Johnson Controls

HITACHI
Air conditioning solutions

EVERY SPACE
DESERVES HITACHI COOLING

ANNUAL REPORT
2016-2017

Johnson Controls-Hitachi Air Conditioning India Limited.

Product Range

Kashikoi Inverter

Neo Inverter

Waza Inverter

Toushi Inverter

iConnect

Zunoh

Ridaa

Toushi

Star Sumo

Ace Redian

Summer TM

Kaze Plus K

Takumi Ductable

Cassette

Set Free-VRF Front Flow

Kyosho Set Free-VRF Modular type

Air Cooled Screw Chiller

Water Cooled Screw Chiller

Centrifugal Chiller

Space Maker

French Door Bottom
Freezer

4 door French Bottom
Freezer Refrigerator

3 Door French Bottom
Freezer Refrigerator

2 Door Bottom
Freezer

Message from Chairman

Franz Cerwinka

Chairman
Johnson Controls-Hitachi Air Conditioning India Ltd.

My warm greetings to all the stakeholders of Johnson Controls–Hitachi Air conditioning India Limited.

As you all know, Johnson Controls–Hitachi Air Conditioning India Limited is the Indian arm of the Johnson Controls-Hitachi Air Conditioning, a joint venture Company of Johnson Controls, USA and Hitachi Appliances, Japan. This partnership is aimed at addressing the cooling needs faster, smarter and much more efficiently than ever before by bringing innovative technology of Hitachi with the industry leading expertise and global network of Johnson Controls.

It is my pleasure to share the key highlights of 2016-17. The year 2016-17 witnessed India emerging as the fastest growing major economy in the world. Various initiatives of the current government and various favorable business policies have helped in shaping up the economic growth. We have also witnessed the Government take decisive action in the form of Demonetization and push towards GST implementation, both of which are believed to help the Indian economy in the long run. In addition, prudent monetary policy making has helped control inflation and stabilize exchange rate. With this, I am sure that despite the uncertainties in the global market; the Indian economy will grow further in the fiscal year 2017-18. Better economic situation may improve buying power of the consumers and develop growth opportunities for business.

The year 2016-17 was a good year for the room air conditioning industry which has seen a growth of 8%. Demand for Split Air Conditioners increased while that for Window Air Conditioners was stagnant. Inverter Air Conditioners also showed growth over the last year, which was result of awareness created by Bureau of Energy Efficiency (BEE) and air conditioning industry about energy saving through Inverter Air Conditioners. Looking at the demand for mid-segment Split Air Conditioners, Company launched two new range of Air Conditioners called 'WAZA' and 'RIDAA'. These products were priced strategically to attract the mid-segment buyers. Overall Company's Room Air Conditioning business has achieved strong growth.

Commercial Air Conditioning industry has witnessed a slowdown during the year due to demonetization as several real estate projects went on hold. Despite this setback, the company's Packaged Air Conditioning and Variable Refrigerant Flow (VRF) businesses have grown over last year through the company's focused efforts on channel expansion. Set free-VRF business remains a focus business for the Company and it has invested in related infrastructure and human capital during this period. This focus has helped Company's Set Free-VRF business achieve double digit growth despite the demonetization. To support this growth for the coming years, the company shall continue to invest in new product development in this segment.

Johnson Controls–Hitachi Air Conditioning India Limited also operates (through trading) in Frost Free refrigerators segment (over 250L capacity) and premium Air Purifiers. The uncertainty and cash crunch resulting from demonetization has impacted this category of business, resulting in a flat year for this business segment.

Manufacturing was another area where company invested into automation of machines by adding pick & place robots in injection moulding machines and copper pipe bending machines. Company has also launched several major initiatives under Johnson Control Manufacturing System (JCMS) program, with a goal to become the "Most Operationally Capable Company".

Apart from the Products, the company also focused on after sales services and undertook several initiatives to improve the customer satisfaction index, which has shown a healthy growth year-on-year. Apart from the Company-owned Hitachi Customer Service (HCS) centers, the Company launched 'Hitachi I-Care' Service App. The app allows a customer to register their product, take demo, register complaint and track complaint status, thus avoiding lengthy waiting time on calls to register complaint. The Company will continue to focus on customer service, a key differentiator for future business growth.

With such initiatives and regular investments in new technology, I am sure Johnson Controls–Hitachi Air Conditioning India Limited will emerge as a leading air conditioning player in the Indian industry. With an objective of sustained profitable growth, we will keep providing wide range of cooling solutions because we believe 'Every Home Deserves Hitachi Cooling'.

With this, I would like to thank all the stakeholders of Johnson Controls-Hitachi Air-conditioning India Ltd, the employees for their sincere efforts, our various vendors for their valued support, the customers for their trust in our product and our respected shareholders for showing their continuous faith in our business.

We are committed to deliver best value to all of you.

I wish all of you the best of health and prosperity in the year 2017-18.

Franz Cerwinka

Board of Directors

Franz Cerwinka
Chairman

Gurmeet Singh
Managing Director

Varghese Joseph
Executive Director

Vinay Chauhan
Executive Director

Ashok Balwani
Director

Dr. Devender Nath
Director

Indira Parikh
Director

Mukesh Patel
Director

R S Mani
Director

Ravindra Jain
Director

Vinesh Sadekar
Director

BOARD OF DIRECTORS

Franz Cerwinka	Chairman
Gurmeet Singh	Managing Director
Varghese Joseph	Executive Director
Vinay Chauhan	Executive Director
Ashok Balwani	Independent Director
Devender Nath	Independent Director
Indira Parikh	Independent Director
Mukesh Patel	Independent Director
R S Mani	Independent Director
Ravindra Jain	Independent Director
Vinesh Sadekar	Independent Director

CHIEF FINANCIAL OFFICER
Anil Shah

COMPANY SECRETARY
Parag Dave

AUDITORS
Price Waterhouse & Co. Chartered Accountants LLP
Chartered Accountants
Ahmedabad

REGISTERED OFFICE
9th Floor, Abhijeet-I,
Mithakhali Six Roads,
Ahmedabad - 380006
Gujarat

WORKS
Hitachi Complex, Karannagar – 382 727
Kadi, Dist.: Mehsana,
Gujarat

REGISTRARS & SHARE TRANSFER AGENT
Link Intime India Pvt Limited
506-508, Amarnath Business Centre-1 (ABC-1),
Besides Gala Business Centre
Near St. Xavier's College Corner
Off C G Road, Ahmedabad 380006
Gujarat

CONTENTS

Five years Financials at a Glance 03

Directors' Report and Management Discussion & Analysis 04

Business Responsibility Report 28

Report on Corporate Governance 34

Auditors' Report 41

Balance sheet 46

Statement of profit and loss 47

Cash Flow Statement 48

Notes to Financial Statements 49

"Green Initiative"

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies. MCA has provided that the service of notice / documents by a company to its shareholders can now be made through electronic mode.

We seek your whole hearted support for this noble initiative in preserving our forests. We would request shareholders to register their e-mail IDs to get annual reports and other communications through email instead of paper mode.

For registering your e-mail ID please drop a mail to us at parag.dave@jci-hitachi.com containing your Folio No. / CLID-DPID.

Payment of dividend through ECS / NECS

Company is going to use Electronic Clearing Service (ECS) / National Electronic Clearing Service (NECS) facility introduced by Reserve Bank of India (RBI) for distributing dividend to investors.

In this system, the investor's bank account is directly credited with the dividend amount. If your bank has not implemented Core Banking Solutions (CBS) or you have not provided your account number allotted by your Bank (which has implemented CBS), ECS may either be rejected or returned.

In this regard, if you are holding shares in electronic form, please update your Bank Account details with your Depository Participant (DP) at your earliest convenience.

However, if you are holding the shares in physical form, you are requested to contact Company's Registrars at the following address for updating Bank Account details :

Link Intime India Pvt Limited, 506-508,Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Near St. Xavier's College Corner, Off C G Road, Ahmedabad 380006, Gujarat
Ph.: 079-26465175, email : ahmedabad@linkintime.co.in

FIVE YEARS FINANCIALS AT A GLANCE

(Currency: Rupees in lacs unless otherwise stated)

PARTICULARS	2016-17	2015-16	2014-15	2013-14	2012-13
Revenue from Operations (Gross)	2,15,283	1,79,820	1,70,726	1,19,934	1,01,922
Revenue Growth (Gross)	18%	6%	42%	18%	18%
Revenue from Operations (Net)	1,97,158	1,64,054	1,57,284	1,09,973	92,999
Revenue Growth (Net)	19%	6%	43%	18%	17%
Total Revenue	**1,97,732**	**1,64,232**	**1,57,996**	**1,10,547**	**93,160**
Earning Before Depreciation, Finance Cost and Tax Expenses (EBDIT)	17,281	12,451	14,520	5,331	4,805
Financial Charges	413	1,012	826	1,195	721
Depreciation & Amortisation	5,081	4,555	3,593	3,004	2,018
Profit Before Tax (PBT)	11,787	6,884	10,101	1,133	2,066
Provision for Taxation	3,682	1,886	2,325	328	536
Profit After Tax (PAT)	8,105	4,998	7,776	805	1,530
Equity Share Capital	2,719	2,719	2,719	2,719	2,296
Reserves & Surplus	41,180	33,076	28,569	21,284	15,879
Net Worth	43,899	35,795	31,288	24,003	18,175*
Net Worth Growth	23%	14%	30%	32%	6%
Gross Fixed Assets	47,794	44,572	38,370	30,734	27,076
Net Fixed Assets	25,718	26,615	24,564	19,763	18,842
KEY INDICATORS					
Earnings Per Share (₹)	29.81	18.38	28.60	2.97	6.67
Cash Earnings Per Share (₹)	48.49	35.13	41.81	14.01	15.46
Book Value Per Share (₹)	161.45	131.64	115.07	88.27	79.16
Total Debt to Equity	0.14 :1	0.37 : 1	0.44 : 1	0.52 : 1	0.91 : 1
EBDIT / Revenue from Operations (Net) %	9%	8%	9%	5%	5%
Net Profit Margin %	4%	3%	5%	1%	2%
Return on Net Worth %	18%	14%	25%	3%	8%
Return on Capital Employed %	21%	16%	24%	6%	7%

Notes:
Previous years' figures regrouped wherever necessary
* Exclusive of "share application money pending allotment"

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Members,

Your Directors have pleasure in presenting the Thirty Second Annual Report and the Audited Financial Statements, for the year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The highlights of financial results of the Company for the year under review are given below:

(₹ In Lacs)

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Revenue from operations (gross)	2,15,283	1,79,820
Less : Excise Duty	18,125	15,766
Revenue from operations (net)	1,97,158	1,64,054
Other Income	574	178
Total Revenue	1,97,732	1,64,232
Profit before finance cost, depreciation and tax	17,281	12,451
Finance Cost	413	1,012
Depreciation and amortization expenses	5,081	4,555
Profit before Tax	11,787	6,884
Tax expense	3,682	1,886
Profit for the year	8,105	4,998

DIVIDEND

Your Directors recommend a dividend of ₹ 1.50 per Equity Share for the year ended March 31, 2017. This is subject to the approval of the Members at the ensuing Annual General Meeting.

COMPANY REVIEW

On October 01, 2015, Johnson Controls Inc. and Hitachi Appliances, Japan completed a global joint venture and commenced the operations of "Johnson Controls-Hitachi Air Conditioning". Johnson Controls-Hitachi Air Conditioning India Limited is a subsidiary of Johnson Controls-Hitachi Air Conditioning. Consequent to the above change, the name of the India unit has been changed from Hitachi Home & Life Solutions (India) Limited to Johnson Controls-Hitachi Air Conditioning India Limited on August 19, 2016.

Through this joint venture, the Company has combined the rich heritage and innovative technology of Hitachi with the industry leading expertise and global network of Johnson Controls. The partnership is aimed at addressing the cooling needs of the consumers in a faster, smarter and much more efficient way than ever before. The Company's customers will benefit from its world class R&D centres, where researchers work tirelessly to provide innovative solutions and quality products that are designed to meet every expectation.

The Company's business falls within a single business segment, i.e. Cooling Products. The Company manufactures a wide range of products in this segment starting from Room Air Conditioners (which includes Inverter and Fixed Speed Split ACs along with Window ACs) to Commercial Air Conditioners (which includes VRF (Variable Refrigerant Flow) Systems, Ductable Air Conditioners, Chillers and Telecom Air Conditioners). The Company is not just limited to making Air Conditioners but is also into the trading of Refrigerators and Air Purifiers.

Johnson Controls-Hitachi Air Conditioning India Limited is amongst the top air-conditioning companies in India. It has a strong nationwide distribution network consisting of 5 regional offices, 23 branch offices, more than 200 exclusive sales and service dealers, over 8000 sales points and 1400 service points. In order to serve its customers even better, the Company also has 24 Company owned and operated, Hitachi customer care centres (HCS) which are spread pan India.

Johnson Controls-Hitachi Air Conditioning India Limited believes in simplifying life, which is why, the company constantly innovates, brings in world-class technologies, introduces newer concepts and incorporates advanced features in its products to make life as comfortable as it can get.

INDUSTRY STRUCTURE AND DEVELOPMENTS

As per our estimates, Air conditioning market has grown approximately by 8% in volume terms in 2016-17 compared to the previous fiscal year.

Growth in Room air conditioning is driven by macro factors such as growing middle class, steady increase in disposable incomes and increasing urbanization. Within Room air conditioning segment, Split ACs are expected to have higher growth than Window AC primarily due to increasing focus on energy efficiency. This push is expected to be stronger in the coming years leading to faster adoption of energy saving technologies such as inverter driven compressors.

In the commercial air conditioning segment, VRF is expected to continue to show strong growth as the buying focus shifts from upfront cost to life cycle costs. Government's focus on infrastructure development is expected to provide boost to this line of business. In addition to the Room AC and Commercial AC, the company also trades premium refrigerators and air purifiers in the home appliance business.

BUSINESS OVERVIEW

ROOM AIR CONDITIONERS (RAC)

The Year 2016-17 was a good year for Indian HVAC Industry. Rapidly increasing disposable income combined with low market penetration and increasing temperature during the summers threw open a considerable growth opportunity for this segment. After a difficult period of 2 years, this year, the industry witnessed good growth in the RAC segment by around 8% where in, Split AC Segment grew by around 10% with a slight contraction in the Window AC segment. Presently, the Company enjoys around 11% volume market share in the Indian AC industry. During 2016-17, the Company also registered a considerable ~20+ % year-on-year (YoY) growth in sales of Room ACs, which was higher than the industry's growth. This growth was a result of various initiatives taken under the Product Strategy, coupled with strong channel support and expansion in various new markets.

In its current product line-up, Company offers 36 new models of Room air Conditioners with 108 SKUs which include 2, 3, 4 and 5 Star rated fixed speed ACs and Inverter ACs with 2, 3, 4 and 5 Star rating. Hitachi's range of Split Air Conditioners consists of 'Kashikoi' Range, 'Neo', 'I Connect', 'Zunoh', 'Toushi', 'Star Sumo' and 'ACE Reidan'. Its 'Kashikoi' range has industry leading technologies like 'I See', 'I sense', 'I clean', Tropical Inverter Compressor etc.

During this period, Company promoted 'I Clean Plus' Technology. Earlier 'I Clean' technology was available in only few Models, but last year the Company introduced it in 3, 4 and 5 star rated Split AC models as well. Apart from 'I Clean Plus' promotion, the Company also promoted Star Rated Inverter ACs to create more and more awareness about the benefits of a 5 Star Tropical Inverter Technology enabled ACs in its marketing campaign. Introduction of new Split AC range called 'Toushi', 'Waza' and 'Ridaa' was a strategic decision to gain market share in Mid price segment.

In window AC segment, the Company has more than 10 Models in 2, 3, 4 and 5 Star rating category, which offers unique technologies like Twin Motor, Hot & Cold, Auto Climate, etc.

In addition to product range diversification, channel enhancement was also a part of the Company's strategy which helped in increasing its base in Tier II and Tier III towns. Channel correction and channel expansion helped the brand in getting better extraction. The Company also focussed on its tie-up with e-retail partners to gain share on leading e-retail portals.

COMMERCIAL AIR CONDITIONERS

2016-17 was a challenging year for Commercial Air Conditioner segment because of demonetization. Demonetization left an impact on Commercial AC business as the demand of commercial AC products suddenly dropped and several new projects were put on hold post demonetization. Initially, the industry was under pressure and was forced to drop prices to liquidate the products in stock. But, later on, the situation improved. As per our estimates, despite such critical scenario, the Packaged AC market has grown approximately by 3% while the Company could clock around 8% growth in Packaged AC segment. This growth in market share was a result of Company's focus on dealer expansion which helped it in achieving higher growth as compared to the industry. To help the Company in further gaining market share, in March, a new range of ductable AC series named as 'Toushi' was introduced, which has been competitively priced with additional specifications. Recently, the Company also booked a few big orders which will be invoiced in next Financial Year. Overall, the Packaged AC segment has given good growth to the Company and with the introduction of the new product series, it is expected that this segment will contribute more.

During the period, the Company continued its focus on the Set free VRF Category and improved its business through channel development. Despite Demonetization, which affected new order booking and product pricing, the Company's VRF segment registered a growth of around 73% over industry's growth of around 11% in VRF Segment (HP Basis). VRF product segment is expected to grow in future rapidly and thus, it is a category where the Company is working on its various aspects which will impact the growth of this product's business like product development, technology enhancement, channel expansion, brand promotion etc. The Company is planning to launch new models with large footprint by third quarter of Financial Year 2017-18. The Company is confident that with the inclusion of these new products in its current range, it will be able to fulfil consumer needs in a better way and grow its business exponentially.

The chiller segment witnessed a slow offtake in industry owing to postponement of several commercial projects and slower growth rate of the infrastructure development. The economic crisis impacted the Chiller trading business drastically and it de-grew by 74%, but the Chiller manufacturing and S&S business grew by 58%. The situation is improving gradually with favourable economic reforms and measures. Chiller trading business is expected to grow with single digit figures in the coming fiscal.

APPLICATION-BASED AIR CONDITIONERS

Besides, regular air conditioning products, the Company also has special product categories like Telecom which are developed to meet niche requirement of cooling for telecom products. The Company enjoys first-mover advantage in providing this unique cooling solution and is an industry leader in this segment. During FY 2016-17, the Company has grown by 31% in this product category. However, this segment's growth is entirely dependent upon the growth of highly competitive telecom industry which is presently struggling to maintain its margins.

EXPORTS

Exports is the new business category for the Company that started two years back. During the first year of operation, the Company exported to Sri Lanka, Indonesia and Bangladesh. However, the offtake was on a lower side. During fiscal 2016-17, exports business witnessed a 128% growth in Split AC business over last year. Newer geographies namely UAE, Middle-East and Nepal also added to its list. With the in-roads into these new countries, the Company expects to increase its exports in the years to come.

HOME APPLIANCES

The Company has Frost free range of refrigerators which come in 250+ ltr capacity. They are aesthetically superior and come with consumer convenience focused technologies, thus creating a niche for themselves. These products are high on quality and reliability, making the brand more premium and desirable. At present, the refrigerator range consists of 2-door, 3-Door, 4-door and 6-door refrigerators which comes with unique colour options to match the customer's lifestyle and interiors. Apart from Refrigerators, the Company also has a range of air purifiers to purify polluted air and create a healthy environment. The air purifier category also witnessed a good Year-on-Year growth and its demand is expected to increase steadily in coming years.

SERVICE

While the Company continued to provide cooling solutions to customers through its products and projects business, it also laid an equal emphasis on the service segment. As a result of its good services, the Company could successfully retain its client base and service as a business has witnessed consistent growth over the past two years and is expected to witness similar growth going ahead. The Company continues to invest towards training of the human resource and their technical skills to ensure growth stability.

After sales service has always been a top priority for the Company. Customer considers after sale services as one of the key criteria for selecting any product and hence, it's the Company's continuous endeavour to provide best-in-class after sale service experience. The Company undertook several initiatives to improve the customer satisfaction index, which has shown a healthy growth year-on-year. Apart from the Company-owned HCS centres, the Company also launched Hitachi iCare Service App. The app allows a customer to register their product, take demo, register complaint and track complaint status, thus avoiding lengthy waiting time on calls to register complaint. The Company will continue to focus on customer services as a key differentiator for its future business growth.

MANUFACTURING

A good quality product is the backbone of any organization and for Hitachi's business, its product is its core.

The Company has invested, time and again, in its manufacturing facility and has tried to develop products which can meet the expectations of Indian consumers. In the same drive, it is focused to become the most operationally competent organisation.

Recently JCMS (Johnson Control Manufacturing System) program was launched with a motto to become the "Most Operationally Capable Company". JCMS is a structured manufacturing operation model which helps plants to achieve manufacturing excellence. This lean manufacturing system is based on four foundations namely – customer focus, organize around pull, stable production environment and zero tolerance to waste. This manufacturing system ensures an organisation wide involvement, starting from top leadership to every one working at the shop floor level.

The Company aims to improve significantly at the operational level by implementation of this system.

