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Innovations that inspire a new way of living.

Johnson Controls

HITACHI
Air conditioning solutions

Annual Report 2020-2021
Johnson Controls-Hitachi Air Conditioning India Limited

Read through the report

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Corporate information

Board of Directors

Gurmeet Singh
Chairman & Managing Director

Shinichi Iizuka
Director

Yoshikazu Ishihara
Director

Ashok Balwani
Independent Director

Indira Parikh
Independent Director

Mukesh Patel
Independent Director

Chief Financial Officer

Rishi Mehta

Company Secretary

Parag Dave

Auditors

Price Waterhouse & Co
Chartered Accountants LLP
Ahmedabad

Registered Office

9th Floor, Abhijeet-I, Mithakhali Six Roads,
Ahmedabad - 380 006, Gujarat

Works

Hitachi Complex, Karannagar - 384 440
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 - 380 006
Gujarat

New air, for a new you

With the purpose of enriching the lives of our numerous customers across the world, Johnson Controls-Hitachi Air Conditioning India Limited is the organization where we are committed towards providing product of the goodwill, leading technologies and maximum corporate value that we have garnered over the years. We help people find the best possible air-conditioning solution, that not only meets their expectations but also enhances their lifestyle, and we do so by designing, engineering and manufacturing reliable, efficient and high quality cooling & heating air conditioning systems. We believe in evolving with the ever-changing needs and aspirations of our customers, and that is why we at Johnson Controls-Hitachi Air Conditioning India Limited bring you the future of comfort and convenience. We bring you "air" that is inspired by the nature & japanese technology and made for the New You. Because #NewBeginsWithYou

Our vision

A safe, comfortable and sustainable world.

Our values

Integrity first

We promise honesty and transparency. We uphold the highest standards of integrity and honor the commitments we make.

Purpose led

We believe in doing well by doing good, and hold ourselves accountable to make the world a better place through the solutions we provide, our engagement in society, the way we do business, and our commitment to protect people and the environment.

Customer driven

We win when our customers win. Our long-term strategic relationships provide unique insights and the ability to deliver exceptional customer experiences and solutions.

Future focused

Our culture of innovation and continuous improvement drives us to solve today's challenges while constantly asking 'what's next'.

One team

We are one team, dedicated to working collaboratively together to create the purposeful solutions that propel the world forward.

Our story

Since 1952, Hitachi's cooling and heating technology has been helping make life more harmonious for people around the world. Today, our long heritage of precise Japanese engineering ensures that no detail is over looked in our quest to create Living Harmony around New You.

With Johnson Controls – Hitachi Air Conditioning India Limited, you can address all your air-conditioning needs faster, smarter and more efficiently than ever before. We have combined the rich heritage and innovative technology of Hitachi with the industry leading expertise and global network of Johnson Controls, so our customers can benefit from the best of both companies. Johnson Controls – Hitachi Air Conditioning India Limited is a joint venture company of Johnson Controls, USA and Hitachi Appliances, Japan. Johnson Controls – Hitachi Air Conditioning India Limited company has a global presence, out of which Johnson Controls-Hitachi Air Conditioning India Limited is its Indian unit.

At Johnson Controls-Hitachi we manufacture a wide range of products, from room air-conditioners (Split & Window ACs) to commercial air-conditioners including VRF Systems, Ductable air-conditioners, Chillers and Telecom air-conditioners under the brand name of 'Hitachi Cooling & Heating'. The company also deals with 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 network consisting of 5 regional offices, 17 Branch offices and more than 10,000 sales points. We are passionate about exceeding expectations of our customers, and we look forward to bringing innovative HVAC solutions to them. With our customer centric approach, we'd like to say "New begins with You".

A heritage of innovations

Hitachi is known for its technological excellence in invention and innovation for a great stint of over 100 years.

Today Hitachi is synonymous with great quality and innovative technology on a global stage. Its enriching lineage and culture has evolved with time and created a harmony of invention and innovation worldwide. The addition of Johnson Controls' best in class expertise and widespread global presence has resulted in what we know today as Johnson Controls-Hitachi Air Conditioning India Limited company.

With a legacy of more than 30 years in India, we have been following the Make in India concept since the beginning. At Johnson Controls-Hitachi Air Conditioning India Limited, the Company constantly innovates, brings in world-class technology, newer concepts and incorporates advanced-smart features in order to provide an array of products to the entire world, which can make life for our clientele as comfortable and soothing as it can get.

A presence you can count on

Multi-faceted and composite, we enjoy a robust, solid and extensive distribution network that comprises of 290 plus exclusive sales and service dealers, 70 plus Hitachi exclusive showrooms, over 10,000 sales points and more than 1500 other service points including multi brand S&S and Authorized Service Partners. We have been fruitful in our efforts to consolidate and amplify our presence across the varied topographies of India and have accelerated further, the reach of our Company. In order to serve our customers even better, Johnson Controls- Hitachi Air Conditioning India Limited has company owned and operated, 24x7 customer care centres, which provide prompt resolutions to customers concerns across India.

Always customer first

Good customer care has always remained key focus at Hitachi. The company aims to offer best in class products along with utmost priority to customer care and after sales service. Customer satisfaction has always been a crucial part of company's strategy at Hitachi. For enhancing after sales services experience of our customers, we've embarked upon several initiatives in this financial year. With an objective to serve our customers even better and give faster response, we've widened our network and add another 40 authorized service partners during this financial year, thereby expanding our service reach.

Another area where we have focused is in technology led digitalization of some key service business processes. Few of the initiatives are:

a) The implementation and adoption of technician's app is helping with faster resolution of calls
b) Digital non-voice option for customers to register and can viewing status of their service request: WhatsApp integration for customer convenience
c) Online renewal/purchase of Annual Maintenance: Digital payment and AMC documentation

Chairman & managing director's message

The pandemic has changed the way we live, interact and work, ushering a new era of a more informed modern lifestyle. Consumer is the King and we understand that consumer of the new informed world is evolving every day and their need for NEW is changing. In our endeavour to meet demands of this aspiring consumer, Hitachi is committed to set new consumer satisfaction milestones with its best-in-class products and solutions.

Dear Shareholders,
Heartiest Greetings to all of you!

At the time of writing this message, India and several other parts of the world are suffering from another wave of pandemic Covid-19 which is much harsher and tougher than what the world had seen last year. With deep grief and sorrow my heart goes out to each and every person who has suffered the loss of her/his loved ones. I wish and am sure that we shall eventually come out from this but until then, I urge to one and all that we must observe Covid protocols, govt. guidelines and get vaccinated (if eligible).

I pray for health and safety of all of you and your loved ones.

I would like to express my sincere gratitude for your continuous support over the years and through tough times that tested us all. I am extremely proud of our employees' and channel partners' efforts during these unprecedented times.

After these trying times, we should work for the new world. The pandemic has made us analyse, re-think, review, re-formulate, re-organise and innovate to transform into a world which is not just sustainable but also more compassionate. The pandemic has changed the way we live, interact and work ushering a new era of a more informed modern lifestyle.

The consumer of the new informed world has evolved and is full of energy, passion and positivity. This New Bharat's new-age consumer aspires for innovative product offerings, leading to convenience and comfort.

The beginning of the current financial year (2021-22) may have been slow but we are optimistic about the future of the HVAC industry. We look forward to a good year for business driven by path breaking innovation, flexibility, futuristic solutions and changed consumer perspective. The changing perspective about air conditioning as a necessity, lifestyle product and a health requirement instead of being a luxury product is a welcome change. Market penetration will also help the business grow.

The Company has continuously focused on futuristic consumer centric solutions. Over the past few years' consumer awareness has increased immensely about Inverter technology. Improved lifestyle, higher disposable income, year-round usage pattern, increasing urbanization, ease of finance options, warranty assurance etc. has led to higher traction for superior technology of Inverter models. The Company had anticipated high demand of Inverter technology in advance and accordingly developed a strong product line of Inverter technology powered Room Air Conditioner models. The Company has robust plans for 2021 summer season with new products having eye catching features and we plan to reach out to our customers through our strong & nationwide channel network with aggressive marketing strategies.

Anticipating pent up demand for summer season of 2021 due to low buying in summer season of 2020, the Company has planned well in advance and launched new products having several new features and technological enhancements. The Company has introduced its innovative range of new products & technologies via virtual launch and received an overwhelming response with more than 6500 participants attending the event.

As part of our sales strategy, during the year 2021-22 we will continue to aim at increasing our reach in tier 2 & tier 3 towns, synergise our efforts to strengthen our channels, enhance nationwide service network, bring efficiencies to supply chain, enrich our product portfolio and work towards making Hitachi Air, an aspirational brand. I am confident that this comprehensive approach will help us in making our Room Air Conditioner business successful in ongoing financial year.

Consumer is the King and we understand that consumer of the new informed world is evolving every day and their need for NEW is changing. In our endeavour to meet demands of this aspiring consumer, Hitachi is committed to set new consumer satisfaction milestones with its best in class products and solutions. To create comfort and brand appeal for customers who are willing to adopt our advanced technologies combined with appealing aesthetics inspired from nature and Japanese roots, we are leading our communication with "New begins with You". Silent air, Surround

air, Odor free air, Clean air and Fresh air grouped as Hitachi air along with new features shall elevate our brand image and achieve a higher youth appeal. The Company continues to cater to diversified segments and achieve excellence.

The commercial air conditioners market has also had interesting developments, the Variable Refrigerant Flow (VRF) technology has been accepted and adopted widely now in the Indian market and is surpassing the PAC market in terms of value. VRF based Air conditioning systems are gaining immense popularity with increasing adoption at corporate offices, hotels, IT offices, high-end residential apartments, villas, retail stores, supermarkets, hospitals, banks, education institutes etc. Being a customer focused Company, Johnson Controls-Hitachi Air Conditioning India Limited has caught the pulse of high-end customers and has introduced a new range of VRF products. We have recently introduced country's first of its kind premium and luxurious air conditioning system 'SET FREE mini' to match modern lifestyle choices. In our endeavor to build air conditioning solutions that match with the evolved & new-age customers, we also launched SideSmart™ - World's first slim modular side throw VRF model air conditioners. The Company is constantly producing best technology products and has established itself as a leading 'Air Expert' in the B2B space.

In the packaged AC segment, the Company enjoys a strong market share with a strong channel network. Post pandemic period, the Company is expecting improvement in living standards along with rapid recovery of the organized commercial sector characterized by the rising number of hypermarkets, supermarket and offices etc. Light Commercial HVAC segment is expected to emerge as a dynamic business area. The Company is expecting growth of the overall commercial chain, which in turn is expected to boost the sale of HVAC packaged units and Cassette ACs in the coming period.

Being the single largest air conditioning solution provider for cooling requirements in Telecom Towers, the Company continues to dominate this segment. Future growth of the telecom tower sector would be driven by 5G and IoT business. While demand for services continues to spike, given India's increased usage of internet amid the pandemic there is an all time need to create more cellular infrastructure. We are hopeful that with the revival of the telecom industry, our revenue from this segment will increase in near future.

Strengthening the global footprint, in the last couple of years, the Company has started exporting to South Asian countries (Nepal, Bhutan, Sri Lanka and Maldives) and South East Asian Countries like Indonesia and Vietnam. We are also exporting our products in Middle East countries like UAE, Qatar, Oman, Bahrain, Iraq, Kuwait and Saudi Arabia. This year direct business operations have commenced in Africa and South Asian countries with the help of the newly formed International sales department. The Company expects to increase its exports business in the coming years with stabilized government policies after recovering from COVID-19 pandemic.

The Company is fully committed to the Indian market and is aggressively promoting and pushing 'Made in India' ACs. We have started working with many component manufacturers in India. We are working with Industry associations, Government and our overseas vendors to ensure complete indigenisation of critical components. We are encouraging our overseas vendors who can come and put their factories here in India for the critical components, which are imported. Be it motors, PCB boards or compressors, we intend to procure everything from India to support 'Atmanirbhar Bharat' Abhiyan.

We expect a positive outlook for commercial air conditioning from growing demand for robust medical and health care facilities, pharmacies, cold rooms, warehouses, data centres etc. Support from several favourable Government initiatives such as Production Led Incentives (PLI) and Phased Manufacturing Plan (PMP) are expected to boost local manufacturing of critical components for Indian Air Conditioning Industry in the coming years.

Being a socially responsible organisation, the Company strongly believes in its responsibility to give back to the society. This year was challenging year for CSR due to the COVID-19 pandemic. In spite of severe restrictions imposed due to lockdown across the country, our CSR team tirelessly worked towards the successful and impactful implementation of all the planned projects which includes Primary Health Center at Karannagar that worked for the first rung medical care of approximately 40,000 rural and partially impoverished population in the hinterland of Gujarat. Under its Sanitation Project, Johnson Controls-Hitachi Air Conditioning India Limited constructed more than 850 toilets and its Skill Development Project trained over 450 school dropouts including girls. Approximately 40% students got the jobs after completing the course from Skill Development Centers. Initiative of skill building in Air Conditioner and Refrigeration segment is helping transform country's rural youth into world-class technicians. During the year lot of work has happened in education and digital education field as well.

Challenges make us stronger, recent events have highlighted the importance of innovation, technology advancement, adaption, future planning, future readiness, sustainability but more importantly the importance of relationships.

We need to keep progressing on the path of our individual goals, while making sure we work towards our team goals and organisation goals. The Company has maintained a lead by developing advanced technology and a very sound, dependable and compassionate network of mindful and sincere people.

I would like to express my sincere appreciation and thanks to all the stakeholders of Johnson Controls-Hitachi Air Conditioning India Limited for their faith in our efforts and support to the business. We assure you that we are committed towards creating excellence and value with responsibility.

Gurmeet Singh
Chairman and Managing Director

Product protfolio

At Johnson Controls- Hitachi Air Conditioning India Limited, it is our constant endeavor to provide the best product solutions to our customers. We understand that consumer of the new Informed world is evolving every day and their need for NEW is changing. In our endeavor to meet the demands of this aspiring consumer, Johnson Controls-Hitachi Air Conditioning India Limited is committed to set new consumer satisfaction milestones with its best-in-class products and solutions.

Keeping consumer needs in mind, Johnson Controls-Hitachi Air Conditioning India Limited introduced a revolutionary new room air conditioner called "Kiyora" a 5 star inverter range and "Shizen" a 3 star inverter range. This new range of AC's are Inspired by nature and Hitachi's Japanese roots, the new aesthetically appealing and premium looking product lineup includes Johnson Controls-Hitachi Air Conditioning India Limited Cooling and Heating's first-ever Ambience light feature, an immersive display on AC that allows consumers to perfectly tune-in with their desired set temperature and comfort level. The new range of AC, inspired from the natural wave form, comes with an artistic curve in iconic wave shape that will blend into the interiors and a golden Fusion line that accentuates the wave shape on front panel and which is inspired from Hitachi's Japanese roots art form Kintsugi, the art of joining material with golden dust. Johnson Controls-Hitachi Air Conditioning India Limited ACs are loaded with innovative technology such as FrostWash technology, that freezes, melts and cleans the dirt inside the AC coil for flawless fresh air every day. The airCloud Home, Wi-fi enabled AC range from Johnson Controls-Hitachi Air Conditioning India Limited is the newest launch of the year and has smart geo fencing, voice command and amazon echo and google home connected premium indoor units. A new aesthetics 1.0 Tr compact outdoor unit is recently introduced in India with a seamless outdoor design that is harmonious to any outdoor space. Johnson Controls-Hitachi Air Conditioning India Limited has plethora of other innovative and futuristic technology and features bundle and a wide range of 30+ models and 90+ SKUs in the room AC category for the ever-evolving need of our customers.

A new high capacity, heavy performing machine – Takeshi, that meets large residential space requirements up to 400 sq ft and that can throw air maximum 15 mt. has been introduced with capacity from 1.7/2.0/2.5/3.1 Tr. To step up with the recent rapid urbanization with more compact room sizes of 120 to 135 sq. ft., Hitachi has launched special category 1.24 Tr ac in 3 and 5 star inverter models that fits perfectly for the room size.Energy conservation is our core belief and therefore, we plan on going heavily on inverter technology to help consumers save electricity, money and environment. With Inverter Split AC models ranging between 5, 4 and 3-Star category, almost as high as 80% of our entire Split AC line up is inverter based. Bringing the expandable inverter technology legacy of split air conditioner to window air conditioner, the new product lineup has Shizuka inverter window air conditioner range. It expands its cooling capacity when the temperature goes up in extreme summers and can work up to 52° C.

Apart from residential spaces, the company has also introduced premium product range for light commercial spaces. This year Johnson Controls- Hitachi Air Conditioning India Limited introduced country's first of its kind premium and luxurious VRF air conditioning system 'SET FREE mini ' to match the modern lifestyle choices. The product is aesthetically designed to suit the exquisite interiors and exteriors of premium bungalows and apartments, luxurious villas, restaurants, cafés and workspaces. SET FREE mini 's ODU expands its range from 3 HP to 7 HP with its compact size that fits inside any balcony space, so that it can meet any air conditioning need from a 2-bedroom to 5-bedroom luxurious home.To meet the need of mid commercial spaces we have launched world's first modular VRF system, SideSmartTM which can combine up to 4 units, it caters to single module from 8 HP to combination module up to 72 HP, heating and cooling requirements. Its compact size and light weight make it best part of your balcony leaving space for your own décor. For large commercial spaces, Hitachi has its well-known VRF series SET FREE Sigma since 2018 with single module up to 24 HP and combination module up to 96 HP, with incomparable other innovative technologies that makes it unique and top notch.

airCloud Pro is one of our latest disruptive innovations in VRF which we have introduced recently in India for our customers. It offers 24/7 control and remote access of your VRF systems to ensure energy savings, centralized control, flexible user management, pre-emptive alerts and trouble-shooting, thus making it ideal for any application like offices, hospitals, schools/universities, restaurants, hotels, retail etc.

In Light Commercial Packaged Air conditioners, the company offers Toushi Ductable Air Conditioners, Flexi Split ACs and 8 new models of Cassette ACs. Flexi Split is another innovative solution where one outdoor can be connected with options of indoor units from ductable, Hi Wall and cassette type to choose from as per the architectural and interior requirement.

Designed for Commercial and Industrial requirements, Hitachi's Screw Chillers (Air and Water) and Centrifugal Chiller Series with Eco Friendly refrigerant offers most energy efficient cooling solutions .

The company's new refrigerators' line up utilizes cutting-edge scientific designs to manufacture refrigerators that prevent the loss of amino acids and other essential vitamins in the food. The company presently provides double door, French door and six door refrigerators in India. Our refrigerator line-up is full with other innovative features like precise temperature control, uniform cooling/freezing, ample storage space in both freezer and vegetable compartment, Refrigerator-Freezer convertible flexi option etc.

Room air conditioners

Inverter split AC

Kiyora

Kiyora (X-series)

Shizen

Yugen

Enzen

Toushi

Logicool

Fixed speed split AC

Takeshi

Zunoh

Logicool

Window inverter AC

Shizuka

Window fixed speed AC

Kaze

Summer

Outdoor

VRF system

Outdoor Units

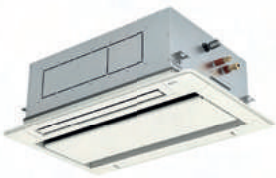
SET FREE ∑

SET FREE mini

SET FREE FRONT FLOW

4 way cassette

4 way compact cassette


2 way cassette

1 way cassette

VRF system

HI WALL

Floor/Ceiling convertible

In-the-ceiling

In-the-ceiling (Duct type)

air Cloud Pro

Wireless remote control

Touch screen wired control

Advancedwired remote control

Central station mini

Package air conditioners

Ductable air conditioners

Toushi/Eco

Ductless air conditioners

Flexi split AC

Flexi duct AC

Cassette AC

Chillers

Water cooled screw chiller

Air cooled screw chiller

Direct drive centrifugal chiller

Refrigerators

Side by side series

4 Door frech bottom freezer series

4 Door frech bottom freezer series

Top freezer big 2 series

3 Door frech bottom freezer series

2 Door frech bottom freezer series

Marketing initiatives

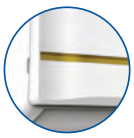
At Johnson Controls- Hitachi Air Conditioning India Limited, we believe that innovation should be inspired by the people. Being a brand that is driven by the purpose of bringing futuristic customer solutions, we not only fulfil our customers' needs but create marketing models that add more value to our innovations, so as to enrich their experience even further.

