)** |

| | For the Year ended March 31, 2018 | | |
|---|---|---|---|
| | **Before tax** | **Tax expense/ (benefit)** | **Net of tax** |
| Remeasurements of defined benefit liability/(asset) | (524) | 184 | (340) |
| | **(524)** | **184** | **(340)** |

**C Reconciliation of effective tax rate**

| | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| **Profit before tax** | **25,923** | **28,405** |
| Tax using the Company's domestic tax rate (Current year 34.94% and Previous Year 34.61%) | 9,057 | 9,831 |
| **Add Tax Effect on amounts which are not deductible (taxable) in calculating taxable income:** | | |
| Adjustments for current tax of prior periods | (762) | 310 |
| Effect of changes in tax rate | (29) | 122 |
| Interest on delayed payments of taxes | 71 | 21 |
| Effect of non-deductible expenses | 274 | 239 |
| Deferred Tax on undistributed Profits of an Associate | - | (22) |
| Tax losses for which no deferred income tax was recognised | 60 | 26 |
| Others | 15 | 177 |
| | **8,686** | **10,704** |

The Group weighted average tax rates for years ended March 31, 2019 and 2018 were 33.51% and 37.68%, respectively. The effective tax rate is primarily higher / lower on account of adjustment of tax for earlier years and increase in tax rate. Further disallowance of CSR and Share-based payment to employees which resulted in increase in current tax expense for the year.

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**D Movement in deferred tax balances**

| | | | | | March 31, 2019 | | |
|---|---|---|---|---|---|---|---|
| **Deferred Tax Assets/(Liabilities)** | **Net balance April 1, 2018** | **Recognised in profit or loss** | **Recognised in OCI / Retained earnings** | **Other** | **Net** | **Deferred tax asset** | **Deferred tax liability** |
| Provision for doubtful debts/advances | 2,535 | 499 | - | - | 3,034 | 3,034 | - |
| Provision for Compensated Absences and Gratuity | 1,164 | 161 | 41 | - | 1,366 | 1,366 | - |
| Voluntary Separation Plan | 75 | (75) | - | - | - | - | - |
| Provision for Product Upgradation | 463 | (390) | - | - | 73 | 73 | - |
| Disallowances under Section 40(a) of the Income Tax Act, 1961 | 136 | - | - | - | 136 | 136 | - |
| Depreciation | 208 | (113) | - | - | 95 | 95 | - |
| Provision for Contingency | 4,887 | 438 | - | - | 5,325 | 5,325 | - |
| Deferred Revenue | - | - | - | - | | - | - |
| Provision for forseeable losses on contracts | 1,930 | (523) | - | - | 1,407 | 1,407 | - |
| Provision for impairment | - | 197 | - | - | 197 | 197 | - |
| Mark to Market adjustment on derivative contracts gains | (23) | 153 | - | - | 130 | 130 | |
| Impact on adoption of Ind AS 115 | - | 17 | (17) | | - | - | |
| **Deferred Tax Assets** | **11,375** | **364** | **24** | **-** | **11,763** | **11,763** | **-** |
| Depreciation | - | - | - | - | - | - | - |
| Dividend Distribution Tax on undistributed profit of associate | (38) | 38 | - | - | - | - | - |
| **Net tax assets** | **11,337** | **402** | **24** | **-** | **11,763** | **11,763** | **-** |

**D Movement in deferred tax balances**

| | | | | | March 31, 2018 | | |
|---|---|---|---|---|---|---|---|
| **Deferred Tax Assets/(Liabilities)** | **Net balance April 1, 2017** | **Recognised in profit or loss** | **Recognised in OCI** | **Other** | **Net** | **Deferred tax asset** | **Deferred tax liability** |
| Provision for doubtful debts/advances | 2,419 | 116 | - | - | 2,535 | 2,535 | - |
| Provision for Compensated Absences and Gratuity | 1,060 | 288 | (185) | - | 1,164 | 1,164 | - |
| Voluntary Separation Plan | 168 | (93) | - | - | 75 | 75 | - |
| Provision for Product Upgradation | 708 | (245) | - | - | 463 | 463 | - |
| Disallowances under Section 40(a) of the Income Tax Act, 1961 | 135 | 1 | - | - | 136 | 136 | - |
| Depreciation | 149 | 59 | - | - | 208 | 208 | - |
| Provision for Contingency | 5,108 | (221) | - | - | 4,887 | 4,887 | - |
| Provision for foresseable losses on contracts | 2,667 | (737) | - | - | 1,930 | 1,930 | - |
| Deferred Revenue | 62 | (62) | - | - | - | - | |
| Mark to Market adjustment on derivative contracts gains | | (23) | | | (23) | (23) | - |
| **Deferred Tax Assets** | **12,476** | **(916)** | **(185)** | **-** | **11,375** | **11,375** | **-** |
| Depreciation | - | - | - | - | - | - | - |
| Dividend Distribution Tax on undistributed profit of associate | (60) | 22 | - | - | (38) | - | (38) |
| **Net tax assets** | **12,416** | **(894)** | **(185)** | **-** | **11,377** | **11,375** | **(38)** |

Deferred tax assets and deferred tax liabilities have been offset because they related to the same governing taxation laws.

## OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

**E. Unused tax losses for which no deferred tax asset has been recognised.**

| | As at March 31, 2019 | | | As at March 31, 2018 | | |
|---|---|---|---|---|---|---|
| **Financial Year** | **Unused tax Losses** | **Potential tax benefit** | **Year of Expiry** | **Unused tax Losses** | **Potential tax benefit** | **Year of Expiry** |
| 2010-11 | 14 | 4 | 2020 | 14 | 4 | 2020 |
| 2011-12 | 101 | 31 | 2021 | 101 | 31 | 2021 |
| 2012-13 | 58 | 18 | 2022 | 58 | 18 | 2022 |
| 2013-14 | 35 | 11 | 2023 | 35 | 11 | 2023 |
| 2014-15 | 14 | 4 | 2024 | 14 | 4 | 2024 |
| 2015-16 | 59 | 18 | 2025 | 59 | 18 | 2025 |
| 2016-17 | 201 | 62 | 2026 | 201 | 62 | 2026 |
| 2017-18 | 116 | 36 | 2027 | 116 | 36 | 2027 |
| 2018-19 | 126 | 39 | 2028 | - | - | 2028 |

| **F Unrecognised deferred tax asset of Subsidiary** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| Deferred tax assets | | |
| Provision for compensated absences | 8 | 8 |
| Provision for gratuity | 17 | 17 |
| Provision for doubtful debts | 6 | 11 |
| Provision for doubtful advances | 1 | 1 |
| Carried Forward Losses | 223 | 184 |
| **Gross Deferred Tax Assets** | **255** | **221** |
| | - | - |
| **Deferred tax liabilities** | - | - |
| Depreciation/ amortisation | 4 | 6 |
| **Gross Deferred Tax Liabilities** | **4** | **6** |
| | - | - |
| **Deferred Tax Assets (Net)** | **251** | **215** |
| | | |
| Recognised deferred tax asset to the extent of deferred tax liability | 4 | 6 |
| Unrecognised deferred tax asset | 251 | 215 |

The Company has recognised the deferred tax asset to the extent of deferred tax liabilities since it is not probable that future taxable amounts will be available to utilise against such deferred tax assets.