Alongwith its focus on lean manufacturing, safe working environment is also a priority for the Company. The Company is taking various steps and activities in conducting an educational drive within the plant so that safety is ensured for everyone. The Company has taken many steps to enhance safety standards by strengthening machine guarding and other safety related activities as well.

This year, the Company has invested into automation of machines by adding pick & place robots in injection moulding machines and Copper pipe bending machines. This ensures higher quality standards and better productivity.

The Company has also upgraded electrical supply line of 11KV with express feeder line directly from electric substation to the plant. This ensures round the clock availability of power to the Company. For energy savings, LED lights are being installed in the Company in phased manner. Old Halogen lights and CFL lights are being replaced with the energy efficient lights.

For water conservation and recharging the Company has installed rain water harvesting system.

With all these initiatives at manufacturing side, the Company is committed to manufacture world class products which can set standards in the Air Conditioner Industry.

RESEARCH AND DEVELOPMENT

Today, Hitachi is considered a technologically superior brand, which is a result of its advanced Research and Development facility and team.

To combat competition and excel in the segment of Split ACs, the Company's Research and Development department has worked tirelessly to develop new and innovative products which can meet the demands of Indian consumers.

The Company has launched the 6.1 ISEER Split Inverter Air Conditioner in the Indian market.

The Company has also developed DFET (Dual Flow Expansion Technology) and launched 5 star rated machine in 2.0 TR capacity, which is the only 5 star rated model in India in its class and introduced inverter type 'Spacemaker' models for telecom sector which save 30% more power as compared to the conventional 'Spacemaker' Model.

Additionally, two APF Labs upto 3 TR capacity for room Air conditioners were also installed. These labs have NABL accreditation too.

OPPORTUNITIES AND OUTLOOK

1. The Government's Smart City Project is going to be a big opportunity for Air Conditioners' and Home Appliances' manufacturers. This Project will give growth to products which are built with smart technologies and are environment friendly.
2. Increasing standards of Bureau of Efficiency Energy (BEE) for energy efficiency in products is an opportunity for companies who have large line-up of energy efficient products.
3. Awareness about energy efficient products and its impact on environment is increasing amongst customers, so, the demand of Inverter Products and high Star rated ACs is expected to grow.
4. Affluent class customer base is increasing, who are potential buyers of 5 Star Fixed speed and Inverter ACs, so, the demand of High end ACs is expected to increase in coming years.
5. E-Retail is increasing in India, which is a good opportunity for Brands to increase sales through online portals. With e-retailing, reach of products will be much better and convenient for customers.

RISKS, CONCERNS AND CHALLENGES

1 Increasing standards of Energy Efficiency is leading to higher raw material cost and increase in manufacturing cost for products.

2 To keep pace with changes in technology and for upgradation of features huge investment is required.

3 Window AC segment growth is almost constant and demand for Window AC is de-growing due to reducing price gaps between Split AC and Window AC.

4 Electricity consumption in India is a big concern. The growth of Air Conditioner market and penetration is highly dependent on availability of electricity.

5 Hike in the cost of import components like compressor, copper and depreciation of Indian rupee against USD is impacting the margins on product sales.

HUMAN RESOURCES

The Company's Human Resources are amongst the best in the Industry. Company believes in holistic development of employees to help them perform better with enthusiasm. Great care is taken to provide employees with an environment that is a healthy mix of flexibility and target orientation. The Company's policies and practices are employee friendly and are well valued by employees. As the Industry is growing at a rapid pace, so are Company's strategic Human Resource activities which are focused entirely on attracting, developing and retaining the best talent in the market. With an aim to be ahead of competition, focus on the future and leverage on the skill set currently available, many new HR initiatives have been taken by the Company.

Human Capital:

The total Strength of employees (Staff and Operators) of the Company was 1444 as on March 31, 2017. To be ahead of the competition, the Company has focused on strategic recruitment for business-specific positions. The Company believes in being future-ready and hence, has a strong focus on augmenting its manpower strength in critical business areas having direct impact on the bottom-line. The Company also focuses on introducing young, fresh and dynamic talent to various business functions on a regular basis and as a part of this a robust pool of 24 Engineering & Management Trainees were recruited during the year under review from premier educational institutions across India.

Talent Management:

To create leaders for the future, the efforts have to be made today. With this philosophy in mind, the Company continuously strives to incorporate ever-evolving employee specific practices that not only fulfil its requirements but also inspire them to lead the organization to greater heights. Through merit-based reward structure, competency specific learning opportunities and market based salary benchmarking, the Company strives to provide employees with a conducive environment of 'Recognition, Mentoring and Rewards'.

Learning & Development:

The Company is fully committed towards developing highly motivated, competent and engaged workforce. For the same, lot of investment was made in 2016-17 for providing opportunities to employees of all categories for Learning & Development. Competency development is a very critical area of focus and the Company has conducted various Technical & Behavioral learning programmes for various categories of employees across the hierarchy.

Initiatives such as the 'Shikhar – Leadership Management Program' for Talent Assessment & Development of the Leadership Team were taken. Two phases of programmes of 'Shikhar - Leading Self' and 'Shikhar - Leading Others' have been conducted for this group. The 'Samarthya – Management Development Program' focused on Competency Assessment and Inter-functional Learning of Middle Management Team.

Company completed the detailed assessment through various simulations and a 360° Assessment process. Extensive programs like 'Utthan'- A program for Self-Development for Operators, the 'Kaushalya' program for Technical Skill Development of Field Technicians and a dedicated Soft Skill Development program for Hitachi Profile Communicators (HPC) & other Dealer Employees, are some of the steps taken by the Company towards developing its Human Capital and making them 'future ready'.

Gender Diversity:

The Company has kept conscious efforts towards creation of a gender diverse workforce. Various steps have been taken by the Company to create a safe, rewarding and facilitative work environment for female employees. Steps such as, availability of dedicated residential areas and transportation facilities at specific locations, creation of robust policies specific to female employees and creation of an exclusive Company-wide Women Forum, have been taken to attract and encourage gender diversity in the workforce. Various activities such as gender sensitization workshops, women empowerment workshops, self-defence workshops and exclusive networking activities have been conducted as a part of the Women Forum.

GST implementation

The long-awaited Goods and Services Tax Act is expected to be implemented by 1st of July, 2017. The decade-long reform is set to be adopted by all States and Union Territories of India. Most of the mass-consumption goods have been taxed at a lower rates and some essential food commodities have been exempted. However, Air Conditioners and Refrigerators have been put in the highest tax bracket of 28%. This may lead to marginal increase in price of products of the company in short run. However, with the stabilization of GST input credit mechanism and other processes, we expect this price rise to neutralize.

With introduction of GST an over-all positive impact is expected on the GDP of the country. This may be beneficial for the consumer goods industry as a whole in long run.

The Company is fully committed for smooth GST roll-out and is in the final process of completing the necessary modalities to migrate into GST regime.

INTERNAL CONTROL AND SYSTEMS

The Company has an adequate system of internal control to ensure that all the assets pertaining to Company are safeguarded and protected. Internal Audit has also been done through external Auditors at plant as well as at all the branches of the Company as per the detailed scope defined and approved by the Audit Committee. The Internal Audit is planned to substantiate and review the adequacy of controls and laid down procedures & systems.

Observations of Internal Auditors and the detailed plan of action is reviewed and discussed at the meetings of the Audit Committee.

2016-17 being first complete fiscal year post Joint Venture, it has put in place several changes in its policies and processes to align its functioning with global practices such as SOX compliances, whereby the Company developed control and monitoring measures in crucial business processes with an objective to eliminate or reduce risk elements in day to day business activities.

AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013, Members of the Company, at the Annual General Meeting held on July 25, 2016, appointed M/s. Price Waterhouse & Co. Chartered Accountants LLP (Firm Registration No. 304026E / E300009) as Auditors of the Company to hold office from the conclusion of Annual General Meeting held on July 25, 2016 till the conclusion of the sixth consecutive Annual General Meeting. Accordingly, requisite resolution for ratification of Appointment of M/s. Price Waterhouse & Co. Chartered Accountants LLP as Auditors from the conclusion of Annual General Meeting to be held in 2017 to the conclusion of next Annual General Meeting, forms part of the notice convening the AGM.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;

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

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

d) Annual accounts have been prepared on a going concern basis;

e) Internal financial controls which are to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and

f) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PERFORMANCE EVALUATION

The Board has carried out an annual evaluation of the performance of the Board, Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration Committee, Executive Committee, Vigil Mechanism Committee and CSR Committee.

The Board has also carried out annual evaluation of the performance of individual Directors, who were evaluated considering levels of their engagement and contribution, safeguarding the interests of the Company and its minority shareholders, etc. The performance evaluation of the Chairman and the Non-Independent Directors were carried out by the Independent Directors at their separate meeting.

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM

The Company has established a Vigil Mechanism process as an extension of the Company's Code of Conduct whereby an employee, director, customer, vendor or associate of the Company can disclose his genuine doubt in good faith to any member of Vigil Mechanism Committee about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy, so that appropriate action can be taken to safeguard the interest of the Company. In exceptional cases, a complaint can be reported by a complainant to a Chairperson of Audit Committee. This mechanism is overseen by the Audit Committee.

DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2012 READ WITH RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

Name of Director and Key Managerial Personnel (KMP)	Designation	% increase in remuneration of director and KMP	Ratio of the remuneration of director to the median remuneration of the employees of the Company for the financial year
Mr. Shinichi Iizuka (Upto May 30, 2016)	Chairman	Nil	NA
Mr. Franz Cerwinka (From May 30, 2016)	Chairman	Nil	NA
Mr. Atsushi Ohtsuka	Managing Director	Note 1	Note 1
Mr. Gurmeet Singh	Managing Director	Note 2	Note 2
Mr. Vinay Chauhan	Executive Director	5%	15:1
Mr. Varghese Joseph	Executive Director	Note 3	13:1
Mr. Ashok Balwani	Independent Director	Note 4	0.39:1
Mr. Devender Nath	Independent Director	Note 4	0.55:1
Ms. Indira Parikh	Independent Director	Note 4	0.36:1
Mr. Mukesh Patel	Independent Director	Note 4	0.81:1
Mr. R S Mani	Independent Director	Note 4	0.21:1
Mr. Ravindra Jain	Independent Director	Note 4	0.55:1
Mr. Vinesh Sadekar	Independent Director	Note 4	0.29:1
Mr. Anil Shah	CFO & Executive Director	Note 5	Note 5
Mr. Parag Dave	Company Secretary	19%	3:1

Note 1: Mr. Atsushi Ohtsuka ceased to be a Managing Director on January 31, 2017

Note 2: Mr. Gurmeet Singh appointed as Managing Director on February 01, 2017

Note 3: Mr. Varghese Joseph appointed as an Executive Director on August 01, 2015

Note 4: Sitting fees payable to Independent Directors for attending various meeting remained same.

Note 5: Mr. Anil Shah was retired as an Executive Director with effect from September 03, 2016

Comparison of remuneration against Company's performance	
- Increase in remuneration of each KMP	As mentioned in above table
- Increase in total remuneration of all KMP	Total remuneration of KMP increased by 43%

Percentage increase in the median remuneration of employees in the financial year;	22%
No. of permanent employees on the rolls of Company;	1444
Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	- Average % increase in the salaries of employees other than the managerial personnel 14% - Average % increase in the managerial remuneration 25%

We hereby affirm that the remuneration given to all the employees, Directors and KMP is as per the Remuneration policy of the Company.

RISK MANAGEMENT SYSTEM

Company has implemented Enterprise Risk Management (ERM) system to identify, assess, monitor and mitigate the various risks associated with the Company.

Risks are identified and then classified into different categories such as Strategic, Operational, Business risk and Risk related to act of god. Then score based on level and significance of risk is given and subsequently risk mitigation steps are taken**.**

Every quarter a statement identifying new risks and updation on pre-identified risks along with their mitigation process or counter measures taken are reported before the Audit Committee.

DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR UNDER REVIEW:

- Mr. Shinichi Iizuka has ceased to be a Chairman of the Company with effect from May 30, 2016.
- Mr. Franz Cerwinka has been appointed as a Chairman of the Company with effect from May 30, 2016.
- Mr. Atsushi Ohtsuka has ceased to be a Managing Director of the Company with effect from January 31, 2017.
- Mr. Gurmeet Singh has been appointed as a Managing Director of the Company with effect from February 1, 2017.
- Mr. Anil Shah, CFO & Executive Director has retired on 3rd September, 2016 upon Superannuation. He ceased to be an Executive Director of the Company with effect from 3rd September, 2016. Company continued to avail his services as Chief Financial Officer.
- No Independent Director has been re-appointed by passing a Special Resolution during the year under review.

INTERNAL FINANCIAL CONTROL:

Internal Financial Control plan adopted by the Company is adequate with reference to the Financial Statement.

1. Conduct of its business by adherence to Company's policies.
2. Safeguarding of assets.
3. The accuracy and completeness of the accounting records, Prevention and detection of frauds and errors and timely preparation of reliable financial information.

OTHER DISCLOSURES:

1. **Number of meetings of the Board:** Five meetings of the Board of Directors of the Company were held during the year under review on May 30, 2016, July 25, 2016, October 24, 2016, January 23, 2017 and January 31, 2017.
2. Members of the Audit Committee are as under:
   a. Mr. Mukesh Patel – Chairman
   b. Mr. Devender Nath – Member
   c. Mr. Ravindra Jain – Member
3. The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.
4. Details about the Policy on Corporate Social Responsibility (CSR) and projects implemented by the Company during the year under review, as required under Section 134(3)(o), 135(2) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 have been provided as Annexure A.
5. Formal Appointment and Evaluation Policy of the Board of Directors and Senior Management of the Company which has been formulated and recommended by Nomination and Remuneration Committee and adopted by Board of Directors covering appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) is attached as Annexure B.
6. No commission paid to any Director of the Company, so no disclosure is required to be made under Section 197(14).
7. The details forming part of the extract of the Annual Return in form MGT 9 as provided under sub-Section (3) of section 92 is annexed as Annexure C.
8. No loan was granted by the Company to any person to purchase or subscribe to fully paid-up shares of the Company.
9. Secretarial Audit Report: Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Report of the Secretarial Auditors is annexed as Annexure D.
10. There is no fraud reported by Auditors under Section 143(12) of the Companies Act, 2013 during the year under review.
11. Particulars of loans, investments or guarantees under section 186: Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered under Section 186. Company has not made any investment in securities of other Body Corporate. Company has given guarantee of ₹ 1500 lacs against the credit facilities availed by dealers.

12. There is no subsidiary, associate and joint venture Company, so no disclosure is required on the performance and financial position of each of the subsidiaries, associates and joint venture companies in Form AOC 1.
13. There is no Company which has become or ceased to be its subsidiary, joint venture or associate Company during the year.
14. During the year, Company has not accepted deposits covered under Chapter V.
15. There is no qualification, reservation or adverse remark or disclaimer made by the Auditors in their report.
16. There is no qualification, reservation or adverse remark or disclaimer made by the Company Secretaries in practice in their Secretarial Audit Report.
17. There is no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
18. Details of complaints relating to sexual harassment during the year under review: Received during the year: Nil; Pending as on 31st March, 2017: Nil.
19. Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, relating to Conservation of energy, technology absorption and foreign exchange earnings and outgo is given as Annexure E to this report.
20. Statement showing particulars of employees under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached with this Annual Report.
21. Contract or arrangement under Section 188(1): There were no contracts or arrangements entered by the party falling under Section 188(1). Particulars of contracts or arrangements with related parties are provided in Form AOC 2 as Annexure F.
22. Policy on dealing with Related Party Transactions has been disclosed on Company's website and a weblink is as under:

    http://www.jci-hitachi.in/cms/materials/ef34acd1ff.pdf
23. Revision in Accounts or Board's Report: There are no revisions made in the Accounts or Board's Report.
24. Issue of Equity Shares with differential rights: There was no Equity Share issued with differential voting rights during the year under review.
25. Issue of Sweat Equity Shares: There was no issue of Sweat Equity Share during the year under review.
26. Employee Stock Option and Employee Stock Purchase Schemes: No Employee Stock Option and Employee Stock Purchase Schemes were launched during the year under review.
27. Disclosure under Regulation 34(3) read with Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015:
    a. The Equity Shares of the Company are not delisted or suspended during the year under review.
    b. Equity Shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited.
    c. Annual listing fees have been paid to both the stock exchanges mentioned above.
28. Dividend Distribution Policy is given as Annexure G to this report

ACKNOWLEDGEMENT

Your Directors thank all Customers, Suppliers, Investors, Bankers and other stakeholders of the Company for their co-operation and continued support during the year. We look forward to their continued support in the future also.

We wish to place on record our sincere appreciation for the excellent work put in by the employees of the Company at all levels.

For and on behalf of the Board of Directors

Place : Delhi
Date : May 23, 2017

Gurmeet Singh
Managing Director

Vinay Chauhan
Executive Director

Annexure A

CSR Policy and the details of CSR activities initiated by the Company

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken:

   Corporate Social Responsibility (CSR) is the contribution from the Corporate towards Social and Economic development of Society. The purpose of CSR has been to catalyse sustainable growth and development by creating an enabling environment for the Company to work in partnership with the Government, Non-Government, and Civil Society Organizations, as well as Community Organizations in the field of Corporate Social Responsibility.

   The Comapny's philosophy for CSR has been to initiate sustainable projects in Health and Education to uplift the area in which the Company Plant is located.

   Company has undertaken and proposes to undertake Projects / activities under Corporate Social Responsibility as specified in Schedule VII of the Companies Act, 2013.

   CSR Policy has been disclosed on Company's website and a web link is as under:

   http://www.jci-hitachi.in/cms/materials/2e539fff55.pdf

2. Composition of CSR Committee (as on 31.03.2017):

   Mr. Gurmeet Singh (Chairman of Committee)

   Mr. Vinay Chauhan

   Mr. Varghese Joseph

   Mr. Ashok Balwani (Independent Director)

3. Average net profit of the Company for last three financial years: Average net profit: ₹ 6198.74 Lacs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 123.97 Lacs.

5. Details of CSR spent during the financial year:

   a. Total amount to be spent for the financial year: ₹ 123.97 Lacs

   b. Amount unspent, if any: ₹ 84.11 Lacs

   c. Manner in which the amount spent during the financial year:

Sr.	CSR Project / activities	Sector	Locations of the Project	Amount Outlay (Budget) Project or Programs wise	Amount Spent on the project or programs - Sub heads		Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
					Direct expenditure	Over heads		
1	Over Head Water Tank at Karan Nagar	Health	Karan Nagar Village	1,000,000	1,000,000		1,000,000	Paid to Karan Nagar Gram Panchayat
2	Physical Health Center Karan Nagar	Health	Karan Nagar Village	2,593,400	1,816,384	53,822	1,870,206	Direct by the Company
3	AC Repair and maintenance at ITI Kadi	Vocational Education	ITI Kadi	438,858	212,436	40,940	253,376	Direct by the Company
4	Construction of 35 toilets at Indrad Village	Health and Sanitation	Indrad Village	682,500	642,250	40,250	682,500	Direct by the Company
5	Remuneration to employee of CSR Dept.	Over heads	-	-	-	180,000	180,000	Direct by the Company
Total expenditure					**3,671,070**	**315,012**	**3,986,082**	

6. Reasons for not spending the entire amount:

   It was decided by the Company to focus on education and health. As per the section 135 (5), the Company has given preference to the local villages adjoining the Company's plant. The Company has developed programs for the development in different sectors as per the needs of the villagers.

   Sanitation project has been undertaken giving preference to the health of the villagers and to make the area open defecation free. The Company has also augmented the services at Primary Health Centre with Ambulance with specialist kit and a Driver, two Medical specialists, one Para Medical staff and medicines not scaled to the Primary Health Centre.

   To support the "Skilling India" a major initiative of Government of India, JCH -IN initiated in collaboration with ITI Kadi, a skill building course in AC repairing and maintenance for rural youth that is unemployed due to lack of adequate education, with the aim of enabling them to gain suitable employment.

   The Company has also started projects to improve the infrastructure of the local primary schools. The project will facilitate conductive environment for education of children through enhanced infrastructural facilities.

   The projects that the Company has developed were in conjunction with the different departments of the Government like Education/ Vocational Education/ Health / Sanitation. To implement each project, discussions with various Departments followed by permissions from the different levels of those departments obtained within the ambit of rules and regulations of the Government led to considerable time constraint in spending the amount allotted under CSR.

7. Implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For Johnson Controls-Hitachi Air Conditioning India Limited

Gurmeet Singh
Managing Director
(Chairman CSR Committee)

Annexure -B

Formal Appointment and Evaluation Policy of the Board of Directors and Senior Management

Formal Appointment and Evaluation Policy of the Board of Directors and Senior Management of the Company formulated and recommended by Nomination and Remuneration Committee and adopted by Board of Directors is as under:

Composition of the Board

The size of the Board shall not be less than three and not more than fifteen members. The Board shall have a "balanced" membership, with representation of relevant areas of experience, types of expertise, and backgrounds.

At least one half of the Board members shall be independent members. Board shall observe criteria for independence prescribed under Companies Act and SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

Qualifications of Members and Senior Management

A candidate should meet the following criteria who is proposed to be appointed as a member on the Board or in the Senior Management:

(a) He/she has proven integrity with a record of substantial achievement in an area of relevance to the Company.