With the backdrop of the pandemic, all of our lives have shifted in ways we couldn't have foreseen. This shift in lifestyle has given rise to a new and informed consumer. One who not only seeks new problem-solving solutions, but also carries an expectation to upgrade with their choices. With a constantly evolving world, their expectations of "new" is changing as well. They are exploring more ways to enrich their life and this search for a more indulgent lifestyle, has become their search for the new.

Therefore, at Johnson Controls- Hitachi Air Conditioning India Limited, we have launched our campaign called "New begins with you". Here, we wanted to advance towards the new world by celebrating our customers' search for the new and crafting our innovations around their modern aspirations. With this thought, we introduced multiple new offerings for our customers. One of them being the revolutionary new room air conditioner called Kiyora. Inspired by nature and Hitachi's Japanese roots, Kiyora was designed to bring a premium range of aesthetically appealing product line up for our customers, allowing them to upgrade their living spaces, according to their modern tastes. Along with this, we also introduced the SET FREE Mini, a premium VRF air conditioning system which allowed our customers to meet their air conditioning needs while leaving ample space for their home décor. Being airXperts, we not only provided excellent air conditioning solutions, but adapted to match the new and modern lifestyle of our customers.

Our communication for our new campaign was heavily promoted across various mediums including digital, print, outdoor and retail, with a special focus on digital, such as social media and e-commerce as our customers are more active in these platforms. Print and retail promotion in the form of Full Page Press Ads, Magazine Ads, Brochures, Leaflets, Festive POS and Retail Panels, were targeted towards building brand affinity and increasing customers' attention towards our brand and its products. In our B2B communication, the company aims at becoming the true partner for our key stakeholders and airXperts. For our retail spaces, the key focus was to improve customers' buying experience at retail outlets and also on informing them about our product features and its technology benefits in the best way possible. In addition to this, we also focused on building awareness and driving business through our Dealer Ads. At the end, all these combinations of activities helped us in promoting our products and informing our new-age consumer in an efficient manner.

Fusion Line
Kintsugi-inspired



Iconic Wave Design
Wave-inspired

Ambience Light
Seasons-inspired

Digital videos

Ambience light hotstar OTT ad for IPL

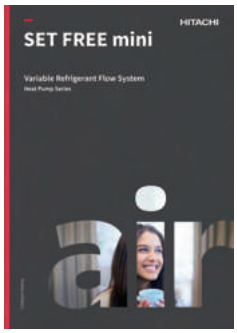
Father's day influencer activity with Aparshakti Khurana

SET FREE mini product film

In-shops branding

Brochures & leaflets

RAC leaflet (Nepal)

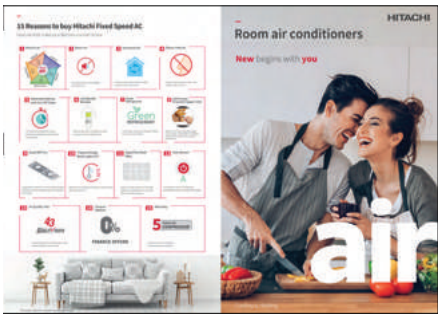


SET FREE mini

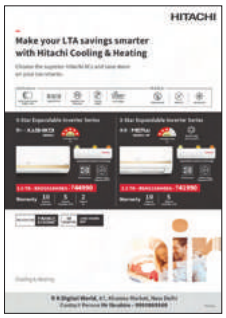
Light commercial

Side flow brochure

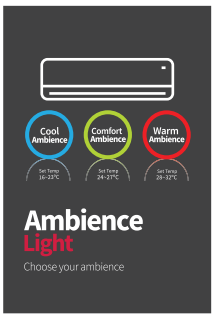
RAC brochure

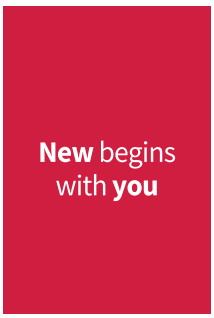


8 Pager leaflet



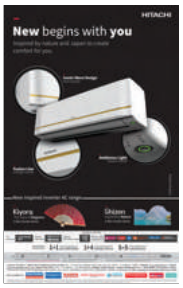
Special scheme leaflet



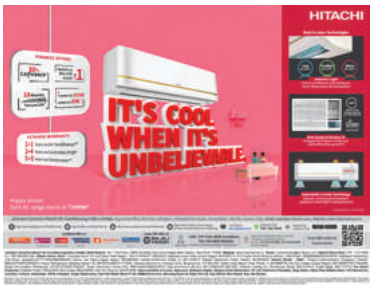


Battle cards

Newspaper and magazine ads



Brand ad

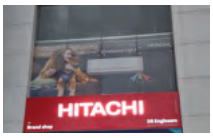


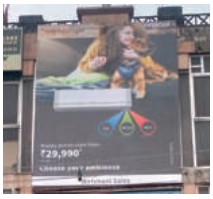
Tactical ad

SET FREE mini magazine ad

SET FREE Sigma magazine ad

OOH campaign





OOH campaign

Retail branding

New retail store format inaugurated

Key highlights

RAC new line-up virtual launch

SET FREE mini's virtual launch

Global development center's product display area

Giving back to the society

COVID-19 pandemic has posed new challenges for our corporate social responsibility efforts. In spite of severe restrictions imposed due to the lockdown across the country, Johnson Controls- Hitachi Air Conditioning India Limited rapidly responded to the community needs and successfully implemented all the planned projects. The company practices for our CSR have been able to evolve even amidst the pandemic, all because of the significant steps taken by Johnson Controls- Hitachi Air Conditioning India Limited to bring such a greater impact.

Some of our CSR initiatives undertaken during the year are as follows

Health project

Primary health centre – Karannagar

Johnson Controls – Hitachi Air Conditioning India Limited, as part of its CSR initiative has been consistently investing in transforming the health and wellbeing of local communities within a large radius of its manufacturing facility. Since 2017, the company is providing services of 2 medical specialists, a paramedic and 24x7 kitted ambulance to Primary Health Centre (PHC) Karannagar. PHC Karannagar is seamlessly catering to the first rung medical care of approximately 40,000 rural and partially impoverished populations in the hinterland of Gujarat.

With the advent of COVID-19 pandemic in India and its spread to Gujarat, the Karannagar medical apparatus set up by CSR of Johnson Controls- Hitachi Air Conditioning India Limited was completely reoriented to strive indefatigably to propagate measures and educate villagers about basic tenets of sanitization, social distancing and strengthening immunity.

The use of ambulance to travel from village to village and addressing the medical needs of the villagers and especially the pregnant women, unable to travel to PHC has not only ensured timely provision of medical intervention but also reduced risk of COVID-19 exposure by ensuring ailing elderly rural and other susceptible populace do not have to venture out. The confidence building within the community on its ability to protect self and others against COVID-19 has been a hallmark of the CSR Health initiative of Johnson Controls- Hitachi Air Conditioning India Limited in this rural belt.

Sanitation project

Johnson Controls- Hitachi Air Conditioning India Limited head office & manufacturing plant are located in the rural hinterland of Gujarat where most of the villages are deprived of basic hygiene and sanitation facilities. Lack of toilets was identified as one of the critical needs to ensure uplifting of hygiene of the entire area. In its endeavour to support the Swachh Bharat Abhiyaan (Clean India Mission) by the Government of India and bring an impact on the quality of life of rural communities, Johnson Controls- Hitachi Air Conditioning India Limited has so far constructed 853 toilets for the impoverished households making a 30 kms radius around the Plant ODF zone. In FY 2021, 201 toilets were constructed to level up the sanitation and hygiene situation of the local communities, tect self and other against COVID-19 has been hallmark of the CSR Health initiative of Johnson Controls- Hitachi Air Conditioning India Limited in this rural belt.

Skill development project (AC repair & maintenance)

Skill building of youth is the foundation of a prosperous and developed Rural Bharat. Also for the economic recovery from the COVID-19 crisis to be durable and resilient, it is critical for India to take skill building of youth to the next level. Under Skill India initiative Johnson Controls- Hitachi Air Conditioning India Limited in collaboration with Industrial Training Institutes (ITI), Government of Gujarat (Kadi) and Government of Andhra Pradesh (Vijayawada, Kakinada ,Anathpur, Tirupati and Bobbili), is conducting skill building courses in AC Repair and Maintenance for rural and underprivileged youth and helping them to gain suitable employment. The ITIs have been provided equipment, tool kit, instructors, and other required peripherals for conducting the course successfully. Skill Development Centers have so far trained over 400 school dropouts including girls, from villages in Air Conditioner repairing skills. Apart from this, online training for 900 youths was also conducted in collaboration with APSSDC. Approximately 40% students got jobs after completing the course. To make skill development in Air Conditioners and Refrigeration uninterrupted and boundaryless amid COVID-19 pandemic, the company has taken the virtual skill building route.

Equipping construction workers with right skills to ensure safety and sustainability

In collaboration with Invired Foundation, Johnson Controls- Hitachi Air Conditioning India Limited initiated a unique skill development drive training over 320 electricians on various skills to ensure safety, quality and low wastage in electrical work, especially in air conditioner installation. This project was carried out on site of buildings under construction in Maharashtra, Haryana, Uttar Pradesh, Bihar, Madhya Pradesh and Gurugram. This initiative received an overwhelming response on the quality of training and its effect on electrical fitments from the safety department of the builder community. The curriculum for the 15 days training has been approved by National Skill Qualification Framework (NSQF) and the certification was issued under the National Skill Certification Program by CSDCI and Johnson Controls- Hitachi Air Conditioning India Limited.

Education project

Majority of the primary schools located in the vicinity of Johnson Controls- Hitachi Air Conditioning India Limited plant & head office lack proper infrastructural facilities. This has caused students to undertake their studies in an unconducive environment affecting the learning outcomes. Under the Education Project, Johnson Controls- Hitachi Air Conditioning India Limited constructed a new building with 6 fully equipped classrooms and midday meal shed for Panthoda primary School.

To make learning interesting, engaging and fun-filled for young minds, Johnson Controls- Hitachi Air Conditioning India Limited under the Digitization of Education Project, provided projectors embedded with local school curriculum in an innovative audio-visual format. The projectors are ruggedized, easy to use with connectivity to all devices and have integral battery power. The teachers were imparted training on using the projectors. This initiative has helped the primary schools to improve learning outcomes and has also enabled reduction of student attrition.

Sponsorship to para athletes

Johnson Controls- Hitachi Air Conditioning India Limited is sponsoring 10 para athletes who have achieved significant success at National and International level with the aim of winning medals in the Tokyo Paralympic in 2021. The sponsorship will be through the aegis of a foundation who has taken these para athletes under their tutelage. The sponsorship will include support for training, diet, counselling sessions, kit, travel and other peripherals. The project commenced in 2017 is achieving spectacular results at the national and international levels.

Board of directors

Gurmeet Singh

Chairman and Managing Director

Shinichi Iizuka

Director

Yoshikazu Ishihara

Director

Ashok Balwani

Independent Director

Prof. Indira J Parikh

Independent Director

Mukesh Patel

Independent Director

Awards

The Emerson Cup – For Product Innovation in Air Conditioning – 2016

2018- **Frost & Sullivan's** 'Indian Smart Air Conditioners Company of the Year' Award

2018- India Copper Association's **'Copper Excellence Award'**-For Successfully providing reliable and energy efficient room air conditioners by using 100% copper tubes

ISO 14001- 2015 **Environment Management System** (EMS) Certified

ISO 45001-2018 **Certificate for Occupational Health and Safety Management Systems**

ISO 9001:2015 **Quality Management Systems**

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Members,

Your Directors hereby present the Thirty Sixth Annual Report and the Audited Financial Statements, for the year ended March 31, 2021.

Financial Highlights

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

(₹ in Million)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations (gross)	16465.4	21,973.7
Other Income	79.0	81.5
Total Revenue	16544.4	22,055.2
Profit before finance cost, depreciation and tax	1324.7	1,796.2
Finance Cost	135.6	50.2
Depreciation and amortization expenses	754.8	562.9
Profit before Tax	434.3	1183.1
Tax expense	103.3	347.8
Profit for the year	331.0	835.3

Dividend

Business was impacted in Financial year 2020-21 too due to Covid-19 Pandemic. Therefore, to conserve cash for planned capex for growth and new products and working capital during next year, your Directors do not recommend dividend for the year ended March 31, 2021.

Company Overview

Johnson Controls-Hitachi Air Conditioning is a joint venture Company between Johnson Controls Inc., USA and Hitachi Appliances Inc., Japan (Now, Hitachi Global Life Solutions Inc., Japan), which was formed on 1st October 2015. This joint venture has combined the rich heritage and innovative technology of Hitachi with the industry-leading expertise and global network of Johnson Controls. Johnson Controls-Hitachi Air Conditioning India Limited is a subsidiary of this JV. The Company provides a diversified range of customized and innovative air conditioning products. Hitachi is an established, premium brand in HVAC Segment in India. As a part of its growth strategy, post the global joint venture, the Company has been taking several initiatives to fortify its leadership in the air conditioning market. The Company's product offerings include Room Air Conditioners, Commercial Air Conditioners & Refrigerators.

The Company possesses a wide distribution network with 5 regional offices, 17 branch offices and more than 10,000 sales points. After sales services network comprises of more than 1,500 authorized service providing partners including standalone service partners as well as Sales & Service dealers providing after sales service to customers across length and breadth of India.

Industry Structure and Developments

Indian Air Conditioning market is highly skewed towards Room Air Conditioners (RAC), with RAC contributing as much as 80% of the market. While online sales of RAC have started growing in the recent years, majority of sales still continue to be driven heavily through offline retail showrooms and distribution channels. Moreover, over two thirds of the annual RAC sales take place in the first half of the financial year.

As the pandemic induced nation-wide lockdown was implemented starting March 24, 2020, Room air conditioner market experienced an estimated year on year de-growth of almost 60% during the first half of the year. The subsequent disruption to global supply chains, ocean freight, domestic logistics and overall slump in consumer demand resulted in an overall year on year primary sales decline by approx. 17%.

Business Overview

Room Air Conditioners

Over the past few years consumer's awareness is increasing about Inverter technology and with improved lifestyle, higher disposal income, year-round usage pattern, increasing urbanization, ease of finance options, warranty assurance etc. has led to higher traction of superior technology of Inverter models. Company has anticipated high demand of Inverter technology in advance and has accordingly built up strong product line up of inverter technology driven room air conditioner models.

Company had made a robust plan for summer season of 2020 with new product offerings with latest technology and advanced

features and was ready to reach out to the customer through strong & nationwide channel network with aggressive marketing strategies & plans. Unfortunately, pandemic situation occurred in March 2020, followed by nationwide lockdown during the peak summer season disrupting the sales of air conditioner. During first quarter, usually customer buying of room air conditioner is as high as 50% of the full year, however, during 2020-21 it got reduced significantly due to Covid-19 pandemic induced lockdown.

Company's room air conditioner business, declined by 62% on volume basis in the first half due to pandemic effect but made a strong comeback in the second half with 44% growth in volume and on yearly terms there was de-growth of 18% on volume basis. However, Company managed to retain its market share.

Anticipating pent up demand for 2021 summer season due to low buying in summer of 2020, Company has planned well in advance and has launched new products viz. Kiyora – 5 star Inverter series and Shizen – 3 star inverter series. Apart from new design aesthetics of Kiyora & Shizen, Company has introduced, a unique feature called 'Ambience Light', which makes easy for customer to choose the preferred ambience at a glance to the Air Conditioner. Other features added in existing range of products included (a) WiFi technology Split AC model featured with voice command & mobile app control of Split AC from anywhere (b) Frost wash technology in 3 star inverter category, which cleans the evaporator coil with just a press of a button (c) Heat pump Inverter model which can work between -20 deg C to +52 deg C in 3 star category which is an addition to already having similar feature in 5 star model. [Heat pump models are popular in Northern region] (d) Inverter compressor technology introduced for window AC category (e) expanded the large tonnage capacity range of Takeshi model ranging from 1.7 Tr to 3.1 Tr for big size rooms and (f) Launched 1.0 TR Inverter Split AC in fresh look with introduction of stunning design of outdoor unit & new indoor unit.

Company launched these new products with advanced features as above during virtual launch in February 2021. The launch created lot of excitement with more than 6500 participants attending the event.

For the growth of RAC business, the company plans to continue with its sales strategy of increasing its reach in Tier 2 & 3 towns, strengthening existing channels, expanding nationwide service network, bringing efficiencies to supply chain, enriching product portfolio and positioning brand as an aspirational brand during the year 2021-22.

Creating a comfort for our esteemed customers who are willing to have early adaptation of our advanced features and combining it with improved aesthetics of our new indoor unit with its design philosophy inspired from nature and Japanese roots, so with customer centric approach approach, our Mantra is, "New begins with You".

We are confident that various attributes of Air viz., Silent Air, Surround Air, Odour Free Air, Clean Air and Fresh Air grouped as 'Hitachi Air' combined with new features and improved aesthetics of our new indoor unit with its design philosophy inspired from nature and Japanese roots shall elevate our brand image and it will be able to create a connect with youth.

Commercial Air Conditioners:

Variable Refrigerant Flow (VRF)

VRF technology has been accepted & adopted widely now in Indian market and surpassing PAC market in value terms.

VRF - Variable Refrigerant Flow technology-based Air conditioning system is gaining immense popularity in India with the increasing adoption at offices, hotels, high-end residential apartments, villas, retail stores, supermarkets, hospitals, banks, education institutes etc.

With increased adoption of VRF system in the construction sector in the commercial & residential segments as mentioned above, the awareness is growing about its advantages such as energy efficient HVAC solution as it uses diversity principle of heat load variation pattern in the given context. Besides the energy efficiency part, it also offers flexibility of connecting various types of Indoor units (ductless & ducted type indoor units ranging from 0.8 HP to 20 HP) and can also connect with Air Handling Units (AHU) for specific applications making it more diverse & unique air conditioning system.

Company has introduced Global design platform - VRF Sigma series in mid-2018 for Indian market. This Sigma series has been very well accepted in Indian market. With the introduction of Sigma VRF, Hitachi has become the only Japanese brand having biggest single module up to 24 HP and combination upto 96 HP. VRF Sigma series adopted all inverter compressor design with newly designed high efficiency DC inverter compressor having precise frequency control in the range of 0.1Hz increments with 110 steps. Besides precision compressor control, a Sigma-shape heat exchanger, combined with dual fan for increasing air volume rate, new bell-mouth fan housing design, all electrical & electronic components are well integrated with precise microprocessor and together act as energy enhancers & allow Sigma range to achieve best in class efficiency even at partial load conditions. Easy access for maintenance and designed to work up to 52^{0}C ambient temperature makes it more appropriate & suitable for India's tropical conditions.

Being a customer focused Company, JCH-IN has understood the latent wish of high-end residential customers, high-end cafes, restaurants etc. and has introduced a new range of product called SET FREE mini VRF. SET FREE mini is a unique product designed globally but keeping India's climatic conditions in mind. SET FREE mini works on variable refrigerant flow (VRF) principle and offers completely new experience for the premium homes & spaces. Customer will have an added advantage of choosing from a basket of eight different types of Indoor units and five different types of controllers. Outdoor capacity ranges from 3 HP to 7 HP. Its compact size offers space saving advantage against traditional one to one split AC catering to the similar requirement. Over and above, this new range of mini ODU also has a feature to connect 130 percent of IDU capacity & more as the case may be using cooling load diversity of usage pattern.