**44 Related Party Disclosures**

**A Relationships:**

**(I) Where Control Exists**

| | |
|---|---|
| United Technologies Corporation Inc., United States | Ultimate Holding Company |
| United Technologies South Asia Pacific Pte Ltd, Singapore | Holding Company |

**(II) Associate Company**

Trio Elevators Co (India) Limited, India (upto 27th August 2018)

**(III) Parties Under Common Control with whom transactions have taken place during the year.**

Carrier Airconditioning & Refrigeration Limited, India
Carrier Race Technologies Private Limited, India
Carrier Singapore (Pte) Limited, Singapore
Chubb Alba Control Systems Limited, India
Chubb Group Security LTD, United Kingdom
Concepcion-Otis Philippines, Inc., Philippines
Ceam SRL, Italy
Elevators (Private) Limited, Sri Lanka
Guangzhou Otis Elevator Company Ltd, China
Nippon Otis Elevator Company, Japan
Otis A.S., Czech Republic (formerly known as Otis Escalators S.R.O.- Czech Republic)
Otis A.S., Czech Republic
Otis Electric Elevator Co., Ltd., China
Otis Elevator (China) Co., China
Otis Elevator Co Pty Ltd, Australia
Otis Elevator Company (H.K.) Limited, Hong Kong
Otis Elevator Company (M) SDN BHD, Malasiya
Otis Elevator Company (S) Pte. Ltd., Singapore
Otis Elevator Company Ltd, Thailand
Otis Elevator Company, New Jersey, United States
Otis Elevator Traction Machine (China) Co. Ltd., China
Otis Elevator Vietnam Company Limited, Vietnam
Otis Elevator, Korea
Otis Elevators International Inc., Hong Kong
Otis Elevator Management (Shanghai) Company Limited, China
Otis Limited, United Kingdom
Otis Gmbh & Co. OHG, Germany
Otis High-Rise Elevator(Shanghai) Co., Ltd., China
Otis LLC, U.A.E
OTIS NV, Belgium
Otis Scs, France
P.T.Citas Otis Elevator, Indonesia
Pratt & Whitney, U. S. A.
Seral Otis Industria Metalurgica Ltda, Chile
Sigma Elevator Singapore Pte Ltd,Singapore
United Technologies Corporation India Private Limited, India
UTC Fire & Security India Limited, India
Zayani Otis Elevator Company W.L.L., Bahrain
Zardoya Otis S.A., Spain

**(IV) Key Managerial Personnel**

| | |
|---|---|
| Sebi Joseph | Managing Director |
| Puthan Naduvakkat Suma | Director |
| Priya Shankar Dasgupta | Independent Director |
| Anil Vaish | Independent Director |

**(V) Transaction with Post Emplotment benefit entities**

Otis Elevator Company (India) Limited Employees' Gratuity Fund
Otis Elevator Company (India) Limited Staff Provident Fund

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

**B Transactions:**

**(i) Transactions with parties referred to in (V) above**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Short term employee benefits: | | |
| - Salaries and other employee benefits | 588 | 587 |
| Post employment benefits - gratuity | 28 | 19 |
| Long term employee benefits- Compensated absences | 20 | 14 |
| Employee share-based payment | 477 | 169 |
| Commission and sitting fee to non-executive directors | 20 | 15 |
| **Total** | **1,133** | **804** |

# In addition to the above, 7,377 units stock options (Previous Year 3,258 Units stock options) of United Technologies Corporation Inc., USA, the Ultimate Holding Company, were exercised during the year.