(b) He/she has demonstrated ability and sound judgment that usually will be based on broad experience.

(c) He/she must be able and willing to devote the required amount of time to the Company's affairs and in case of Directors, to attend Board meetings, Board committee meetings.

(d) He/she must possess a judicious and critical temperament that will enable objective appraisal of management's plans and programs.

(e) He/she must be committed to building sound, long-term Company's growth.

Function of the Board and Senior Management:

The mission of the Board, its committees and Senior Management is to protect the interests of the Company's shareholders. (Senior Management includes the persons who are in cadre of Asst. Vice President and above who directly report to Managing Director or Executive Directors of the Company.) The Board is responsible for the affairs of the Company. Following duties of the Board are prescribed under the Companies Act.

(1) Subject to the provisions of this Act, a Director of a Company shall act in accordance with the articles of the Company.

(2) A Director of a Company shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.

(3) A Director of a Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

(4) A Director of a Company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.

(5) A Director of a Company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates, and if such Director is found guilty of making any undue gain, he shall compensate the Company by any amount equivalent to gain made by him.

These duties should be discharged by the Board, committees, or the independent members of the Board, Senior Management as appropriate in the circumstances.

Remuneration and Compensation of Board Members and Senior Management

While deciding the candidature of the Board Members and Senior Management of the Company, the Nomination and Remuneration Committee will ensure that:

(a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

(b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Assessment of the Board and Committees

The Board will assess its effectiveness as a body and take necessary steps to improve its collective capability to represent the shareholders and guide the Company.

The performance evaluation of Individual Directors shall be done by the Board of Directors, excluding the Director being evaluated. While making assessment, Board will consider the active participation and the guidance and direction given in the subject matter of the Agenda on the basis of his experience and expert knowledge.

Further, Board will assess annually, the performance of the Committees against the role assigned to such Committee. In case it is required, Board will decide to reconstitute the Committee.

Annexure - C

FORM NO. MGT - 9
Extract of Annual return

As on the financial year ended March 31, 2017
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1)
of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	:	L29300GJ1984PLC007470
ii.	Registration Date	:	7th December, 1984
iii.	Name of the Company	:	Johnson Controls-Hitachi Air Conditioning India Limited (Formerly known as Hitachi Home & Life Solutions (India) Limited)
iv.	Category / Sub-Category of the Company	:	Public Limited Company having Share Capital
v.	Address of the Registered Office and contact details	:	9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380006 Ph. 079-26402024
vi.	Whether listed Company	:	Yes
vii.	Name, address and contact details of Registrars and Transfer Agent, if any	:	Link Intime India Pvt. Limited, 506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Near St. Xavier's College Corner, Off C.G. Road, Ahmedabad 380006 Gujarat

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1	Sales and service of Air conditioners	28192	88%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	JCHAC India Holdco Limited C/o Mofo Notices Limited City Point, One Ropemaker Street, London, EC2Y 9AW, United Kingdom	Not applicable	Holding Company	74.252	Section 2(87)(ii)
2	Johnson Control Hitachi Air Conditioning Holding (UK) Limited 2, The Briars, Waterlooville, Hampshire, PO7 7YH, United Kingdom	Not applicable	Holding Company	0.003	Section 2(87)(ii)
Total				**74.255**	

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

i) Category-wise Shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters & Promoters Group									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	20190069	460	20190529	74.25	20190529	-	20190529	74.25	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	20190069	460	20190529	74.25	20190529	-	20190529	74.25	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	20190069	460	20190529	74.25	20190529	-	20190529	74.25	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds/ UTI	2371702	3600	2375302	8.74	2695189	-	2695189	9.91	(1.18)
b) Banks / FI	7127	100	7227	0.03	1870	100	1970	0.01	0.02
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	800	800	0.00	1028543	800	1029343	3.79	(3.78)
g) FIIs	216878	-	216878	0.80	-	-	-	-	0.80
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Foreign Portfolio Investors)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	2595707	4500	2600207	9.56	3725602	900	3726502	13.70	(4.14)
2. Non Institutions									
a) Bodies Corporate									
i) Indian	1247542	11101	1258643	4.63	378870	-	378870	1.39	3.24
ii) Overseas	245435	-	245435	0.90	337243	-	337243	1.24	(0.34)
b) Individuals									
i) Individual Share-holders holding nominal share capital upto ₹ 1 lac	1675997	499002	2174999	8.00	1448585	493280	1941865	7.14	0.86
ii) Individual Share-holders holding nominal share capital in excess of ₹ 1 lac	650312	-	650312	2.39	570706	-	570706	2.10	0.29
c) Others (NRI)	70359	400	70759	0.26	44769	400	45169	0.17	0.09
Sub-Total (B)(2)	3889645	510503	4400148	16.18	2780173	493680	3273853	12.04	4.14
Total Shareholding of Public (B) = (B)(1)+(B)(2)	6485352	515003	7000355	25.75	6505775	494580	7000355	25.75	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	26675421	515463	27190884	100	26696304	494580	27190884	100	-

(ii) Shareholding of promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / Encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	JCHAC India Holdco Limited	20189894	74.25	-	20189894	74.25	-	-
2	Johnson Control Hitachi Air Conditioning Holding (UK) Limited	635	-		635	-	-	-
Total		**20190529**	**74.25**	**-**	**20190529**	**74.25**	**-**	**-**

iii) Change in Promoters' Shareholding:

Sr. No.		No. of Shares	% of total shares of the Company
1	At the beginning of the year	**20190529**	**74.25**
2	Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No change during the year	
3	At the end of the year	**20190529**	**74.25**

iv) Shareholding Pattern of Top ten Shareholders (other than Directors and Promoters)*:

Sr	Name of Shareholder		Change in Shareholding				
			Date	Increase / Decrease No of Shares	No of Shares	Reasons for increase / decrease	% of total shares of the Company
1.	Bajaj Allianz Life Insurance Company Ltd	At the beginning of the year	01.04.16		683761		2.51
			08.04.16	5000	688761	Transfer	2.53
			15.04.16	-15710	673051	Transfer	2.48
			29.04.16	-20000	653051	Transfer	2.40
			13.05.16	-26306	626745	Transfer	2.30
			27.05.16	-26858	599887	Transfer	2.21
			03.06.16	-33200	566687	Transfer	2.08
			10.06.16	-25000	541687	Transfer	1.99
			17.06.16	-14500	527187	Transfer	1.94
			22.07.16	58000	585187	Transfer	2.15
			29.07.16	-10000	575187	Transfer	2.12
			05.08.16	15000	590187	Transfer	2.17
			02.09.16	6000	596187	Transfer	2.19
			30.09.16	29999	626186	Transfer	2.30
			07.10.16	-31000	595186	Transfer	2.19
			04.11.16	4000	599186	Transfer	2.20
			11.11.16	-1703	597483	Transfer	2.20
			25.11.16	4000	601483	Transfer	2.21
			16.12.16	12000	613483	Transfer	2.26
			23.12.16	3000	616483	Transfer	2.27
			30.12.16	5000	621483	Transfer	2.29
			03.02.17	-4500	616983	Transfer	2.27
			03.03.17	8000	624983	Transfer	2.30
			24.03.17	16000	640983	Transfer	2.36
		At the end of the year	31.03.17	25000	665983	Transfer	2.45

* Information based on DPID / CLID

Sr	Name of Shareholder		Change in Shareholding				
			Date	Increase / Decrease No of Shares	No of Shares	Reasons for increase / decrease	% of total shares of the Company
2.	Reliance Capital Trustee Company Ltd.	At the beginning of the year	01.04.16		119201		0.44
			30.09.16	1720	120921	Transfer	0.44
			13.01.17	10240	131161	Transfer	0.48
			20.01.17	513	131674	Transfer	0.48
			03.02.17	29895	161569	Transfer	0.59
		At the end of the year	31.03.17		161569		0.59
3.	Franklin India Smaller Companies Fund	At the beginning of the year	01.04.16		262279		0.96
			22.04.16	-30000	232279	Transfer	0.85
			18.11.16	15000	247279	Transfer	0.91
			25.11.16	6140	253419	Transfer	0.93
		At the end of the year	31.03.17	-25000	228419	Transfer	0.84
4.	Birla Sunlife Trustee Company Private Ltd.	At the beginning of the year	01.04.16		984004		3.62
			08.04.16	6033	990037	Transfer	3.64
			15.04.16	3906	993943	Transfer	3.66
			22.04.16	1908	995851	Transfer	3.66
			29.04.16	2160	998011	Transfer	3.67
			06.05.16	1080	999091	Transfer	3.67
			13.05.16	2533	1001624	Transfer	3.68
			20.05.16	2313	1003937	Transfer	3.69
			27.05.16	4770	1008707	Transfer	3.71
			03.06.16	17277	1025984	Transfer	3.77
			10.06.16	4428	1030412	Transfer	3.79
			17.06.16	3420	1033832	Transfer	3.80
			22.07.16	30806	1064638	Transfer	3.92
			29.07.16	5618	1070256	Transfer	3.94
			05.08.16	6320	1076576	Transfer	3.96
			12.08.16	2458	1079034	Transfer	3.97
			19.08.16	851	1079885	Transfer	3.97
			26.08.16	851	1080736	Transfer	3.97
			07.10.16	-10800	1069936	Transfer	3.93
			28.10.16	-18000	1051936	Transfer	3.87
			04.11.16	-14400	1037536	Transfer	3.82
			02.12.16	1996	1039532	Transfer	3.82
			09.12.16	200	1039732	Transfer	3.82
			23.12.16	810	1040542	Transfer	3.83
			30.12.16	567	1041109	Transfer	3.83
			03.02.17	-4500	1036609	Transfer	3.81
			03.03.17	-28800	1007809	Transfer	3.71
			17.03.17	-54000	953809	Transfer	3.51
			24.03.17	-55694	898115	Transfer	3.30
		At the end of the year	31.03.17	-7200	890915	Transfer	3.28

Sr	Name of Shareholder		Change in Shareholding				
			Date	Increase / Decrease No of Shares	No of Shares	Reasons for increase / decrease	% of total shares of the Company
5.	Canara HSBC Oriental Bank Of Commerce	At the beginning of the year	01.04.16		182171		0.67
			08.04.16	2156	184327	Transfer	0.68
			15.04.16	300	184627	Transfer	0.68
			22.04.16	35338	219965	Transfer	0.81
			29.04.16	-127	219838	Transfer	0.81
			06.05.16	1273	221111	Transfer	0.81
			13.05.16	23241	244352	Transfer	0.90
			27.05.16	28616	272968	Transfer	1.00
			03.06.16	20843	293811	Transfer	1.08
			10.06.16	716	294527	Transfer	1.08
			22.07.16	699	295226	Transfer	1.09
			12.08.16	7380	302606	Transfer	1.11
			19.08.16	9272	311878	Transfer	1.15
			26.08.16	12533	324411	Transfer	1.19
			02.09.16	980	325391	Transfer	1.20
			09.09.16	2000	327391	Transfer	1.20
			16.09.16	1500	328891	Transfer	1.21
			23.09.16	120	329011	Transfer	1.21
			07.10.16	33633	362644	Transfer	1.33
			21.10.16	-1260	361384	Transfer	1.33
			28.10.16	-647	360737	Transfer	1.33
			04.11.16	-1629	359108	Transfer	1.32
			02.12.16	229	359337	Transfer	1.32
			09.12.16	-589	358748	Transfer	1.32
			16.12.16	679	359427	Transfer	1.32
			23.12.16	48	359475	Transfer	1.32
			30.12.16	179	359654	Transfer	1.32
			06.01.17	261	359915	Transfer	1.32
			13.01.17	1287	361202	Transfer	1.33
			20.01.17	-1891	359311	Transfer	1.32
			03.02.17	186	359497	Transfer	1.32
			10.02.17	721	360218	Transfer	1.32
			17.02.17	-43	360175	Transfer	1.32
			24.02.17	157	360332	Transfer	1.33
			03.03.17	-295	360037	Transfer	1.32
			10.03.17	-114	359923	Transfer	1.32
			17.03.17	-1120	358803	Transfer	1.32
			24.03.17	-1827	356976	Transfer	1.31
		At the end of the year	31.03.17	5584	362560	Transfer	1.33
6.	Birla Sunlife Trustee Co. Pvt Ltd	At the beginning of the year	01.04.16		224000		0.82
		At the end of the year	31.03.17		224000		0.82
7.	Akash Bhansali	At the beginning of the year	01.04.16		110933		0.41
			29.07.16	-24768	86165	Transfer	0.32
			05.08.16	-907	85258	Transfer	0.31
		At the end of the year	31.03.17		85258		0.31

Sr	Name of Shareholder		Change in Shareholding				
			Date	Increase / Decrease No of Shares	No of Shares	Reasons for increase / decrease	% of total shares of the Company
8.	Birla Sunlife Trustee Company Private Ltd.	At the beginning of the year	01.04.16		325791		1.20
			08.04.16	5636	331427	Transfer	1.22
			15.04.16	4269	335696	Transfer	1.23
			22.04.16	1581	337277	Transfer	1.24
			29.04.16	1836	339113	Transfer	1.25
			06.05.16	1224	340337	Transfer	1.25
			13.05.16	2154	342491	Transfer	1.26
			20.05.16	2385	344876	Transfer	1.27
			27.05.16	2772	347648	Transfer	1.28
			03.06.16	2647	350295	Transfer	1.29
			10.06.16	4061	354356	Transfer	1.30
			17.06.16	5753	360109	Transfer	1.32
			22.07.16	25893	386002	Transfer	1.42
			29.07.16	4718	390720	Transfer	1.44
			05.08.16	7667	398387	Transfer	1.47
			12.08.16	7609	405996	Transfer	1.49
			19.08.16	5908	411904	Transfer	1.51
			26.08.16	2143	414047	Transfer	1.52
			09.09.16	1248	415295	Transfer	1.53
			16.09.16	2699	417994	Transfer	1.54
			23.09.16	3811	421805	Transfer	1.55
			30.09.16	1270	423075	Transfer	1.56
			07.10.16	10798	433873	Transfer	1.60
			21.10.16	1854	435727	Transfer	1.60
			28.10.16	19882	455609	Transfer	1.68
			04.11.16	1587	457196	Transfer	1.68
			11.11.16	16360	473556	Transfer	1.74
			18.11.16	3024	476580	Transfer	1.75
			25.11.16	2514	479094	Transfer	1.76
			02.12.16	1838	480932	Transfer	1.77
			09.12.16	3807	484739	Transfer	1.78
			16.12.16	1458	486197	Transfer	1.79
			23.12.16	2218	488415	Transfer	1.80
			30.12.16	6743	495158	Transfer	1.82
			06.01.17	8090	503248	Transfer	1.85
			13.01.17	3157	506405	Transfer	1.86
			20.01.17	4423	510828	Transfer	1.88
			03.02.17	13844	524672	Transfer	1.93
			10.02.17	4612	529284	Transfer	1.95
			17.02.17	3611	532895	Transfer	1.96
			24.02.17	3110	536005	Transfer	1.97
			03.03.17	27858	563863	Transfer	2.07
			10.03.17	1899	565762	Transfer	2.08
			17.03.17	48348	614110	Transfer	2.26
			24.03.17	52628	666738	Transfer	2.45
		At the end of the year	31.03.17	5	666743	Transfer	2.45
9.	Citigroup global markets Mauritius Private Ltd	At the beginning of the year	01.04.16		119924		0.44
			29.07.16	-5480	114444	Transfer	0.42
			21.10.16	-710	113734	Transfer	0.42
			11.11.16	-91307	22427	Transfer	0.08
			03.02.17	-5404	17023	Transfer	0.06
			03.03.17	-2206	14817	Transfer	0.05
		At the end of the year	31.03.17		14817		0.05
10.	Talma Chemical Industries Pvt. Ltd.	At the beginning of the year	01.04.16		94491		0.35
		At the end of the year	31.03.17		94491		0.35

Sr	Name of Shareholder		Change in Shareholding				
			Date	Increase / Decrease No of Shares	No of Shares	Reasons for increase / decrease	% of total shares of the Company
11.	L&T Mutual Fund Trustee Limited-L&T Business Cycles Fund	At the beginning of the year	01.04.16		91600		0.34
			22.04.16	13100	104700	Transfer	0.39
			18.11.16	-5523	99177	Transfer	0.36
			03.02.17	-6868	92309	Transfer	0.34
			10.02.17	-1036	91273	Transfer	0.34
		At the end of the year	31.03.17		91273		0.34
12	Kotak Mahindra (International) Limited	At the beginning of the year	01.04.16		-		-
			11.11.16	91307	91307	Transfer	0.34
			03.02.17	5404	96711	Transfer	0.36
		At the end of the year	31.03.17		96711		0.36
13	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Tax Plan	At the beginning of the year	01.04.16		51634		0.19
			03.03.17*	324	93308	Transfer	0.34
			10.03.17	8100	93632	Transfer	0.34
			17.03.17	6012	101732	Transfer	0.37
			24.03.17		107744	Transfer	0.40
		At the end of the year	31.03.17		107744		0.40

*Became one of the top ten shareholders as on March 03, 2017.

v) Shareholding of Directors and Key Managerial Personnel

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr. Mukesh Patel	1500	0.01	1500	0.01
Mr. Vinay Chauhan	440	0.00	440	0.00
Mr. Varghese Joseph	200	0.00	200	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ In Lacs)

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	492	15548	0	16040
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	73	0	73
Total (i+ii+iii)	492	15621	0	16113
Change in Indebtedness during the financial year				
Addition	0	6000	0	6000
Reduction	492	15548	0	16040
Net Change	-492	-9548	0	-10040
Indebtedness at the end of the financial year				
i) Principal Amount	0	6000	0	6000
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	6000	0	6000

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ In Lacs)

Sr. No.	Particulars of Remuneration	Mr. Atsushi Ohtsuka[1]	Mr. Gurmeet Singh[2]	Mr. Anil Shah[3]	Mr. Vinay Chauhan	Mr. Varghese Joseph	Total Amount
		Managing Director	Executive Director	CFO & Executive Director	Executive Director	Executive Director	
1	Gross Salary						
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	80.98	99.98	37.32	99.51	84.92	402.71
(b)	Value of perquisites under Section 17(2) Income Tax Act, 1961	77.81	11.75	1.07	8.22	6.81	105.66
(c)	Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-	-	
2	Stock Options	-	-	-	-	-	
3	Sweat Equity	-	-	-	-	-	
4	Commission	-	-	-	-	-	
	- as % of profit	-	-	-	-	-	
	- others, specify....	-	-	-	-	-	
5	Others, please specify– Retirement benefits	1.62	6.24	11.91	8.64	5.26	33.67
	Total (A)	160.41	117.97	50.30	116.37	96.99	542.04
Ceiling as per the Act (10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)							1243.38

1. Mr. Atsushi Ohtsuka ceased to be Managing Director of the Company with effect from January 31, 2017.
2. Mr. Gurmeet Singh was appointed as Managing Director of the Company with effect from February 01, 2017.
3. Mr. Anil Shah ceased to be an Executive Director of the Company with effect from September 03, 2016.

B. Remuneration to other Directors: (₹ In Lacs)

		Name of Director							Total Amount
1.	**Independent Directors**								
Sr. No	Particulars of Remuneration	Mr. Ashok Balwani	Mr. Devender Nath	Ms. Indira Parikh	Mr. Mukesh Patel	Mr. R S Mani	Mr. Ravindra Jain	Mr. Vinesh Sadekar	
1	Fee for attending Board / Committee Meetings	3.00	4.20	2.80	6.25	1.60	4.20	2.20	24.25
2	Commission	-	-	-	-	-	-	-	-
3	Others, please Specify	-	-	-	-	-	-	-	-
	Total (1)								24.25
2.	**Other Non-Executive Directors**								
		Mr. Shinichi Iizuka	Mr. Franz Cerwinka						
1	Fee for attending Board /Committee Meetings	-	-						-
2	Commission	-	-						-
3	Others, please Specify	-	-						-
	Total (2)								-
	Total (B)=(1+2)								24.25
	Total Managerial Remuneration (Excluding Sitting Fees)								542.04
Overall Ceiling as per the Act (11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)									1367.72

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD **(₹ In Lacs)**

Key Managerial Personnel				
Sr. No.	**Particulars of Remuneration**	**Mr. Anil Shah Chief Financial Officer[1]**	**Mr. Parag Dave Company Secretary**	**Total Amount**
1	Gross Salary			
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	56.65	17.30	73.95
(b)	Value of perquisites under Section 17(2) Income Tax Act, 1961	-	1.94	1.94
(c)	Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify….	-	-	-
5	Others, please specify – Retirement benefits	-	1.29	1.29

1. Mr. Anil Shah, CFO & Executive Director has retired on 3rd September, 2016 upon Superannuation. He ceased to be an Executive Director of the Company with effect from 3rd September, 2016. Company continued to avail his services as Chief Financial Officer.