SET FREE mini & SET FREE Sigma can be centrally controlled through an innovative IoT VRF management mobile app - airCloud Pro. An intuitive mobile app that anyone can use, airCloud Pro makes managing air conditioning systems simpler than ever before and minimizes human interaction. This technology allows

customers to remotely control the VRF system(s) from a single mobile app, saving energy, easy control, monitoring, fault tracking & offers comfort at fingertips of such a large system.

During 2020-21, VRF market has experienced a de-growth of almost 40% due to pandemic situation. Many commercial projects have been stopped & delayed due to reduced demand, work from home culture and reduced construction activities. During the 2nd half of the year, there's a sign of recovery and market situation started improving. Company had de-growth of almost 50% in terms of outdoor HP in the 1st half due to pandemic and during the second half Company has started recovery from the first half situation. So, overall de-growth was 37% on outdoor HP terms.

Light commercial Air conditioners

Apart from VRF, Company offers large range of Packaged Air Conditioners with green refrigerant & multi circuit option for better part load operation and redundancy. In package AC segment, Company is having good presence with strong channel network. Company also offers one to one cassette ACs including inverter models for showrooms, restaurants, residences etc. During the year, Cassette AC business had a de-growth of 33% business over last year whereas PAC had de-growth of 37% business.

Post Covid period, Company is expecting increase demand on account of improvement in living standards along with recovery of the organized commercial sector characterized by the rising number of hypermarkets, supermarket and offices etc., and Company is expecting the growth of overall commercial chain, which in turn is expected to boost the sale of HVAC packaged units and Cassette ACs in the coming period.

Application-Based Air Conditioners – Telecom Air Conditioners

The Company continues to dominate this segment being the single largest air conditioning solution provider for cooling requirement in Telecom Towers. However, stiff competition and stressed margins in telecom industry has led to lower or marginal investments in Capex based infrastructure. This trend in telecom Industry has severely impacted this segment of our business. The future growth of telecom tower sector would be driven by 5G and IoT business. As demand for internet services continue to spike, owing to Covid 19 pandemic, the existing cellular infrastructure requires to be upgraded. We are hopeful that with the revival of telecom industry, our revenue from this segment will increase in near future.

Exports

The Company ventured into the export business segment four years back. In the last couple of years, the Company has started exporting to South Asian Countries (Nepal, Bhutan, Sri Lanka and Maldives) and South East Asian Countries like Indonesia and Vietnam. We are also exporting our Products in Middle East countries like UAE, Qatar, Oman, Bahrain, Iraq, Kuwait and Saudi Arabia.

This year we have started our direct business operations in Africa and other South Asian countries. With aggressive expansion plans, the Company has already appointed 21 new channel partners in almost 14 new territories (SAARC and Africa included). Company achieved 20% growth in revenue over last year, this growth has majorly come from commencing operations in new territories. This was a welcome development considering the pandemic situation, wherein the existing markets experienced a declining trend in sales.

On Global map, today we are present in Middle East, Africa, South East Asia and South Asia region with not just our made in India product line up, but also other product lineups from Associate Companies established worldwide. The Company expects to increase its exports business in the coming years with much stabilized government policies after recovering from COVID-19 pandemic, which has heavily impacted the global business.

Home Appliances

In the Home Appliance segment, Company deals in premium range of Refrigerators and Air Purifiers.

Current lineup of Hitachi imported refrigerators are designed considering the eating consumption habits of Indian consumers. Company's advance dual fan cooling technology provides independent cooling of Refrigerator & Freezer (R&F) compartment separately and offers fast cooling and energy saving in the new series.

Company aims at offering a variety of premium range of Frost free and Bottom freezer refrigerators as per the Indian customer requirements. Today Hitachi has a complete Frost-free range with 8 series and 26 SKUs- starting from 385 Ltrs gross to 700 Ltrs gross capacity in 2-door, 3-door, and 4-door in top freezer, bottom freezer and side by side segments.

Service

Good Customer Care has always remained a key focus of the Company. The Company aims to offer best in class products along with utmost priority to customer care and after sales service. Customer Satisfaction has always been a crucial part of Company's strategy. For enhancing After Sales Services experience of our Customers, we've embarked upon several initiatives in this financial year. With an objective to serve our customers even better and faster response, we've widened our Network and added another 40 authorized service partners during this financial year, thereby expanding our Service reach.

Another area, where we have focused, is in technology led digitalization of some key service business-processes like implementation and adoption of technician's app, which is helping with faster resolution of customers' complaints, digital non-voice option for customers to register and view status of their service request; WhatsApp integration for customer convenience; online renewal / purchase of Annual Maintenance (AMC); Digital payments and e-AMC documentation.

Industry Outlook

The growth story for Indian Air Conditioning industry remains intact despite the near-terms disruptions caused by the pandemic. There are several critical macro trends such as increasing disposable income, growing demand for residential real estate, growing focus on higher energy efficiency, stable and reliable supply of electricity etc. that are expected to support strong growth of the Room Air Conditioning industry.

While the pandemic has more severely disrupted the demand for air conditioning from commercial segments such as hospitality, commercial real estate, educational institutes, retail stores, shopping malls etc, we expect positive outlook for commercial air conditioning from growing demand for robust medical and health care facilities, pharmacies, cold rooms, warehouses, data centres etc.

Apart from the above, several favourable Government initiatives such as Production Led Incentives (PLI) and Phased Manufacturing Plan (PMP) are expected to boost local manufacturing of critical components for Indian Air Conditioning Industry in the coming years.

Risks, Concerns and Challenges

Seasonality Risk

The Company's core product businesses are seasonal in nature and hence any unfavourable and unforeseen weather events may impact the demand forecast. To mitigate this risk of loss of opportunity or excess inventory, the Company has put in place a demand planning process that allows it to stay nimble and react to seasonal variations.

Supply Chain and Raw Material price fluctuations

The Company, in its endeavour to deliver world class products to its customers, engages in sourcing of key components and raw materials from reliable and high-quality sources across the world. Unforeseen disruptions to global supply chains as well as unfavourable fluctuations in raw material prices may put strain on Company's profitability. To mitigate this risk, the Company has actively engaged in developing a network of local vendors and dual sourcing for key components.

High price elasticity of demand

The Company's core product businesses are subject to high price elasticity of demand. To mitigate this risk, the Company engages in carrying the premium brand image by targeted marketing activities and improve customer stickiness by driving customer loyalty through product differentiation and high-end features.

Technology Changes

The Company's core product businesses operate in highly competitive marketplace with a need to keep pace with technological changes and frequent upgrades. To mitigate this risk, the Company has put in place robust product development process that develops a 3-year roadmap of new products and upgrades combining customer insights, smart technologies, and regulatory requirements.

Human Resources

The Company's Human Resources plays a strategic role in achieving organization goals. It's imperative to have a strategic plan to ensure the right people are hired and trained for the right job at the right time. We have ensured the Company's DNA is inculcated in each employee by creating a safe, diverse and inclusive work culture. In these tougher times, our human resource team has played a key role in reaching out to employees, ensuring safety and general well-being of the workforce.

Human Capital

As on March 31, 2021 the total strength of employees (Staff and Operators) of the Company was 1462. The Company has a diverse talent force which brings varied ideas to the table and improves the overall work culture. There has been a major emphasis on enhancing the human capital and retaining the best talent. This year focus was on getting highly skilled and top-notch talents to the team with varied skills, which has given the organization a competitive edge over others.

Diversity and Inclusion

Diversity and Inclusion has been the main mantra of the Company, with equal opportunities given to all employees. A conscious effort has been made to improve diversity in the organization.

Company already has a significant workforce of female operators in its manufacturing setup. This year gradually in all fields and functions female employees have been inducted to bring more inclusion. The Company believes in women empowerment and has a 'Women's Interaction Support & Engagement' Forum (WISE forum) and Internal Complaint Committee (ICC) in place to reach out to all female employees. International Women's Day 2021 was celebrated on the theme of #ChoosetoChallenge. A plethora of activities were organized on 'International Women's Day' with gender sensitization training for all employees and felicitating female operators.

COVID Response Team (CRT)

The Company is committed to provide a safe and healthy workplace for all employees and customers. With the opening up of all offices and markets, an action plan was required to be formulated to deal with various COVID-19 related scenarios that employees may experience. The COVID response team (CRT) which was set up by the company ensured systematic response and support at various levels for proper management of various situations an employee and his family encountered in relation to COVID-19.

Performance Management

Career Conversations and Talent Assessment process - Career Conversation is a discussion between an employee and their manager that supports the employee in developing career goals, as well as an action plan for achieving these goals while Talent Assessment is a process to assess employee potential, have a better grasp on their aspirations and abilities to fulfil future roles. All employees were encouraged to complete their career profiles in system which led to having organised and documented career conversations and talent assessment process.

Talent Development

In this changing scenario, it's essential to develop the competencies and skills of the existing workforce. "TREND (Technical Skill

Recast Evaluate N Develop)"- JCH-IN intends to build a culture of "Continuous Improvement" and "Zero Harm'" among its Plant Operators. To enhance the skill level, the operators need to be assessed on their level of technical skills as per their deployment of current processes and machines. To differentiate operators into different badges (i.e, Expert, Skilled, Entry level). Technical assessments were conducted under the TREND program during August 2020 and September 2020. A total of 637 permanent operators were assessed under the TREND program.

The Company values its workforce and considers them as the main catalyst for its growth. The organization believes in creating a motivated and committed talent force wherein equal career opportunities are being given to all and there is a continuous learning process.

Internal Control and Systems

The Company has a well-defined and adequate internal control system commensurate to the size of its business and the nature of industry it operates in. The Internal Control system ensures safeguarding and protecting the assets of the Company. Internal Audit has been conducted by external Auditors at plant as well as at all the branches of the Company within the detailed scope defined and approved by the Audit Committee. The Internal Audit is planned to substantiate and review the adequacy of internal controls and laid down procedures & systems.

Observations of Internal Auditors and the detailed plan of action are reviewed and discussed at the meetings of the Audit Committee on a periodic basis.

Auditors

At the Annual General Meeting held on July 25, 2016 (AGM-2016), Price Waterhouse & Co. Chartered Accountants LLP (Firm Registration No. 304026E / E300009) were appointed as Auditors of the Company to hold office from the conclusion of AGM-2016 till the conclusion of the sixth consecutive Annual General Meeting (AGM-2021).

Pursuant to Section 139(2) of the Companies Act, 2013 and subject to the recommendation of Audit Committee meeting and Board meeting and approval of Shareholders at AGM-2021, Price Waterhouse & Co. Chartered Accountants LLP (Firm Registration No. 304026E / E300009) is eligible to be re-appointed as Statutory Auditors of the Company for second term from conclusion of AGM-2021 till the conclusion of sixth Annual General Meeting (AGM-2026) (from FY 2021-22 to FY 2025-26).

Audit Committee meeting and Board Meeting held on 25th May, 2021, approved re-appointment of Price Waterhouse & Co. Chartered Accountants LLP (Firm Registration No. 304026E / E300009) as Statutory Auditors of the Company for second term from conclusion of AGM-2021 till the conclusion of sixth Annual General Meeting (AGM-2026) (from FY 2021-22 to FY 2025-26).

In that regard, Auditors have provided a consent letter as per Section 139(1) (first proviso) read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014.

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.

Change in Board of Directors

During the year under review, there was no change in Board of Directors.

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(1) 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. Gurmeet Singh	Chairman and Managing Director	22%	20: 1
Mr. Shinichi Iizuka	Director	NA	NA
Mr. Yoshikazu Ishihara	Director	NA	NA
Mr. Ashok Balwani	Independent Director	NA	0.7 : 1
Mr. Mukesh Patel	Independent Director	NA	0.7 : 1
Ms. Indira Parikh	Independent Director	NA	0.7 : 1
Mr. Rishi Mehta	Chief Financial Officer	18%	8.2 : 1
Mr. Parag Dave	Company Secretary	1%	2.3 : 1

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 19%
Percentage increase in the median remuneration of employees in the financial year	7%
No. of permanent employees on the rolls of Company	1462
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 7% - Total remuneration of KMP increased by 19%

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.

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: Four meetings of the Board of Directors of the Company were held during the year under review on June 23, 2020, August 07, 2020, October 29, 2020 and February 09, 2021.
2. Members of the Audit Committee are as under:
   a. Mr. Mukesh Patel – Chairman
   b. Mr. Ashok Balwani – Member
   c. Ms. Indira Parikh – 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 of the CSR amount spent for the year 2020-21 is attached as Annexure-A. Details about the Policy on Corporate Social Responsibility (CSR) and projects to be implemented by the Company for the year 2021-22, as required under Section 134(3)(o), 135(2) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 has been placed on the website of the Company and Weblink is as under: https://buy.hitachiaircon.in/content/investors
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) has been placed on the website of the Company and Weblink is as under:
https://buy.hitachiaircon.in/content/investors

6. No commission paid to Directors of the Company, so no disclosure is required to be made under Section 197(14).

7. The Draft Annual Return in form MGT-7 as provided under sub-Section (3) of section 92 has been placed on the website of the Company and Weblink is as under:
https://buy.hitachiaircon.in/content/investors

8. No loan was granted by the Company to any person to purchase or subscribe to fully paid-up shares of the Company.

9. Details of the significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor, including:

Financial Ratios		2020-21	2019-20*	Change %
(i)	Debtors Turnover	6.35	6.25	1.56%
(ii)	Inventory Turnover*	1.44	2.18	-33.84%
(iii)	Interest Coverage Ratio*	18.33	104.87	-82.52%
(iv)	Current Ratio	1.46	1.39	5.26%
(v)	Debt Equity Ratio*	0:1	0.23 : 1	-
(vi)	Operating Profit Margin (%)	7.61%	8.21%	-7.25%
(vii)	Net Profit Margin (%)*	2.01%	3.80%	-47.11%
(viii)	Return On Net Worth*	4.59%	12.13%	-62.20%

*Explanation

- Figures of LY regrouped.
- Inventory turnover ratio is lower due to decline in sales in FY 2020-21 due to Covid19.
- Impact in Interest coverage ratio, Net Profit Margin and Return on Net Worth is due to lower profit in FY 2020-21 due to Covid19.
- Debt Equity Ratio has improved compared to last year due to Zero Debt as at the end of FY 2020-21.

10. 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 B.

11. There is no material fraud reported by Auditors under Section 143(12) of the Companies Act, 2013 during the year under review. One fraud case was reported by the Company to Audit Committee and Auditors in which four employees and one service provider were found to be involved. Company initiated necessary legal action and consequently was able to recover the defrauded amount.

12. 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 ₹ 150 Million against the credit facilities availed by dealers.

13. 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.

14. There is no Company which has become or ceased to be its subsidiary, joint venture or associate Company during the year.

15. During the year, Company has not accepted deposits covered under Chapter V.

16. There is no qualification, reservation or adverse remark or disclaimer made by the Auditors in their report.

17. There is no qualification, reservation or adverse remark or disclaimer made by the Company Secretaries in practice in their Secretarial Audit Report.

18. 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.

19 Details of complaints relating to sexual harassment during the year under review:

Number of complaints pending as on 31st March, 2020 : 0

Number of complaints received during the year : 2

Number of complaints disposed of during the financial year : 1

Number of complaints pending as on 31st March, 2021 : 1

20. 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 C to this report.

21. The information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules'), forms part of this Report. However, as per second proviso to Section 136(1) of the Act and second proviso of Rule 5(3) of the Rules, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2) of the Rules. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

22. Related party transactions under Section 188(1): All transactions entered by the Company with related parties during the year under review were in ordinary course of business and on an arm's length basis. There were no material Related Party Transactions (RPTs) undertaken by the Company during the year that require shareholders' approval under Section 188 of the Act or under Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Therefore, the disclosure in Form AOC-2 under Section 134(3)(h) of the Companies Act, 2013 is not applicable.

Policy on dealing with Related Party Transactions has been disclosed on Company's website and a weblink is as under:

https://buy.hitachiaircon.in/content/investors

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 by the Company 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 has been disclosed on Company's website and a weblink is as under: https://buy.hitachiaircon.in/content/investors.
29. Company has complied with Secretarial Standards applicable to Company.

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 25, 2021

Gurmeet Singh
Chairman & Managing Director

Annexure A

CSR activities or Financial Year 2020-21

(For the year ended 2020-21)

1. **Brief outline on CSR Policy of the Company.**

Corporate Social Responsibility (CSR) is the contribution from the Corporate towards Social and Economic development of Society. The purpose of CSR has been to catalyze 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 Company'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.

2. **Composition of CSR Committee:**

Sr	Name of Director	Designation Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Gurmeet Singh	Chairman of the Committee (Chairman & Managing Director of the Company)	2	2
2	Mr. Yoshikazu Ishihara	Member of the Committee (Director of the Company)	2	2
3	Mr. Ashok Balwani	Member of the Committee (Independent Director of the Company)	2	2

3. **Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.**

https://buy.hitachiaircon.in/content/investors

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).**

Not applicable

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

Sr	Financial Year	Amount available for set-off from preceding financial years	Amount required to be set-off for the financial year, if any
		Not applicable	

6. **Average net profit of the Company as per section 135(5):** INR 1,334.8 Million

7. (a) **Two percent of average net profit of the Company as per section 135(5):** INR 26.7 Million

   (b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years. :** Nil

   (c) **Amount required to be set off for the financial year, if any:** Nil

   (d) **Total CSR obligation for the financial year (7a+7b-7c):** INR 26.7 Million

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (INR in Million)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
29.3	Nil	Nil	Nil	Nil	Nil

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Project dura-tion	Amount allocated for the project	Amount Spent in the current financial year	Amount transferred to Unspent CSR Account for the project as per section 135(6)	Mode of Imple-menta-tion - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Regn. No.
Not applicable												

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project (INR in Million)	Mode of imple-menta-tion - Direct (Yes / No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Regn. No.
1	Physical Health Center - Karannagar Village	Health	Yes	Gujarat	Mehsana	0.5	Yes	Not Applicable	Not Applicable
2	Training of Electrification at construction site	Skill Development	No	Pan India		2.1	No	Invired Foundation (India Vision)	-
3	Vocational Training – ITI, Kadi	Skill Development	Yes	Gujarat	Mehsana	1.5	Yes	Not Applicable	Not Applicable
4	Vocational Training – ITI, Telangana	Skill Development	No	Telangana	Hyderabad	3.0	Yes	Not Applicable	Not Applicable
5	Construction of Panthoda School, Panthoda Village	Education	Yes	Gujarat	Mehsana	8.6	Yes	Not Applicable	Not Applicable
6	Projectors with local language content Irana, Devusana and Indrad Village	Education	Yes	Gujarat	Mehsana	0.6	Yes	Not Applicable	Not Applicable
7	Empowering Women power & Distribution of Sanitary Napkins – Villages nearby Plants	Empowering Women Power	Yes	Gujarat	Mehsana	0.2	Yes	Not Applicable	Not Applicable
8	Intensive Training, Coaching & other expenses – Pan India	Empower-ing differe-ntly abled	No	Pan India		4.8	No	Shirdi Saibaba Foundation	
9	Construction of 201 Toilets-Dudhai, Devusana, Dhanot and Irana Village	Sanitation	Yes	Gujarat	Mehsana	7.0	Yes	Not Applicable	Not Applicable
	Total					**28.3**			

(d) Amount spent in Administrative overheads: INR 1.0 Million

(e) Amount spent on Impact Assessment, if applicable: Not applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : INR 29.3 Million

(g) Excess amount for set off, if any

Sr.	Particular	Amount (INR in Million)
(i)	Two percent of average net profit of the Company as per section 135(5)	26.7
(ii)	Total amount spent for the Financial Year	29.3
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2.6
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	2.6

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

Sr.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
			Nil				

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project Completed / Ongoing
					Nil			

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

(a) Date of creation or acquisition of the capital asset(s): 01.10.2016

(b) Amount of CSR spent for creation or acquisition of capital asset: INR 1.4 Million

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

Primary Health Center, Department of Health, Government of Gujarat, Karannagar village, Kadi, Dist.: Mehsana

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

Ambulance was purchased as CSR expenditure in 2016 and was operating at the Primary Health Center, Karannagar Village. Said Ambulance was providing services to around 15 Villages near Primary Health Center.