**(ii) The following are the details of transactions and balances with related parties:**

| Particulars | Category | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| **Purchase of Goods and Materials** | | | |
| Otis Elevator (China) Co., China | III | 3,067 | 1,094 |
| Otis Electric Elevator Co., Ltd., China | III | 14,670 | 12,755 |
| Zardoya Otis S.A., Spain | III | 4,661 | 3,170 |
| Otis GMBH & Co. OHG, Germany | III | 4,283 | 3,347 |
| Otis Elevator Company, New Jersey, United States | III | 509 | 414 |
| Otis Elevator Traction Machine (China) Co. Ltd., China | III | 501 | 41 |
| Nippon Otis Elevator Company, Japan | III | 203 | 192 |
| OTIS SCS, France | III | 299 | 473 |
| Guangzhou Otis Elevator Company Ltd, China | III | 193 | 6 |
| Otis High-Rise Elevator(Shanghai) Co., Ltd., China | III | 4,960 | 2,925 |
| Ceam SRL, Italy | III | 1 | * |
| Otis LLC, U.A.E | III | - | 2 |
| Carrier Airconditioning & Refrigeration Limited, India | III | - | 7 |
| Chubb Alba Control Systems Limited, India | III | - | 6 |
| Otis A.S., Czech Republic | III | * | * |
| Otis Elevator, Korea | III | - | * |
| Otis Elevators International Inc., Hong Kong | III | * | - |
| Otis Elevator Company Ltd, Thailand | III | 1 | - |
| Otis Elevator Management (Shanghai) Company Limited, China | III | 1 | - |
| **Total** | | **33,349** | **24,432** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| Particulars | Category | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| **Purchase of property, plant and equipment** | | | |
| Zardoya Otis S.A., Spain | III | - | 40 |
| Otis High-Rise Elevator(Shanghai) Co., Ltd., China | III | - | 48 |
| **Total** | | - | 88 |
| **Purchase of Intangible assets** | | | |
| Otis Elevator Company, New Jersey, United States | III | 847 | - |
| **Total** | | **847** | **-** |
| **System and software maintenance expenses** | | | |
| Otis Elevator Company (S) Pte. Ltd., Singapore | III | 14 | 8 |
| Otis Elevator Company, New Jersey, United States | III | 862 | 931 |
| Otis Elevators International Inc., Hong Kong | III | 302 | 347 |
| **Total** | | **1,178** | **1,286** |
| **Legal and professional expenses** | | | |
| Otis Elevator Company, New Jersey, United States | III | 34 | 11 |
| **Total** | | **34** | **11** |
| **Royalties expenses** | | | |
| Otis Elevator Company, New Jersey, United States | III | 5,724 | 4,569 |
| **Total** | | **5,724** | **4,569** |
| **Management fee** | | | |
| United Technologies South Asia Pacific Pte Ltd, Singapore | I | 651 | - |
| **Total** | | **651** | **-** |
| **Repairs and maintenance charges of elevators** | | | |
| Elevators (Private) Limited, Sri Lanka | III | 139 | 163 |
| **Total** | | **139** | **163** |
| **Repairs and maintenance - Others** | | | |
| Carrier Airconditioning & Refrigeration Limited, India | III | 22 | 14 |
| Chubb Alba Control Systems Limited, India | III | 12 | - |
| **Total** | | **34** | **14** |
| **Reimbursement of expenses to related parties** | | | |
| Otis Elevator Company, New Jersey, United States | III | 30 | 91 |
| Otis Elevator VietNam Company Limited, Vietnam | III | 1 | - |
| OTIS SCS, France | III | - | 5 |
| Otis Elevator Company (S) Pte. Ltd., Singapore | III | 1 | 7 |
| Otis Elevator Co Pty Ltd, Australia | III | - | 2 |
| Nippon Otis Elevator Company, Japan | III | 3 | - |
| Carrier Airconditioning & Refrigeration Limited, India | III | * | - |
| United Technologies Corporation India Private Limited, India | I | 3 | - |
| Carrier Race Technologies Private Limited, India | III | - | * |
| United Technologies South Asia Pacific Pte Ltd, Singapore | I | 10 | 29 |
| Otis Elevators International Inc., Hong Kong | III | 1 | - |
| Guangzhou Otis Elevator Company Ltd, China | III | - | 70 |
| Otis LLC, U.A.E | III | - | * |
| Otis Elevator, Korea | III | 2 | - |
| **Total** | | **51** | **204** |
| **Rent paid to other companies** | | | |
| Carrier Airconditioning & Refrigeration Limited, India | III | 95 | 83 |
| **Total** | | **95** | **83** |
| **Revenue from sale of goods/services** | | | |
| Otis Elevator Company (S) Pte. Ltd., Singapore | III | 10 | - |
| Seral Otis Industria Metalurgica Ltda, Chile | III | 89 | 90 |
| Otis Elevator Company (H.K.) Limited, Hong Kong | III | - | 1 |
| Otis Elevator Company (S) Pte. Ltd., Singapore | III | - | 10 |
| OTIS SCS, France | III | * | * |
| P.T.Citas Otis Elevator, Indonesia | III | 1 | - |
| Zayani Otis Elevator Company W.L.L., Bahrain | III | - | 1 |
| Elevators (Private) Limited, Sri Lanka | III | 3,810 | 1,768 |
| Nippon Otis Elevator Company, Japan | III | * | - |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| | | | |
|---|---|---|---|
| OTIS NV, Belgium | III | 1 | - |
| United Technologies South Asia Pacific Pte Ltd, Singapore | I | 20 | - |
| Otis GMBH & Co. OHG, Germany | III | 1 | - |
| **Total** | | **3,932** | **1,870** |
| **Recovery from related parties (other income)** | | | |
| Otis Elevator Company, New Jersey, United States | III | 31 | 129 |
| Concepcion-Otis Philippines, Inc., Philippines | III | - | * |
| Otis Electric Elevator Co., Ltd., China | III | - | - |
| OTIS LIMITED, United Kingdom | III | 46 | 179 |
| Otis Elevator Company (M) SDN BHD, Malasiya | III | - | 2 |
| United Technologies South Asia Pacific Pte Ltd, Singapore | I | 100 | 253 |
| **Total** | | **177** | **563** |
| **Recovery of expenses from related parties** | | | |
| Otis Elevator Company (M) SDN BHD, Malasiya | III | 140 | 103 |
| Otis Elevator Company Ltd, Thailand | III | - | 1 |
| Elevators (Private) Limited, Sri Lanka | III | - | * |
| Concepcion-Otis Philippines, Inc., Philippines | III | - | 51 |
| Carrier Airconditioning & Refrigeration Limited, INDIA | III | - | 7 |
| Sigma Elevator Singapore Pte Ltd,Singapore | III | - | 1 |
| Chubb Group Security LTD, United Kingdom | III | - | 57 |
| Otis Elevator Company, New Jersey, United States | III | 16 | 100 |
| United Technologies South Asia Pacific Pte Ltd, Singapore | I | 168 | 124 |
| United Technologies Corporation India Private Limited, India | I | - | * |
| Otis LLC, U.A.E | III | 3 | - |
| Otis Elevator Company (S) Pte. Ltd., Singapore | III | 19 | * |
| Otis Electric Elevator Co., Ltd., China | III | - | 14 |
| Carrier Singapore (PTE) Limited, Singapore | III | - | 2 |
| Nippon Otis Elevator Company, Japan | III | 174 | 236 |
| Otis Elevators International Inc., Hong Kong | III | 1 | - |
| Pratt & Whitney, U. S. A. | III | - | 7 |
| Otis Elevator VietNam Company Limited, Vietnam | III | - | 1 |
| P.T.Citas Otis Elevator, Indonesia | III | 2 | - |
| **Total** | | **523** | **704** |
| **Recovery of rent from related parties (netted off from rent expense)** | | | |
| Carrier Airconditioning & Refrigeration Limited, India | III | 105 | 148 |
| Carrier Race Technologies Private Limited, India | III | - | 9 |
| Chubb Alba Control Systems Limited, India | III | 7 | 17 |
| UTC Fire & Security India Limited, India | III | - | 12 |
| **Total** | | **112** | **186** |
| **Inter corporate loan given / (repaid) (net)** | | | |
| UTC Fire & Security India Limited, India | III | - | (15,430) |
| Chubb Alba Control Systems Limited, India | III | (1,789) | (33,591) |
| Carrier Race Technologies Private Limited, India | III | 550 | 220 |
| United Technologies Corporation India Private Limited, India | I | 2,300 | - |
| **Total** | | **1,061** | **(48,801)** |
| **Interest expense on working capital loan** | | | |
| Carrier Airconditioning & Refrigeration Limited, India | III | 13 | 13 |
| **Total** | | **13** | **13** |
| **Interest on inter corporate loan given** | | | |
| UTC Fire & Security India Limited, India | III | - | 1,425 |
| Chubb Alba Control Systems Limited, India | III | 2,164 | 4,740 |
| Carrier Race Technologies Private Limited, India | III | 360 | 350 |
| United Technologies Corporation India Private Limited, India | I | 121 | - |
| **Total** | | **2,645** | **6,515** |
| **Dividend paid during the year** | | | |
| United Technologies South Asia Pacific Pte Ltd, Singapore | I | 46,399 | 41,759 |
| **Total** | | **46,399** | **41,759** |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| Outstanding Balances | | Balance as at March 31, 2019 | Balance as at March 31, 2018 |
|---|---|---|---|
| **Loan/ advance receivable** | | | |
| Carrier Race Technologies Private Limited, India | III | 3,700 | 3,150 |
| Chubb Alba Control Systems Limited, India | III | 19,197 | 20,986 |
| United Technologies Corporation India Private Limited, India | III | 2,300 | - |
| **Total** | | **25,197** | **24,146** |
| **Accrued Interest on Inter Corporate Deposit (net of TDS)** | | | |
| Chubb Alba Control Systems Limited, India | III | 1,947 | 343 |
| Carrier Race Technologies Private Limited, India | III | 640 | 316 |
| **Total** | | **2,587** | **660** |
| **Loan Payable:** | | | |
| Carrier Airconditioning & Refrigeration Limited, India | III | 100 | 100 |
| **Total** | | **100** | **100** |
| **Interest accrued and due on Working Capital Loan** | | | |
| Carrier Airconditioning & Refrigeration Limited, India | III | 28 | 16 |
| **Total** | | **28** | **16** |
| **Payables** | | | |
| Otis Elevator Company, New Jersey, United States | III | 2,435 | 1,799 |
| Otis Elevators International Inc., Hong Kong | III | 268 | 215 |
| Otis Elevator Company (S) Pte. Ltd., Singapore | III | 13 | 7 |
| OTIS SCS, France | III | 386 | 232 |
| Carrier Airconditioning & Refrigeration Limited, India | III | 35 | 27 |
| Ceam SRL, Italy | III | - | - |
| Chubb Alba Control Systems Limited, India | III | - | 6 |
| Zardoya Otis S.A., Spain | III | 1,764 | 1,185 |
| Otis GMBH & Co. OHG, Germany | III | 1,488 | 1,433 |
| Nippon Otis Elevator Company, Japan | III | 60 | 124 |
| Guangzhou Otis Elevator Company Ltd, China | III | 28 | 130 |
| Otis High-Rise Elevator(Shanghai) Co., Ltd., China | III | 1,720 | 1,961 |
| Otis Elevator (China) Co., China | III | 1,095 | 627 |
| Otis Elevator Traction Machine (China) Co. Ltd., China | III | 170 | 23 |
| Otis LLC, U.A.E | III | - | 2 |
| Otis Electric Elevator Co., Ltd., China | III | 5,041 | 7,520 |
| Otis Elevator VietNam Company Limited, Vietnam | III | 1 | - |
| United Technologies South Asia Pacific Pte Ltd, Singapore | I | 583 | 6 |
| Otis Elevator Company Ltd, Thailand | III | 1 | - |
| Otis Elevator Management (Shanghai) Company Limited, CHINA | III | 1 | - |
| **Total** | | **15,089** | **15,299** |
| **Receivables** | | | |
| **Non Current Financial Assets** | | | |
| **Trade Recievables:** | | | |
| Elevators (Private) Limited, Sri Lanka | III | 28 | 127 |
| **Other Non Current Financial Assets:** | | | |
| United Technologies South Asia Pacific Pte Ltd, Singapore | I | 95 | 30 |
| Otis Elevator Company (S) Pte. Ltd., Singapore | III | 11 | 10 |
| Otis Elevators International Inc., Hong Kong | III | 1 | - |
| P.T.Citas Otis Elevator, Indonesia | III | 3 | - |
| Concepcion-Otis Philippines, Inc., Philippines | III | - | 5 |
| Otis Elevator Company (M) SDN BHD, Malasiya | III | 62 | 35 |
| Seral Otis Industria Metalurgica Ltda, Chile | III | 5 | 82 |
| Otis Elevator Company Ltd, Thailand | III | - | 1 |
| Otis Elevator VietNam Company Limited, Vietnam | III | - | 1 |
| OTIS SCS, France | III | * | - |
| Carrier Airconditioning & Refrigeration Limited, India | III | 11 | 27 |
| Chubb Alba Control Systems Limited, India | III | * | 5 |
| Nippon Otis Elevator Company, Japan | III | 9 | 73 |
| Carrier Race Technologies Private Limited, India | III | * | 2 |
| UTC Fire & Security India Limited, India | III | - | 3 |