VII. Material Penalties / Punishments / Compounding of Offences

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	**None**				
Punishment					
Compounding					
B. Directors					
Penalty	**None**				
Punishment					
Compounding					
C. Other Officers in Default					
Penalty	**None**				
Punishment					
Compounding					

Annexure D

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2017

[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,
Johnson Controls - Hitachi Air Conditioning India Limited,
(Formerly Known as Hitachi Home and Life Solutions (India) Limited)
9th Floor, Abhijeet-1,
Mithakhali Six Roads,
Ahmedabad – 380 006

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Johnson Controls - Hitachi Air Conditioning India Limited (Formerly Known as Hitachi Home and Life Solutions (India) Limited) (CIN: L29300GJ1984PLC007470) (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Johnson Controls - Hitachi Air Conditioning India Limited's (Formerly Known as Hitachi Home and Life Solutions (India) Limited) books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "the company", having its Registered Office at "9th Floor, Abhijeet-1, Mithakhali Six Roads, Ahmedabad – 380 006 for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit Period**)

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) 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;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable to the Company during the Audit Period**)

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**

(vi) The Company has complied with the following specifically other applicable laws to the Company:

   (a) E-waste Management Rules, 2012

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

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

(ii) Listing (Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were usually sent 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.

There were no dissenting views on any matter.

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

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

FOR **M C Gupta & Co,**
Company Secretaries
UCN: S1986GJ003400

Mahesh C Gupta
Proprietor
FCS: 2047 (CP: 1028)

Place : Ahmedabad
Date : May 23, 2017

Note: *This Report is to be read with Our Letter of even date which is annexed as Annexure "A" and forms an integral part of this report.*

Annexure: "A"

To,
The Members,
Johnson Controls - Hitachi Air Conditioning India Limited,
(Formerly Known as Hitachi Home and Life Solutions (India) Limited)
9th Floor, Abhijeet-1,
Mithakhali Six Roads,
Ahmedabad – 380 006

Our Report of even date is to be read along with this Letter;

1 Maintenance of Secretarial Record is the responsibility of the management of the company. Our responsibility is to express an opinion on Secretarial Records based on our Audit.

2 We 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 test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3 We have not verified the correctness and appropriateness of financial records and books of accounts of the company.

4 Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

5 The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.

6 The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

FOR **M C Gupta & Co,**
Company Secretaries
UCN: S1986GJ003400

Mahesh C Gupta
Proprietor
FCS: 2047 (CP: 1028)

Place : Ahmedabad
Date : May 23, 2017

Annexure E

Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, relating to conservation of energy, Technology absorption and Foreign exchange earnings and outgo.

Conservation of Energy

1. Use of LED in Façade for street lighting, Display Area and Gas Storage Area due to which power saved was 14348 KW p.a.
2. 11 KV Express Feeder line which resulted in reduction of diesel consumption and the Company saved around 5000 Kwh.
3. Installation of Air Compressor with Premium Efficiency Motor (IE 4). The Company is saving around 150 Units in single working day.
4. Paint shop speed enhancement by 25% and the Company saved around 80673 Units per year.

Research and development

1. Development of New Split Air conditioner Indoor unit - 968 mm chassis.
2. Development of complete 2.0Tr (24K BTU) Inverter 5 Star with DFET technology (Applied for Patent).
3. Development of low noise Split Air conditioner Outdoor unit Fan.
4. Development of Micro cooling Air conditioner for Telecom panel cooling solution.
5. Development of Inverter technology cooling solution for Telecom shelters.
6. Development of Economic range of ducted splits with new Slim ODU and localized Controller.
7. Development of Hi-wall IDU 798mm and 997 mm with I Clean technology and Motion Sensor for VRF Hi-wall Spilt technology.
8. Development of blower housing for Low Noise in Mid Static in the ceiling Indoor Units.
9. Integration of Variable frequency drive (VFD) to drive AHU motor and integration with VRF DX kit controller for large installations.

Technology absorption

1. Study of original Hitachi Japan VRF HI-Wall IDU logics and modifying it to suit new specific Hi-Wall feature requirement like I-Clean, Motion sensor.
2. CB certification and G-Mark for Middle east Export.
3. Study of Refrigeration cycle simulation software tool (I-MAP) with support from JCI engineering center.

During the year Company has purchased and absorbed Technology as under:

(i) Inverter Technology for Telecom Cooling application.

(ii) Indoor unit design.

(iii) Inverter-controlled split type room air conditioners.

The expenditure incurred on research and development have been given in the notes forming part of the Financial Statements.

Foreign exchange earnings and outgo

The required information in respect of foreign exchange earnings and outgo has been given in the notes forming part of the Financial Statements.

Annexure F

Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis :

Name(s) of the related party and nature of relationship	Nature of contracts arrang-ements transactions	Duration of the contracts / arrangements transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
No such transaction							

2. Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts arrangements transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:	Duration of the contracts / arrangements / transactions
(a)	(b)	(d)	(e)	(f)	(c)
Details of Related party transactions are disclosed in Financial Statement			Approval of Board of Directors is not required	No advance amount paid for Related party transactions	Royalty payment: Seven years. Technical Know How fees: On receipt of Technical Information. Other transactions: Ongoing nature

Annexure G

Dividend Distribution Policy

Introduction

As required under SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, Company is required to formulate a Dividend Distribution Policy.

The Board of Directors shall recommend dividend in compliance with this policy, the provisions of the Companies Act, 2013 and Rules made thereunder and other applicable legal provisions.

Company, presently, has only one class of shares, i.e. Equity Shares, for which this Dividend policy is applicable.

Circumstances under which the shareholders may expect dividend:

1 Adequate profit for current year calculated as per Companies Act, 2013 and adequate accumulated profit of previous year(s).

2 Company's current and future financial requirements, including growth opportunities.

Circumstances under which the shareholders may not expect dividend:

1. Inadequate profit of current year and / or inadequate accumulated profit of previous year(s).
2. Board has planned Capital expenditure for next year.

Financial parameters that shall be considered while declaring dividend:

1. Current year profits.
2. Possibilities of increasing cash requirements in the business including capital expenditure.
3. Any potential unforeseen events and contingencies with financial implications.

Internal and external factors that shall be considered for declaration of dividend:

1. Available distributable surplus.
2. Company's liquidity position and future cash flow needs.
3. Track record of Dividends distributed by the Company.
4. Capital expenditure requirements for expansion and other opportunities.
5. Further business potential for the Company.
6. Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

Policy as to how the retained earnings shall be utilized:

Retained earnings will be used inter alia for the Company's growth plans, working capital requirements, debt repayments, if any and other contingencies.

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L29300GJ1984PLC007470
2.	Name of the Company	Johnson Controls-Hitachi Air Conditioning India Limited (Formerly known as Hitachi Home & Life Solutions (India) Limited)
3.	Registered address	9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380006
4.	Website	www.jci-hitachi.in
5.	E-mail id	hitachi@jci-hitachi.com
6.	Financial Year reported	April 01, 2016 to March 31, 2017
7.	Sector(s) that the Company is engaged in (industrial activity code wise)	Division 28: Manufacturing of Air conditioners
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	Manufacturing and trading of Air conditioners
9.	Total number of locations where business activity is undertaken by the Company a. Number of International Locations (Provide details of major 5) b. Number of National Locations	 None 5 Regional Offices, 23 Branch Offices and 24 Company owned Service Centres
10.	Markets served by the Company – Local/State/National/ International	Pan India

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	27.19 Crores
2.	Total Turnover (INR)	2152.83 Crores
3.	Total profit after taxes (INR)	81.05 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.49%
5.	List of activities in which expenditure in 4 above has been incurred	4

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	No
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a.	Details of the Director/Director responsible for implementation of the BR policy/policies 1. DIN 2. Name 3. Designation	 06938403 Mr. Gurmeet Singh Managing Director
b.	Details of the BR head 1. DIN Number (if applicable) 2. Name 3. Designation 4. Telephone No. 5. Email Id	 Not Applicable Mr. Sanjay Kumar Vice President - Human Resources +91-2764-277571 hitachi@jci-hitachi.com

2. (a) Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	All policies have been formulated in consultation with the relevant stakeholders of the Company.								
3	Does the policy conform to any national / international standards? If yes, specify?	Policies are in line with International standards and practices such as ISO 9000, ISO 14000, OHSAS 18000 guidelines.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	All policies have been approved by Board. Policies are signed by Managing Director / Owner of the policy.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Process owners are responsible for implementation of policies.								
6	Indicate the link for the policy to be viewed online?	Policies are available on website of the Company. Links are as under: 1. www.jci-hitachi.in/cms/materials/387ddc9fc6.pdf 2. www.jci-hitachi.in/cms/materials/3aa857e9d6.pdf 3. www.jci-hitachi.in/cms/materials/14955dcfd1.pdf 4. www.jci-hitachi.in/cms/materials/0b23554d12.pdf								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes.								
8	Does the company have in-house structure to implement the policy / policies?	Yes.								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes.								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes.								

2 (b) If answer to the question at Serial Number 1 against any principle, is 'No', please explain why:

- Not applicable

3. Governance related to BR:

a.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annual
b.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	BR report will be part of Annual Report of the Company and will be placed on the website of the Company

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

Integrity is at the centre of everything we do at Johnson Controls. The Company's ongoing success stems from deeply engrained culture of ethics and integrity which strengthens relationships with customers, employees, suppliers and communities.

Ethics policy applies to everyone at Johnson Controls including the Board of Directors, employees, contract workers and everyone who deals with the Company.

The Company is committed to transparency and best practices are also extended to suppliers through the Code of Conduct for suppliers. This code warrants compliance with laws prohibiting child labour, taking responsibility for the health and safety of their employees, and ensuring that suppliers act in accordance with applicable statutory and international standards regarding environmental protection. Similarly, all channel partners are covered through Code of Conduct for Channel Partners.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

   Integrated complaint mechanism is available to all Stakeholders under Johnson Controls Ethics Policy. Such complaints are handled globally by Johnoson Controls. At local level, such type of complaints are handled by HR Department of the Company.

   During the financial year 2016-17, four complaints were received from employees regarding disciplinary transactional matters and all four complaints have been resolved satisfactorily.

Principle 2

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**
   a. Room Air Conditioners.
   b. Packaged Air Conditioners.
   c. VRF and Chillers.
2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.):**
   a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

      Company is committed and focused towards reduction of energy, water and other utilities consumption by utilizing optimum resources as per the prescribed norms by regulatory authorities / bodies.

      We carried out geo hydrological study at our site as a part of CGWA guidelines and as per the outcome of the study we have constructed 6 nos. of recharge wells in company premises for recharge of ground water during monsoon season.

      For pre-treatment process in our paint shop we have started using sludge free chemical for reduction of hazardous waste. Hence, we have reduced the requirement of landfilling of sludge generated.

      We are in process of upgrading our effluent treatment facility consisting of primary, secondary & tertiary stages of treatment for improving our final outlet water quality.

      We have switched from LPG to PNG as our fuel which is cleaner and more sustainable.

   b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

      Government of India (Bureau of Energy Efficiency, Ministry of Power) introduced the Standards and Labelling Program in May 2006. Under this program the manufacturers are required to disclose a label showing how much electricity the appliance will consume during operations. Energy Efficiency is indicated by Number of 'Stars'. More Stars indicates more energy efficient appliance. Company's products are available in the range of 2 Star to 5 Star. Company focuses on promoting and developing energy efficient products. During previous year more than 50% of Company's models were 4 star and 5 star rated models.
3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

   Sustainability agenda is extended to suppliers through the Supplier Code to which all suppliers have been made aware. It lays down the requirements on various aspects of sustainability such as legal compliance, bribery and corruption, human rights, health and safety and environment protection. The Company sources its materials through suppliers and vendors who are compliant with applicable regulatory requirements.

   Supplier selection, assessment and evaluation process includes elements of sustainability. This includes self-assessments by suppliers, risk assessments by the Company and external audits by third party.
4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

   Material from third party suppliers is sourced locally from within the boundary of India. Out of this some are sourced from local and small producers. Several local and small producers are attached to the Company.

   Company has developed many local producers within 50 kms radius of the company. Having mutual beneficial relationship with the Company these associated local producers have also grown and established themselves fruitfully and has increased the ratio of local employment.
5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste.**

   The company is committed to increase waste efficiency through the ISO 14001 certification. Waste is segregated into hazardous and non-hazardous waste and managed through a waste management system.

   Hazardous waste is sent to authorised hazardous waste processors recyclers or to GPCB / CPCB Authorized TSDF (transportation, storage and disposal facilities) for disposal. E-waste is sent to registered E-waste recyclers.

   Industrial Effluent and Sewage is treated in the effluent treatment plant and sewage treatment plant and used in processes and maintaining a green belt.

   The Company complies with the requirements of RoHS & Waste Management Rules.

Principle 3

1.	Please indicate the Total number of employees:	4837
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	3393
3.	Please indicate the Number of permanent women employees.	36
4.	Please indicate the Number of permanent employees with disabilities	3
5.	Do you have an employee association that is recognized by management?	Yes
6.	What percentage of your permanent employees is members of this recognized employee association?	47%
7.	**Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**	

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
a.	**Child labour/forced labour/ involuntary labour**	Nil	Nil
b.	**Sexual harassment**	Nil	Nil
c.	**Discriminatory employment**	Nil	Nil

8.	**What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**	
a.	Permanent Employees	47%
b.	Permanent Women Employees	88%
c.	Casual/Temporary/Contractual Employees	56%
d.	Employees with Disabilities	100%

Principle 4

1. **Has the company mapped its internal and external stakeholders?**

   Yes

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

   Yes, the company has identified the marginalized stakeholders.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?**

   The company provides free of cost training in its state of the art training facilities to mechanics, repairers and technicians employed by dealers, which community, the company has identified as disadvantaged, vulnerable and marginalised. Adopting a win-win approach for its business, customers, dealers such trainings not only help trainees to learn skills which are helpful in their future employability and entrepreneurship but also help company to provide quality after sales services at affordable cost.

Principle 5

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?**

   Policy is extended to the Group, Suppliers and Contractors.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No complaint has been received in the past financial year.

Principle 6

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ others.**

   The Environmental Policy of the Company covers all employees and contractors of the Company.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?**

   Yes. The Company is committed towards a sustainable global environment by encouraging use of R410 refrigerant which is an eco-friendly gas. Hence preventing ozone layer depletion.

   Also, rain water harvesting project has been installed to promote recharging of ground water during rainy season.

3. **Does the company identify and assess potential environmental risks?**

   Yes. Risk assessments for the environment, mitigation strategies and contingency measures are reviewed and revised every year.

4. **Does the company have any project related to Clean Development Mechanism? Also, if Yes, whether any environmental compliance report is filed?**

   The Company has not applied for any projects under the Clean Development Mechanism. However, the Company has been active in reducing its waste in all its operating sites by implementing measures to minimise waste.

   Additionally, we have also implemented organic convertor, where all food and organic wastes are converted to compost and used for gardening.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.?**

   The Company is continually developing products leading to energy efficency and enhancement of eco-friendly products like usage of R410A refrigerant.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes. The emissions/waste generated by the Company for the Financial Year 2016-17 are within permissible limits given by CPCB/SPCB.

   Analysis of treated effluent is carried out by GPCB approved schedule-II laboratory.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   As on 31 March, 2017, there is no pending show cause or legal notice received from CPCB or SPCB.

Principle 7

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   Yes. Johnson Controls –Hitachi Air conditioning India Ltd is a member of following industrial and trade bodies namely:

   a. CEAMA (Consumer Electronics and Appliances Manufacturers Association).

   b. RAMA (Refrigeration and Air-conditioning Manufacturers Association of India).

   c. The Gujarat Chamber of Commerce and Industry.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

   Yes. Company is actively involved and advocated through the above organizations on energy security and environmental issues.

Principle 8

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?**

   Following projects/programmes initiated by the Company during the year.

   a) Water Tank Project at Karan Nagar Village:
      Project Cost: ₹ 10 lakhs

   b) Improvement in infrastructure at Primary Health Centre at Karan Nagar Village:
      Project Cost: ₹ 26 lakhs

   c) Construction of Toilets Project at Indrad Village:
      Project Cost: ₹ 6.82 lakhs

   d) Vocational Training (AC Repairing & Maintenance) at Kadi:
      Project Cost: ₹ 4.38 lakhs

   e) Construction of classrooms at Budasan Village school:
      Project Cost: ₹ 18.76 lakhs

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   The programmes have been undertaken by in-house team.

3. **Have you done any impact assessment of your initiative?**

   Yes. We have gathered case studies from the people who have availed services provided by the Company under CSR and according to them such services are beneficial to them as they are not required to travel for availing medical services as well as at the time of emergency, they can use the Ambulance to reach higher medical facilities.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   a) Water Tank Project at Karan Nagar Village:
   Project Cost: ₹ 10 lakhs

   b) Primary Health Centre at Karan Nagar Village:
   Project Cost: ₹ 26 lakhs

   c) Construction of Toilets Project at Indrad Village:
   Project Cost: ₹ 6.82 lakhs

   d) Vocational Training (AC Repairing & Maintenance) at Kadi:
   Project Cost: ₹ 4.38 lakhs

   e) Construction of classrooms at Budasan Village:
   Project Cost: ₹ 18.76 lakhs

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

   The facilities created by the company are being fully utilized by the affected person at the community.

Principle 9

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   During the year 2016-17, 2.07% complaints are pending at the end of financial year. Out of these 1.6% complaints received during last five days of the financial year.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws?**

   Labels / packages of Company's products are complying with the applicable regulations such as Legal Metrology Act, Star rating under Bureau of Energy Efficiency and E-Waste (Management) Rules.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as at end of financial year?**

   No case is filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   As a process of taking consumer feedbacks, we carry out regular happy calling surveys of our customers. Currently the happy calling score indicates that approx 90% of our customers are satisfied with our product and services

5. **Does the company have a mechanism to recycle products and waste?**

   Company does not have a mechanism to recycle products and waste. However Company complies with E-Waste (Management) Rules according to which all e-waste generated during manufacturing process and after sales service process as well as 'End of life' e-waste received from customers are sent to Authorised recyclers for environment friendly disposal.

REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy on Code of Corporate Governance

Your Company is committed to adopt best management practices for achieving its pre-defined objectives with ethical standards and transparent & fair conduct of the business.

Company believes that vital components of prudent Corporate Governance are - Compliance of laws, internal control systems, transparent accounting practices and policies, timely disclosures, optimum mixture of independent directors in the Board, etc.

Company's Corporate Governance is framed on the basis of following principles:

1. Ethical and fair conduct of business to achieve its goal by enhancing the brand equity and value of the Company.
2. Internal Control systems applied to all operations of the Company.
3. Appropriate size and mixture of the board containing one half of Independent Directors. Directors have expertise in different areas.
4. Compliance of laws and regulations applicable to the Company with true letter and spirit;
5. To ensure awareness of the Shareholders, Customers, Suppliers, Employees. Timely disclosure of all operational and financial information of the Company within the purview of the laws.
6. To create, maintain and ensure safe and clean environment for sustainable development for next generation.

II. Board of Directors, Committees and Remuneration of Directors

Board of Directors

Present strength of the Board of Directors of your Company is eleven members. Directors have expertise in diversified field viz. Business Planning, Production Planning, Sales & Marketing, Finance, Taxation, Human Resources, etc. The Executive Board members provide a vision, strategic guidance and leadership to the professional managers while Independent Board Members review the periodical financial results, performance of operations of the Company, Internal Control Systems, etc.

The composition of the Board is in conformity with Regulation 17(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015. The Board of Company has optimum combination of Non-independent and Independent Directors. Board of the Company consists of three (3) Executive Directors (including Managing Director), One (1) Non-executive Director and Seven (7) Independent Directors. Details of their position and number of Board / Committees in which they are Chairman / Member are as under:

Name of Director	Promoter / Executive / Non-executive / Independent	No. of Directorship in Listed Companies	No. of Committees* Position held as	
			Chairman	Member
Mr. Franz Cerwinka	Promoter /Chairman / Non-Executive	1	-	
Mr. Gurmeet Singh	Executive (Managing Director)	1	-	1
Mr. Varghese Joseph	Executive	1	-	-
Mr. Vinay Chauhan	Executive	1	-	-
Mr. Ashok Balwani	Non-Executive / Independent	1	-	-
Mr. Devender Nath	Non-Executive / Independent	1	-	1
Ms. Indira Parikh	Non-Executive / Independent	7	-	6
Mr. Mukesh Patel	Non-Executive / Independent	3	4	2
Mr. R S Mani	Non-Executive / Independent	1	-	-
Mr. Ravindra Jain	Non-Executive / Independent	1	-	1
Mr. Vinesh Sadekar	Non-Executive / Independent	1	-	-

*Includes only Audit Committee and Stakeholders Relationship Committee.

Attendance of Board Meeting and Annual General Meeting

Schedule of Board meetings for the year is decided at the beginning of the year. The Board meets at least once in a quarter, inter-alia, to review the performance of the quarter.