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5).

Not applicable.

Implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company. The funds so disbursed have been utilized for the purposes and in the manner as approved by it.

For Johnson Controls-Hitachi Air Conditioning India Limited

Gurmeet Singh
Chairman & Managing Director
(Chairman CSR Committee)

Annexure - B

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March, 2021

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

To,
The Members,
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, 2021 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, 2021 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, 2018;

   (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, 2018; (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) SEBI 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.

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. except the following:

1. The 35th Annual General Meeting of the members of the Company was held on 15th September, 2020 through VC/ OAVM in terms of MCA General Circular nos. 14/2020 Dated 8th April, 2020, 17/2020 Dated 13th April, 2020 and 20/2020 Dated 5th May, 2020.

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

Mahesh C Gupta
Proprietor
FCS: 2047 (CP: 1028)
UDIN: F002047C000364443

Place: Ahmedabad
Date: 25th May, 2021

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 of Secretarial Audit Report

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. In the situation of COVID-19 pandemic and resultant lockdown, we have conducted the Secretarial Audit based upon the online documents/ information provided by and discussion with the management, without personal visit to the Company's premises.
4. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards, is the responsibly of the management. Our examination was limited to the verification of the procedures on test basis.
7. 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)
UDIN: F002047C000364443

Place: Ahmedabad
Date: 25th May, 2021

Annexure C

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

Total kWh Savings during the Year = 239828 kWh with several areas having recurring year on year benefits

Total SCM Savings during the Year = 38196 SCM with several areas having recurring year on year benefits.

1. Air Compressor switching technique was improved by developing an in-house programmable logic control based on actual demand. This helped in operating compressor efficiently and balance sequencing of air compressor to reduce unload hours of compressor. By doing this there were savings in Power cost.
2. Lowering the heating Oven temperature in existing set up resulted in good savings in Fuel cost. Along with this speed also increased thereby increasing productivity and hence reduced power consumption per unit.
3. By putting the existing UPS to optimum use, Company could reduce 'no load' loss of UPS. as well as Air conditioning power cost which was running 24 X 7 X 365.
4. By sourcing power from renewable energy sources, Company was able to reduce dependence on traditional energy sources viz., thermal. It also saved Power costs for the company.

Research, Development and Technology Absorption

1. **Iconic Wave Panel Design:** This year Company has developed new Front Panel for split AC Indoor Unit for India Market for making the primary consideration of buying Hitachi Product in the mind of Indian customers. The new Design is in alignment of future upcoming GVBL-RAC IDU- "Iconic Wave Design". New Panel has also added Kintsugi Inspired fusion line. This change is necessary to introduce new looks of split air-conditioner and operate with existing same sales price in FY21. This change helped to impress our channel partners with New Design/Aesthetics YOY, so that they increases their brand advocacy. New Panels will help us to refresh the entire range, create the differentiation in Channels also will help us to cope with the expectation of trade in terms of New Launches.
2. **Wi-Fi Technology for Domestic Market:** Company is going to launch Wi-Fi feature (Built in Type Inside Indoor Unit) for Air Conditioners. This feature enables operating Air conditioner remotely through Andorid/iOS Smartphone application. With this feature, customer can access Air Conditioner from anywhere, anytime to control the temperature without physical presence as well as check Air conditioner usage and schedule maintenance alerts.
3. **Smallest size ODU for 1.0TR Series:** This year Company has developed 1.0 TR Air Conditioner model series with Hitachi's Smallest size ODU 'Kohaba'. To bring competitiveness in mass and standard 1.0TR segment, JCH-IN had decided to reduce the product cost by a significant margin to be distinguished among competition and this cost efficient product can be the first consideration for a customer.

   For executing this strategy, JCH-IN has developed New Outdoor unit which is -

   a. Cost efficient design for 1.0TR Category leading to significant cost reduction
   b. Smallest design among competitors (significant size reduction than existing ODU)
   c. Capable for meeting the required specs (Same Specification achieved considering BEE Norms and de-rating capacities)
4. **Ambience Light Feature:** This year along with Iconic Wave panel, Company has introduced Ambience Light feature. This design is inspired by the seasons of the year like Cool, comfort and warm. The feature is designed keeping in view the customers comfort level. This ambience light feature helps to indicate three zones of ambience in the environment by set temperature range in indoor unit as below

   a. Cool Ambience Zone for set temperature : 16~23^{0}C, Ambience light will display in Blue Color which represent coolness of the surrounding
   b. Comfort Ambience Zone for set temperature : 24~27^{0}C, Ambience light will display in Green Color which represent comfortable surrounding
   c. Warm Ambience Zone for set temperature : 28~32^{0}C, Ambience light will display in Red Color which represent Warmth of the surrounding
5. **Antivirus Coated Filters For Domestic Market:** Considering Covid Pandemic, Company decided to provide solution in terms of Air filtration through Air filter installed in the Indoor units. So that the return air will be germ free and virus free, so as the room environment will become Antiviral. For this Company has developed Antivirus coated filter for all Indoor units. These Filter are coated with antivirus coating which deactivates 99% Virus and bacteria. This will help to provide pure air in room and protect from harmful virus and bacteria.
6. Company has taken a step to introduce R-32 refrigerant in Window Air-conditioner category in 1.0TR & 1.5TR series. The key consideration for this development was to establish a place in rapidly growing market to adopt most Eco friendly refrigerant. These models having R-32 refrigerant are more energy efficient as compared to R-22 refrigerant based models. By using R-32 refrigerant technology we were able to achieve higher star rated products. In fact, in some of the models we could achieve the desired star rating as per revised BEE star rating applicable from 1st Jan, 2022 as well.

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.

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 in 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 six members. 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. As on March 31, 2021, Board of the Company consists of one (1) Executive Director (Chairman and Managing Director), two (2) Non-executive Directors and three (3) Independent Directors (Including one (1) woman Director).

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 Indian Companies (Including this Company)	No. of Committees* Position held as	
			Chairman	Member
Mr. Gurmeet Singh	Chairman / Executive (Managing Director)	1	-	1
Mr. Shinichi Iizuka	Promoter / Non-Executive	1	-	-
Mr. Yoshikazu Ishihara	Promoter / Non-Executive	1	-	1
Mr. Ashok Balwani	Non-Executive / Independent	1	-	1
Ms. Indira Parikh	Non-Executive / Independent	2	-	2
Mr. Mukesh Patel	Non-Executive / Independent	3	3	6**

*Includes only Audit Committee and Stakeholders Relationship Committee.

**Mr. Mukesh Patel is member in 6 committees out of which he is chairman in 3 committees.

Directors are holding Directorship in following Listed Companies (excluding this Company)

Name of Director	Name of Company	Category of Directorship
Mr. Mukesh Patel	Cadila Healthcare Limited The Sandesh Limited	Independent Director Independent Director
Ms. Indira Parikh	Force Motors Limited	Independent Director

Skills/expertise/competence of the Board

List of Core Skills / expertise / competencies identified by the Board of Directors as required in the Context of the Company's Business for it to function effectively and available with the Board are as under:

Skills		Mr. Singh	Mr. Iizuka	Mr. Ishihara	Mr. Balwani	Ms. Parikh	Mr. Patel
Leadership skill	Experience to lead and advise large scale organization	√	√	√	√	√	√
	Guiding Board / Company on all aspects of business and having high governance standards	√	√	√	√	√	√
	Helping to build team's confidence to use own initiative	√	√	√	√	√	√
	Inspiring team with a vision for success	√	√	√	√	√	√
	Effective Delegation	√	√	√	√	√	√
Vision, Strategic planning and Decision Making	Know where business is heading and how to position it to get desired goals	√	√	√	√	√	√
	Understand the challenges and opportunities business faces and the advice best ways to address them	√	√	√	√	√	√
	Intuition, reasoning and application of techniques	√	√	√	√	√	√
	Analysis and use of information	√	√	√	√	√	√
	Risk Management and mitigation capabilities	√	√	√	√	√	√
Business skill	Industry knowledge - Experience and knowledge of the Air conditioning and Refrigeration Industry	√	√	√	√	√	√
	Design and development of products of the Company	√	√	√	√		
	Procurement and buying – managing contracts, stock control and inventory planning	√	√	√	√	√	√
	Production – knowledge of effective and efficient processes of production	√	√	√	√		
	Marketing - advertising, promotion and PR, Sales - pricing, negotiating, customer service and tracking competitors	√	√	√	√	√	√
Functional Skill	Finance - Ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows, and knowledge of accounts and taxation, Budgeting, cash flow planning and credit-management	√	√	√	√	√	√
	Legal – Understanding laws and regulations relevant to Company / Industry	√	√	√	√	√	√
	Internal Controls – Ability to advice on strengthening of checks and balances	√	√	√	√	√	√
	Personnel - recruitment, dispute resolution, motivating staff and managing training	√	√	√	√	√	√
Team Management Skills	Ensure team knows their role	√	√	√	√	√	√
	Set clear goals and communicate	√	√	√	√	√	√
	Put in place clear lines of communication	√	√	√	√	√	√
	Clarify lines of responsibility	√	√	√	√	√	√
	Involve all team members in decision-making as much as possible	√	√	√	√	√	√
	Introduce ways to manage and resolve differences	√	√	√	√	√	√

Certification regarding Directors

Company has obtained a certificate from Tejal Shah & Associates that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Independent Directors

Company has received declarations from Independent Directors under Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Board opines that they meet criteria of Independence and they fulfill the conditions specified in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

No Independent Director has resigned during the year.

The independent directors of the Company held a meeting during the year, without the presence of non-independent directors and members of the management, and all the independent directors were present at the said meeting.

The details of familiarization program have been disclosed on the Company's website and a web link is as under:
https://buy.hitachiaircon.in/cms/materials/97fb4fad4e.pdf

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, 2020 to March 31, 2021, 4 (Four) Board Meetings were held, i.e., on June 23, 2020, August 07, 2020, October 29, 2020 and February 09, 2021. The last Annual General Meeting (AGM) was held on September 15, 2020. The attendance of Directors at these Board Meetings and the last AGM were as under:

Name of Director	Board Meetings	Annual General Meeting
Mr. Gurmeet Singh	4	Present
Mr. Shinichi Iizuka	4	Present
Mr. Yoshikazu Ishihara	4	Present
Mr. Ashok Balwani	4	Present
Ms. Indira Parikh	4	Present
Mr. Mukesh Patel	4	Present

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, 2021 are as under:

Name of Director	No of Shares held
Mr. Shinichi Iizuka	Nil
Mr. Yoshikazu Ishihara	Nil
Mr. Ashok Balwani	Nil
Ms. Indira Parikh	Nil
Mr. Mukesh Patel	1,500

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 177 of the Companies Act, 2013.

Members of the Audit Committee as on March 31, 2021 are as under:

Mr. Mukesh Patel – Chairman

Mr. Ashok Balwani – Member

Ms. Indira Parikh – Member

During the year from April 01, 2020 to March 31, 2021, 4 (Four) Audit committee meetings were held, i.e., on June 23, 2020, August 07, 2020, October 29, 2020 and February 09, 2021. Attendances of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	4
Mr. Ashok Balwani	4
Ms. Indira Parikh	4

Nomination and Remuneration Committee

Nomination and Remuneration Committee takes 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 as on March 31, 2021 are as under:

Mr. Mukesh Patel – Chairman

Mr. Ashok Balwani – Member

Ms. Indira Parikh – Member

Mr. Shinichi Iizuka – Member

During the year under review, 1 (One) Nomination and Remuneration Committee Meeting was held, i.e., on February 09, 2021. Attendance of the members at this meeting was as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	Present
Mr. Ashok Balwani	Present
Ms. Indira Parikh	Present
Mr. Shinichi Iizuka	Present

Terms of Appointment / Remuneration

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

Services of the Chairman & Managing Director may be terminated by either party, giving the other party 90 days' notice or either party paying 90 days' salary in lieu thereof.

Independent Directors are paid sitting fees of ₹ 80,000 for attending Board meeting, ₹ 80,000 for attending Audit Committee Meeting, ₹ 60,000 for attending CSR Committee meeting, ₹ 20,000 for attending Nomination and Remuneration Committee Meeting, ₹ 20,000 for attending Executive Committee Meeting and ₹ 30,000 for attending Stakeholders Relationship Committee Meeting.

Details of Remuneration of directors during the year under review are as under:

(Rs in Million)

Name of Director	Salary	Perquisites	Performance linked Incentives*	Retirement benefits	Sitting Fees	Total Remuneration
Mr. Gurmeet Singh	20.6	0.1	1.0	1.4	Nil	23.1**
Mr. Shinichi Iizuka	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Yoshikazu Ishihara	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Mukesh Patel	Nil	Nil	Nil	Nil	0.8	0.8
Mr. Ashok Balwani	Nil	Nil	Nil	Nil	0.8	0.8
Ms. Indira Parikh	Nil	Nil	Nil	Nil	0.8	0.8

*These are primarily based on objective evaluation of individual and the Company performance against pre-set performance parameters.

** Remuneration does not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

No Director is holding share under Stock Option since no Stock Option Scheme has been given 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 on the website of the Company.

Stakeholders Relationship Committee

Stakeholders Relationship Committee consisted of following members as on March 31, 2021:

Mr. Mukesh Patel – Chairman

Mr. Gurmeet Singh – Member

Mr. Yoshikazu Ishihara – Member

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

Number of pending complaints as on April 01, 2020	1
Number of complaints received	1
Number of complaints redressed	2
Number of pending complaints as on March 31, 2021	Nil

All the complaints and share transfers requests were redressed within one month except one (1) complaint which was pending due to a technical reason.

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:
https://buy.hitachiaircon.in/content/investors

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 stricture has been imposed on the Company for such matters by Stock Exchanges or SEBI or any statutory authority.

Commodity price risk/foreign exchange risk and hedging activities

The Company's robust planning and strategy ensures that its interest is protected against Foreign Currency fluctuation risk and Commodity price risk in general. The Company enters into forward contracts to hedge against its foreign currency exposures. However, Company do not enter into forward contracts to hedge against the Commodity price risk.

The details of foreign exchange exposures as on March 31, 2021 are disclosed in Notes to the financial statements.

Performance evaluation criteria for independent directors

The performance evaluation of Independent Directors is done by Board of Directors, excluding the Director being evaluated. While making assessment, Board considers the

active participation during discussions on various agenda items on the basis of his/her experience and expertise.

Credit rating

Company is not required to obtain credit rating as during the year under review no debt instruments were issued by the Company. There is no fixed deposit program or any scheme or proposal involving mobilization of funds whether in India or abroad.

No preferential allotment or qualified institutions placement

During the year under review no preferential allotment or qualified institutions placement was made by the Company.

Total Fees paid to Auditors

Company has paid total fees of ₹ 5.5 million (excluding reimbursement of expenses) during the year to Statutory Auditors.

Disclosure in relation to Sexual harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Number of complaints pending as at beginning of the year (1st April, 2020)	Nil
Number of complaints received during the year	2
Number of complaints disposed of during the financial year	1
Number of complaints pending as on March 31, 2021	1

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.

Others:

a. There is no non-compliance of requirement under sub para (2) to (10) of Schedule V(C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

b. There is no share in demat suspense account / unclaimed suspense account. Accordingly, no disclosure is required under Schedule V(F) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

c. Company has not adopted non-mandatory requirements as prescribed under Schedule II(E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

d. The Company has complied with corporate governance requirements as specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Information relating to last three Annual General Meetings

Date and Time: July 27,2018, 9.30 a.m

Venue: Center for Environment Education, Nehru Foundation for Development, Vastrapur-Gurudwara Road, Ahmedabad: 380054

Special resolutions passed:

1. To approve continuation of appointment of Ms. Indira Parikh as an Independent Director of the Company.

Date and Time: August 14, 2019, 9.30 a.m

Venue: Center for Environment Education, Nehru Foundation for Development, Vastrapur-Gurudwara Road, Ahmedabad: 380054

Special resolutions passed:

1. To approve continuation of appointment of Mr. Ashok Balwani as an Independent Director of the Company.
2. To approve continuation of appointment of Mr. Mukesh Patel as an Independent Director of the Company.
3. To revise remuneration of Mr. Gurmeet Singh, Chairman and Managing Director of the Company.

Date and Time: September 15, 2020, 9.30 a.m

Venue: Through Video Conferencing / Other Audio Video Means (Deemed Venue - Registered Office, 9th Floor, Abhijeet-1, Mithakhali Six Roads, Ahmedabad: 380006)

Special resolutions passed:

1. To approve re-appointment of Mr. Gurmeet Singh as Chairman & Managing Director of the Company.

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

Means of communication

The quarterly results are published in Business Standard (English) and Jaihind (Gujarati) and the same are also displayed on the website of the Company https://buy.hitachiaircon.in/content/investors. 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
Wednesday, 15th September, 2021	10.00 a.m.	Video Conferencing

Financial year: From April 01, 2020 to March 31, 2021

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 2021-22 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:

	Company's Share Price quoted at BSE		SENSEX		Company's Share Price quoted at NSE		NIFTY	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
April-2020	2,566.00	2,000.00	33,887.25	27,500.79	2,574.00	2,010.00	9,889.05	8,055.80
May-2020	2,489.00	2,050.00	32,845.48	29,968.45	2,460.00	2,055.00	9,598.85	8,806.75
June-2020	2,650.00	2,241.05	35,706.55	32,348.10	2,639.80	2,242.20	10,553.15	9,544.35
July-2020	2,307.35	2,043.70	38,617.03	34,927.20	2,304.75	2,032.80	11,341.40	10,299.60
August-2020	2,440.95	2,000.00	40,010.17	36,911.23	2,439.80	1,980.05	11,794.25	10,882.25
September-2020	2,350.00	2,027.75	39,359.51	36,495.98	2,348.50	2,025.10	11,618.10	10,790.20
October- 2020	2,450.00	2,092.00	41,048.05	38,410.20	2,393.95	2,089.90	12,025.45	11,347.05
November-2020	2,306.80	2,106.00	44,825.37	39,334.92	2,308.80	2,101.50	13,145.85	11,557.40
December-2020	2,747.00	2,080.00	47,896.97	44,118.10	2,750.00	2,031.20	14,024.85	12,962.80
January-2021	2,844.05	2,400.00	50,184.01	46,160.46	2,850.00	2,399.45	14,753.55	13,596.75
February-2021	2,659.95	2,399.75	52,516.76	46,433.65	2,665.00	2,403.35	15,431.75	13,661.75
March-2021	2,936.70	2,505.00	51,821.84	48,236.35	2,940.00	2,500.00	15,336.30	14,264.40

The Equity Shares of the Company were not delisted or suspended during the year ended March 31, 2021.