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**

(All amounts are in Rupees in Lakhs, except otherwise as stated)

| | | | |
|---|---|---|---|
| OTIS LIMITED, United Kingdom | III | - | 1 |
| Otis GMBH & Co. OHG, Germany | III | 1 | - |
| Otis Elevator Company, New Jersey, United States | III | - | 71 |
| OTIS NV, Belgium | III | 1 | |
| **Total** | | **225** | **472** |

**Note:**

For information on transactions with post employment benefit plans mentions in A (VI) above, refer the note 33.

The terms and conditions of transactions with related parties where no more favourable than those available, or which might be expected to be available, in similar transactions with non-related parties on an arms's length basis.

*Amounts are below rounding off norms adopted by the company.

## 45 Dues to Micro and Small Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| The principal amount remaining unpaid to any supplier as at the end of each accounting year; | 21 | 44 |
| The interest due thereon remaining unpaid to any supplier as at the end of each accounting year; | 7 | 7 |
| The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year; | 71 | 143 |
| 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 this Act | 1 | 1 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year; and | 5 | 6 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of dis allowance as a deductible expenditure under section 23. | 30 | 26 |

* Amounts are below rounding off norms adopted by the Group.

The above information regarding total outstanding dues to Micro Enterprises and Small Enterprises and that is given in Note 24 has been determined to the extent such parties have been identified on the basis of information available with the Group. The auditor have relied upon the management for identification of such parties.

## 46 Contingent Liabilities

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **a) Claims against the Group not acknowledged as debt** | | |
| **(i) Sales tax matters** | | |
| - Show Cause Notices | 646 | 646 |
| - Demand Notices | 30,863 | 30,709 |
| Note: 'Assessed Sales Tax liabilities of the Group not acknowledged as debts and not provided for, in respect of which the Group is in appeal pertains to litigations/disputes with various Sales Tax Authorities. Based on opinion received from legal consultants, the Management is of view that the Group does not expect an outflow in this regard. | | |
| **(ii) Excise and Service Tax matters** | | |
| **Excise matters** | | |
| - Show Cause Notices | 48,517 | 44,601 |
| - Demand Notices | 3,234 | 3,234 |

| | | | |
|---|---|---|---|
| | **Service Tax matters** | | |
| | - Show Cause Notices | 6,274 | 6,109 |
| | - Demand Notices | 24,362 | 24,137 |
| | **Custom matters** | | |
| | - Show Cause Notices | 15 | 10 |
| | Excise, Custom and Service tax liabilities of the Group not acknowledged as debts and not provided for, in respect of which the Group is in appeal pertains to litigations/disputes with various Excise, Custom and Service Tax Authorities. Based on opinion received from legal consultants, the Management is of view that the Group has strong grounds of appeal and does not foresee any outflow in this regard. Interest with respect to above matters has been considered to the extent quantified by the tax authorities. | | |
| **b)** | **Litigations/claims against the Group by customers/ex-employees general public**. The Group has strong grounds of appeal and does not foresee any outflow in this regard. | 3,030 | 2,943 |
| **c)** | **Commitments** | | |
| I. | Estimated amount of contracts [net of capital advances of Rs. Nil (Previous Year Rs. 12 lakhs) remaining to be executed on Capital Account not provided for. | 105 | 120 |
| ii. | Guarantees given by banks to various government departments and customers for specific business purpose. The Management is of opinion that there will be no impact on future cash flow of the Group. | 18,810 | 18,909 |

**d)** The Hon'ble Supreme Court of India ("SC") by their order dated 28th February 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

In view of the management, the liability for the period from date of the SC order to 31st March, 2019 is not significant. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts. Accordingly, this has been disclosed as a Contingent liability in the financial statements.