During the year from April 01, 2016 to March 31, 2017, Five Board Meetings were held i.e. on May 30, 2016, July 25, 2016, October 24, 2016, January 23, 2017 and January 31, 2017. The last Annual General Meeting (AGM) was held on July 25, 2016. The attendance of Directors at these Board Meetings and the last AGM were as under:

Name of Director	Board Meetings	Annual General Meeting
Mr. Shinichi Iizuka[1]	1	-
Mr. Franz Cerwinka[2]	1	Present
Mr. Atsushi Ohtsuka[3]	5	Present
Mr. Gurmeet Singh[4]	5	Present
Mr. Anil Shah[5]	2	Present
Mr. Varghese Joseph	5	Present
Mr. Vinay Chauhan	5	Present
Mr. Ashok Balwani	4	Present
Mr. Devender Nath	4	Present
Ms. Indira Parikh	4	Present
Mr. Mukesh Patel	5	Present
Mr. R S Mani	3	Present
Mr. Ravindra Jain	4	Present
Mr. Vinesh Sadekar	4	Present

1 Mr. Shinichi Iizuka ceased to be a Director with effect from May 30, 2016.

2 Mr. Franz Cerwinka was appointed as a Director with effect from May 30, 2016.

3 Mr. Atsushi Ohtsuka ceased to be Managing Director of the Company with effect from January 31, 2017.

4 Mr. Gurmeet Singh was appointed as Managing Director of the Company with effect from February 01, 2017.

5 Mr. Anil Shah ceased to be an Executive Director of the Company with effect from September 03, 2016.

Number of Shares held by Non-Executive Directors

Details of Number of Shares held by Non-executive Directors in their own name or in the name of other persons on beneficial basis as on March 31, 2017 are as under:

Name of Director	No of Shares held
Mr. Franz Cerwinka	Nil
Mr. Ashok Balwani	Nil
Mr. Devender Nath	Nil
Ms. Indira Parikh	Nil
Mr. Mukesh Patel	1,500
Mr. R S Mani	Nil
Mr. Ravindra Jain	Nil
Mr. Vinesh Sadekar	Nil

Inter-se relationship between Directors

None of the Directors is in any way related to other Directors of the Company.

Audit Committee

Audit Committee comprises of three members, all being Non-executive Independent Directors. Audit Committee is empowered to exercises its role, responsibilities and powers as prescribed in Regulation 18(3) Part C of schedule 2 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and Section 177A of the Companies Act, 2013.

Members of the Audit Committee are as under:

Mr. Mukesh Patel – Chairman

Mr. Ravindra Jain – Member

Mr. Devender Nath – Member

During the year from April 01, 2016 to March 31, 2017 4 (Four) Audit committee meetings were held i.e. on May 30, 2016, July 25, 2016, October 24, 2016 and January 23, 2017. Attendances of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	4
Mr. Ravindra Jain	4
Mr. Devender Nath	4

Nomination and Remuneration Committee

Nomination and Remuneration Committee takes all decisions relating to remuneration of Executive Directors and recommends appointment of Directors and Senior Management Personnel of the Company subject to such approval of Shareholders and Central Government as and when required.

Members of the Nomination and Remuneration Committee are as under:

Mr. Devender Nath – Member
Mr. Mukesh Patel – Chairman
Mr. Ravindra Jain – Member

During the year under review, Two Nomination and Remuneration Committee Meetings were held i.e. on May 30, 2016, and January 23, 2017. Attendance of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Devender Nath	2
Mr. Mukesh Patel	2
Mr. Ravindra Jain	2

Terms of Appointment / Remuneration

Executive Directors including Managing Director are usually appointed for three years at the remuneration within the limit prescribed under the Companies Act, 2013.

Independent Directors are paid sitting fees of ₹ 60,000 for attending Board meeting, ₹ 40,000 for attending Audit Committee Meeting, ₹ 60,000 for attending CSR Committee meeting, ₹ 20,000 for attending Nomination and Remuneration Committee Meeting and ₹ 10,000 for attending Stakeholders Relationship Committee Meeting.

Details of Remuneration of directors during the year under review are as under: (₹in Lacs)

Name of Director	Salary	Perquisites	Performance linked Incentives	Retirement benefits	Sitting Fees	Total Remuneration
Mr. Shinichi Iizuka	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Franz Cerwinka	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Atsushi Ohtsuka[1]	80.98	77.81	Nil	1.62	Nil	160.41
Mr. Gurmeet Singh	74.32	11.75	25.66	6.24	Nil	117.97
Mr. Varghese Joseph	60.82	6.81	24.10	5.26	Nil	96.99
Mr. Vinay Chauhan	68.72	8.22	30.79	8.64	Nil	116.37
Mr. Anil Shah[2]	26.03	1.07	11.29	11.91	Nil	50.30
Mr. Ashok Balwani	Nil	Nil	Nil	Nil	3.00	3.00
Mr. Devender Nath	Nil	Nil	Nil	Nil	4.20	4.20
Ms. Indira Parikh	Nil	Nil	Nil	Nil	2.80	2.80
Mr. Mukesh Patel	Nil	Nil	Nil	Nil	6.25	6.25
Mr. R S Mani	Nil	Nil	Nil	Nil	1.60	1.60
Mr. Ravindra Jain	Nil	Nil	Nil	Nil	4.20	4.20
Mr. Vinesh Sadekar	Nil	Nil	Nil	Nil	2.20	2.20

1 Mr. Atsushi Ohtsuka ceased to be Managing Director of the Company with effect from January 31, 2017.
2 Mr. Anil Shah ceased to be an Executive Director of the Company with effect from September 03, 2016.

No Director is holding share under Stock Option since no Stock Option Scheme is launched by the Company.

There was no other pecuniary relationship or transaction of the Non-executive Director vis-à-vis the Company during the year under review.

Formal appointment and evaluation policy of the Board and senior management has been placed as Annexure B as a part of Directors' Report.

Stakeholders Relationship Committee

Stakeholders Relationship Committee consisted of following members as on March 31, 2017:

Mr. Mukesh Patel – Chairman

Mr. Gurmeet Singh – Member

During the year under review following changes were made in the Committee:

1. Mr. Anil Shah Ceased to be member of the Committee with effect from September 03, 2016.
2. Mr. Atsushi Ohtsuka Ceased to be member of the Committee with effect from January 31, 2017.
3. Mr. Gurmeet Singh was appointed as a member of the Committee with effect from February 01, 2017.

Number of shareholders' complaints received during the year under review:

Sr.	Nature of Complaints	Received	Redressed	Pending as at March 31, 2017
1.	Non-receipt of share certificate(s) after transfer	Nil	Nil	Nil
2.	Non-receipt of Dividend Warrants	3	3	Nil
3.	Query regarding demat credit	Nil	Nil	Nil
4.	Non-receipt of Duplicate Share Certificates	Nil	Nil	Nil
5	Others : Non-receipt of Annual Report	Nil	Nil	Nil

None of the complaints and share transfers are pending for a period exceeding one month where all the documents required under the statutory regulations are submitted with the Company.

Name and designation of Compliance Officer: Mr. Parag Dave – Company Secretary

E-mail ID of Compliance Officer: parag.dave@jci-hitachi.com

III. Other disclosures

Statutory Disclosures:

There were no materially significant related party transactions that may have potential conflict with the interests of Company at large. Policy on dealing with Related Party Transactions has been disclosed on Company's website and a weblink is as under: http://www.jci-hitachi.in/cms/materials/ef34acd1ff.pdf.

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalty or strictures imposed on the Company for such matters by Stock Exchange or SEBI or any statutory authority.

The details of familiarization program have been disclosed on the Company's website and a web link is as under: http://www.jci-hitachi.in/cms/materials/1061141191.pdf.

Commodity price risk/foreign exchange risk and hedging activities:

Company's robust planning and strategy ensures that it's interest is protected against Commodity price risk. Company enters into the forward contracts to hedge against its foreign currency exposures.

The details of foreign exchange exposures as on March 31, 2017 are disclosed in Note 35 in Notes to the financial statements.

Performance evaluation criteria for independent directors:

The performance evaluation of Independent Directors shall be done by the Board of Directors, excluding the Director being evaluated. While making assessment, Board will consider the active participation and the guidance and direction given in the subject matter of the Agenda on the basis of his experience and expert knowledge.

Whistle Blower Policy:

The Whistle Blower policy has been put on the website of the company and we affirm that:

The Company has an adequate Whistle Blower mechanism and that no personnel was denied access to the audit Committee.

All mandatory requirements have been complied with by the Company during the year.

Adoption of non-mandatory requirements:

There are separate positions of the Chairman and the Managing Director in the Company. Mr. Franz Cerwinka is holding a position of a Chairman and Mr. Gurmeet Singh is holding a position of Managing Director of the Company.

Information relating to last three Annual General Meetings

Date and Time: July 21, 2014, 9.30 a.m.
Venue: H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus,
Dr. Vikram Sarabhai Marg, Vastrapur Road, Ahmedabad – 380015
Special resolutions passed:

1. To appoint Mr. Shoji Tsubokuta as Managing Director for a period of three years w.e.f October 01, 2013.
2. Alteration of certain Articles of 'Articles of Association'.
3. Authority to Board of Directors for Borrowing Powers under Section 180(1)(c) of the Companies Act, 2013.
4. Consent to Board of Directors for creation of charges under Section 180(1)(a) of the Companies Act, 2013.
5. Approval for entering into Related party transactions.

Date and Time: July 25, 2015, 9.30 a.m. **Venue:** H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur Road, Ahmedabad – 380015 **Special resolutions passed:** 1. To appoint Mr. Gurmeet Singh as Executive Director for a period of three years w.e.f from July 21, 2014. 2. To increase remuneration of Mr. Shoji Tsubokuta as Managing Director w.e.f from April 01, 2015.
Date and Time: July 25, 2016, 9.30 a.m. **Venue:** J B Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur Road, Ahmedabad – 380015 **Special resolutions passed:** 1. To appoint Mr. Atsushi Ohtsuka as Managing Director for a period of 3 years w.e.f September 01, 2015. 2. To appoint Mr. Varghese Joseph as an Executive Director of Company for the period of 3 years w.e.f August 01, 2015. 3. To increase remuneration of Mr. Anil Shah as CFO and Executive Director of the Company from the Financial Year 2015-16. 4. To Re-appoint Mr. Anil Shah as CFO and Executive Director of the Company for a period of 3 years w.e.f June 01, 2016. 5. To increase remuneration of Mr. Vinay Chauhan as an Executive Director of the Company from Financial Year 2015-16. 6. To Re-appoint Mr. Vinay Chauhan as an Executive Director of the Company for a period of 3 years w.e.f May 15, 2016. 7. To increase remuneration of Mr. Gurmeet Singh as an Executive Director of the Company from Financial Year 2015-16. 8. To approve Change of Name of the Company. 9. To maintain the Register of Member at Ahmedabad office of M/s Link Intime India Pvt. Limited, Registrar and Transfer Agent. 10. To substitute all Articles of 'Articles of Association'.

No special resolution has been passed through postal ballot in last financial year.

Means of communication

The quarterly results are published in Economic Times (English) and Economic Times (Gujarati) and the same are also displayed on the website of the company www.jci-hitachi.in. The information is being made available to the Stock Exchanges to upload the same on their websites.

The official news releases are displayed on the website of the company.

No presentations are made to institutional investors or to the analysts.

General Shareholder Information

Ensuing Annual General Meeting

Day and Date	Time	Venue
Tuesday, August 08, 2017	9.30 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur Road, Ahmedabad – 380015

Financial year: From April 01, 2016 to March 31, 2017

Book closure: From August 02, 2017 to August 08, 2017 (Both days inclusive)

Dividend Payment Date: Dividend, if declared, will be paid on or after August 25, 2017.

Listing on Stock Exchanges where the shares of the Company are listed

Stock Code	Stock Exchange
523398	BSE Limited, Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
JCHAC	National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

The Company has paid Annual Listing Fees for the year 2017-18 to the Stock Exchanges.

Market Price Data

Highest & Lowest market prices of the shares during each month in last financial year and performance in comparison to broad based indices such as BSE Sensex and NSE Nifty are as under:

	JCHAC Share Price quoted at BSE		SENSEX		JCHAC Share Price quoted at NSE		NIFTY	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
April-2016	1548.00	1157.50	26100.54	24523.20	1548.00	1158.00	7992.00	7516.85
May-2016	1439.95	1275.00	26837.20	25057.93	1440.00	1275.00	8213.60	7678.35
June-2016	1403.00	1205.00	27105.41	25911.33	1405.00	1201.50	8308.15	7927.05
July-2016	1570.00	1330.00	28240.20	27034.14	1572.00	1335.60	8674.50	8287.55
August-2016	1598.45	1320.00	28532.25	27627.97	1604.70	1316.30	8819.20	8518.15
September-2016	1670.00	1401.25	29077.28	27716.78	1678.00	1420.90	8968.70	8555.20
October- 2016	1675.00	1476.10	28477.65	27488.30	1670.00	1465.10	8806.95	8506.15
November-2016	1529.40	1157.00	28029.80	25717.93	1534.00	1144.20	8669.60	7916.40
December-2016	1495.00	1330.00	26803.76	25753.74	1518.75	1320.00	8274.95	7893.80
January-2017	1480.00	1326.00	27980.39	26447.06	1489.00	1358.10	8672.70	8133.80
February-2017	1450.00	1310.00	29065.31	27590.10	1460.00	1320.15	8982.15	8537.5
March-2017	1839.00	1410.00	29824.62	28716.21	1825.00	1410.50	9218.40	8860.10

Registrars and Share Transfer Agent

Link Intime India Pvt. Ltd.
506-508 Amarnath Business Center-1 (ABC-1), Beside Gala Business Centre,
Nr. St. Xavier's College Corner, Off C.G Road, Ahmedabad-380006.

Share Transfer System

Since the Company's shares are compulsorily traded in the demat segment on Stock Exchanges, bulk of the transfers take place in the electronic form. For expediting transfers of physical shares, the authority has been delegated to the Registrars and Share Transfer Agent to complete share transfer formalities at least once in a fortnight.

Shareholding Pattern as on March 31, 2017

Category	No. of Shares Held	% of Shareholding
Promoters' Holding	20,190,529	74.25
Non-Promoters' Holding		
Mutual Funds	2,695,189	9.91
Foreign Portfolio Investors	337,243	1.24
Financial Institutions/ Banks	1,970	0.01
Insurance Companies	1,029,343	3.79
Bodies Corporate	321,747	1.18
NRIs	45,169	0.17
Individuals	2,569,694	9.45
Total	**27,190,884**	**100.00**

Distribution of shareholding as on March 31, 2017

Shares Balance	No. of Holders	% of Holders	No. of Shares	% of Shares
1-500	13,882	95.36	1,310,870	4.82
501-1000	375	2.57	286,169	1.05
1001-2000	137	0.94	204,828	0.75
2001-3000	39	0.26	98,202	0.36
3001-4000	16	0.10	56,640	0.20
4001-5000	17	0.11	77,980	0.28
5001-10000	37	0.25	283,377	1.04
10001 and above	54	0.3710	24,872,818	91.47
Total	**14,557**	**100.00**	**27,190,884**	**100.00**

Dematerialization of shares and liquidity

The Company's shares are available for dematerialisation on both the depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). As on March 31, 2017, 26,692,704 (98.17%) shares of the Company were in Dematerialised form. Demat ISIN No. of the Equity Shares of the Company: INE782A01015

Outstanding Financial Instruments which have an impact on Equity

The Company has not issued any GDRs/ADRs/warrants as on date.

Plant Location

Hitachi Complex, Village: Karannagar – 382727 Ta.: Kadi, Dist.: Mehsana, Gujarat

Addresses for Correspondence

Company:

Johnson Controls-Hitachi Air Conditioning India Limited.
(Formerly Known as Hitachi Home & Life Solutions (India) Limited)
9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380 006
Ph.: 079-26402024

Registrars and Share Transfer Agent:
Link Intime India Pvt. Ltd
506-508 Amarnath Business Center-1 (ABC-1),
Beside Gala Business Centre, Nr. St. Xavier's College Corner,
Off C.G Road, Ahmedabad-380006.
Ph.: 079-26465186 E-mail : ahmedabad@linkintme.co.in

Declaration under Code of Conduct

To the Shareholders of
Johnson Controls-Hitachi Air Conditioning India Limited
On the basis of the affirmation letters received from Board Members and Senior Management Personnel, I declare that, they have complied with all the provisions of Code of Conduct laid down by the Board of Directors of the Company.

For Johnson Controls-Hitachi Air Conditioning India Limited

Sd/-
Gurmeet Singh
Managing Director

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of
Johnson Controls-Hitachi Air Conditioning India Limited
(Formerly known as Hitachi Home & Life Solutions (India) Limited)

We have examined the compliance of conditions of Corporate Governance by Johnson Controls-Hitachi Air Conditioning India Limited (Formerly known as Hitachi Home & Life Solutions (India) Limited), for the year ended March 31, 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/ E-300009
Chartered Accountants

Sachin Parekh
Partner
Membership Number: 107038

Place : New Delhi
Date : May 23, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
JOHNSON CONTROLS-HITACHI AIR CONDITIONING INDIA LIMITED
(FORMERLY KNOWN AS HITACHI HOME & LIFE SOLUTIONS (INDIA) LIMITED)

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Johnson Controls-Hitachi Air Conditioning India Limited (Formerly known as Hitachi Home & Life Solutions (India) Limited)** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Other Matter

9. The financial statements of the Company for the year ended March 31, 2016, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 30, 2016, expressed an unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

10. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

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

i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its financial statements – Refer Note 32 to the Financial Statements;

ii. The Company has long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. The Company did not have any long term derivative contracts as at March 31, 2017;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017;

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account and other records maintained by the Company and as produced to us by the Management – Refer Note 42 to the Financial Statements.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/ E-300009
Chartered Accountants

Sachin Parekh
Partner
Membership Number: 107038

Place : New Delhi
Date : May 23, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Johnson Controls-Hitachi Air Conditioning India Limited (Formerly known as Hitachi Home & Life Solutions (India) Limited) on the financial statements for the year ended March 31, 2017

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

1. We have audited the internal financial controls over financial reporting of Johnson Controls-Hitachi Air Conditioning India Limited (Formerly known as Hitachi Home & Life Solutions (India) Limited) ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/ E-300009
Chartered Accountants

Sachin Parekh
Partner
Membership Number: 107038

Place : New Delhi
Date : May 23, 2017

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Johnson Controls-Hitachi Air Conditioning India Limited (Formerly known as Hitachi Home & Life Solutions (India) Limited) on the financial statements as of and for the year ended March 31, 2017

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

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of immovable properties, as disclosed in Note 10 on fixed assets to the financial statements, are held in the erstwhile name of the Company.

ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans or investments made, or guarantees or security provided by it. The Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Companies Act, 2013.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and duty of customs which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, duty of excise, value added tax as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount* (₹ In lacs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Acts (Central and States)	Sales tax/ value added tax including interest and penalty, as applicable	591.11	2001-02 to 2014-15	Deputy Commissioner Appeals/ Joint Commissioner Appeals,
		28.86	2002-03 to 2003-04	Hon'ble Supreme Court of India
The Finance Act, 1994 (Service tax)	Service tax including interest and penalty as applicable	1,533.53	2004-05 to 2013-14	The Customs, Excise and Service Tax Appellate Tribunal
		23.62	July 2012 to October 2015	Commissioner (Appeals)
The Central Excise Act, 1944	Excise duty including Interest and Penalty	2.51	2008-09	Commissioner (Appeals)
		147.94	2005-06 to 2009-10 and 2012-13	The Customs, Excise and Service Tax Appellate Tribunal

*Net of deposits under protest

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any banks as at the balance sheet date. The Company did not have any outstanding loans or borrowings to any financial institution or Government or debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him, within the meaning of Section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/ E-300009
Chartered Accountants

Sachin Parekh
Partner
Membership Number: 107038

Place : New Delhi
Date : May 23, 2017

Balance sheet as at March 31, 2017

	Notes	**As at March 31, 2017 ₹ Lacs**	As at March 31, 2016 ₹ Lacs
Equity and liabilities			
Shareholders' funds			
(a) Share capital	3	2,719.09	2,719.09
(b) Reserves and surplus	4	41,180.28	33,075.81
		43,899.37	35,794.90
Non-current liabilities			
(a) Long-term provisions	5	3,711.42	3,553.70
		3,711.42	3,553.70
Current liabilities			
(a) Short-term borrowings	6	6,000.00	13,279.29
(b) Trade payables	7		
- Total outstanding dues of micro enterprises and small enterprises, and		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		43,911.79	41,212.99
(c) Other current liabilities	8	11,136.64	15,213.98
(d) Short-term provisions	9	1,552.54	1,895.08
		62,600.97	71,601.34
TOTAL		**1,10,211.76**	**1,10,949.94**
Assets			
Non-current assets			
(a) Fixed assets	10 (a) & (b)		
(i) Tangible assets		23,119.16	23,758.76
(ii) Intangible assets		2,186.11	2,780.50
(iii) Capital work-in-progress		148.85	75.56
(iv) Intangible assets under development		264.35	-
(b) Deferred tax assets (net)	11	877.84	445.85
(c) Long-term loans and advances	12	2,532.90	2,837.84
(d) Other non-current assets	13	22.31	-
		29,151.52	29,898.51
Current assets			
(a) Inventories	14	45,996.37	49,435.13
(b) Trade receivables	15	28,306.02	27,995.04
(c) Cash and bank balances	16	2,361.73	415.74
(d) Short-term loans and advances	12	2,930.05	2,779.75
(e) Other current assets	17	1,466.07	425.77
		81,060.24	81,051.43
TOTAL		**1,10,211.76**	**1,10,949.94**
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No.304026E/E300009
Chartered Accountants

Sachin Parekh
Partner
Membership No: 107038
Place : Delhi
Date : May 23, 2017

For and on behalf of the Board of Directors

Gurmeet Singh — Managing Director
Vinay Chauhan — Executive Director

Anil Shah — Chief Financial Officer
Parag Dave — Company Secretary

Place : Delhi
Date : May 23, 2017

Statement of profit and loss for the year ended March 31, 2017

	Notes	**For the year ended March 31, 2017 ₹ Lacs**	For the year ended March 31, 2016 ₹ Lacs
Income			
Revenue from operations (gross)	18	2,15,283.56	1,79,820.35
Less:Excise duty		18,125.14	15,766.74
Revenue from operations (net)		1,97,158.42	1,64,053.61
Other income	19	573.79	178.27
Total Revenue		**1,97,732.21**	**1,64,231.88**
Expenses			
Cost of materials consumed	20	70,467.23	74,697.84
Purchases of stock-in-trade	21	45,407.38	32,739.88
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	4,860.93	(6,155.08)
Employee benefits expense	23	12,251.51	11,098.05
Finance costs	24	413.48	1,012.14
Depreciation and amortization expense	10 (a) & (b)	5,081.32	4,554.97
Other expenses	25	47,463.64	39,400.11
Total Expenses		**1,85,945.49**	**1,57,347.91**
Profit before tax		**11,786.72**	**6,883.97**
Tax expense			
Current tax [Including ₹ 158.82 lacs (Previous year: ₹ 26.18 lacs) pertaining to earlier years]		4,114.24	2,568.64
MAT Credit entitlement [Including ₹ Nil lacs (Previous year: ₹ (87.99) lacs) pertaining to earlier years]		-	(87.99)
Deferred tax charge / (credit) [Including ₹ (174.29) lacs (Previous year: ₹ 3.25 lacs) pertaining to earlier years]		(431.99)	(594.40)
		3,682.25	1,886.25
Profit for the year		**8,104.47**	**4,997.72**
Earnings per share			
Basic and diluted earnings per share (in ₹)	26	29.81	18.38
Nominal value per equity share (in ₹)		10	10
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No.304026E/E300009
Chartered Accountants

Sachin Parekh
Partner
Membership No: 107038
Place : Delhi
Date : May 23, 2017

For and on behalf of the Board of Directors

Gurmeet Singh
Managing Director

Vinay Chauhan
Executive Director

Anil Shah
Chief Financial Officer

Parag Dave
Company Secretary

Place : Delhi
Date : May 23, 2017

Cash Flow Statement for the year ended March 31, 2017

		For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs
A.	**Cash Flow from Operating Activities**		
	Net profit before tax	**11,786.72**	**6,883.97**
	Adjustments for:		
	Loss on sale of assets (net)	23.46	15.27
	Unrealised foreign exchange (gain)/loss (net) at year end	24.29	(215.33)
	Depreciation and amortisation	5,081.32	4,554.97
	Bad Debt	-	1.57
	Provision for doubtful debts	81.62	164.95
	Interest income	(205.81)	(13.97)
	Finance Costs	413.48	1,012.14
	Operating profit before working capital changes	**17,205.08**	**12,403.57**
	Changes in working capital:		
	(Increase) / Decrease in trade receivables	(397.17)	217.53
	(Increase) in loans and advances	(295.47)	(211.42)
	(Increase) in other current assets	(993.56)	(360.26)
	Decrease / (Increase) in inventories	3,438.76	(403.98)
	Increase / (Decrease) in current liabilities	1,608.94	(4,008.66)
	Increase in other provisions	306.07	1,062.43
	Cash from operating activities	**20,872.65**	**8,699.21**
	Direct Taxes paid (Net)	(3,728.92)	(2,544.25)
	Net cash from operating activities	**17,143.73**	**6,154.96**
B.	**Cash flow from investing activities**		
	Purchase of fixed assets (including capital work in progress and capital advance)	(4,493.97)	(7,061.77)
	Proceeds from sale of fixed assets	166.59	112.03
	Redemption of bank deposits (with maturity more than three months)	50.98	-
	Investment in bank deposits (with maturity of more than three months)	(22.31)	(9.05)
	Interest received	206.84	13.32
	Net cash used in investing activities	**(4,091.87)**	**(6,945.47)**
C.	**Cash flow from financing activities**		
	Repayment of long-term borrowings	(2,760.00)	-
	Proceeds / (Repayment) from short term borrowings (net)	(7,279.29)	2,084.49
	Finance cost paid	(534.69)	(979.09)
	Dividend paid (including tax provision thereon)	(485.90)	(486.47)
	Net cash flow from / (used in) financing activities	**(11,059.88)**	**618.93**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**1,991.98**	**(171.58)**
	Cash and cash equivalents at the beginning of the year	**338.01**	**509.59**
	Cash and cash equivalents at the end of the year	**2,329.99**	**338.01**
	Components of Cash and Cash Equivalents (refer note 16)		
	Cash on hand	0.59	8.65
	Bank balance in current accounts	391.78	329.36
	Balance in cash credit accounts	1,937.62	-
	Cash and Cash Equivalents	**2,329.99**	**338.01**

Note: 1. Cash flow statement has been prepared under the indirect method.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No.304026E/E300009
Chartered Accountants

Sachin Parekh
Partner
Membership No: 107038
Place : Delhi
Date : May 23, 2017

For and on behalf of the Board of Directors

Gurmeet Singh — Managing Director
Vinay Chauhan — Executive Director

Anil Shah — Chief Financial Officer
Parag Dave — Company Secretary

Place : Delhi
Date : May 23, 2017

Notes to financial statements for the year ended March 31, 2017

1 Background

Johnson Controls-Hitachi Air Conditioning India Limited (formerly known as Hitachi Home & Life Solutions (India) Limited) ('the Company') was incorporated in December 1984 as "Acquest Air conditioning Systems Private Limited" under the provisions of Companies Act, 1956. The Company is engaged in the business of manufacturing, selling and trading of 'Hitachi' brand of Air conditioners, refrigerators, air purifiers, chillers and VRF (variable refrigerant flow) systems. Manufacturing facility for Air conditioners is set up at Kadi (North Gujarat). The Company is a Public limited company and is listed on the BSE Limited and National Stock Exchange of India Limited.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rule, 2014, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 2013.

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 (Division I) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Some of the estimations require higher degree of judgement to be applied than others.

Management continually evaluates all of its estimates and judgements based on available information and its experience and believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future actual results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Tangible Assets and Depreciation

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price including import duties and non-refundable taxes and expenses directly attributable to bringing the asset to its working condition for the intended use. Fixed assets acquired in exchange for another asset is accounted at fair market value. Subsequent expenditure related to an item of fixed asset are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Gains or losses arising from disposal or retirement of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" or "Other Expenses", as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement.

Depreciation on tangible fixed assets is provided on a pro-rata basis on the straight line method at the rates, based on management's technical estimate of useful life which coincides with useful lives prescribed in Schedule II to Companies Act, 2013 for all assets except for the following assets which are depreciated at higher rates based on management's estimate of the useful life:

Assets class	Useful life followed by management (Years)	Useful life prescribed in Schedule II to the Companies Act (Years)
Building	28	30 to 60
Moulds and Tools	3	8
Computers / server & network	3 to 4	6
Furniture & Fittings	5 to 7	10
Office Equipments	3 to 5	5
Electrical Fittings	7	10
Toolkits	3	5
Vehicles	5 to 8	8

Depreciation methods and useful lives are reviewed at each financial year end and adjusted if appropriate.

Amortisation of leased assets are over the Lease period or useful life as above whichever is lower.

All expenditure incurred towards tangible assets are accumulated and shown as capital work in progress and not depreciated until such assets are ready for commercial use.

2.4 a) Intangible Assets and Amortisation

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over their estimated useful lives as under:

Asset class	Useful life in years
Technical Know-how fees	5
Computer Software and Licenses	3

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

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.

Intangible assets under development consists of expenditure towards assets which are not yet operational as on balance sheet date.

b) Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale.
- There is an intention to complete the asset
- There is an ability to use or sale the asset
- The asset will generate future economic benefits
- Adequate resources are available to complete the development and to use or sell the asset
- The expenditure attributable to the intangible asset during development can be measured reliably.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use and it is amortised on straight line basis over the estimated useful life.

2.5 Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.6 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of raw materials, stores and spares and stock in trade comprises purchase cost and all cost incurred in bringing the inventory to their present location and condition. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

2.7 a) Revenue Recognition

Sale of goods: Sales are recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, which coincides with the delivery of goods. Sales are recognised net of trade discounts, rebates and sales taxes/ value added tax. Sale of goods are disclosed net of excise duties.

Sale of Services: Revenue from service operations is recognised as and when services are rendered in accordance with the terms of the contract. Maintenance revenue is recognised over the period of respective contracts. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Revenue from long term contracts: Revenue from long term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion of costs incurred to date bear to the estimated total costs of a contract. The total costs of contracts are estimated based on technical and other estimates. When the current estimate of total costs and revenue is a loss, provision is made for the entire loss on the contract irrespective of the amount of work done. Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue is reflected under "Current Liabilities" in the balance sheet.

b) Other income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Commission income is recognized as and when earned, unless there is significant uncertainty regarding realization thereof.

2.8 Borrowing costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.9 Foreign Currency Transactions

a) Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

All monetary assets and liabilities in foreign currency are restated at the end of the accounting period.

Exchange differences on restatement of all monetary items are recognised in the Statement of Profit and Loss.

c) Derivatives and hedging activities

In respect of contract covered by Accounting Standard (AS) 11, the premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

Derivatives other than those which are accounted for under AS 11 are initially recognized at fair value on date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedge and the type of hedging relationship designated.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is directly recognised in hedging reserve under equity and subsequently recognizes to the Statement of Profit and loss when related hedge items affects the Statement of Profit and loss. The gain or loss relating to the ineffective portion is recognised immediately in Statement of Profit or loss.

2.10 Current and deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternate Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.11 Provisions and contingent liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

Contingent Liabilities: 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 within 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 required to settle or a reliable estimate of the amount cannot be made.

When there is possible obligation or present obligation but the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.12 Employee benefits

i) Defined-contribution plans

The Company contributes on a defined contribution basis to Employees' Provident Fund / Pension Fund, Employees' State Insurance and Superannuation Fund. The contributions towards Provident Fund / Pension Fund and State Insurances is made to regulatory authorities and contribution towards Superannuation Fund is made to Life Insurance Corporation of India. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

ii) Defined-benefit plans

The Company has a Defined Benefit Plan namely Gratuity (the "Gratuity Plan") for all its employees, which is funded under Group Gratuity cum Cash accumulation plan of Life Insurance Corporation of India. The Company provides for gratuity covering eligible employees in accordance with the Gratuity Scheme. The Gratuity Plan provides lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment. The Company's liability is actuarially determined (using the Projected Unit Credit Method) by an independent actuary at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise. The fund is recognised by the Income tax authorities and administered through appropriate authorities / insurers.

iii) Other employee benefits

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method), by an independent actuary at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Termination Benefits: Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

2.13 Operating Leases

As a lessee:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

As a lessor:

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term.

2.14 Warranty

Provision for warranty related costs are recognised when product is sold (or service provided). Provision is made considering historical trends and experience regarding average failure rate, estimated replacement cost and other variables.

2.15 Cash and cash equivalents

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

2.16 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. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. 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.

2.17 Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is either shown separately under 'other income' or deducted from the related expense. Capital grants relating to specific fixed assets are reduced from the cost of respective fixed assets.

Notes to financial statements for the year ended March 31, 2017

3. Share capital

	As at March 31, 2017 ₹ Lacs	As at March 31, 2016 ₹ Lacs
Authorised:		
30,000,000 (Previous year: 30,000,000) Equity shares of ₹ 10 each	3,000.00	3,000.00
Issued, subscribed and fully paid-up:		
27,190,884 (Previous year: 27,190,884) Equity shares of ₹ 10 each fully paid up	2,719.09	2,719.09
	2,719.09	2,719.09

(a) Reconciliation of number of shares

Equity Shares	As at March 31, 2017		As at March 31, 2016	
	Nos	**₹ Lacs**	Nos	₹ Lacs
Outstanding at the beginning and at the end of the year	**2,71,90,884**	**2,719.09**	2,71,90,884	2,719.09

Above excludes 47,281 (Previous year 47,281) Equity shares of ₹ 10/- each relating to rights issue (2003-04) and rights Issue (2013-14), which are kept in abeyance since the matter is pending for disposal at City Civil Court, Kolkata.

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of Equity shares having a face value of ₹ 10/- per share. Each holder of Equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend recommended 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 of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by Holding Company and subsidiary of Ultimate holding Company

Out of Equity shares issued by the Company, Equity shares held by Holding Company and subsidiary of Ultimate holding Company are as below:

	As at March 31, 2017 ₹ Lacs	As at March 31, 2016 ₹ Lacs
JCHAC India Holdco Limited, UK - Holding Company, 20,189,894 (Previous year: 20,189,894) Equity Shares of ₹ 10/- each fully paid up	2,018.99	2,018.99
Johnson Controls Hitachi Air Conditioning Holding (UK) Ltd, UK -Subsidiary of Ultimate Holding Company 635 (Previous year: 635) Equity Shares of ₹ 10/- each fully paid up	0.06	0.06

(d) Details of shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2017	As at March 31, 2016
Equity shares of ₹ 10 each fully paid (Nos.)		
JCHAC India Holdco Limited, UK - Holding Company,	2,01,89,894	2,01,89,894
% holding	74.25%	74.25%
Birla Sun Life Trustee Company Private Limited A/c Birla Sun Life MNC Fund,	20,28,676	13,09,795
% holding	7.46%	4.82%

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownerships of shares.

(e) There are no shares allotted either as full paid up by way of bonus shares or under any contract without payment being received in cash during five years immediately preceding March 31, 2017.

4. Reserves and surplus

	As at March 31, 2017 ₹ Lacs	As at March 31, 2016 ₹ Lacs
Capital Reserve		
Balance as at the beginning and the end of the year	6.66	6.66
Securities Premium account		
Balance as at the beginning and the end of the year	8,953.97	8,953.97
General Reserve		
Balance as at the beginning of the year	2,298.20	1,798.43
Add: Amount transferred from surplus balance in Statement of profit and loss	-	499.77
Balance as at the end of the year	2,298.20	2,298.20
Surplus in Statement of profit and loss		
Balance as at the beginning of the year	21,816.98	17,809.92
Profit for the year	8,104.47	4,997.72
Less: Appropriations		
Proposed dividend on Equity shares	-	(407.86)
Tax on dividend	-	(83.03)
Transferred to general reserve	-	(499.77)
Balance as at the end of the year	29,921.45	21,816.98
Total Reserves and surplus	**41,180.28**	**33,075.81**

5. Long-term provisions

	As at March 31, 2017 ₹ Lacs	As at March 31, 2016 ₹ Lacs
Provision for employee benefits		
- Compensated absences	666.37	518.62
Other provisions		
- Warranty provision (refer note 43)	1,101.28	1,091.31
- Provision for litigations (refer note 43)	1,943.77	1,943.77
	3,711.42	3,553.70

6. Short-term borrowings

	As at March 31, 2017 ₹ Lacs	As at March 31, 2016 ₹ Lacs
Loans repayable on demand from banks:		
Secured		
-Working capital loans*	-	491.62
	-	491.62
Unsecured		
-Working capital loans**	-	12,787.67
-Commercial papers***	6,000.00	-
	6,000.00	12,787.67
	6,000.00	13,279.29

* Working capital loans (Rate of Interest during the year ranging from 10.60% to 12.50% per annum) from banks were secured by hypothecation of inventories, book debts, movable fixed assets and by equitable mortgage of certain land and buildings of the Company.

** Working capital loans from banks which are unsecured carries interest rate from 9.60% to 9.85% per annum during the year.

*** Commercial papers issued at discount @ 6.75% per annum for 119 days, starting from January 16, 2017.

7. Trade payables

	As at March 31, 2017 ₹ Lacs	As at March 31, 2016 ₹ Lacs
Trade payables		
- Outstanding dues of micro and small enterprises (refer note 41)	-	-
- Outstanding dues of other than micro and small enterprises		
(i) Acceptances	4,258.39	5,032.60
(ii) Others	39,653.40	36,180.39
	43,911.79	41,212.99

8. Other current liabilities

	As at March 31, 2017 ₹ Lacs	As at March 31, 2016 ₹ Lacs
Current maturities of long-term borrowings*	-	2,760.00
Advance from customers	1,509.35	1,930.85
Service income received in advance	844.11	851.43
Interest accrued but not due on borrowings	-	73.44
Unclaimed dividends**	31.74	26.75
Others:		
Deposits (from dealers and others)	224.04	235.90
Amount due to customers (refer note 27)	707.75	662.16
Forward contracts	276.14	-
Payable for capital goods	257.01	415.01
Statutory dues payable	4,882.00	4,947.16
Payable for scheme discounts	2,085.19	3,032.28
Employee related payables	319.31	279.00
	11,136.64	**15,213.98**

* ECB of USD 100 lacs, taken from a Bank, carries interest @ 6 month LIBOR plus 125 basis points which is repayable in two equal instalments i.e. in year 2014-15 (paid in previous year) and 2016-17 (paid). The principal and interest payment under above loan was fully hedged under Indian Rupees and interest liability has been swapped against fixed interest @ 7.45% per annum.

** There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

9. Short-term provisions

	As at March 31, 2017 ₹ Lacs	As at March 31, 2016 ₹ Lacs
Provision for employee benefits		
- Compensated absences	175.65	165.42
- Gratuity (refer note 29)	8.58	4.19
Other provisions		
- Warranty provision (refer note 43)	1,368.31	1,234.58
- Provision for proposed dividend	-	407.86
- Provision for tax on proposed dividend	-	83.03
	1,552.54	**1,895.08**

10(a). Tangible and Intangible assets **(₹ Lacs)**

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION AND AMORTISATION				NET BLOCK
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	As at April 01, 2016	For the year	Deductions	As at March 31, 2017	As at March 31, 2017
Tangible assets:									
Freehold Land (refer a)	2,084.71	197.72	-	2,282.43	-	-	-	-	2,282.43
Buildings (refer a and b)	4,773.80	220.34	-	4,994.14	900.25	184.10	-	1,084.35	3,909.79
Leasehold Improvements	158.36	7.32	-	165.68	20.29	31.62	-	51.91	113.77
Plant & Machinery (refer c)	24,149.35	1,818.92	131.66	25,836.61	9,457.59	2,921.43	108.52	12,270.50	13,566.11
Computers	1,286.23	384.31	140.64	1,529.90	673.17	261.89	126.12	808.94	720.96
Furniture and fixture	856.45	118.85	49.63	925.67	401.33	113.90	38.77	476.46	449.21
Office equipments	771.51	157.56	86.49	842.58	359.90	141.66	65.96	435.60	406.98
Electrical installations	1,089.64	205.53	34.87	1,260.30	452.48	147.01	26.32	573.17	687.13
Vehicles	1,234.90	464.39	255.24	1,444.05	381.18	222.89	142.80	461.27	982.78
Total Tangible assets	**36,404.95**	**3,574.94**	**698.53**	**39,281.36**	**12,646.19**	**4,024.50**	**508.49**	**16,162.20**	**23,119.16**
Intangible assets:									
Trade mark	210.00	-	210.00	-	210.00	-	210.00	-	-
Software and Licenses	823.31	360.21	-	1,183.52	657.05	142.35	-	799.40	384.12
Technical know how	7,057.72	102.22	243.98	6,915.96	4,443.48	914.47	243.98	5,113.97	1,801.99
Total Intangible assets	**8,091.03**	**462.43**	**453.98**	**8,099.48**	**5,310.53**	**1,056.82**	**453.98**	**5,913.37**	**2,186.11**
TOTAL	**44,495.98**	**4,037.37**	**1,152.51**	**47,380.84**	**17,956.72**	**5,081.32**	**962.47**	**22,075.57**	**25,305.27**
Capital Work in Progress									**148.85**
Intangible assets under development									**264.35**

Notes:

a. Freehold Land aggregating ₹ 2,282.43 lacs and building having gross block of ₹189.07 lacs (excludes self constructed buildings on freehold land) are held in the erstwhile name of the Company.

b. Buildings include ₹ 130.36 lacs in respect of ownership of premises in co-operative housing society and non trading corporations. Shares with face value of Re. 1 are fully paid up and unquoted. During the current year, part of the building having gross block ₹ 86.23 lacs, cumulative depreciation ₹ 23.93 lacs and depreciation for the year ₹ 1.41 lacs has been given on operating lease for the period of 11 months.

c. Plant & Machinery includes moulds and tools, testing equipments and tool kits with gross block ₹ 11,665.28 Lacs and net block of ₹ 3,895.82 Lacs.