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, 2021

Category	No. of Shares Held	% of Shareholding
Promoters' Holding	20,190,529	74.25
Non-Promoters' Holding		
Mutual Funds	3,611,583	13.28
Alternate Investment Funds	213,357	0.79
Foreign Portfolio Investors	255,449	0.94
Financial Institutions/ Banks	3,392	0.01
Insurance Companies	248,043	0.91
IEPF	142,342	0.53
Bodies Corporate	201,751	0.74
NRIs	114,448	0.42
Individuals	2,209,990	8.13
Total	**27,190,884**	**100.00**

Distribution of shareholding as on March 31, 2021

Shares Balance	No. of Holders	% of Holders	No. of Shares	% of Shares
1-500	22954	97.39	1355072	4.98
501-1000	333	1.41	249809	0.92
1001-2000	120	0.51	173677	0.64
2001-3000	42	0.18	105126	0.39
3001-4000	18	0.08	65703	0.24
4001-5000	10	0.04	47446	0.17
5001-10000	40	0.17	311284	1.14
10001 and above	53	0.22	24882767	91.52
Total	**23570**	**100.00**	**27,190,884**	**100.00**

Dematerialization of shares and liquidity

The Company's shares are available for dematerialization on both the depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). As on March 31, 2021, 26,926,102 (99.03%) shares of the Company were in Dematerialized form. Demat ISIN No. of the Equity Shares of the Company is: 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 – 384 440 Ta.: Kadi, Dist.: Mehsana, Gujarat

Addresses for Correspondence

Company:

Johnson Controls-Hitachi Air Conditioning India Limited.
9th Floor, Abhijeet-1, 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

Gurmeet Singh
Chairman and Managing Director

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of **Johnson Controls-Hitachi Air Conditioning India Limited**

We have examined the compliance of conditions of Corporate Governance by Johnson Controls-Hitachi Air Conditioning India Limited, for the year ended March 31, 2021 as stipulated in Regulations 17, 17A 18, 19, 20, 21, 22, 23, 24, 24A, 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 (as amended) (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

Sachin Parekh
Partner
Membership Number: 107038
UDIN: 21107038AAAAEG3435

Place: Mumbai
Date: May 25, 2021

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
3.	Registered address	9th Floor, Abhijeet-1, Mithakhali Six Roads, Ahmedabad: 380006
4.	Website	https://www.hitachiaircon.in/
5.	E-mail id	parag.dave@jci-hitachi.com
6.	Financial Year reported	April 01, 2020 to March 31, 2021
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 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)	None
	b. Number of National Locations	Five Regional Offices, Seventeen Branch Offices, Four Engineering Excellence Centre
10.	Markets served by the Company – Local/State/National/ International	Pan India

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	271.9 Million
2.	Total Turnover (INR)	16465.4 Million
3.	Total profit after taxes (INR)	331.0 Million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) of current year	2.09%
5.	List of activities in which expenditure in 4 above has been incurred	7

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

2. (a) Principle-wise (as per National Voluntary Guidelines) 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 been formulated in consultation with the relevant stakeholders?	All policies have been formulated in consultation with the 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: https://www.hitachiaircon.in/about								
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?	No								

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 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

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 anti-bribery and anti-corruption laws, competition laws, travel gift and entertainment policy, 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 relevant Stakeholders under Johnson Controls Ethics Policy. Such complaints are handled globally by Johnson Controls. At local level, such type of complaints are handled by HR Department of the Company.

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

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. **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 Johnson Controls. At local level, such type of complaints are handled by HR Department of the Company.

3. **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.
      - We have installed and commissioned Effluent Treatment Plant having capacity of 100 KLD with provision of Primary Secondary and Tertiary treatment facilities to improve quality of treated water.
      - We have installed and commissioned Sewage Treatment Plant having capacity of 250 KLD with provision of MBBR technology to improve quality of treated water.
      - 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.

   b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
      1. Air Compressor switching technique was improved by developing an in-house programmable logic control based on actual demand. This helped in operating compressor efficiently and balance sequencing of air compressor to reduce unload hours of compressor. By doing this there were savings in Power cost.
      2. Lowering the heating Oven temperature in existing set up resulted in good savings in Fuel cost. Along with this speed also increased thereby increasing productivity and hence reduced power consumption per unit.
      3. By putting the existing UPS to optimum use, Company could reduce 'no load' loss of UPS. as well as Air conditioning power cost which was running 24 X 7 X 365.
      4. By sourcing power from renewable energy sources, Company was able to reduce dependence on traditional energy sources viz., thermal. It also saved Power costs for the company.

4. **Does the company have procedures in place for sustainable sourcing (including transportation)?**
   (a) If yes, what percentage of your inputs was sourced sustainably?
      - 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.

5. **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.

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

- Plastic waste is sent to GPCB registered and authorized recycler.
- Industrial Effluent and Sewage is treated in the effluent treatment plant and sewage treatment plant for treatment of waste water and treated water from ETP and STP is used in washroom flushes and maintaining a green belt.
- The Company complies with the requirements of RoHS & E-Waste Management Rules.

Principle 3 : Businesses should promote the wellbeing of all employees

1.	Please indicate the Total number of employees:	1462
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	3110
3.	Please indicate the Number of permanent women employees.	69
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?	43%
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	2	1
c.	Discriminatory employment	Nil	Nil
8.	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?		
		Skill upgradation	**Safety**
a.	Permanent Employees	43%	13%
b.	Permanent Women Employees	42%	13%
c.	Casual/Temporary/Contractual Employees	35%	13%
d.	Employees with Disabilities	-	-

Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

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 : Businesses should respect and promote human rights

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 : Business should respect, protect, and make efforts to restore the environment

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.? Y/N. If yes, please give hyperlink for webpage etc.**
   - Yes. The Company is committed towards a sustainable global environment by encouraging use of R410 & R32 refrigerant which is an eco-friendly gas. Hence preventing ozone layer depletion.
   - 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 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 minimize waste.
   - Additionally, we have also implemented organic convertor, where all food and organic wastes are converted to compost and used for gardening.
   - Company has upgraded its waste water treatment plant to improve the treatment and increasing the treatment capacity.

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 efficiency and enhancement of eco-friendly products like usage of R410A & R32 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 2019-20 are within permissible limits given by CPCB / SPCB.
   - Analysis of treated effluent is carried out by NABL accredited and 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, 2021, there is no pending show cause or legal notice received from CPCB or SPCB.

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

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. Confederation of Indian Industry
   d. 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 industry developments.

Principle 8 : Businesses should support inclusive growth and equitable development

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:

Sr. No	Projects	Amount (₹ in Million)
1	PHC Karan Nagar Project - / Two specialist doctors / Medicines/ Para medic staff /Ambulance Driver	0.5
2	Skill Development	6.6
4	Education	9.3
5	Empowering women power	0.1
6	Empowering differently abled	4.8
7	Sanitation	7.0
	Total	**28.3**

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

   The Company has an internal team which oversees all the CSR projects except Empowering Differently Abled (sponsoring parap athletes) which is done with the help of an external NGO working in this field.

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

   Yes. We monitor each CSR initiative and we have done the impact assessment of each program as a part of program process.

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

   Please see point no. 1 above.

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

   We have taken the feedback of the community and the users regarding the services that we have provided. We also conducted the survey to evaluate the use and impact of the services provided by JCH-IN to the community.

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner

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

   During the year 2020-21, 0.5% complaints are pending at the end of financial year. Out of these 1.03% 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?**

   Label / packages of Company's products are complying with the 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.

Independent Auditor's Report

To the Members of Johnson Controls-Hitachi Air Conditioning India Limited

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of Johnson Controls-Hitachi Air Conditioning India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Emphasis of Matter

4. We draw your attention to Note 43 to the financial statements, regarding management's assessment of the impact on the financial statements due to restrictions and other conditions related to the Covid-19 pandemic, for which a definitive assessment of the impact in the subsequent period is dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of Provision for warranty costs and related disclosures	
(Refer to Note 1 (r) and Note 35 to the financial statements) The Company provides warranty on sale of air conditioners and refrigerators to customers and recognizes provision for expected costs to fulfil the warranty obligation over the period of the warranty which ranges between 1 to 10 years. In accordance with the requirements of Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, the provision towards warranty obligation is estimated by the Company, primarily considering factors such as historical trend, average historical failure rate, estimation of expected pattern of future claims and estimated replacement cost. In the case of certain components covered under warranty, management's internal technical experts are involved in the estimation of the probable outflow during the period of warranty. The estimation of warranty costs involve significant management judgements and estimates as described above, and the amount and disclosures are significant to the financial statements. Accordingly, this has been considered as key audit matter.	We have performed the procedures including the following: • Understood, evaluated and tested the design and operating effectiveness of the controls over estimation of warranty costs and related accruals. • Understood the warranty terms offered by the Company on sale of products. • Assessed management's estimation process by performing a look-back analysis for warranty costs accruals made in prior year. • Evaluated the method used by management in making the accounting estimate by verifying various input factors such as historical trend, average historical failure rate, estimation of expected pattern of future claims and estimated replacement cost and by carrying out discussions with management's internal technical experts. • Verified the computation of provision for warranty costs. • Verified the computation for determining the present value in the case of warranty for periods exceeding one year. • Verified the adequacy of the disclosures in the financial statements. Based on the above audit procedures performed, we did not find any material exceptions with regard to the management's assessment of provision for warranty costs and the related disclosures thereof.

Key Audit Matter	How our audit procedures addressed the key audit matter
Assessment of contingencies and provision for disputed Indirect tax matters	
(Refer to Note 1 (r), Note 33 and Note 35 to the financial statements.) The Company has various disputed indirect tax matters as at March 31, 2021 and Management assesses each of these matters for appropriate accounting and disclosures using judgement while evaluating the likelihood of the outcome and estimation of outflow of resources. The management's assessment is supported by advice from independent tax consultants/ lawyers, where considered necessary by the management. We considered this as a key audit matter as the Company has applied significant judgements and estimation based on application and interpretation of law.	We have performed the procedures including the following: • Understood, evaluated and tested the design and operating effectiveness of the controls in respect of assessment of indirect tax litigations and related disclosures. • Evaluated the accounting policy of the Company. • Verified the amount of provision recognised /contingent liability disclosed based on underlying calculations and supporting documents. • Obtained independent confirmation from the Company's consultants / lawyers, to confirm facts, and circumstances and assess the possible outcomes of material disputed indirect tax matters arising during the year. • Involved auditor's expert to assess the reasonableness of the provision and appropriateness of disclosure made in the financial statements. Based on the audit procedures performed, the management's assessment of the provisions recognised and contingent liabilities disclosed in respect of disputed indirect tax matters made in the financial statements as on March 31, 2021 were considered to be appropriate.

Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report and Management Discussion & Analysis, Report on Corporate Governance and Business Responsibility Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and the Message from Chairman and Managing Director to the stakeholders and Overview of the Company and Corporate Social Responsibility report is expected to be made available to us after the date of this auditor's report.

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

   In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

   When we read the Message from Chairman and Managing Director to the stakeholders and Overview of the Company and Corporate Social Responsibility report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of management and those charged with governance for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

15. 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 (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flows 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.

    (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33(a) to the financial statements;

ii. The Company has long-term contracts as at March 31, 2021 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2021.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.

16. 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.

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

Sachin Parekh
Partner
Membership Number: 107038
UDIN: 21107038AAAAEE8475

Place: Mumbai
Date: May 25, 2021

Annexure A to Independent Auditor's Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Johnson Controls-Hitachi Air Conditioning India Limited on the financial statements for the year ended March 31, 2021

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Johnson Controls-Hitachi Air Conditioning India Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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

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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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. Also refer paragraph 4 of our main audit report.

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

Sachin Parekh
Partner
Membership Number: 107038
UDIN: 21107038AAAAEE8475

Place: Mumbai
Date: May 25, 2021

Annexure B to Independent Auditor's Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Johnson Controls-Hitachi Air Conditioning India Limited on the financial statements as of and for the year ended March 31, 2021

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 3 - Property, Plant and Equipment and Note 6 – Investment Property to the financial statements, are held in the name or erstwhile name of the Company.

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. 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 Act 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 Act.

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, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 33(a)(3) to the financial statements regarding management's assessment on certain matters relating to provident fund.

Further, in respect of one registration for the month of April 2020, the Company has paid Goods and Service Tax and filed Form GSTR 3B after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs under the Notification Number 32/2020 – Central Tax dated April 3, 2020 on fulfilment of conditions specified therein.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of excise and value added tax as at March 31, 2021 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount* (Rs. in million)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty including Interest and Penalty as applicable	9.7	FY 2012-13	The Custom, Excise and Service Tax Appellate Tribunal
		0.9	FY 2008-09 and 2010-11	Commissioner (Appeals)
The Finance Act, 1994 (Service Tax)	Service tax including Interest and Penalty as applicable	163.2	FY 2004-05 to 2013-14	The Custom, Excise and Service Tax Appellate Tribunal
		7.4	July 2012 to June 2017	Commissioner (Appeals)

Name of the statute	Nature of dues	Amount* (Rs. in million)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Acts (Central & States)	Sales tax/value added tax including Interest and Penalty as applicable	2.9	FY 2002-03 to 2003-04	Hon'ble Supreme Court of India
		265.9	FY 2007-08 to 2013-14	Hon'ble High Court of Jammu and Kashmir
		17.6	FY 2000-01 to 2008-09	Appellate Tribunal
		115.5	FY 2005-06 to 2017-18	Upto Commissioner (Appeals)
The Income Tax Act, 1961**	Income Tax including Interest and Penalty as applicable	49.3	AY 2007-08 to 2010-11	Hon'ble High Court of Gujarat
		39.6	AY 2003-04 to 2006-07	Commissioner of Income Tax (Appeals)

*Net of deposits under protest

**Represents matter decided in favour of the Company against which department has filed further appeals.

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

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

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

xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also, refer paragraph 16 of our main audit report.

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 Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

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

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

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

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

Sachin Parekh
Partner
Membership Number: 107038
UDIN: 21107038AAAAEE8475

Place: Mumbai
Date: May 25, 2021

Balance Sheet

as at March 31, 2021

₹ in million

	Note No.	As at March 31, 2021	As at March 31, 2020
A ASSETS			
I Non-current assets			
(a) Property, Plant and Equipment	3	3,326.7	3,533.7
(b) Right-of-use-assets	4	835.4	265.1
(c) Capital work-in-progress	5	91.4	64.4
(d) Investment property	6	11.0	11.2
(e) Other Intangible assets	7	111.7	197.4
(f) Intangible assets under development		3.5	0.6
(g) Financial assets			
(i) Loans	8 (a)	55.6	51.1
(ii) Other financial assets	8 (b)	2.7	2.6
(h) Deferred tax assets (net)	9	149.6	142.2
(i) Non current tax assets (net)	10	133.5	161.6
(j) Other non-current assets	11	305.3	306.2
Total Non-current assets		**5,026.4**	**4,736.1**
II Current assets			
(a) Inventories	12	7,042.0	7,274.5
(b) Financial assets			
(i) Trade receivables	13 (a)	2,640.8	2,545.6
(ii) Cash and cash equivalents	13 (b)	1,220.3	176.4
(iii) Bank balances other than (ii) above	13 (c)	2.4	2.9
(iv) Loans	13 (d)	15.7	13.0
(v) Other financial assets	13 (e)	22.8	234.9
(c) Contract assets	14	79.7	111.9
(d) Other current assets	15	376.1	745.4
Total Current assets		**11,399.8**	**11,104.6**
TOTAL ASSETS (I+II)		**16,426.2**	**15,840.7**
B EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	16	271.9	271.9
(b) Other equity	17	6,946.6	6,613.3
Total equity		**7,218.5**	**6,885.2**
LIABILITIES			
II Non-current liabilities			
(a) Financial Liabilities			
(i) Lease liabilities		644.1	233.8
(b) Other non - current liabilities	18	137.3	144.4
(c) Provisions	19	638.6	592.0
Total non-current liabilities		**1,420.0**	**970.2**
III Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20 (a)	-	1,587.2
(ii) Lease liabilities		246.0	47.9
(iii) Trade payables			
(a) total outstanding dues of micro and small enterprises	20 (b)	607.0	314.6
(b) total outstanding dues of creditors other than (iii)(a) above	20 (b)	5,732.4	5,185.0
(iv) Other financial liabilities	20 (c)	194.5	194.4
(b) Contract liabilities	21	268.6	288.2
(c) Provisions	22	200.9	173.0
(d) Current tax liabilities (net)	23	53.9	-
(e) Other current liabilities	24	484.4	195.0
Total Current liabilities		**7,787.7**	**7,985.3**
TOTAL EQUITY AND LIABILITIES (I+II+III)		**16,426.2**	**15,840.7**

The accompanying Notes form 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

Sachin Parekh
Partner
Membership No.: 107038

Place: Mumbai
Date: May 25, 2021

For and on behalf of the Board of Directors

Gurmeet Singh
Chairman & Managing Director
DIN : 06938403
Place: New Delhi

Yoshikazu Ishihara
Director
DIN : 07998690
Place: Tokyo

Rishi Mehta
Chief Financial Officer
Place: Kadi
Date: May 25, 2021

Parag Dave
Company Secretary
Membership No.: 12626
Place: Kadi
Date: May 25, 2021

Statement of Profit and Loss

for the year ended March 31, 2021

₹ in million

		Note No.	Year ended March 31, 2021	Year ended March 31, 2020
I	**INCOME**			
	(a) Revenue from Operations	25	16,465.4	21,973.7
	(b) Other income	26	79.0	81.5
	Total income		**16,544.4**	**22,055.2**
II	**EXPENSES**			
	(a) Cost of materials consumed		7,464.8	11,865.9
	(b) Purchase of Stock-in-trade		2,127.8	3,777.9
	(c) Changes in inventories of finished goods, Stock-in -trade and work-in-progress	27	723.9	(1,670.2)
	(d) Employee benefit expense	28	1,673.4	1,745.4
	(e) Finance costs	29	135.6	50.2
	(f) Depreciation and amortisation expenses	30	754.8	562.9
	(g) Other expenses	31	3,300.9	4,532.5
	Total expenses		**16,181.2**	**20,864.6**
III	**Profit before exceptional Items and tax (I-II)**		**363.2**	**1,190.6**
IV	**Exceptional Items**	42	**(71.1)**	**7.5**
V	**Profit before tax (III-IV)**		**434.3**	**1,183.1**
VI	**Tax expense**			
	(a) Current tax	32	110.7	324.0
	(b) Deferred tax charge/ (credit)	32	(7.4)	23.8
	Total tax expense		**103.3**	**347.8**
VII	**Profit for the year (V-VI)**		**331.0**	**835.3**
VIII	**Other comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	(i) Re-measurements of post-employment benefit obligations- gain/ (loss)	36	3.0	(41.2)
	(ii) Income tax relating to above item		(0.7)	10.4
	Other comprehensive Income for the year, net of tax		**2.3**	**(30.8)**
IX	**Total comprehensive income for the year (VII+VIII)**		**333.3**	**804.5**
X	**Basic and Diluted earnings per share [face value ₹ 10 each] in ₹**	44	**12.2**	**30.7**

The accompanying Notes form 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

Sachin Parekh
Partner
Membership No.: 107038

Place: Mumbai
Date: May 25, 2021

For and on behalf of the Board of Directors

Gurmeet Singh
Chairman & Managing Director
DIN : 06938403
Place: New Delhi

Yoshikazu Ishihara
Director
DIN : 07998690
Place: Tokyo

Rishi Mehta
Chief Financial Officer
Place: Kadi
Date: May 25, 2021

Parag Dave
Company Secretary
Membership No.: 12626
Place: Kadi
Date: May 25, 2021