**47 Capital Management**

The Group determines the capital requirements based on its financial performance, operating and long term investment plans. The funding requirements are met through operating cash flows generated. For the purpose of Group's Capital Risk Management, "Capital" includes issued equity share capital, securities premium and all other equity reserves attributable to it's shareholders.

The Group's objective in managing its capital is to safeguard its ability to continue as a going concern and to maximise shareholder's values.

The capital structure of the Group is based on management's assessment of the appropriate balance of key elements in order to meet its strategic and day-to day needs. The Group considers the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group maintains a stable and strong capital structure with a focus on total equity so as to maintain shareholders and creditors confidence and to sustain future development and growth of its business. The Group takes appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The management monitors the return on capital as well as the level of dividends to shareholders. Refer table below for the dividends paid:

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2019 |
|---|---|---|
| **Equity shares**<br>Interim dividend Rs. 400 per fully paid share<br>(Previous year - Rs.360) | 47,233 | 42,510 |

**48 Events Occuring after the balance sheet date:**

Subsequent to year end, the Board of directors of the Company have declared an interim dividend of Rs. NIL per share (Previous Year Rs. 225 per share) aggregating Rs. NIL lakhs (Previous Year Rs. 26,568 lakhs) vide Board resolution dated June 05, 2018 in the previous year. The dividend distribution tax paid on these dividend is Rs. NIL lakhs (Previous Year 5,461 lakhs).

**49 Interests in other entities**
**(a) Subsidiary**

The group's subsidiary as at March 31, 2019 is set out below. Subsidiary has capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

| Name of Entity | Place of business/country of incorporation | Ownership interest held by the ownership group | | Ownership interest held by the non-controlling interests | | Principal activities |
|---|---|---|---|---|---|---|
| | | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 | |
| Supriya Elevator Company (India) Limited | India | 100% | 100% | 0% | 0% | Manufacture, erection, installation and maintenance of elevators. |

**(b) Investment in associate:**

| Name of Entity | Place of Business | % of ownership Interest | Accounting Method | Quoted fair value | | Carrying amount | | Principal activities |
|---|---|---|---|---|---|---|---|---|
| | | | | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 | |
| Trio Elevators Co (India) Limited (upto 27th August 2018) | India | 19.90% (upto 27th August 2018) | Equity method | * | * | - | 329 | Manufacture, erection, installation and maintenance of elevators. |

During the year, pursuant to the Board of Directors resolution dated August 27, 2018 and Share Purchase Agreement dated August 27, 2018, the Company has sold 288,550 equity shares of Rs. 10 each representing remaining 19.90% shareholding in its Associate Company, Trio Elevators Co (India) Limited for a consideration of Rs. 430 lakhs.

* Unlisted entity - No quoted price available.

(All amounts are in Rupees in Lakhs, except otherwise as stated)

## 50 Dislosures mandated by schedule III of Companies Act 2013, by way of additional information

| Name of the entity | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in Total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive inocme | Amount | As % of consolidated other comprehensive inocme | Amount |
| **Parent (Indian)** | | | | | | | | |
| Otis Elevator Company (India) Limited | | | | | | | | |
| March 31, 2019 | 103% | 23,324 | 101% | 17,333 | 98% | (75) | 101% | 17,258 |
| March 31, 2018 | 101% | 62,488 | 101% | 17,867 | 101% | 343 | 101% | 18,210 |
| **Subsidiaries (Indian)** | | | | | | | | |
| Supriya Elevator Company (India) Limited | | | | | | | | |
| March 31, 2019 | -5% | (1,038) | -1% | (173) | 2% | (1) | -1% | (174) |
| March 31, 2018 | -1% | (864) | 0% | (76) | -1% | (4) | 0% | (80) |
| **Inter-company eliminations and consolidation adjustments** | | | | | | | | |
| March 31, 2019 | 2% | 394 | 0% | 46 | 0% | - | 0% | 46 |
| March 31, 2018 | 0% | (11) | 0% | 21 | 0% | - | 0% | 21 |
| **Associate (Indian)** | | | | | | | | |
| Trio Elevators Co (India) Limited | | | | | | | | |
| March 31, 2019 | 0% | - | 0% | 31 | 0% | - | 0% | 31 |
| March 31, 2018 | 1% | 329 | -1% | (111) | 0% | 1 | -1% | (110) |
| **Total** | | | | | | | | |
| **March 31, 2019** | **100%** | **22,680** | **100%** | **17,237** | **100%** | **(76)** | **100%** | **17,161** |
| **March 31, 2018** | **100%** | **61,942** | **100%** | **17,701** | **100%** | **340** | **100%** | **18,041** |

## 51 Offsetting financial assets and financial liabilities

The following table presents the recognized financial instruments that are subject to enforceable master netting arrangements and other similar agreements but not offset, as at March 31, 2019 and March 31, 2018

| | | Related amounts not offset | |
|---|---|---|---|
| **Particulars** | **Gross Amounts** | **Amounts subject to master netting arrangements** | **Net Amount** |
| **As at March 31, 2019** | | | |
| **Other financial assets** | | | |
| **Derivative not designated as hedges** | | | |
| - Foreign exchange forward contracts | 21 | (21) | - |
| **Other financial liabilities** | | | |
| **Derivative Financial Liabilities** | | | |
| Foreign exchange forward contracts | 387 | (21) | 366 |
| **As at March 31, 2018** | | | |
| **Other financial assets** | | | |
| **Derivative not designated as hedges** | | | |
| - Foreign exchange forward contracts | 73 | (6) | 67 |
| **Other financial liabilities** | | | |
| **Derivative Financial Liabilities** | | | |
| Foreign exchange forward contracts | 6 | (6) | - |

**Master netting arrangements - not currently enforceable**

Agreements with derivative counterparties are based on ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet, but have been presented separately in the table above.