10(b). Tangible and Intangible assets (Previous year figures) **(₹ Lacs)**

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION AND AMORTISATION				NET BLOCK
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016
Tangible assets:									
Freehold Land (refer a)	2,084.71	-	-	2,084.71	-	-	-	-	2,084.71
Buildings (refer a and b)	4,412.49	361.31	-	4,773.80	729.30	170.95	-	900.25	3,873.55
Leasehold Improvements	22.75	135.61	-	158.36	8.28	12.01	-	20.29	138.07
Plant & Machinery (refer c)	20,343.08	3,806.27	-	24,149.35	6,803.99	2,653.60	-	9,457.59	14,691.76
Computers	890.77	550.31	154.85	1,286.23	624.66	192.52	144.01	673.17	613.06
Furniture and fixture	662.19	253.07	58.81	856.45	358.40	99.19	56.26	401.33	455.12
Office equipments	589.18	237.23	54.90	771.51	291.43	110.85	42.38	359.90	411.61
Electrical installations	945.32	150.58	6.26	1,089.64	331.67	127.07	6.26	452.48	637.16
Vehicles	1,114.85	376.74	256.69	1,234.90	341.72	194.76	155.30	381.18	853.72
Total Tangible assets	**31,065.34**	**5,871.12**	**531.51**	**36,404.95**	**9,489.45**	**3,560.95**	**404.21**	**12,646.19**	**23,758.76**
Intangible assets:									
Trade mark	210.00	-	210.00	210.00	-	210.00	-	-	-
Software and Licenses	605.27	218.04	-	823.31	549.37	107.68	-	657.05	166.26
Technical know how	6,227.94	829.78	-	7,057.72	3,557.14	886.34	-	4,443.48	2,614.24
Total Intangible assets	**7,043.21**	**1,047.82**	**-**	**8,091.03**	**4,316.51**	**994.02**	**-**	**5,310.53**	**2,780.50**
TOTAL	**38,108.55**	**6,918.94**	**531.51**	**44,495.98**	**13,805.96**	**4,554.97**	**404.21**	**17,956.72**	**26,539.26**
Capital Work in Progress									75.56
Intangible assets under development									-

Notes:

a. Freehold Land aggregating ₹ 2,282.43 lacs and building having gross block of ₹189.07 lacs (excludes self constructed buildings on freehold land) are held in the erstwhile name of the Company.

b. Buildings include ₹ 130.36 lacs in respect of ownership of premises in co-operative housing society and non trading corporations. Shares with face value of Re. 1 are fully paid up and unquoted. During the current year, part of the building having gross block ₹ 86.23 lacs, cumulative depreciation ₹ 22.52 lacs and depreciation for the year ₹ 1.41 lacs has been given on operating lease for the period of 11 months.

c. Plant & Machinery includes moulds and tools, testing equipments and tool kits with gross block ₹ 10,486.39 Lacs and net block of ₹ 4,375.48 Lacs.

11. Deferred tax assets (net)

	As at March 31, 2017 ₹ Lacs	As at March 31, 2016 ₹ Lacs
Deferred tax liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	(1,017.47)	(1,031.13)
	(1,017.47)	(1,031.13)
Deferred tax assets		
Expenditure debited in Statement of profit and loss but allowed under Income Tax Act on utilisation / Payment basis in subsequent years		
Provision for Doubtful Debts	171.70	143.46
Provision for Leave Encashment	215.44	173.95
Provision for Jammu VAT Litigations	552.27	552.27
Provision for Inventory	748.61	429.38
Other disallowance	207.28	177.92
	1,895.31	1,476.98
Net deferred tax assets	**877.84**	**445.85**

Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws

12. Loans and advances (Unsecured, considered good unless otherwise stated)

	As at March 31, 2017		As at March 31, 2016	
	Long-term ₹ Lacs	Short-term ₹ Lacs	Long-term ₹ Lacs	Short-term ₹ Lacs
Capital advances	**238.29**	**-**	**277.32**	**-**
Security Deposits	**324.32**	**116.55**	**332.67**	**83.27**
Advances recoverable in cash or kind				
- Considered good				
Advance to vendors	-	472.59	-	539.05
Prepaid expenses	-	432.70	-	295.35
Others	486.11	1,066.90	358.35	896.15
- Considered doubtful	546.62	-	546.62	-
	1,032.73	1,972.19	904.97	1,730.55
Provision for doubtful advances	(546.62)	-	(546.62)	-
	486.11	**1,972.19**	**358.35**	**1,730.55**
Other loans and advances				
- Advance income-tax [(net of provision for taxation ₹12,959.57 lacs (Previous year ₹8787.41 lacs)]	395.15	-	780.47	-
- VAT credit receivable	1,089.03	623.30	1,089.03	415.55
- Balances with government authorities	-	218.01	-	550.38
	1,484.18	**841.31**	**1,869.50**	**965.93**
Total	**2,532.90**	**2,930.05**	**2,837.84**	**2,779.75**

13. Other non-current assets

	As at March 31, 2017 ₹ Lacs	As at March 31, 2016 ₹ Lacs
Margin money deposit with banks	22.31	-
	22.31	-

14. Inventories

	As at March 31, 2017 ₹ Lacs	As at March 31, 2016 ₹ Lacs
Raw material [including goods in transit ₹ 2,840.48 lacs (Previous year ₹ 2,419.73 lacs) and material lying with third Party ₹ 904.64 lacs (Previous year ₹ 689.95 lacs)]	14,697.48	12,264.57
Work-in-progress (refer note 22)	2,375.17	1,524.60
Finished goods (refer note 22)	15,834.70	23,297.61
Stock-in-trade [including goods in transit ₹ 716.32 lacs (Previous year ₹ 1,545.96 lacs)] (refer note 22)	12,086.89	11,584.77
Stores and spares	1,002.13	763.58
	45,996.37	**49,435.13**

15. Trade receivables

	As at March 31, 2017 ₹ Lacs	As at March 31, 2016 ₹ Lacs
Debts outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered good	1,021.63	680.88
Unsecured, Considered doubtful	496.14	414.52
Provision for doubtful debts	(496.14)	(414.52)
(A)	**1,021.63**	**680.88**
Others		
Secured, Considered good	211.69	222.55
Unsecured, Considered good	27,072.70	27,091.61
(B)	**27,284.39**	**27,314.16**
Total (A+B)	**28,306.02**	**27,995.04**

16. Cash and bank balances

	As at March 31, 2017 ₹ Lacs	As at March 31, 2016 ₹ Lacs
Cash and cash equivalents		
Cash on hand	0.59	8.65
Balances with bank		
on current account	391.78	329.36
on cash credit account	1,937.62	-
(A)	**2,329.99**	**338.01**
Other bank balances		
on unpaid dividend account	31.74	26.75
Margin money deposit (against LC and bank guarantee)	-	50.98
(B)	**31.74**	**77.73**
Total (A+B+C)	**2,361.73**	**415.74**

17. Other current assets (Unsecured, considered good unless otherwise stated)

	As at March 31, 2017 ₹ Lacs	As at March 31, 2016 ₹ Lacs
Unbilled Revenue (refer note 27)	1,332.27	395.98
Unamortised borrowing cost	47.77	-
Unamortised premium on forward contract	41.51	-
Other receivables	44.33	28.57
Interest accrued on margin money deposits & fixed deposits	0.19	1.22
	1,466.07	**425.77**

18. Revenue from operations

	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs
Sale of products		
Finished Goods	1,44,263.72	1,30,251.39
Traded Goods (including contract revenue) (refer note 27)	62,664.00	41,079.19
Sale of services	7,078.96	6,976.18
Other operating revenue	1,276.88	1,513.59
Revenue from operations (gross)	**2,15,283.56**	**1,79,820.35**
Less:Excise duty recovered	18,125.14	15,766.74
	1,97,158.42	**1,64,053.61**

Excise duty on sales amounting to ₹ 18,125.14 lacs (previous year ₹ 15,766.74 lacs)has been reduced from sales in Statement of profit and loss and (increase)/decrease in excise duty on stock amounting to ₹ 1,249.29 lacs (previous year ₹ (1,195.23) lacs) has been considered as income/(expense) in note 22 of financial statements.

	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs
Details of products sold		
Air conditioners (including chillers and VRF systems)	1,72,379.90	1,42,163.48
Refrigerators	16,660.96	15,355.88
Spares and accessories	10,275.87	8,980.28
Others	7,610.99	4,830.94
	2,06,927.72	**1,71,330.58**
Details of Services rendered		
Annual Maintenance Contract service	5,508.03	5,206.88
Repair and Installation service	1,570.93	1,769.30
	7,078.96	**6,976.18**
Details of Other operating revenue		
Scrap sales	1,228.53	1,430.03
Commission and rebate income	48.35	83.56
	1,276.88	**1,513.59**

19. Other income

	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs
Interest income		
from banks	131.12	1.95
from others	74.69	12.02
Lease rent income (refer note 30)	175.41	23.88
Miscellaneous income	192.57	140.42
	573.79	**178.27**

20. Cost of materials consumed

	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs
Cost of raw material and packing material consumed * (refer note 40)	70,467.23	74,697.84
Details of raw material consumed		
Compressors	19,272.69	20,971.34
Copper	10,877.63	11,363.56
Fan Motors	6,589.76	5,830.81
Others (Including packing materials)	33,727.15	36,532.13
	70,467.23	**74,697.84**

* Consumption is based on derived values

21. Purchases of stock-in-trade

	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs
Purchase of stock-in-trade	45,407.38	32,739.88
Details of purchase of stock-in-trade		
Air conditioners (including chillers and VRF systems)	22,112.99	8,862.55
Refrigerators	9,481.27	11,798.73
Spares and accessories	8,003.67	8,671.02
Others	5,809.45	3,407.58
	45,407.38	**32,739.88**

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

	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs
Inventories at the end of the year		
Work-in-progress	2,375.17	1,524.60
Finished goods	15,834.70	23,297.61
Stock-in-trade	12,086.89	11,584.77
	30,296.76	**36,406.98**
Inventories at the beginning of the year		
Work-in-progress	1,524.60	1,684.93
Finished goods	23,297.61	17,545.54
Stock-in-trade	11,584.77	9,826.20
	36,406.98	**29,056.67**
(Increase)/decrease of excise duty on inventories	**1,249.29**	**(1,195.23)**
	4,860.93	**(6,155.08)**

Details of inventories

	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs
Work-in-progress		
Coils (Heat exchangers)	937.06	413.46
Sheet metal parts and system tubing	250.38	203.02
Cooling coil and cycle assembly	220.30	4.80
Others	967.43	903.32
	2,375.17	**1,524.60**
Finished goods		
Air conditioners (including chillers and VRF systems)	15,834.70	23,297.61
Stock-in-trade		
Air conditioners (including chillers and VRF systems)	6,542.83	3,656.91
Refrigerators	1,938.49	4,170.36
Spares and accessories	2,909.25	3,430.83
Others	696.32	326.67
	12,086.89	**11,584.77**

23. Employee benefits expense

	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs
Salaries, wages and bonus	10,445.44	9,625.61
Contribution to provident and other funds	562.73	524.47
Gratuity expenses (refer note 29)	175.38	252.05
Workmen and staff welfare expenses	1,067.96	695.92
	12,251.51	**11,098.05**

24. Finance costs

	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs
Interest	256.75	817.83
Other borrowing cost	156.73	194.31
	413.48	**1,012.14**

25. Other expenses [Refer note 46]

	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs
Consumption of stores and spares (refer note 40)	262.49	204.13
Power and Fuel	781.75	754.07
Rent (refer note 30)	3,423.16	2,358.50
Repairs & Maintenance - Building	64.56	39.72
Repairs & Maintenance - Machinery	266.67	240.78
Repairs & Maintenance - Others	255.48	213.81
Insurance	412.98	262.99
Rates & Taxes	450.15	419.02
Advertisement and sales promotion (net of recoveries)	9,882.10	7,367.65
Annual Maintenance Contract (AMC) expenses	2,805.85	2,802.20
Freight and forwarding expenses	8,256.26	7,060.18
Legal and professional fees	651.87	458.18
Provision for doubtful debts	81.62	164.95
Bad Debt [adjusted against provision for doubtful debits ₹Nil (previous year ₹9.43 lacs)]	-	1.57
Contract labour / staff charges	4,921.12	4,219.81
Loss on Foreign Exchange Fluctuations (net)	267.82	316.90
Net loss on sale of fixed assets	23.46	15.27
Payment to Auditors*	36.30	41.01
Royalty	3,668.94	3,430.30
Warranty expenses (net)	3,241.72	2,420.97
Corporate Social Responsibility expenses (refer note 47)	26.06	-
Miscellaneous expenses	7,683.28	6,608.10
	47,463.64	**39,400.11**

***Payment to Auditors**	**March 31, 2017 ₹ Lacs**	March 31, 2016 ₹ Lacs
As auditor:		
- Statutory Audit fees	16.50	20.50
- Limited reviews	13.50	13.50
In respect of other audit services:		
- Tax audit fees	4.50	4.50
- Certification fees	0.50	1.45
Reimbursement of expenses	1.30	1.06
	36.30	**41.01**

26. Earnings per share (EPS)

	March 31, 2017 ₹ Lacs	March 31, 2016 ₹ Lacs
Net profit after tax for calculation of basic EPS	8,104.47	4,997.72
Weighted average number of Equity shares considered in calculating basic and diluted EPS	2,71,90,884	2,71,90,884
Earning per share (Basic and Diluted) in ₹ [Nominal value of share ₹ 10 (Previous year: ₹ 10)]	29.81	18.38

27. Disclosure under Accounting Standard 7 on Construction Contracts

	March 31, 2017 ₹ Lacs	March 31, 2016 ₹ Lacs
1) Contract Revenue recognised for the year	8,470.02	4,805.74
2) For on-going contracts as on 31st March		
Cost incurred plus recognised profits (or, less recognised losses)	15,802.08	9,234.30
Advances received	361.04	714.45
Retention amount	267.51	323.30
Gross amount due from customers (Unbilled revenue)	1,332.27	395.98
Gross amount due to customers	707.75	662.16

28. Segment reporting

Primary segment:

Business segment is considered as Primary segment.

The Company is engaged in the business of manufacturing, trading and other related services of Air Conditioners, Refrigerators, air purifiers, chillers and VRF (variable refrigerant flow) systems. The Company's business falls within a single business segment of Cooling Products for comfort and commercial use. Accordingly segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire the segment assets, the amount of charge for depreciation and amortization during the year are all as reflected in the financial statements for the year ended March 31, 2017 and as on that date.

Information about Secondary segments:

Geographical segment is considered as Secondary segments.

Particulars	**March 31, 2017 ₹ Lacs**			March 31, 2016 ₹ Lacs		
	Within India	**Outside India**	**Total**	Within India	Outside India	Total
Segment revenue by location of customers	1,96,233.67	924.75	1,97,158.42	1,63,627.98	425.62	1,64,053.61
Carrying amount of segment assets (excluding income tax and deferred tax)	1,08,363.22	575.56	1,08,938.77	1,09,094.50	629.11	1,09,723.61
Additions to fixed assets	4,375.01	-	4,375.01	6,733.38	-	6,733.38

29. Disclosure as per Accounting Standard-15 (Revised) on Employee Benefits

Gratuity:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days' salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

Statement of profit and loss

	March 31, 2017 ₹ Lacs	March 31, 2016 ₹ Lacs
Net employee benefit expense (recognised in Employee benefits expense)		
Current service cost	147.69	116.49
Interest cost on benefit obligation	78.92	62.50
Expected return on plan assets	(78.79)	(67.72)
Net actuarial loss / (gain) recognised in the year	28.95	140.78
Past Service Cost	(1.39)	
Net benefit expense	175.38	252.05
Actual return on plan assets	152.17	71.30

Balance sheet		
Benefit asset / liability	**March 31, 2017**	March 31, 2016
	₹ Lacs	₹ Lacs
Fair value of plan assets	1,284.11	1,067.24
Present value of defined benefit obligation	1,292.69	1,071.43
Benefit asset / (liability)	(8.58)	(4.19)

Changes in the present value of the defined benefit obligation are as follows

	March 31, 2017	March 31, 2016
	₹ Lacs	₹ Lacs
Opening defined benefit obligation	1,071.43	844.33
Interest cost	78.92	62.50
Current service cost	147.69	116.49
Benefits paid	(106.31)	(96.25)
Plan Amendments	(1.39)	-
Actuarial (gains) / losses on obligation	102.35	144.36
Closing defined benefit obligation	1,292.69	1,071.43

Changes in the fair value of plan assets are as follows

	March 31, 2017	March 31, 2016
	₹ Lacs	₹ Lacs
Opening fair value of plan assets	1,067.24	840.19
Expected return	78.79	67.72
Contributions by employer	171.00	252.00
Benefits paid	(106.31)	(96.25)
Actuarial gains / (losses)	73.39	3.58
Closing fair value of plan assets	1,284.11	1,067.24

The Company expects to contribute ₹ 200 lacs (Previous year: ₹ 150 lacs) to gratuity fund in the next Financial year

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2017	March 31, 2016
Investments with insurer	100%	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	March 31, 2017	March 31, 2016
Discount rate	7.20%	7.75%
Expected rate of return on assets	8.35%	8.35%
Increase in Compensation cost	7.00%	7.00%
Attrition Rate	< 35 years - 16% to 20% > 35 years - 5%	< 35 years - 18% to 20% > 35 years - 5%

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

Amounts for the current year and last four years are as follows:

	March 31, 2017	March 31, 2016	March 31, 2015	31st March, 2014	31st March, 2013
	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs
Defined benefit obligation	1,292.69	1,071.44	844.33	601.30	517.57
Plan assets	1,284.11	1,067.24	840.19	584.88	515.08
Surplus / (deficit)	(8.58)	(4.20)	(4.14)	(16.42)	(2.49)
Experience adjustments on plan liabilities loss / (gain)	72.13	136.53	88.98	12.16	41.75
Experience adjustments on plan assets loss / (gain)	(73.39)	(3.58)	0.76	(4.41)	(3.75)

Defined Contribution Plan:

Amount recognised as expense for the period towards contribution to the following funds*:

	March 31, 2017 ₹ Lacs	March 31, 2016 ₹ Lacs
Employer's Contribution to Provident Fund	410.90	366.50
Employer's Contribution to Employee State Insurance	46.90	65.90
Employer's Contribution to Super Annuation	71.66	56.73
	529.46	**489.13**

* The above amount does not include administrative charges

30. Leases

(a) Company as lessee

Certain premises and equipments are obtained on cancellable and non-cancellable operating leases that are renewable either at the option of lessor or lessee or both. Further, there are no subleases nor any restrictions imposed in lease agreements. Lease rentals debited to Statement of profit and loss for the year is ₹ 3,423.16 lacs (Previous year ₹ 2,358.50 lacs)

The future minimum lease rentals payable at the balance sheet date in respect of non-cancellable operating leases are as follows:

	March 31, 2017 ₹ Lacs	March 31, 2016 ₹ Lacs
Not later than one year	239.91	292.71
Later than one year but not later than five years	399.23	598.19
Later than five years	-	-

(b) Company as lessor

Certain premises and equipments are given on cancellable operating leases that are renewable either at the option of lessor or lessee or both. Further, there are no subleases nor any restrictions imposed in lease agreements. Lease rentals credited to Statement of profit and loss for the year is ₹ 175.41 lacs (Previous year ₹ 23.88 lacs)

31. Capital and other commitments

	March 31, 2017 ₹ Lacs	March 31, 2016 ₹ Lacs
(a) Capital Commitments		
Estimated value of contracts in capital account remaining to be executed	209.22	518.67
(b) Other Commitments		
The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty on an undertaking to fulfil quantified exports in the next six years export obligation outstanding at the year end is :	2,641.55	3,373.88

32. Contingent Liabilities

	March 31, 2017 ₹ Lacs	March 31, 2016 ₹ Lacs
Legal matters under dispute *:		
Service tax	1,563.36	1,585.14
Sales tax	605.93	365.23
Excise duty	153.79	51.12
Guarantees given by the bankers on behalf of the Company	29.40	3.34
Corporate guarantees given to bank against the credit facilities availed by dealers **	1,500.00	1,500.00
Claims against the Company not acknowledged as debts	104.83	97.65
Bonus liability pertaining to FY 2014-15 ***	57.98	57.98
	4,015.29	**3,660.46**

* The company is contesting the demands and the management believes that its position is likely to be upheld in the appellate process. It is not practicable to estimate the timing of cash outflows, if any in respect of legal matters, pending resolution of the proceedings with the appellate authorities.

** The first loss default guarantees given to bank are excluding interest and other charges payable.

*** Based on stay order of Gujarat High Court dated 5th April, 2016, the company has not provided bonus liability for 2014-15.