Statement of Cash Flows

for the year ended March 31, 2021

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
(A) Cash flows from operating activities		
Profit before tax	**434.3**	**1,183.1**
Adjustment for :		
Depreciation and amortisation expense	754.8	562.9
Loss on sale / retirement of fixed assets (net)	4.9	17.0
Liabilities no longer required written back	(15.0)	(3.1)
Finance costs	135.6	50.2
Unrealised foreign exchange (gain)/loss (net) at year end	(13.5)	2.9
Provision / (Reversal) for doubtful debts and bad debts written off	33.3	(8.8)
Lease rent income	(4.0)	(3.7)
Interest income	(7.0)	(42.6)
Exceptional Items (income) / expense	(71.1)	7.5
Rent concession income	(3.6)	-
Government Grants	(11.4)	(13.9)
Operating profit before working capital changes	**1,237.3**	**1,751.5**
Changes in working capital:		
Adjustment for:		
Decrease / (Increase) in inventories	232.5	(1,937.6)
(Increase) / Decrease in trade receivables	(125.4)	1,980.6
Decrease in other financial assets / Contract assets	27.6	197.9
Decrease in other current assets	367.3	80.9
Increase / (Decrease) in current liabilities	1,186.5	(345.5)
Increase in other provision	72.6	67.9
Cash generated from operations	**2,998.4**	**1,795.7**
Income tax paid (net of refunds)	(29.4)	(480.8)
Net cash from operating activities before exceptional items	**2,969.0**	**1,314.9**
Proceeds of Insurance Claim	243.2	84.0
Net cash inflow from operating activities (A)	**3,212.2**	**1,398.9**
(B) Cash flows from investing activities		
Purchase of fixed assets (including capital work in progress and capital advance)	(280.7)	(1,141.0)
Proceeds from sale of fixed assets	10.2	22.9
Investment in bank deposits (with maturity more than three months)	(0.1)	0.1
Lease rent income	4.0	3.7
Interest received	5.8	42.6
Net cash outflow from investing activities (B)	**(260.8)**	**(1,071.7)**

Statement of Cash Flows

for the year ended March 31, 2021

₹ in million

		Year ended March 31, 2021	Year ended March 31, 2020
(C) Cash flows from financing activities			
Repayment of short-term borrowings (net)		(1,587.2)	(309.0)
Principal Payment of lease liabilities		(189.5)	(44.1)
Interest paid on lease liabilities		(61.5)	(24.4)
Payment of finance cost		(69.3)	(19.5)
Payment of dividend (including dividend distribution tax)		-	(49.3)
Net cash inflow/(outflow) from financing activities	**(C)**	**(1,907.5)**	**(446.3)**
Net Increase / (Decrease) in cash and cash equivalents	**(A+B+C)**	**1,043.9**	**(119.1)**
Add : Cash and cash equivalents at the beginning of the year		176.4	295.5
Cash and cash equivalents at the end of the year [Refer Note 13(b)]		**1,220.3**	**176.4**
(D) Non- Cash financing and investing activities			
Acquisition of right-of-use-assets		802.1	2.0

a) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Ind AS - 7 on Statement of Cash Flows.

b) Cash flow from Operating activities includes ₹ 32.0 million (March 31, 2020 - ₹ 28.3 million) being cash flows towards Corporate social responsibility initiatives. [Refer Note 31(b)]

c) Net debt reconciliation Working Capital loans

	Year ended March 31, 2021 Working Capital loans	Year ended March 31, 2020 Working Capital loans
Net Debt at the beginning of the year	1,587.2	1,896.2
Cash Inflow / (Outflow)	(1,587.2)	(309.0)
Finance costs	69.3	19.5
Finance cost paid	(69.3)	(19.5)
Net Debt at the closing of the year	-	1,587.2

d) Net debt reconciliation Lease obligations

	Year ended March 31, 2021 Leases obligations	Year ended March 31, 2020 Leases obligations
Net Debt at the beginning of the year	281.7	-
Debt recognised during the year (Net)	801.5	325.8
Cash Inflow / (Outflow)	(189.5)	(44.1)
Rent concession	(3.6)	-
Finance costs	61.5	24.4
Finance cost paid	(61.5)	(24.4)
Net Debt at the closing of the year	890.1	281.7

The accompanying Notes form 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

Sachin Parekh
Partner
Membership No.: 107038

Place: Mumbai
Date: May 25, 2021

For and on behalf of the Board of Directors

Gurmeet Singh
Chairman & Managing Director
DIN : 06938403
Place: New Delhi

Yoshikazu Ishihara
Director
DIN : 07998690
Place: Tokyo

Rishi Mehta
Chief Financial Officer
Place: Kadi
Date: May 25, 2021

Parag Dave
Company Secretary
Membership No.: 12626
Place: Kadi
Date: May 25, 2021

Statement of Changes in Equity

for the year ended March 31, 2021

A. Equity share capital

₹ in million

	Note No.	Equity share capital
Balance as at April 1, 2019		271.9
Changes in equity share capital		-
Balance as at March 31, 2020	16	271.9
Changes in equity share capital		-
Balance as at March 31, 2021	16	271.9

B. Other equity

₹ in million

	Note No.	Reserves and Surplus				Total
		Capital reserve	Securities premium	General reserve	Retained earnings	
Balance as at April 1, 2019		0.7	895.4	229.8	4,732.1	5,858.0
Profit for the year		-	-	-	835.3	835.3
Other comprehensive income for the year, (net of income tax)		-	-	-	(30.8)	(30.8)
Total comprehensive income for the year		**-**	**-**	**-**	**804.5**	**804.5**
Transactions with Owners in their capacity as owners:						
Dividend paid (including dividend distribution tax)		-	-	-	(49.2)	(49.2)
Balance as at March 31, 2020	17	**0.7**	**895.4**	**229.8**	**5,487.4**	**6,613.3**
Profit for the year		-	-	-	331.0	331.0
Other comprehensive income for the year, (net of income tax)		-	-	-	2.3	2.3
Total comprehensive income for the year		-	-	-	333.3	333.3
Balance as at March 31, 2021	17	**0.7**	**895.4**	**229.8**	**5,820.7**	**6,946.6**

The accompanying Notes form 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

Sachin Parekh
Partner
Membership No.: 107038

Place: Mumbai
Date: May 25, 2021

For and on behalf of the Board of Directors

Gurmeet Singh
Chairman & Managing Director
DIN : 06938403
Place: New Delhi

Yoshikazu Ishihara
Director
DIN : 07998690
Place: Tokyo

Rishi Mehta
Chief Financial Officer
Place: Kadi
Date: May 25, 2021

Parag Dave
Company Secretary
Membership No.: 12626
Place: Kadi
Date: May 25, 2021

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Background

Johnson Controls-Hitachi Air Conditioning India Limited ('the Company') was incorporated in December 1984 as "Acquest Air Conditioning Systems Private Limited".

The Company is engaged in the business of manufacturing, selling and trading of 'Hitachi' brand of Air conditioners, refrigerators, chillers and VRF (variable refrigerant flow) systems, and providing design and development services to Group Company to design, and/or support development and improvement of features in new and existing air conditioning products. Manufacturing facility for Air conditioners is set up at Kadi (North Gujarat). The Company performs its marketing activities through its branches spread across India. The Company is a public limited company incorporated in India and is listed on the BSE Limited and National Stock Exchange of India Limited.

Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of financial statements. These accounting policies are applied consistently to all the periods presented in the financial statements, unless otherwise stated.

(a) Basis of accounting and preparation of financial statements

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act"), as amended and other relevant provisions of the Act.

New standard adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2020.

- Covid-19 Related Concessions - Ind AS 116 "Leases"
- Definition of Material – amendments to Ind AS 1 and Ind AS 8

The amendments listed above did not have any impact on the amounts recognised in current and prior periods and are not expected to significantly affect the future periods.

(ii) Historical cost convention

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

- certain financial assets and liabilities (including derivative instruments) that is measured at fair value; and
- defined benefit plans - plan assets measured at fair value.

(iii) Current /Non-Current Classification

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

An asset is treated as current when it is:

a. Expected to be realized or intended to be sold or consumed in the normal operating cycle

b. Held primarily for the purpose of trading

c. Expected to be realized within twelve months after the reporting period, or

d. Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

a. It is expected to be settled in the normal operating cycle

b. It is held primarily for the purpose of trading

c. It is due to be settled within twelve months after the reporting period, or

d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chairman & Managing Director (CMD) of the Company who is identified as the chief operating decision maker (CODM). The CMD assesses the financial performance and position of the Company, and makes strategic decisions.

The Company is engaged in the business of manufacturing, selling and trading of 'Hitachi' brand of Air conditioners, refrigerators, chillers and VRF (variable refrigerant flow) systems and providing design and development service to Group Company. Accordingly, the Chief Operating Decision Maker (CODM) have identified that the Company's business falls within two business segment of Cooling Products for comfort and commercial use and design and development services.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

(c) Foreign currency transactions and translations

(i) Functional and presentation currency

Items included in financial statements are measured using the currency of 'the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Indian Rupees (₹), which is the entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the statement of profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

(d) Revenue recognition

Sale of Products:

Sales of products are recognised as revenue when control of the products has transferred, being when product are delivered to the customer. Sales are net of returns, trade discounts, rebates, and goods and services tax (GST), as applicable. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Sale of Service:

Sale of services includes following:-

1. Revenue from Annual Maintenance Contracts (AMCs) is recognised over the period of respective contract on a straight line basis.
2. Revenue from Design and development services is recognised over the period of time.
3. Revenue from specific repairs and maintenance (other than AMCs) contracts is recognised at a point in time in accordance with the terms of the contract.
4. Revenue from contract with customer for installation and commissioning of air conditioning system is recognised with reference to stage of completion. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

(e) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in current and non-current liabilities as deferred Government Grant and are credited to the Statement of profit and loss on a straight-line basis over the expected lives of the related assets and presented within other income.

(f) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Current and deferred tax is recognized in the Statement of Profit and Loss except to the extent it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income, respectively.

Current income tax

Current tax payable is based on taxable profit for the year. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when, (a) the Company has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority.

(g) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment if any.

(i) 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 costs and all costs 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 and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be utilised are expected to be sold at or above cost.

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.

Custom duty on goods where title has passed to the Company and material has reached Indian ports is included in the value of inventories.

Provision for inventory obsolescence is made considering various factors such as likely usage, technical obsolescence, etc.

(j) Financial instruments

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

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

(i) Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit and loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Initial Recognition & Measurement

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through Profit and Loss are expensed in the Statement of Profit and Loss.

Subsequent Measurement

After initial recognition, financial assets are measured at:

- fair value (either through Other Comprehensive Income or through Profit and Loss), or
- amortized cost.

Debt instruments:

Debt instruments are subsequently measured at amortized cost, fair value through other comprehensive

Notes forming part of the Financial Statements

for the year ended March 31, 2021

income ('FVOCI') or fair value through Profit and Loss ('FVTPL') till de-recognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value Through Other Comprehensive Income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to Statement of Profit and Loss and recognised in other income. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value Through Profit and Loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is recognised in the Statement of profit and loss.

Equity instruments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Impairment of financial assets:

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, and bank balance.
- trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Derecognition of financial assets:

A financial asset is derecognized only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows from the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Income recognition:

Interest income:

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

(ii) Financial liabilities:

Initial recognition and measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at its fair value plus or minus, in the case of a financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the issue of the financial liability.

Subsequent measurement:

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

Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(iii) Derivative financial instruments:

The Company uses derivative financial instruments, such as foreign exchange forward contracts to manage its exposure to foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company enters into derivative contracts to hedge risks and are not designated in any hedging relationship i.e. hedge accounting is not followed. Such contracts are accounted for at FVTPL .

(k) Offsetting financial instruments

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

(l) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of profit and loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation on tangible fixed assets is provided on a pro-rata basis on the straight line method over the following useful lives based on management technical estimate:

Class of assets	Useful Life followed by the management (in years)	Useful Life prescribed in Schedule II to the Companies Act (in years)
Building	28 to 58	30 to 60
Road	10	10
Moulds and tools	3	8
Plant and Machinery (Other than moulds and tools, and toolkits)	3 to 15*	15*
Server and network	4	6
End user devices such as desktops and laptops	3	3
Furniture & fittings	3 to 7	10
Office equipment	3 to 5	5
Electric Installations	7	10
Vehicles	4 to 8	8

* Based on Single Shift.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Amortisation of leasehold improvements are over the lease period or useful life as above, whichever is lower.

For the assets added during the financial year, depreciation is charged on pro-rata basis from the date of commissioning.

The useful lives have been determined based on technical evaluation done by the management in order to reflect the actual usage of the assets. The residual value is based on management assessment of expected realization at the end of the useful life of an asset which is not more than 5% of the original cost of the assets, except in respect of certain vehicles which the Company expects to sell at the end of 5/7 years from the date of acquisition.

The assets residual values and useful lives are reviewed, and adjusted if appropriate at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of profit and loss within other income.

(m) Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 28 years. The useful life has been determined based on technical evaluation performed by the management's expert.

(n) Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. They have a finite useful life. Costs associated with maintaining software programmes are recognised as an expense as incurred.

(i) Amortisation methods and periods

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Class of assets	Useful Life (in years)
Computer Software	3
Licensed Technical Know-how	5

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.

(ii) 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

Notes forming part of the Financial Statements

for the year ended March 31, 2021

impairment losses, if any. 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.

(o) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(p) Capital work in progress

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.

(q) Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(r) Provisions and contingencies

Provisions

Provisions (including for litigation and service warranties) are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision for service warranty consider historical trends and experience regarding, average failure rate, replacement cost and other variables.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingencies

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.

(s) Employees Benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, accumulated leave and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are actuarially valued at the end of year measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Remeasurements

Notes forming part of the Financial Statements

for the year ended March 31, 2021

as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

The classification of compensated absences into current and non-current as shown in financial statements is as per actuarial valuation report.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans - gratuity, and

(b) defined contribution plans – superannuation, provident fund and employees' state insurance.

Defined benefit plans

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

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

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

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

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

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.

(t) Leases

As a lessee

The Company mainly has lease arrangements for building (offices and warehouse spaces) and equipments. The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether there is an identified asset, whether the Company has the right to direct the use of the asset and whether the Company obtains substantially all the economic benefits from the use of that asset.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company except for short term leases and leases of low value assets. Contracts may contain both lease and non-lease components. However, the Company has elected not to separate lease and non-lease components and instead account for these as a single lease components.

Assets and liabilities arising from a lease are initially measured on present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension option are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that lessee would have to pay to borrow the fund necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. Finance cost is charged to the Statement of profit and loss over the lease period so as to produce a constant periodical rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of initial measurement of lease liability
- Any lease payments made at or before the commencement date less lease incentives received, if any
- Restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Payments associated with short-term leases of equipment and all leases of low-value assets are recognized on a straight-line basis in the Statement of profit and loss. Short-term leases are leases with a lease term of 12 months or less.

As a lessor

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless a systematic basis more representative of the pattern in which benefit from the use of the underlying asset is diminished is suitable. The respective leased assets are included in the balance sheet based on their nature.

Initial direct costs incurred in negotiating and managing an operating lease are added to the cost of the leased asset and recognized as an expense over the term on the same basis as the lease income.

The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that creates an economic incentive to exercise an extension option, or not to exercise a termination option. Extension option (or period after termination option) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the leases of office and warehouse, the following factors are normally the most relevant:

1. If there is significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
2. If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate)
3. Otherwise, the Company considers the other factors including historical lease duration and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity share holders of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(v) Rounding of amounts

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

Note 2: Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

- Estimated useful life of property, plant & equipment and intangible assets (note – 1 (l), 1(m), 1(n), 3, 6 and 7)
- Estimation of defined benefit obligation (note – 1(s) and 36)
- Estimation of provision for warranty claims (note – 1(r) and 35)
- Impairment of trade receivables (note – 1(j) and 13(a))
- Contingent liabilities (note – 1(r) and 33)
- Inventory obsolescence (note – 1(i) and 12)
- Lease term (note – 1(t) and 4)
- Impact assessment due to Covid-19 pandemic (note – 43)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 3: Property, plant and equipment

₹ in million

	Freehold land	Leasehold Improvements	Buildings	Plant and Machinery	Furniture and fixtures	Vehicles	Office equipment	Electrical Installations	Computers	Total
I. Gross carrying amount										
Balance as at April 1, 2019	**228.3**	**29.3**	**408.1**	**2,069.2**	**102.9**	**134.4**	**93.7**	**122.1**	**110.9**	**3,298.9**
Additions	-	-	480.5	938.2	44.6	50.6	40.0	261.1	14.3	1,829.3
Disposals	-	-	(6.0)	(21.6)	(2.1)	(48.5)	(6.9)	(3.6)	(6.4)	(95.1)
Transfer from Investment Property	-	-	1.0	-	-	-	-	-	-	1.0
Balance as at March 31, 2020	**228.3**	**29.3**	**883.6**	**2,985.8**	**145.4**	**136.5**	**126.8**	**379.6**	**118.8**	**5,034.1**
II. Accumulated depreciation										
Balance as at April 1, 2019	**-**	**12.2**	**52.7**	**828.7**	**36.7**	**47.9**	**40.7**	**51.2**	**72.2**	**1,142.3**
For the year	-	5.4	32.8	252.5	17.3	24.6	19.1	45.3	16.3	413.3
Disposals	-	-	(1.0)	(14.5)	(1.3)	(25.7)	(5.3)	(1.8)	(5.6)	(55.2)
Transfer from Investment Property *	-	-	0.0	-	-	-	-	-	-	0.0
Balance as at March 31, 2020	**-**	**17.6**	**84.5**	**1,066.7**	**52.7**	**46.8**	**54.5**	**94.7**	**82.9**	**1,500.4**
Net carrying amount as at March 31, 2020 (I-II)	**228.3**	**11.7**	**799.1**	**1,919.1**	**92.7**	**89.7**	**72.3**	**284.9**	**35.9**	**3,533.7**

* Depreciation pertaining to building transferred from Investment property amounts to ₹ 48,878

₹ in million

	Freehold land	Leasehold Improvements	Buildings	Plant and Machinery	Furniture and fixtures	Vehicles	Office equipment	Electrical Installations	Computers	Total
I. Gross carrying amount										
Balance as at April 1, 2020	**228.3**	**29.3**	**883.6**	**2,985.8**	**145.4**	**136.5**	**126.8**	**379.6**	**118.8**	**5,034.1**
Additions	-	-	50.1	159.7	0.1	13.5	3.3	8.8	3.0	238.5
Disposals	-	-	(1.8)	(15.2)	(2.3)	(22.3)	(3.4)	(0.1)	(30.1)	(75.2)
Balance as at March 31, 2021	**228.3**	**29.3**	**931.9**	**3,130.3**	**143.2**	**127.7**	**126.7**	**388.3**	**91.7**	**5,197.4**
II. Accumulated depreciation										
Balance as at April 1, 2020	**-**	**17.6**	**84.5**	**1,066.7**	**52.7**	**46.8**	**54.5**	**94.7**	**82.9**	**1,500.4**
For the year	-	4.6	32.9	267.4	19.2	21.2	20.5	49.8	15.1	430.7
Disposals**	-	-	(0.4)	(12.5)	(1.7)	(14.8)	(3.0)	-	(28.0)	(60.4)
Balance as at March 31, 2021	**-**	**22.2**	**117.0**	**1,321.6**	**70.2**	**53.2**	**72.0**	**144.5**	**70.0**	**1,870.7**
Net carrying amount as at March 31, 2021 (I-II)	**228.3**	**7.1**	**814.9**	**1,808.7**	**73.0**	**74.5**	**54.7**	**243.8**	**21.7**	**3,326.7**

** Disposals peratining to Electrical Installations amounts to ₹ 41,882

Notes :

a. Building having gross block of ₹ 7.3 million (excludes self constructed buildings on freehold land) is held in the erstwhile name of the Company. The Company has initiated the process of getting title deeds updated with the present name of the Company viz. Johnson Controls-Hitachi Air Conditioning India Limited.

b. Refer Note 33(b) for disclosure of capital commitments in respect of acquisition of property, plant and equipment.

c. No borrowing costs have been capitalised during the year ended March 31, 2021 and in the previous year ended March 31, 2020.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note-4: Right-of-use assets

This note provides information for leases where the Company is a lessee. For lease where the Company is a lessor, see note 6

The Company acquires on lease various buildings (offices and warehouses) and equipments. Rental contracts typically ranges from 1 year to 12 years but may have extension/termination option as described in (iii) below.