**52 Employee share based payments**

Certain employees of the group have been granted Long-Term Incentive Plan (LTIP) namely - Stock Appreciation Rights (SAR), Performance Stock Units (PSU), and Restricted Stock Units (RSU) by the Ultimate Parent Company United Technologies Corporation (UTC).

- SARs are the grant of a “right” to acquire UTC shares based on the appreciation in value of a fixed number of shares.
- PSUs are units (representing one UTC Share) transferred to the employee subject to the satisfaction of certain performance conditions.
- RSUs are units (representing one UTC Share) transferred to the employee at the end of the vesting period.

Generally, stock appreciation rights and stock options have a term of ten years and a minimum three-year vesting period. LTIP awards with performance based vesting generally have a minimum three-year vesting period and vest based on performance against pre-established metrics. The fair value of each option award is estimated on the date of grant using a binomial lattice model.

The group has recognised an employee benefit expense towards share based payment of Rs. 488 lakhs (March 31, 2018: Rs 491 lakhs) with a corresponding increase in Other Equity as equity contribution from the Ultimate Holding Company.

**53 New accounting pronouncement adopted by the group during the year**

**Disclosure as per Ind AS 115**

**(a)** The group is engaged inter-alia in the business of manufacture, erection, installation and maintenance of elevators, escalators and travolators. The type of work in the contracts with the customers involve construction, engineering, designing, supply of materials, development of system, installation, project management, operations and maintenance, etc. The effect of initially applying Ind AS 115 on the Company’s revenue from contracts with customers is described in Note 19. The Company has recognised the cumulative effect of applying Ind AS 115 as an adjustment to the opening balance at April 1, 2018. Due to the transition method chosen in applying Ind AS 115, comparative information has not been restated to reflect the new requirements.

**(b) Disaggreagtion of revenue from contracts with customers**

In the following table, revenue from contracts with customers is disaggregated by primary geographical area.

| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Primary geographical markets | | |
| India | 163,655 | 142,275 |
| Sri Lanka | 4,978 | 222 |
| Nepal | 758 | 37 |
| Bangladesh | 221 | 22 |
| Bhutan | 466 | 59 |
| | **170,078** | **142,615** |

*group has applied Ind AS 115 using the cumulative effect method. Under this method, the comparative information is not restated.

**(c) Contract balances**

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Receivables which are included in Trade and other receivables** | | |
| **Contract assets** | | |
| - Amount due from customers on construction contract | 7,678 | 4,336 |
| - Accrued value of work done net off provision | 1,67,869 | 1,27,995 |
| **Contract liabilities** | | |
| - Amount due to customers under construction contract | 34,810 | 40,644 |
| - Advance from customer | 6,788 | 7,768 |

*group recognised the cumulative effect of applying Ind AS 115 as an adjustment to the opening balance at 1 April 2018.

The contract assets primarily relate to the group's rights to consideration for work completed but not billed at the reporting date. The amount of contract assets during the period ended 31 March 2019 was impacted by an impairment charge of INR NIL. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers for construction for which revenue is recognised over time.

Amounts due from contract customers represents the gross unbilled amount expected to be collected from customers for contract work performed till date. It is measured at cost plus profit recognised till date less progress billings and recognised losses when incurred.

Amounts due to contract customers represents the excess of progress billings over the revenue recognised (cost plus attributable profits) for the contract work performed till date.

Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the group's contract activity based on normal operating capacity.

**Significant changes in contract asset and contract liabilities balances during the year are as follows:**

| | Particulars | As at March 31, 2019 |
|---|---|---|
| **(A)** | **Due from contract customers:** | |
| | At the beginning of the reporting period (Para 116 (a)) | 4,336 |
| | Cost incurred plus attributable profits on contracts-in-progress | 15,306 |
| | Progress billings made towards contracts-in-progress | 11,964 |
| | Due from contract customers impaired during the reporting period (Para 118) | - |
| | Significant change due to other reasons (Eg. Business acquisition etc.) | - |
| | At the end of the reporting period (Para 116 (a)) | 7,678 |
| **(B)** | **Due to contract customers:** | |
| | At the beginning of the reporting period (Para 116 (a)) | 40,644 |
| | Revenue recognised that was classified as due to contract customers at the beginning of thereporting period (Para 116 (b)) | 24,567 |
| | Progress billings made towards contracts-in-progress | 18,733 |
| | Significant change due to other reasons (Para 118) (Eg. Business acquisition etc.) | - |
| | At the end of the reporting period (Para 116 (a)) | 34,810 |
| | **Total (A+B)** | |

As on 31st March 2019, revenue recognised in the current year from performance obligations satisfied / partially satisfied in the previous year is INR 813 Lakhs

**(d) Performamce obligation**

The Group evaluates whether each contract consists of a single performance obligation or multiple performance obligations. Contracts where the group provides a significant integration service to the customer by combining all the goods and servicesare concluded to have a single performance obligations. Contracts with no significant integration service, and where the customer can benefit from each unit on its own, are concluded to have multiple performance obligations. In such cases consideration is allocated to each performance obligation, based on standalone selling prices. Where the group enters into multiple contracts with the same customer, the group evaluates whether the contract is to be combined or not by evaluating factors such as commercial objectiveof the contract, consideration negotiated with the customer and whether the individual contracts have single performance obligations or not.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

**Notes forming part of the Consolidated Financial Statements as of and for the year ended March 31, 2019**
(All amounts are in Rupees in Lakhs, except otherwise as stated)

The group recognises contract revenue over time as the performance creates or enhances an asset controlled by the customer. For such arrangements revenue is recognised using cost based input methods. Revenue is recognised with respect to the stage of completion, which is assessed with reference to the proportion of contract costs incurred for the work performed at the balance sheet date relative to the estimated total contract costs.

Any costs incurred that do not contribute to satisfying performance obligations are excluded from the group's input methods of revenue recognition as the amounts are not reflective of our transferring control of the system to the customer. Significantjudgment is required to evaluate assumptions related to the amount of net contract revenues, including the impact of any performance incentives, liquidated damages, and other forms of variable consideration.

If estimated incremental costs on any contract, are greater than the net contract revenues, the group recognises the entire estimated loss in the period the loss becomes known.

Variations in contract work, claims, incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The group recognises revenue from Operations and Maintenance services using the time-elapsed measure of progress i.e input method on a straight line basis.

The following table includes revenue to be recognised in future related to performance obligations that are unsatisfied (or partially satisfied) as at 31 March 2019:

| Particulars | March 2020 | March 2021 | 2022-2026 | Total |
|---|---|---|---|---|
| Contract revenue | 88,897 | 56,854 | 10,809 | 1,56,560 |
| | **88,897** | **56,854** | **10,809** | **1,56,560** |

The group applies practical expedient in paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

| (e) Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Contract price of the revenue recognised | 170,078 | 142,615 |
| **Revenue recognised in the Statement of Profit and Loss** | **170,078** | **142,615** |

*group has applied Ind AS 115 using the cumulative effect method. Under this method, the comparative information is not restated.