33. Research & Development Expenditure

	March 31, 2017 ₹ **Lacs**	March 31, 2016 ₹ Lacs
Revenue expenditure	577.33	593.99
Capital expenditure	560.08	15.02

34. Related Party Disclosures

(a) List of related Parties and Relationship

The Company has assessed the related party relationship as per Accounting Standard 18 and based on that assessment, below are related parties:

	Relationship	**Parties**
A.	**Parties exercising control**	Johnson Controls International PLC, Inc.(Ultimate Holding Company), USA Johnson Controls, Inc. (Intermediate Holding Company) (1st October, 2015 onwards), USA JCHAC India Holdco Ltd. (Holding Company) (1st October, 2015 onwards), UK Also, refer paragraph C below.
B.	**Parties under common control (Fellow Subsidiaries) (1st October, 2015 onwards)**	Johnson Controls-Hitachi Air Conditioning Technology (Hongkong) Ltd., Hong Kong Johnson Controls-Hitachi Components (Thailand) Co. Ltd., Thailand Johnson Controls-Hitachi Air Conditioning Malaysia Sdn. Bhd., Malaysia Johnson Controls India Pvt. Ltd., India Johnson Controls Marine And Refrigeration India Ltd., India Johnson Controls-Hitachi Air Conditioning Spain, S.A.U, Spain Johnson Controls-Hitachi Air Conditioning Wuhu Co. Ltd., China Johnson Controls-Hitachi Wanbao Air Conditioning Guangzhou Co.Ltd., China Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd, United Kingdom Shanghai Hitachi Electrical Appliances Co. Ltd., China Hitachi Johnson Controls Air Conditioning, Inc., Japan Also, refer paragraph C below.
C.	**Associates (w.e.f. 1st October, 2015 onwards)**	**Entities having significant influence** Hitachi Ltd. Japan (Ultimate Holding Company upto 30th September, 2015) Hitachi Appliances, Inc. Japan (Holding Company upto 30th September, 2015) **Subsidiaries / associates of entities having significant influence over the company (these entities were fellow subsidiaries upto 30th September, 2015)** Flyjac Logistics Pvt. Ltd. Highly Electrical Appliances India Pvt. Ltd.* Hitachi Air Conditioning & Refrigerating Products (Guangzhou) Co. Ltd. Hitachi Air Conditioning Products (M) Sdn. Bhd. Hitachi Air Conditioning Products Europe S.A.U Hitachi Asia Ltd. – Singapore Hitachi Automotive System (India) Pvt. Ltd. Hitachi Consumer Marketing, Inc. Hitachi Consumer Products (Thailand) Ltd. Hitachi Data Systems India Pvt. Ltd. Hitachi High Technologies Hong Kong Ltd. Hitachi High-Technologies (Shanghai) Co. Ltd. Hitachi High-Technologies Corporation Hitachi Hi-rel Power Electronics Pvt. Ltd.* Hitachi Home Electronics Asia(s) Pte. Ltd. Hitachi Household Appliances (Wuhu) Co. Ltd. Hitachi India Pvt. Ltd. Hitachi Koki India Ltd. Hitachi Lift India Pvt. Ltd. Hitachi Metals (India) Pvt. Ltd. Hitachi Metals Singapore Pte. Ltd. Hitachi Payment Services Pvt. Ltd. Hitachi Plant Technologies India Pvt. Ltd.

	Relationship	Parties
		Hitachi Procurement Service Co. Ltd. Hitachi Sales (Malaysia) Sdn. Berhad Hitachi Terminal Solutions India Pvt. Ltd. Hitachi Tochigi Electronics (Thailand) Co. Ltd. Shizuoka Hitachi Co. Ltd. Taiwan Hitachi Co. Ltd. Tata Hitachi Construction Machinery Co. Ltd.
D.	**Key Managerial personnel**	Mr. Shoji Tsubokuta (Managing Director) (Upto 31st August, 2015) Mr. Atsushi Ohtsuka (Managing Director) (1st September, 2015 to 31st January, 2017) Mr. Vinay Chauhan (Executive Director) Mr. Amit Doshi (Executive Director) (Upto 31st May, 2015) Mr. Anil Shah (Chief Financial Officer also Executive Director Upto 3rd September, 2016) Mr. Gurmeet Singh (Executive Director) (Upto 31st January, 2017) (Managing Director from 1st February, 2017) Mr. Varghese Joseph (Executive Director) (1st August, 2015 Onwards)

* Not considered as related party w.e.f. 1st April, 2016

(b) Related Party Transactions

Sr. No.	Transactions	Parties Referred to A Above		Parties Referred to B Above		Parties Referred to C Above		Parties Referred to D Above	
		For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs
1	**Purchase of raw material**								
	Shanghai Hitachi Electrical Appliances Co. Ltd.	-	-	5,237.89	5,622.27	-	-	-	-
	Highly Electrical Appliances India Pvt. Ltd. *	-	-	-	-	-	8,349.76	-	-
	Johnson Controls-Hitachi Components (Thailand) Co. Ltd.	-	-	1,025.17	-	-	-	-	-
	Hitachi Procurement Service Co. Ltd.	-	-	-	-	1,159.23	588.27	-	-
	Hitachi Appliances, Inc.	-	-	-	-	-	210.53	-	-
	Others	-	-	708.72	168.14	1,113.51	1,391.45	-	-
2	**Purchase of stock-in-trade**								
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	7,182.73	9,059.12	-	-
	Hitachi Appliances, Inc.	-	-	-	-	96.19	961.78	-	-
	Hitachi Johnson Controls Air Conditioning, Inc.	-	-	489.64	568.89	-	-	-	-
3	**Technical know-how fees (capitalised)**								
	Johnson Controls - Hitachi Air Conditioning Technology (Hongkong) Ltd.	-	-	333.12	315.41	-	-	-	-
	Hitachi Appliances, Inc.	-	-	-	-	-	361.31	-	-
4	**Other Income**								
	Hitachi India Pvt. Ltd.	-	-	-	-	-	4.92	-	-
5	**Commission income**								
	Hitachi Appliances, Inc.	-	-	-	-	-	64.15	-	-
	Hitachi Johnson Controls Air Conditioning, Inc.	-	-	40.25	19.41	-	-	-	-

Sr. No.	Transactions	Parties Referred to A Above		Parties Referred to B Above		Parties Referred to C Above		Parties Referred to D Above	
		For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs
6	**Sale of products**								
	Hitachi Asia Ltd. – Singapore	-	-	-	-	-	75.20	-	-
	Hitachi Appliances, Inc.	-	-	-	-	-	1.98	-	-
	Hitachi Home Electronics Asia(S) Pte. Ltd	-	-	-	-	673.37	250.32	-	-
	Hitachi Plant Technologies India Pvt. Ltd.	-	-	-	-	1.02	119.81	-	-
	Others	-	-	41.23	9.37	52.95	30.87	-	-
7	**Sale of services**								
	Hitachi Automotive System (India) Pvt. Ltd.	-	-	-	-	3.24	2.58	-	-
	Hitachi Hi-rel Power Electronics Pvt. Ltd. *	-	-	-	-	-	13.73	-	-
	Hitachi Plant Technologies India Pvt. Ltd.	-	-	-	-	-	3.23	-	-
	Hitachi Payment Services Pvt. Ltd.	-	-	-	-	39.82	0.22		
	Others	-	-	0.17	-	1.75	1.87	-	-
8	**Advertisement, Sales Promotion & Other Expense recovery**								
	Hitachi Appliances, Inc.	-	-	-	-	-	5.77	-	-
	Hitachi Johnson Controls Air Conditioning, Inc.	-	-	70.07	8.88	-	-	-	-
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	272.31	151.29	-	-
	Others	-	-	-	-	0.10	-	-	-
9	**Remuneration paid**								
	Mr. Shoji Tsubokuta	-	-	-	-	-	-	-	23.55
	Mr. Atsushi Ohtsuka	-	-	-	-	-	-	160.41	71.94
	Mr. Vinay Chauhan	-	-	-	-	-	-	116.37	110.73
	Mr. Amit Doshi	-	-	-	-	-	-	-	40.85
	Mr. Anil Shah	-	-	-	-	-	-	50.30	109.39
	Mr. Gurmeet Singh	-	-	-	-	-	-	117.97	90.89
	Mr. Varghese Joseph	-	-	-	-	-	-	96.99	50.29
10	**Professional fees paid**								
	Mr. Anil Shah	-	-	-	-	-	-	56.65	-
11	**Royalty (excluding service tax)**								
	Johnson Controls - Hitachi Air Conditioning Technology (Hongkong) Ltd.	-	-	2,105.12	728.97	-	-	-	-
	Hitachi Appliances, Inc.	-	-	-	-	1,505.54	2,672.20	-	-
12	**Purchase of capital goods**								
	Hitachi High Technologies Hong Kong Ltd.	-	-	-	-	502.50	1,189.12	-	-
	Hitachi Appliances, Inc.	-	-	-	-	-	37.21	-	-
	Others	-	-	5.55	-	-	5.00	-	-

Sr. No.	Transactions	Parties Referred to A Above		Parties Referred to B Above		Parties Referred to C Above		Parties Referred to D Above	
		For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2017 ₹ Lacs	For the year ended March 31, 2016 ₹ Lacs
13	**Reimbursement of salaries & other expenses**								
	Hitachi Appliances, Inc.	-	-	-	-	-	19.94	-	-
	Hitachi Johnson Controls Air Conditioning, Inc.	-	-	154.68	75.89	-	-	-	
	Hitachi Consumer Marketing, Inc.	-	-	-	-	68.54	64.16	-	-
	Others	-	-	-	-	9.73	8.45	-	-
14	**Import freight, local freight and custom clearing expenses**								
	Flyjac Logistics Pvt. Ltd.	-	-	-	-	768.18	835.98	-	-
15	**Training Expenses**								
	Hitachi Appliances, Inc.	-	-	-	-	-	1.76	-	-
16	**Dividend Payment**								
	JCHAC India Holdco Ltd. (Holding Company)	302.85	-	-	-	-	-	-	-
	Johnson Controls Hitachi Air Conditioning Holding (UK) Ltd.	-	-	0.01	-	-	-	-	-
	Hitachi Appliances, Inc.	-	-	-	-	-	295.35	-	-
	Hitachi India Pvt. Ltd.	-	-	-	-	-	7.50	-	-
17	**Balance receivable at the end of the year**								
	Hitachi Appliances, Inc.	-	-	-	-	-	1.99		
	Hitachi Asia Ltd. – Singapore	-	-	-	-	-	1.44		
	Hitachi Plant Technologies India Pvt. Ltd.	-	-	-	-	-	62.73	-	-
	Hitachi Home Electronics Asia(S) Pte. Ltd.	-	-	-	-	172.64	142.89		
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	186.16	-		
	Others	-	-	36.19	17.96	8.72	24.90	-	-
18	**Balance payable at the end of the year**								
	Hitachi Appliances, Inc.	-	-	-	624.10	658.16	-	-	
	Shanghai Hitachi Electrical Appliances Co. Ltd.	-	-	1,599.93	1,960.81	-	-	-	-
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	-	1,737.91	-	-
	Johnson Controls - Hitachi Air Conditioning Technology (Hongkong) Ltd.	-	-	835.09	-	-	-		
	Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	-	5,391.36	-	-
	Others	-	-	444.92	1,279.91	225.55	403.93	-	-

* Not considered as related party w.e.f. 1st April, 2016

35. Derivative instruments and unhedged foreign currency exposure

a. Particulars of unhedged foreign currency exposure

	Currency	March 31, 2017 Lacs	March 31, 2016 Lacs
Trade payables (including acceptances)	USD	23.02	130.13
	Equivalent INR	1,492.56	8,618.21
	JPY	281.22	489.84
	Equivalent INR	163.09	288.55
	SGD	0.01	-
	Equivalent INR	0.46	-
Payables for capital goods	USD	-	0.06
	Equivalent INR	-	3.70
	JPY	240.00	423.20
	Equivalent INR	139.19	249.30
Loans and Advances	USD	5.25	6.82
	Equivalent INR	340.19	452.01
	JPY	42.08	13.74
	Equivalent INR	24.40	8.10
	SGD	0.06	-
	Equivalent INR	2.76	-
Trade Receivables	USD	3.21	2.55
	Equivalent INR	208.21	169.01

b. Forward Contracts outstanding

The company uses forward exchange contracts to hedge its exposure in foreign currency. The information on outstanding forward exchange contracts is given below:

	Currency	March 31, 2017 Lacs	March 31, 2016 Lacs
Trade payables	USD	151.35	-
External Commercial Borrowings	USD	-	50.00
ECB Interest (accrued but not due)	USD	-	0.33

36. Earnings in foreign exchange (accrual basis)

	March 31, 2017 ₹ Lacs	March 31, 2016 ₹ Lacs
Export of goods (on FOB basis)	875.26	342.06
Commission income	49.48	83.56
Reimbursement of advertisement and other expenses	373.86	319.38
	1,298.60	**745.00**

37. Expenditure in foreign currency (excluding taxes)

	March 31, 2017 ₹ Lacs	March 31, 2016 ₹ Lacs
Interest	39.13	48.93
Royalty	3,039.08	2,988.16
Technical know how (capitalised)	266.50	577.51
Salaries	198.27	142.24
Consultancy fees and other expenses (capitalised)	-	44.93
Others	57.25	65.80
	3,600.23	**3,867.57**

38. Value of imports calculated on CIF basis

	March 31, 2017 ₹ Lacs	March 31, 2016 ₹ Lacs
Capital goods	1,195.72	2,786.08
Raw materials, components & spares parts	34,795.82	29,551.64
Stock-in-trade	12,137.98	15,584.60
	48,129.53	**47,922.32**

39. Net dividend remitted in foreign exchange

	March 31, 2017	March 31, 2016
Amount remitted (₹ in Lacs)	302.86	295.35
Amount remitted (JPY in Lacs)	-	535.25
Amount remitted (USD in Lacs)	4.53	-
Number of non-resident shareholders	2	1
Number of equity shares held on which dividend was due	2,01,90,529	1,96,89,894
Year to which dividend relates to	2015-16	2014-15

40. Imported and indigenous raw material and spare parts consumed

	% of total consumption March 31, 2017	**Value March 31, 2017 ₹ Lacs**	% of total consumption March 31, 2016	Value March 31, 2016 ₹ Lacs
Consumption of raw materials				
Indigenous	51.43%	36,242.44	47.42%	35,419.40
Imported	48.57%	34,224.79	52.58%	39,278.44
	100.00%	**70,467.23**	**100.00%**	**74,697.84**
Consumption of stores and spares				
Indigenous	39.07%	102.54	41.13%	83.96
Imported	60.93%	159.95	58.87%	120.17
	100.00%	**262.49**	**100.00%**	**204.13**

41. Details of dues to Micro & Small enterprises as defined under MSMED Act, 2006

Based on information available with the Company, there are no suppliers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprise Development Act, 2006" (Act) till 31st March, 2017. Accordingly, no disclosures are required to be made under said Act.

42. Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016

(₹ lacs)

Particulars	**SBNs***	**Other denomination notes**	**Total**
Closing cash in hand as on 08.11.2016	8.14	3.67	11.80
(+) Permitted receipts	-	26.38	26.38
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	8.14	28.91	37.05
Closing cash in hand as on 30.12.2016	-	1.13	1.13

* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

43. Provisions

The movement in the product warranty and other provisions during the year is as under:

(Figures in parenthesis represent previous year numbers) (₹ lacs)

	March 31, 2016	Provision during the year	Utilised during the year	Reversal during the year	March 31, 2017
Provision for Warranty	**2,325.89**	**1,323.88**	**1,113.47**	**66.71**	**2,469.59**
	(2,395.39)	(1,240.32)	(833.00)	(476.82)	(2,325.89)
Provision for litigations	**1,943.77**	**-**	**-**	**-**	**1,943.77**
	(1,943.83)	-	-	(0.06)	(1,943.77)

Note:

a) The Company gives one year complete warranty (service and parts) and 5/10 years warranty on compressors at the time of sale to purchasers of its products. It is expected that the most of expenses against the provision will be incurred within warranty period, as the case may be.

b) Provision for warranty during the year and utilization do not include ₹1,984.55 lacs (Previous year ₹ 1,657.47 lacs) being agreed amount payable to dealers and service providers to meet warranty cost.

c) Other provision includes likely claims against the Company in respect of certain legal matters like VAT, Service tax, excise duty etc., whose outcome depends on ultimate settlement / conclusion with relevant authorities.

d) The company does not expect net outflow consequent to applicability of E-Waste management rules w.e.f. October, 2016.

44. Disclosures pursuant to the Regulation 34 (3) read with Para A of Schedule V to the SEBI (Listing obligations and disclosure requirements) Regulations, 2015 read with section 186 (4) of the companies Act, 2013.

Particulars	Purpose	March 31, 2017 ₹ Lacs	March 31, 2016 ₹ Lacs
Corporate guarantees given to bank against the credit facilities availed by dealers	To partially address dealers working capital requirement	1500	1500

45. Proposed Dividend

The final dividend proposed for the year is as follows:

	March 31, 2017	March 31, 2016
On equity shares of ₹10 Each		
Amount of Dividend Proposed (₹in lacs)	407.86	407.86
Dividend Per Equity Share	₹1.5 Per Equity Share	₹1.5 Per Equity Share

46. The Company accrues certain sales related expenses on an estimated basis, which are reviewed at the each period end and any excess or short provisions are reversed or accounted for in respective expense heads. Accordingly, respective expenses under the head "Other Expenses" are net of write back of excess provision of earlier years amounting to ₹ 1,173.46 lacs (Previous year ₹ 1,421.05 lacs).

47. Expenditure towards Corporate Social Responsibility Activities:

Particulars	March 31, 2017 ₹ Lacs	March 31, 2016 ₹ Lacs
(a) Gross amount required to be spent by the company:	123.97	90.72
(b) Amount spent:		
(i) Construction/acquisition of any asset	13.80	-
(ii) On purposes other than (i) above	26.06	-

48. Prior year comparatives

The previous year figures have been regrouped wherever necessary to conform to current year's classification.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No.304026E/E300009
Chartered Accountants

Sachin Parekh
Partner
Membership No: 107038
Place : Delhi
Date : May 23, 2017

For and on behalf of the Board of Directors

Gurmeet Singh — Managing Director
Vinay Chauhan — Executive Director

Anil Shah — Chief Financial Officer
Parag Dave — Company Secretary

Place : Delhi
Date : May 23, 2017

Glimpses of the year

'Connect'- Hitachi's
Product Launch Event' 17

JCH-IN Stall at ACREX 2017

Dealers' Foreign Trip-Abu Dhabi

Student Connect
'aQuest' 17' Partner

'Hitachi Express'- Brand Activation
for South India

Safety Week Celebration
4th-11th Mar' 17

"Shikhar" Leadership Development
Program – Leading Self

CSR Initiative- Inauguration of 35 Toilets
Project at Indrad Village

"Samarthya"
Management Development Program

Press Advertising

Inverter Technology Press Ad

iClean Tactical Press Ad

Inverter Technology Tactical Press Ad

Tactical Press Ad

iClean Magazine Ad

Inverter Technology Magazine Ad

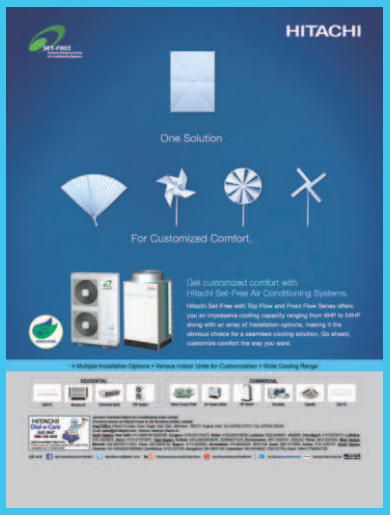
Refrigerator Press Ad

Refrigerator Magazine Ad

Air Purifier Magazine Ad

B2B Magazine Ad

B2B Range Magazine Ad



VRF Magazine Ad

Brand Campaign

Perfect Homes TVC

Johnson Controls-Hitachi Air Conditioning India Limited.
(Formerly known as Hitachi Home & Life Solutions (India) Limited).
Head Office: Hitachi Complex, Karan Nagar, Kadi, Distt. Mehsana - 382727, Gujarat, India. Tel: (02764) 277571.
Registered address: 9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380006.
Website: www.jci-hitachi.in | Email: sales@jci-hitachi.com

Join us at: https://www.facebook.com/HitachiHLI https://twitter.com/@hitachi_home https://www.youtube.com/user/HitachiHome
https://www.pinterest.com/hitachihome/ Live Chat at www.jci-hitachi.in Download Hitachi Care App Google play

GO GREEN. We can do more together. Partner us in Ministry of Corporate Affairs ("MCA") "Green Initiative in the Corporate Governance" by choosing not to receive notices / reports / documents in paper form. When you register to get annual reports and other communications through email instead of paper mode, you SAVE A TREE. For registering your e-mail ID please drop a mail to us at parag.dave@jci-hitachi.com containing your Folio No. / CLID-DPID.

HITACHI
Dial-a-Care
1860 258 4848
3232 4848*

Air Conditioners/ refrigerators are e-waste product and should not be mixed with general household waste at the end of its life. For more details, kindly visit our website or contact Hitachi Dial-a-Care.

*Prefix local city/state capital STD code or 079. Available only in limited states.

GANAPATI, A'bad. (079) 26568111