(i) Amounts recognized in Balance Sheet as Right-of-use assets:

Buildings		₹ in million
I.	**Gross carrying amount**	
	Balance as at April 1, 2019	325.8
	Additions	2.0
	Balance as at March 31, 2019	**327.8**
II.	**Accumulated depreciation**	
	Balance as at April 1, 2019	-
	For the year	62.7
	Balance as at March 31, 2020	**62.7**
	Net carrying amount as at March 31, 2020 (I-II)	**265.1**

Buildings		₹ in million
I.	**Gross carrying amount**	
	Balance as at April 1, 2020	327.8
	Additions	802.1
	Disposals	(3.3)
	Balance as at March 31, 2021	**1,126.6**
II.	**Accumulated depreciation**	
	Balance as at April 1, 2020	62.7
	For the year	231.1
	Disposals	(2.6)
	Balance as at March 31, 2021	**291.2**
	Net carrying amount as at March 31, 2021 (I-II)	**835.4**

(ii) Amounts recognized in Statement of Profit and Loss

The Statement of Profit and Loss shows the following amounts relating to leases:

₹ in million

	As at March 31, 2021	As at March 31, 2020
Depreciation charge of right-of-use assets	231.1	62.7
Interest expense on lease liability	61.5	24.4
Expense relating to short term leases	229.1	316.4
Expense relating to low value assets	52.7	56.7
Total	**574.4**	**460.2**

(iii) Extension and termination options

These options are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. Extension and termination options are included in the lease term, only if the Company has the right to exercise these options and reasonably certain to exercise the right.

(iv) Refer Note 6 for disclosure in respect of arrangements where the Company is a Lessor. The total cash outflows for the leases for the year ended March 31, 2021 was ₹ 568.2 million (March 31, 2020 ₹ 409.5 million).

(v) During the year ended March 31, 2021, the Company has applied practical expedient under Ind AS 116 "Leases" in respect to Covid-19 related concessions. Accordingly, the Company has accounted for rent concessions amounting to ₹ 3.6 million during the year ended March 31, 2021. [Refer Note 26]

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 5: Capital work-in-progress

	₹ in million
Balance as at April 1, 2019	941.3
Additions	952.4
Transfer to Property, plant and equipment	(1,829.3)
Balance as at March 31, 2020	**64.4**
Additions	265.5
Transfer to Property, plant and equipment	(238.5)
Balance as at March 31, 2021	**91.4**

Note: Capital Work-in-progress as at March 31, 2021 mainly comprise of Plant and machinery and Office Equipment.

Note 6: Investment property

Investment property comprises of buildings

₹ in million

		As at March 31, 2021	As at March 31, 2020
I.	**Gross carrying amount**		
	Opening Balance	12.2	13.2
	Transfer to Property, plant and equipment	-	(1.0)
	Closing Balance	**12.2**	**12.2**
II.	**Accumulated depreciation**		
	Opening Balance	1.0	0.8
	Depreciation charge for the year	0.2	0.2
	Transfer to Property, plant and equipment *	-	(0.0)
	Closing Balance	**1.2**	**1.0**
Net carrying amount (I-II)		**11.0**	**11.2**

* Depreciation pertaining to investment property transferred to building amounts to ₹ 48,878

(i) Amounts recognised in the Statement of profit and loss for investment properties

₹ in million

	As at March 31, 2021	As at March 31, 2020
Rental Income	4.0	3.7
Profit from investment property before depreciation	**4.0**	**3.7**
Depreciation	0.2	0.2
Profit from investment property	**3.8**	**3.5**

(ii) Fair Value

₹ in million

	As at March 31, 2021	As at March 31, 2020
Investment Property	35.6	40.0

(iii) Estimation of fair value

Considering nature of properties, the Company obtains valuation for investment properties atleast annually. The best evidence of fair value is current prices in an active market for similar properties in the area in which these properties are located adjusted for certain factors. The fair value estimates for investment properties are categorised as level 3 as per Ind AS -113 - Fair value measurement.

(iv) Leasing arrangements

Investment properties are leased to tenants under cancellable operating lease arrangement for a period of 11 months.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 7: Other Intangible Assets

₹ in million

		Software and licenses	Licensed technical Know-how	Total
I.	**Gross carrying amount**			
	Balance as at April 1, 2019	**68.2**	**363.5**	**431.7**
	Additions	130.9	-	130.9
	Balance as at March 31, 2020	**199.1**	**363.5**	**562.6**
II.	**Accumulated amortisation**			
	Balance as at April 1, 2019	**34.1**	**244.4**	**278.5**
	For the year	35.0	51.7	86.7
	Balance as at March 31, 2020	**69.1**	**296.1**	**365.2**
	Net carrying amount as at March 31, 2020 (I-II)	**130.0**	**67.4**	**197.4**

₹ in million

		Software and licenses	Licensed technical Know-how	Total
I.	**Gross carrying amount**			
	Balance as at April 1, 2020	**199.1**	**363.5**	**562.6**
	Additions	3.0	4.2	7.2
	Disposals	(7.6)	(54.3)	(61.9)
	Balance as at March 31, 2021	194.5	313.4	507.9
II.	**Accumulated amortisation**			
	Balance as at April 1, 2020	**69.1**	**296.2**	**365.3**
	For the year	57.2	35.6	92.8
	Disposals	(7.6)	(54.3)	(61.9)
	Balance as at March 31, 2021	**118.7**	**277.5**	**396.2**
	Net carrying amount as at March 31, 2021 (I-II)	**75.8**	**35.9**	**111.7**

Note 8: Non-Current Financial assets

Note 8(a): Loans

₹ in million

	As at March 31, 2021	As at March 31, 2020
Security deposits	51.2	49.4
Loans to employees	4.4	1.7
Total	**55.6**	**51.1**

Sub-classified as:

₹ in million

	As at March 31, 2021	As at March 31, 2020
Loans considered good - Secured	-	-
Loans considered good - Unsecured	55.6	51.1
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**55.6**	**51.1**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 8(b): Other non-current financial assets

₹ in million

	As at March 31, 2021	As at March 31, 2020
Unsecured, Considered good		
Margin Money Deposits with Bank	2.7	2.6
Total	**2.7**	**2.6**

Note: Margin money deposit is pledged with government authority against legal matters.

Note 9: Deferred tax Assets (net)

₹ in million

	As at March 31, 2021	As at March 31, 2020
The balance comprises temporary differences attributable to:		
Deferred tax assets		
Provision for doubtful debts	14.1	19.5
Provision for compensated absences	38.9	29.1
Provision for litigations	58.4	56.3
Provision for inventory obsolescence	63.7	64.3
Lease Liability	13.7	4.2
Other disallowance	0.1	11.2
Total deferred tax assets	**188.9**	**184.6**
Deferred tax liability		
Differences in block of fixed assets as per tax books and financial books	(30.1)	(35.0)
Others	(9.2)	(7.4)
Total deferred tax liabilities	**(39.3)**	**(42.4)**
Deferred Tax assets (net)	**149.6**	**142.2**

Note: Deferred tax assets and deferred tax liabilities have been offset as they relate to same governing taxation law.

Note (a):Movement in deferred tax assets/liabilities

₹ in million

	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	142.2	166.0
Deferred Tax Assets		
Provision for doubtful debts	(5.4)	(13.4)
Provision for compensated absences	9.8	(9.7)
Provision for litigations	2.1	(15.6)
Provision for inventory obsolescence	(0.6)	(6.0)
Lease Liability (Net of Right of use assets)	9.5	4.2
Other disallowance	(11.1)	3.0
Total	**4.3**	**(37.5)**
Deferred Tax Liabilities		
Differences in block of fixed assets as per tax books and financial books	4.9	12.7
Others	(1.8)	1.0
Total	**3.1**	**13.7**
Movement in Deferred tax assets (net)	**7.4**	**(23.8)**
Balance at the closing of the year	**149.6**	**142.2**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 10: Non current Tax asset (Net)

₹ in million

	As at March 31, 2021	As at March 31, 2020
Advance income tax (Net of provision for taxation ₹ 2,248.1 million (March 31 2020: ₹ 2,249.9 million))	133.5	161.6
Total	**133.5**	**161.6**

Note 11: Other non-current assets

₹ in million

	As at March 31, 2021	As at March 31, 2020
Capital advances	13.4	16.3
Indirect tax credit receivable / Tax paid against appeal	291.9	289.9
Total	**305.3**	**306.2**

Note 12: Inventories

(valued at cost and net realisable value whichever is lower)

₹ in million

	As at March 31, 2021	As at March 31, 2020
Raw Material (Including goods in transit ₹ 616.2 million (March 31, 2020 ₹ 412.4 million))	2,091.3	1,597.5
Work-in-progress	213.0	152.1
Finished goods (Including goods in transit ₹ 588.3 million (March 31, 2020 ₹ 730.0 million))	3,578.2	4,165.3
Stock-in-trade (Including goods in transit ₹ 344.9 million (March 31, 2020 ₹ 341.4 million))	1,033.6	1,231.3
Stores and spares	125.9	128.3
Total	**7,042.0**	**7,274.5**

Amounts recognized in the Statement of profit and loss

Write-downs of inventories amounted to ₹ 117.9 million (March 31, 2020 - ₹ 201.9 million) during the year. These were recognized as an expense during the year and included in respective financial statement line items in statement of profit and loss.

Note 13: Current financial assets

Note 13(a): Trade receivables

₹ in million

	As at March 31, 2021	As at March 31, 2020
Trade Receivables	2,551.3	2,471.7
Receivables from related parties (Refer Note 39)	145.6	151.4
Less: Allowance for doubtful trade receivables	(56.1)	(77.5)
Total	**2,640.8**	**2,545.6**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 13: Current financial assets (Contd...)

Sub-classified as:

₹ in million

	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good - Secured	31.5	30.4
Trade receivables considered good - Unsecured	2,644.3	2,572.6
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	21.1	20.1
Total	**2,696.9**	**2,623.1**
Less: Allowance for doubtful trade receivables	(56.1)	(77.5)
Total	**2,640.8**	**2,545.6**

Note: Trade Receivable - credit impaired comprises of parties where the Company has initiated legal proceedings for recovery.

Note 13(b): Cash and cash equivalents

₹ in million

	As at March 31, 2021	As at March 31, 2020
Cash on hand	-	0.1
Balance with banks :		
In current accounts	146.7	32.8
In cash credit accounts	157.8	7.5
In EEFC accounts	95.8	136.0
In fixed deposit accounts (with original maturity of less than 3 months)	820.0	-
Total	**1,220.3**	**176.4**

Note 13(c) Bank balances other than cash and cash equivalents

₹ in million

	As at March 31, 2021	As at March 31, 2020
Unpaid Dividend	2.4	2.9
Total	**2.4**	**2.9**

Note 13(d): Loans

₹ in million

	As at March 31, 2021	As at March 31, 2020
Loans to employees	10.2	8.2
Security deposits	5.5	4.8
Total	**15.7**	**13.0**

Sub-classified as:

₹ in million

	As at March 31, 2021	As at March 31, 2020
Loans considered good - Secured	-	-
Loans considered good - Unsecured	15.7	13.0
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**15.7**	**13.0**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 13(e):Other current financial assets

₹ in million

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Derivative contracts	6.2	44.4
Receivables from related parties (Refer Note 39)	15.4	14.3
Insurance claim receivables *	-	176.2
Interest accrued on fixed deposits	1.2	-
Total	**22.8**	**234.9**

* Includes ₹ Nil (March 31 2020 : ₹ 172.1 million) in respect of fire at one of the Company's warehouse (Refer Note : 42)

Note 14: Contract asset

₹ in million

	As at March 31, 2021	As at March 31, 2020
Unbilled revenue (Refer Note 41)	79.7	111.9
Total	**79.7**	**111.9**

Note 15: Other current assets

₹ in million

	As at March 31, 2021	As at March 31, 2020
Advance to suppliers	27.3	36.6
Prepaid expenses	63.6	46.8
Balances with government authorities:		
- GST (input tax credit)	242.3	641.6
- Others	19.9	10.7
Export incentive receivable	22.7	9.4
Employee Advance	0.3	0.3
Total	**376.1**	**745.4**

Note 16: Equity share capital

₹ in million

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of ₹ 10 each	30,000,000	300.0	30,000,000	300.0
Issued, Subscribed and fully paid-up				
Equity shares of ₹ 10 each	27,190,884	271.9	27,190,884	271.9

The above excludes 12,967 (31 March 2020: 12,967) equity shares of ₹ 10/- each relating to rights issue (2003-04 and 2013-14), which are kept in abeyance since the matter is pending for disposal at City Civil Court, Kolkata.

(i) There is no movement in number of equity shares and the amount outstanding thereon during current year and previous year.

(ii) **Rights, Preferences and Restrictions attached to Equity 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 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.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 16: Equity share capital (Contd...)

(iii) Number of Shares of the Company held by holding Company or ultimate holding Company or subsidiaries of ultimate holding Company

	As at March 31, 2021	As at March 31, 2020
JCHAC India Holdco Limited, UK - Holding Company	20,189,894	20,189,894
Johnson Controls Hitachi Air Conditioning Holding (UK) Limited - Subsidiary of Ultimate Holding Company	635	635

(iv) Details of shareholders holding more than 5% of the Equity shares in the Company:

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of holding	No. of shares	% of holding
JCHAC India Holdco Limited	20,189,894	74.25%	20,189,894	74.25%
Aditya Birla Sun Life Trustee Company Pvt Limited	2,463,402	9.06%	2,463,402	9.06%

(v) There were no shares bought back nor allotted either as fully paid up bonus shares or under any contract without payment being received in cash during five years immediately preceding March 31, 2021.

Note 17: Other equity

₹ in million

	As at March 31, 2021	As at March 31, 2020
Reserves and Surplus		
(a) Securities premium (Note (i) below)	895.4	895.4
(b) General reserve (Note (ii) below)	229.8	229.8
(c) Capital reserve (Note (iii) below)	0.7	0.7
(d) Retained earnings		
Opening Balance	5,487.4	4,732.1
Add: Profit for the year	331.0	835.3
Less: Dividend on equity shares	-	(40.8)
Less: Dividend Distribution tax	-	(8.4)
Items of Other Comprehensive Income (OCI) recognised directly in retained earnings:		
Remeasurement of post employment benefit obligations gain/ (loss), net of taxes	2.3	(30.8)
Total retained earnings	**5,820.7**	**5,487.4**
Total	**6,946.6**	**6,613.3**

Notes:

(i) Securities premium is used to record the premium on issue of shares. It is to be utilized in accordance with the provisions of the Act.

(ii) General reserve represents amounts appropriated out of retained earnings in accordance with the provisions of the Act.

(iii) Capital reserve has arisen mainly on account of re-issue of forfeited shares.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 18: Other non-current liabilities

₹ in million

	As at March 31, 2021	As at March 31, 2020
Deferred Government Grant	137.3	144.4
Total	**137.3**	**144.4**

Note 19: Non Current provisions

₹ in million

	As at March 31, 2021	As at March 31, 2020
Employee benefit obligations:		
(i) Compensated absences (Refer Note 36)	165.1	136.6
(ii) Gratuity (Refer Note 36)	1.9	14.5
Provision for litigations and probable claims (Refer Note 35)	262.2	251.6
Provision for Warranty (Refer Note 35)	209.4	189.3
Total	**638.6**	**592.0**

Note 20: Current financial liabilities

Note 20(a): Current Borrowing

₹ in million

	As at March 31, 2021	As at March 31, 2020
Unsecured		
Working capital loans repayable on demand from bank	-	1,587.2
Total	**-**	**1,587.2**

Note: Rate of interest range from 6.5% p.a to 7% p.a

Note 20(b):Trade payables

₹ in million

	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro and small enterprises (Refer below)	607.0	314.6
Total Outstanding dues other than above	5,732.4	5,185.0
Total	**6,339.4**	**5,499.6**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 20: Current financial liabilities (Contd...)

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

₹ in million

	As at March 31, 2021	As at March 31, 2020
Principal amount outstanding to suppliers registered under the MSMED Act and remaining unpaid as at year end	607.0	314.6
Interest due on above principal amount payable to suppliers registered under the MSMED Act and remaining unpaid as at year end *	0.0	0.2
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	381.0	179.3
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	1.9	3.5
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.5	1.4
Interest accrued and remaining unpaid at the end of each accounting year	0.5	1.6
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	0.1	0.6

*Amounts to ₹ 1,814 at March 31, 2021.

Note (a): The above information regarding dues payable to Micro and Small enterprises is compiled by management to the extent the information is available with the Company regarding the status of suppliers as Micro and Small enterprises.

Note (b): The amount debited to the Statement of profit and loss for the year ended March 31, 2021 is ₹ 0.8 million (March 31, 2020 ₹ 2.0 million)

Note 20(c) Other financial liabilities

₹ in million

	As at March 31, 2021	As at March 31, 2020
Employee related payables	119.4	105.5
Deposit from dealers and others	32.9	32.1
Payable for capital supplies	38.1	50.8
Derivative contracts	1.7	3.1
Unclaimed Dividends *	2.4	2.9
Total	**194.5**	**194.4**

* 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.

Note 21: Contract Liabilities

₹ in million

	As at March 31, 2021	As at March 31, 2020
Advance received from customers	177.8	192.6
Deferred Income pertaining to annual maintenance contracts	81.4	79.6
Liabilities for contract in progress	9.4	16.0
Total	**268.6**	**288.2**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 22: Current provisions

₹ in million

	As at March 31, 2021	As at March 31, 2020
Provision for compensated absences (Refer Note 36)	30.2	11.5
Provision for Warranty (Refer Note 35)	170.7	161.5
Total	**200.9**	**173.0**

Note 23: Current tax Liability (Net)

₹ in million

	As at March 31, 2021	As at March 31, 2020
Income tax Liability	53.9	-
Total	**53.9**	**-**

Amount as at March 31, 2021 is net of advance tax ₹ 69.9 million (March 31, 2020 : ₹ Nil)

Note 24: Other current liabilities

₹ in million

	As at March 31, 2021	As at March 31, 2020
Statutory dues	462.5	183.7
Deferred Government Grant	11.2	11.3
Refund liability (Payable for Discount to Customers)	10.7	-
Total	**484.4**	**195.0**

Note 25: Revenue from operations

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from contract with customers (Refer Note: 41)		
Sale of Products		
- Manufactured Goods	12,220.6	15,459.0
- Traded Goods	2,816.6	4,818.7
	15,037.2	**20,277.7**
Sale of services	1,290.1	1,523.4
Other operating revenues		
- Export Incentive	23.1	22.4
- Scrap Sales	115.0	150.2
Total	**16,465.4**	**21,973.7**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 26: Other Income

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Interest income :		
- from banks on term deposits	7.0	42.6
- from others	1.0	0.9
Lease rent income	4.0	3.7
Government Grants	11.4	13.9
Miscellaneous income	55.6	20.4
Total	**79.0**	**81.5**

Note 27: Changes in inventories of finished goods, Stock-in-trade and work-in-progress

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the end of the year		
Work-in-progress	213.0	152.1
Finished goods	3,578.2	4,165.3
Stock-in-trade	1,033.6	1,231.3
(A)	**4,824.8**	**5,548.7**
Inventories at the beginning of the year		
Work-in-progress	152.1	136.1
Finished goods	4,165.3	2,243.6
Stock-in-trade	1,231.3	1,498.8
(B)	**5,548.7**	**3,878.5**
Total	**723.9**	**(1,670.2)**

Note 28: Employee benefit expense

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and other benefits *	1,484.1	1,539.8
Contribution to provident and other funds (Refer Note 36)	116.4	103.7
Workmen and Staff welfare expense	72.9	101.9
Total	**1,673.4**	**1,745.4**

* Includes termination benefits of ₹ Nil (March 31, 2020 ₹ 57.6) to employees who resigned during the year.