**(f)** The Group has adopted Ind AS 115 ‘Revenue from Contracts with Customers’ effective 1 April 2018. The Group has elected the option of the modified retrospective approach and there is no material impact on the measurement of revenue and retained earnings as of 1 April 2018. The presentation of certain contract related balances have been changed for the current year only and the previous year balances continues to be disclosed as done in the previous year, in compliance with the requirements of Ind AS 115.

## 54 Recent Accounting Pronouncements

Standards issued but not yet effective:

**Ind AS 116- Leases**

Ind AS 116, is applicable for financial reporting periods beginning on or after 1 April 2019 and replaces existing lease accounting guidance, namely Ind AS 17 Leases. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as Ind AS 116 replaces the operating lease expense (i.e., rent) with depreciation charge for ROU assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. The Company is in the process of analysing the impact of new lease standard on its financial statements.

**Ind AS 12 - Income Taxes**

Amendments to Ind AS 12, Income Taxes, clarify that all income tax consequences of dividends (including payments on financialinstruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. Further, Appendix C, uncertainty over income tax treatments has been added to clarify how entities should reflect uncertainties over income tax treatments, in particular when assessing the outcome a tax authority might reach with full knowledge and information if it were to make an examination.

**Ind AS 19, Employee Benefits**

When a change to a plan by way of either an amendment, curtailment or settlement takes place, Ind AS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments to Ind AS 19 require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, Ind AS 19 did not specify how to determine these expenses for the period after the change to the plan.

In terms of our report of even date attached.

**For and on behalf of the Board of Directors of Otis Elevator Company (India) Limited**
CIN: U29150MH1953PLC009158

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

**Maulik Jhaveri**
Partner
Membership No. 116008
UDIN

Place: Mumbai
Date: August 21, 2019

**Sebi Joseph**
Managing Director
DIN 05221403
Place: Mumbai

**Suma P N**
Director
DIN 05350680
Place: Mumbai

**Bharat Nayak**
Chief Financial Officer
Membership No. 38710
Place: Mumbai

**Harish Iyer**
Company Secretary
Membership No. 24491
Place: Perhentian Island, Malaysia

Date: August 21, 2019

## Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs. Lakhs)

| Sl. No. | Particulars | Details |
|---|---|---|
| 1 | Name of the subsidiary | Supriya Elevator Company (India) Limited |
| 2 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | NA |
| 3 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | NA |
| 4 | Share capital | 269 |
| 5 | Reserves & surplus | (1307) |
| 6 | Total assets | 360 |
| 7 | Total Liabilities | 1398 |
| 8 | Investments | 0 |
| 9 | Turnover | 962 |
| 10 | (Loss) / Profit before taxation | (174) |
| 11 | Provision for taxation | 0 |
| 12 | (Loss) / Profit after taxation | (174) |
| 13 | Proposed Dividend | - |
| 14 | % of shareholding | 100 |

**Notes:**

1 Names of subsidiaries which are yet to commence operations: None

2 Names of subsidiaries which have been liquidated or sold during the year: None

**For and on behalf of the Board of Directors**

**Sebi Joseph**
Managing Director
DIN 05221403

**Suma P N**
Director
DIN 05350680

**Bharatkumar Nayak**
Chief Financial Officer
Membership No. 38710

**Harish Iyer**
Company Secretary
Membership No. 24491

Place: Mumbai
Date : August 21, 2019

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

Reg. Office: 9th Floor, Magnus Towers, Mindspace, Link Road, Malad (W), Mumbai - 400 064, Maharashtra
Tel: 91-22-2844 9700/ 66795151 Fax: 91-22-2844 9791
Website: www.otis.com
CIN: U29150MH1953PLC009158


## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | | | |
|---|---|---|---|
| Name of the Member(s):<br>Registered Address: | | E-mail ID:<br>Folio No/ Client Id:<br>Dp ID : | |

I/We, ________________________________being the Member(s) of__________________shares of the above named Company, hereby appoint:

1) Name:______________________Address: __________________________________________________________
E-mail id ___________________________ or failing him
2) Name:______________________Address: __________________________________________________________
E-mail id ___________________________ or failing him
3) Name:______________________Address: __________________________________________________________
E-mail id ___________________________ or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **65th Annual General Meeting** of the Company, to be held on **Friday, September 27, 2019, at 10:30 am** at Magnolia, Sarovar Grand Hometel, Chincholi Bunder, Mindspace, Malad(West), Mumbai - 400 064, Maharashtra, and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Particulars | Optional* | |
|---|---|---|---|
| | **Ordinary Business:** | **For** | **Against** |
| 1 | To receive, consider and adopt:<br>(a) The Audited Standalone Financial Statements of the Company for the Financial year ended March 31, 2019 together with the reports of the Board of Directors and Auditors thereon; and<br>(b) The Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 together with the report of the Auditors thereon. | | |
| 2 | To appoint a Director in place of Ms. Suma P N (DIN: 05350680), who retires by rotation at this meeting and being eligible offers herself for re-appointment. | | |
| | **Special Business:** | | |
| 3 | To approve loan to Otis Global Services Centre Pvt. Ltd. | | |
| 4 | To ratify remuneration payable to the Cost Auditors for the Financial Year 2019-20. | | |

Signed this________________ day of ________________ 2019 Signature of Shareholder __________________

Affix Re.1 Revenue Stamp

______________________ ______________________ ______________________

Signature of 1st Proxy holder Signature of 2nd Proxy holder Signature of 3rd Proxy holder

**Notes:**

1. The Proxy need not be a Member of the Company.
2. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
3. It is optional to put an 'x' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. In case of Joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

# OTIS ELEVATOR COMPANY (INDIA) LIMITED

Reg. Office: 9th Floor, Magnus Towers, Mindspace, Link Road, Malad (W), Mumbai – 400064, Maharashtra
Tel: 91-22-2844 9700/ 66795151 Fax: 91-22- 2844 9791
Website: www.otis.com
CIN: U29150MH1953PLC009158

## ATTENDANCE SLIP

DP ID____________________ Client Id ____________________

Regd. Folio. No. ____________________ No. of Shares held____________________

NAME AND ADDRESS OF THE SHAREHOLDER:

I hereby record my presence at **65th Annual General Meeting** of the Company held at Magnolia, Sarovar Grand Hometel, Chincholi Bunder, Mindspace, Malad(West), Mumbai – 400 064, Maharashtra on **Friday, September 27, 2019, at 10:30 a.m.**

My /our e-mail ID for e-service of documents is ____________________

Name of the Proxy: ____________________

____________________

SIGNATURE OF THE SHAREHOLDER/PROXY

Note:

1) Only Shareholder / Proxyholders can attend the meetings.
2) Shareholders / Proxyholders are requested to bring this Attendance Slip to the Meeting and hand over the same at the entrance duly signed.
3) Bodies Corporate who are members may attend through their authorized representatives appointed under Section 113 of the Companies Act, 2013.
4) Members/ Proxyholders should bring his/her copy of the Annual Report for reference at the Meeting.

## ELECTRONIC VOTING PARTICULRS

| EVSN | USER ID | # DEFAULT PAN |
|---|---|---|
| | | |

#If you have not registered / updated your PAN with the Company / Depository Participant, please use the DEFAULT PAN under PAN field to login for E-Voting.

*Please use your actual PAN, if you have already registered / updated your PAN with Company / Depository Participant.

Note: For detailed E-Voting instructions, please read "Instructions for Shareholders voting electronically" at note no. 11 of the Notice of 65th Annual General Meeting dated August 21, 2019

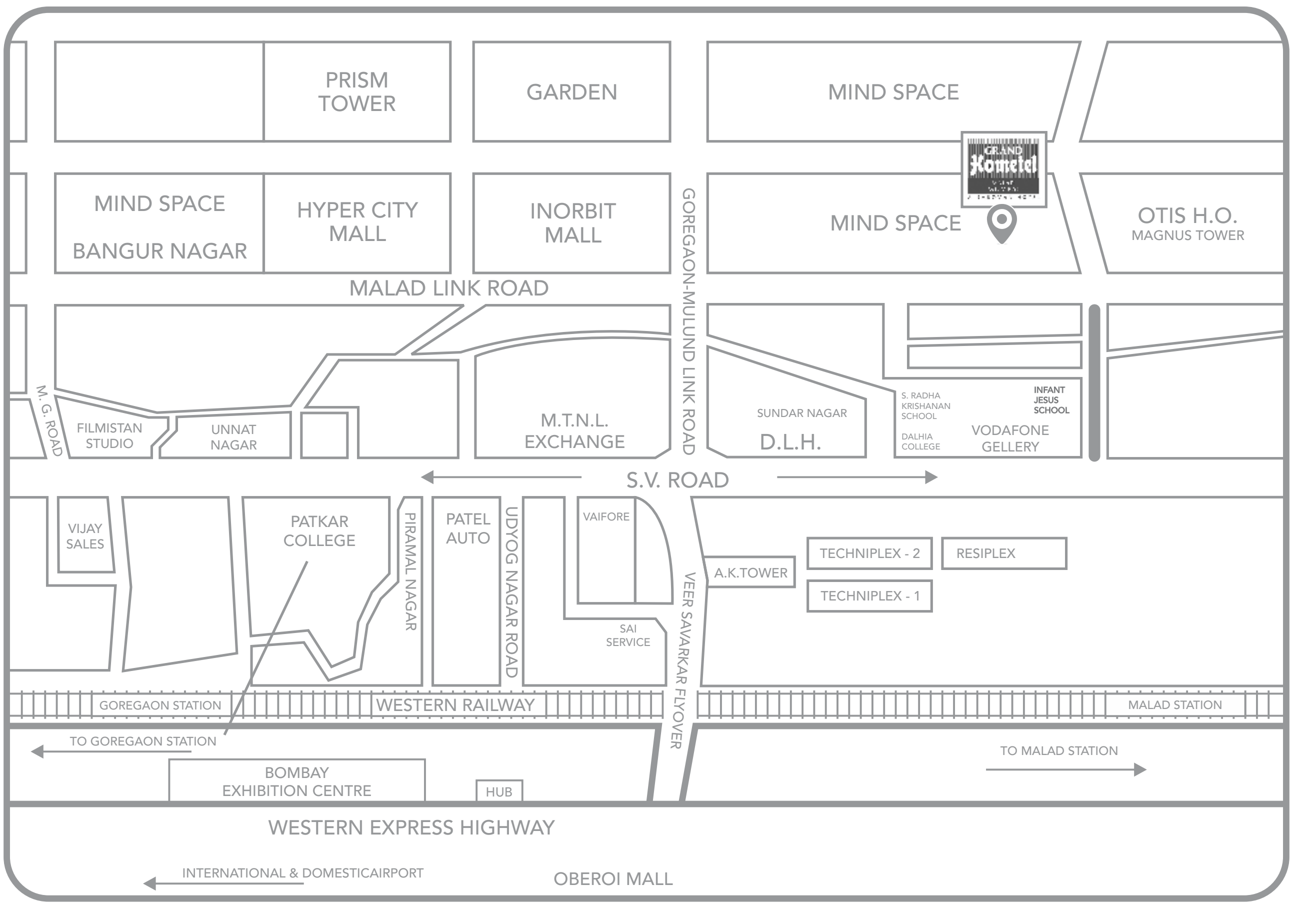
### E-Voting facility is available during the following period:

| | |
|---|---|
| Commencement of E-Voting | September 24, 2019 at 9.00 a.m |
| End of E-Voting | September 26, 2019 at 5.00 p.m |

## Route Map:

**Radisson Mumbai Goregaon**

Mangnolia,
Sarovar Grand Hometel,
Chincholi Bunder,
Mindspace, Malad (West),
Mumbai - 400 064, Maharashtra

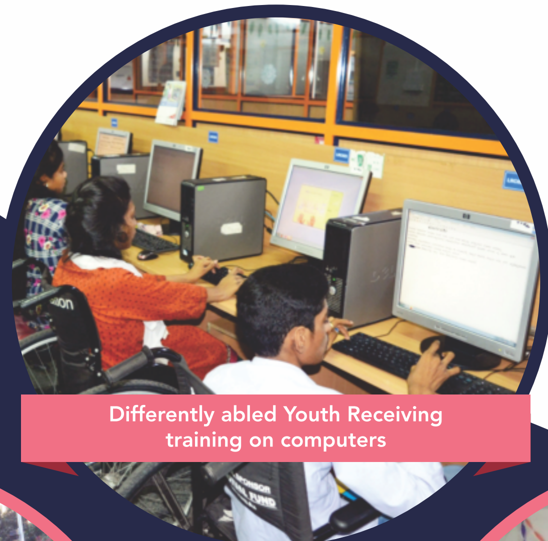


# Notes

# Notes

# MOVING THE COMMUNITY AHEAD

Otis India supported the higher education of youth who are differently abled and underprivileged Children through Samarthanam Trust, SOS children's Village, Mother Teresa Charitable Trust



Differently abled Youth Receiving training on computers

Yoga Practice benefit


Developing skill for BPO jobs

Holi Celebration

Made to move you

OTIS

BOOK - POST
(U.C.P.)

*If undelivered please return to:*
Secretarial Department
**Otis Elevator Company (India) Ltd.**
9th Floor, Magnus Towers,
Mindspace, Link Road, Malad (W),
Mumbai – 400064