Note 29: Finance costs

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Interest Cost on borrowings at amortised cost	68.4	17.2
Interest and finance charges on lease liabilities	61.5	24.4
Interest due and payable towards suppliers registered under MSMED Act	0.8	2.0
Unwinding of interest on provisions	4.9	6.3
Interest-Others	-	0.3
Total	**135.6**	**50.2**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 30: Depreciation and amortization expenses

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment (Refer Note 3)	430.7	413.3
Depreciation on right of use assets (Refer Note 4(ii))	231.1	62.7
Depreciation on investment property (Refer Note 6)	0.2	0.2
Amortization of intangible assets (Refer Note 7)	92.8	86.7
Total	**754.8**	**562.9**

Note 31: Other expenses

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores and spares	29.6	43.5
Power and fuel	149.2	168.6
Contract labour / staff charges	426.7	543.9
Rent (Refer Note 4 (ii))	281.8	373.1
Repairs and maintenance - Machinery	40.8	51.6
Repairs and maintenance - Others	32.7	32.5
Insurance	68.2	43.9
Repair and installation expenes for service operations	137.7	191.3
Rates and taxes	13.2	17.4
Royalty	281.2	422.3
Advertisement and sales promotion	177.0	460.7
Annual Maintenance Contract (AMC) expenses	269.7	324.3
Freight and forwarding expenses	587.7	699.8
Warranty expenses	271.1	489.2
Legal and professional fees	98.1	138.4
Corporate Social Responsibility expenses [Refer Note 31(b)]	29.3	27.3
Provision for doubtful debts	33.3	(16.7)
Bad Debt written off	54.7	7.9
Less: Provision for doubtful debts utilised	(54.7)	-
	-	7.9
Payment to Auditors [Refer Note 31(a)]	5.6	5.7
Net loss on sale of fixed assets	4.9	17.0
Loss on foreign exchange fluctuations (net)	23.5	68.2
Travelling & Conveyance	23.7	88.4
Miscellaneous expenses	315.9	334.2
Total	**3,300.9**	**4,532.5**

Note 31(a): Details of payment to auditors

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Payments to auditors:		
- As auditors	3.6	3.6
- For other audit services	1.9	1.9
- Reimbursement of expenses	0.1	0.2
Total	**5.6**	**5.7**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 31(b): Corporate social responsibility expenses

₹ in million

		Year ended March 31, 2021	Year ended March 31, 2020
(a)	Gross amount required to be spent by the Company :	26.7	27.1
(b)	Amount spent : *		
	(i) Construction/acquisition of any asset	15.6	14.7
	(ii) On purposes other than (i) above	13.7	12.6

* The company has paid ₹ 32 million (March 31, 2020 - ₹ 28.3 million)

The excess CSR spent of ₹ 2.6 million during the year ended March 31, 2021 will be adjusted against the CSR obligation arising within the succeeding three financial years. The Board of Directors have approved the said set-off on May 25, 2021.

Note 32: Current and Deferred Tax

Note 32(a): Movement of Current tax expense

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Income tax expense		
Current tax		
Current tax on profits for the year	123.1	338.0
Adjustments for current tax of prior periods	(12.4)	(14.0)
Total current tax expense	**110.7**	**324.0**
Decrease / (increase) in deferred tax assets	(4.3)	37.5
(Decrease) / increase in deferred tax liabilities	(3.1)	(13.7)
Total deferred tax expense/(credit)	**(7.4)**	**23.8**
Total	**103.3**	**347.8**

Note 32 (b): Income Tax expenses / (credit) of ₹ 0.7 million [March 31, 2020 - (₹ 10.4 million)] has been recognised in other comprehensive income on account of actuarial remeasurements of post employment benefit obligations.

No aggregate amounts of current and deferred tax have arisen in the reporting periods which have not been recognized in net profit or loss or other comprehensive income but directly debited/ (credited) to equity.

Note 32 (c): The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax from continuing operations	**434.3**	**1,183.1**
Rate of income tax	25.168%	25.168%
Income tax expenses	109.3	297.8
Differences due to:		
Expenses not deductible for tax purposes	7.6	7.1
Income exempt from income tax or taxable at concessional rate	(0.3)	(0.3)
Impact of change in tax rate	-	42.2
Tax adjustment of earlier year	(12.4)	-
Others	(0.9)	1.0
Expense recognised	**103.3**	**347.8**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 33: Contingent liabilities, contingent assets & commitments

(a) Contingent liabilities

₹ in million

	As at March 31, 2021	As at March 31, 2020
Legal matters under dispute :		
Service tax	177.2	176.6
Sales tax	159.2	149.8
Excise duty	11.7	11.7
Goods & Services tax	0.9	0.9
Guarantees given by the bankers on behalf of the Company	-	2.2
Claims against the Company not acknowledged as debts	11.0	7.8
Bonus liability pertaining to financial year 2014-15	5.8	5.8
Total	**365.9**	**354.8**

1. **Legal matters under dispute:**

   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.

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

3. The Honorable Supreme Court of India's Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation laid down principles regarding non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant impact.

4. In addition to above, Corporate Guarantee given to tax authority in respect of sales tax matters amounts to ` 103.0 million.

(b) Capital commitments

₹ in million

	As at March 31, 2021	As at March 31, 2020
Estimated value of contracts in capital account remaining to be executed and not provided for (net of advances)	23.7	93.1
Total	**23.7**	**93.1**

(c) Other commitments

₹ in million

	As at March 31, 2021	As at March 31, 2020
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 within specified years. Export obligation outstanding at the year end is:	20.6	47.0
Total	**20.6**	**47.0**

(d) There are no contingent assets recognised as at the year end (March 31, 2020 ₹ Nil)

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 34: Research and Development

The amount of Research and Development expenditure incurred in respect of capital expenditure amounted to Nil (March 31, 2020 ₹ Nil) and in respect of revenue expense amounted to ₹153.2 million (March 31, 2020 ₹ 95.6 million). The Research and Development expenditure is incurred in respect of cooling products for comfort and commercial use.

Note 35: Provisions

(i) Information about provisions:

Provision for Warranty

The Company gives one year complete warranty (service and parts), 2 year warranty on parts, 5 year warranty on controllers and 5/10 years warranty on compressors at the time of sale to the ultimate customer of its products. It is expected that the most of the expenses against the provision will be incurred within warranty period, as the case may be.

Provision for litigations and probable claims

Provision for litigations and probable claims include likely claims against the Company in respect of certain indirect tax matters whose outcome depends on their ultimate settlement / conclusion.

(ii) Movement in provisions:

Movement in each class of provision during the financial year, are set out below:

₹ in million

	Provision for Warranty	Provision for litigations and probable claims	Total
As at April 1, 2019	267.8	241.6	509.4
Charged/(credited) to profit or loss			-
-additional provision recognized	274.7	31.2	305.9
-unused amounts reversed	(32.2)	(13.8)	(46.0)
-unwinding of discount	6.3	-	6.3
Amounts used during the year	(165.8)	(7.4)	(173.2)
As at March 31, 2020	**350.8**	**251.6**	**602.4**
Charged/(credited) to profit or loss			
-additional provision recognized	133.4	10.6	144.0
-unused amounts reversed	(14.8)	-	(14.8)
-unwinding of discount	4.9	-	4.9
Amounts used during the year	(94.3)	-	(94.3)
As at March 31, 2021	**380.1**	**262.2**	**642.3**

Note: Provision for warranty during the year and utilization do not include ₹ 152.5 million for the year ended March 31, 2021 (March 31, 2020 - ₹ 246.7 million) contractually payable to dealers and service providers to meet warranty cost.

Note 36: Employee benefit obligations

(a) Compensated absences

The Compensated absences covers the liability for privilege leave and sick leave. The classification of compensated absences into current and non-current is based on the report of independent actuary.

(b) Post employment obligations

Defined contribution plans

The Company contributes to defined contribution plan viz., employees' provident fund / pension fund, employees state insurance and superannuation fund. The obligation of the Company is limited to the amount contributed and it has no further contractual or constructive obligation.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 36: Employee benefit obligations (Contd...)

The expense recognized during the year towards defined contribution plan is as under: ₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Employer's Contribution to Provident fund	65.5	62.5
Employer's Contribution to Employee State Insurance	1.3	2.6
Employer's Contribution to Superannuation fund	9.4	7.3
Total	**76.2**	**72.4**

Note : The above amount does not include administrative charges.

Defined benefit plans

Gratuity

The Company provides gratuity to employees in India. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan. The scheme is funded with Life Insurance Corporation in the form of a qualifying insurance policy.

The amount recognized in the balance sheet and movement of defined benefit obligation for the year are as follows:

₹ in million

	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	**211.6**	**(208.3)**	**3.3**
Current service cost	27.5	-	27.5
Interest expense/(income)	15.7	(15.9)	(0.2)
Total amount recognized in the Statement of Profit and Loss	**43.2**	**(15.9)**	**27.3**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / (income)	-	(1.3)	(1.3)
(Gain)/loss from change in demographic assumptions*	-	-	-
(Gain)/loss from change in financial assumptions	38.3	-	38.3
Experience (gains)/losses	4.1	-	4.1
Total amount recognized in Other comprehensive income	**42.4**	**(1.3)**	**41.2**
Employer contributions	-	(40.0)	(40.0)
Benefit payments	(23.4)	6.1	(17.3)
March 31, 2020	**273.9**	**(259.4)**	**14.5**
Current service cost	35.1	-	35.1
Interest expense/(income)	18.0	(17.2)	0.8
Total amount recognized in the Statement of Profit and Loss	**53.1**	**(17.2)**	**35.9**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / (income)	-	0.8	0.8
(Gain)/loss from change in demographic assumptions	(5.3)	-	(5.3)
(Gain)/loss from change in financial assumptions	(3.5)	-	(3.5)
Experience (gains)/losses	5.0	-	5.0
Total amount recognized in Other comprehensive income	**(3.8)**	**0.8**	**(3.0)**
Employer contributions		(54.9)	(54.9)
Benefit payments	(8.5)	17.9	9.4
March 31, 2021	**314.7**	**(312.8)**	**1.9**

* (Gain)/loss from change in demographic assumptions amounts to ₹ 6010

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 36: Employee benefit obligations (Contd...)

The net liability disclosed above relates to funded plan is as follows:

₹ in million

	As at March 31, 2021	As at March 31, 2020
Fair value of plan assets	(312.8)	(259.4)
Present value of funded obligation	314.7	273.9
Deficit/(Surplus) of gratuity plan	**1.9**	**14.5**

Categories of plan assets are as follows:

₹ in million

	As at March 31, 2021	As at March 31, 2020
Insurer managed fund	312.8	259.4
Total	**312.8**	**259.4**

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	As at March 31, 2021	As at March 31, 2020
Discount rate (p.a.)	6.75%	6.65%
Salary growth rate (p.a.)	Operators : 15% for first 3 years, 8% thereafter, Others : 7.5%	Operators : 15% for first 4 years, 8% thereafter, Others : 7.5%

Future mortality rates are obtained from relevant table of Indian Assured Lives Mortality (2012-14) Ultimate as at March 31, 2021 and March 31, 2020.

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

₹ in million

Defined benefit obligation	As at March 31, 2021	As at March 31, 2020
Discount rate (Change in assumptions)		
Increase by 1%	281.9	241.0
Decrease by 1%	352.9	313.4
Salary growth rate (Change in assumptions)		
Increase by 1%	351.9	312.3
Decrease by 1%	282.8	241.2

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method) has been applied as when calculating the defined benefit liability recognized in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Risk Exposure

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

Investment risk : If the actual return on plan assets were below the return anticipated on the basis of the discount rate, the net defined benefit obligation would increase, assuming there were no changes in other parameters. This could happen as a result of a drop in return of the fund.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 36: Employee benefit obligations (Contd...)

Interest-rate risk: A decrease in the market yields in the government bond will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Demographic risk: The gratuity plan provides a lump sum payment to vested employees at the time of retirement, death, incapacitation or termination of employment. Change in attrition rate or mortality assumption as compared to actual rate may result in change in benefit obligations, benefit expense and/ or payments than previously anticipated.

Salary escalation: The present value of defined benefit plan liability is calculated considering future salaries of plan participants. As such, an additional increase in the salary of the plan participants will increase the plan's liability.

Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending March 31, 2021 is ₹ 12.3 million, (March 31, 2020 - ₹ 6.4 million)

The weighted average duration of the defined benefit obligation is 14.96 years (March 31, 2020 – 16.72 years). The expected maturity analysis of undiscounted gratuity benefits is as follows:

₹ in million

Duration	As at March 31, 2021	As at March 31, 2020
Less than a year	12.3	6.4
Between 1-2 years	16.5	6.5
Between 2-5 years	60.8	36.0
Over 5 years	125.8	101.4

The above disclosure of obligation is limited to outflows over the period of 10 years.

Note 37: Fair value measurements

(i) Classification of Financial Instruments

This section mentions the classification of financial instruments as under:

₹ in million

	As at March 31, 2021			As at March 31, 2020		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Trade Receivables	-	-	2,640.8	-	-	2,545.6
Loans to Employees	-	-	14.6	-	-	9.9
Derivative Contracts	6.2	-	-	44.4	-	-
Other receivables	-	-	15.4	-	-	190.5
Margin money deposits	-	-	2.7	-	-	2.6
Security deposits	-	-	56.7	-	-	54.2
Cash and cash equivalents	-	-	1,220.3	-	-	176.4
Bank balances other than Cash and cash equivalents above	-	-	2.4	-	-	2.9
Interest accured on fixed deposits	-	-	1.2	-	-	-
Total financial assets	**6.2**	**-**	**3,954.1**	**44.4**	**-**	**2,982.1**
Financial liabilities						
Borrowings	-	-	-	-	-	1,587.2
Trade payables	-	-	6,339.4	-	-	5,499.6
Deposit from dealers and others	-	-	32.9	-	-	32.1
Payable for capital suppliers	-	-	38.1	-	-	50.8
Unclaimed dividends	-	-	2.4	-	-	2.9
Employee related payables	-	-	119.4	-	-	105.5
Derivative Contracts	1.7	-	-	3.1	-	-
Total financial liabilities	**1.7**	**-**	**6,532.2**	**3.1**	**-**	**7,278.1**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 37: Fair value measurements (Contd...)

(ii) Fair value hierarchy

This section explains the judgements & estimates made in determining the fair value of the financial instruments. The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

(a) Only derivative contracts are measured at fair value. These derivative contracts are categorised as Level 2 financial instruments.

(b) Assets and liabilities which are measured at amortised cost for which fair values are disclosed.

For all financial instruments referred above that have been measured at amortised cost, their carrying values are reasonable approximations of their fair values. These are classified as level 3 financial instruments.

There were no transfers between Level 1, Level 2 and Level 3 during the year.

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

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

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

(iii) Valuation technique used to determine fair value of financial instruments

- Measured at FVPL / FVOCI

The fair value of derivative contracts is determined using counterparty quote based on forward exchange rates as at the balance sheet date.

- Measured at amortised cost

The carrying amounts of current financial assets and liabilities are considered to be the same as their fair values due to short-term nature of such balances and no material differences in the values, Difference between fair value of non-current financial instruments carried at amortised cost and the carrying value, except lease liabilities is not considered to be material to the financial statement.

(iv) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO).

Note 38: Financial risk management and Capital management (Also, Refer Note: 43)

Financial risk management

The Company's activities expose it to variety of financial risks namely market risk, credit risk and liquidity risk. The Company has various financial assets such as deposits, trade and other receivables and cash and bank balances directly related to their business operations. The Company's principal financial liabilities comprise of trade and other payables borrowings. The Company's senior management's focus is to foresee the unpredictability and minimize potential adverse effects on the Company's financial performance. The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows :

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management is carried out by the management in consultation with the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific risk areas.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(A) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and from deposits with banks and other financial instruments.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 38: Financial risk management and Capital management (Also, Refer Note: 43) (Contd...)

i) Trade receivables

Trade receivables are derived from revenue earned from customers. Credit risk for trade receivable is managed by the Company through credit approvals, establishing credit limits and periodic monitoring of the creditworthiness of its customers to which the Company grants credit terms in the normal course of business. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Additionally, the Company has granted corporate guarantees to bank against the credit facilities availed by customers amounting to ₹ 75.0 million (March 31, 2020 - ₹ 150.0 million). This is not considered significant component to the overall operations of the Company.

The Company does not have a high concentration of credit risk to a single customer exceeding 10% of company revenue. Single largest customer have the total exposure in receivables of ₹ 160.3 million as of March 31, 2021 (March 31, 2020 - ₹ 309.7 million).

The Company uses the Expected Credit Loss (ECL) model to assess the impairment gain or loss. As per ECL simplified approach, the Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account a continuing credit evaluation of Company's customers' financial condition; aging of trade accounts receivable; the value and adequacy of collateral received from the customers in certain circumstances (if any); the Company's historical loss experience; and adjustment based on forward looking information. The Company defines default as an event when there is no reasonable expectation of recovery.

The movement in the allowance for impairment in respect of trade receivables is as follows:

₹ in million

Duration	As at March 31, 2021	As at March 31, 2020
Balance at the beginning	77.5	94.2
Impairment loss recognised/(reversed)	33.3	(16.7)
Amounts written off	(54.7)	-
Balance at the end	**56.1**	**77.5**

ii) Cash and cash equivalents, bank balances, bank deposits and other financial assets

The bank balances and deposits are held with banks having high credit rating.

None of the other financial instruments of the Company result in material concentration of credit risk.

(B) Management of Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in cash flow could undermine the Company's credit rating and impair investor confidence.

The Company has sufficient unutilised credit facilities amounting to ₹ 5,144.0 million as at March 31, 2021 (March 31, 2020 : ₹ 1,559.1 million) from its bankers to address any potential liquidity risk arising out of the existing Covid-19 situation. Further, the Company expects realisation of its current assets including accounts receivables and inventories within twelve months ending March 31, 2022.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 38: Financial risk management and Capital management (Also, Refer Note: 43) (Contd...)

Maturities of financial liabilities

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance sheet date:

₹ in million

As at March 31, 2021	Note No.	Carrying amount	Less than 12 months	More than 12 months	Total
Non derivatives					
Lease Liabilities		890.1	306.7	768.1	1,074.8
Trade payables	20 (b)	6,339.4	6,339.4	-	6,339.4
Deposits from dealers and others	20 (c)	32.9	32.9	-	32.9
Payable for capital suppliers	20 (c)	38.1	38.1	-	38.1
Unclaimed dividends	20 (c)	2.4	2.4	-	2.4
Employee related payables	20 (c)	119.4	119.4	-	119.4
Derivatives					
Derivative contracts	20 (c)	1.7	1.7	-	1.7
Total liabilities		**7,424.0**	**6,840.6**	**768.1**	**7,608.7**

₹ in million

As at March 31, 2020	Note No.	Carrying amount	Less than 12 months	More than 12 months	Total
Non derivatives					
Current Borrowings	20 (a)	1,587.2	1,587.2	-	1,587.2
Lease Liabilities		281.7	73.0	285.5	358.5
Trade payables	20 (b)	5,499.6	5,499.6	-	5,499.6
Deposits from dealers and others	20 (c)	32.1	32.1	-	32.1
Payable for capital suppliers	20 (c)	50.8	50.8	-	50.8
Unclaimed dividends	20 (c)	2.9	2.9	-	2.9
Employee related payables	20 (c)	105.5	105.5	-	105.5
Derivatives					
Derivative contracts	20 (c)	3.1	3.1	-	3.1
Total liabilities		**7,562.9**	**7,354.2**	**285.5**	**7,639.7**

(C) Market Risk

Market risk comprises of foreign currency risk and interest rate risk. Interest rate risk arises from variable rate borrowings that expose the Company's financial performance, financial position and cash flows to the movement in market rates of interest. The Company usually have short term borrowings which are primarily fixed rate interest bearing borrowings. Hence, the Company is not significantly exposed to interest rate risk. Foreign currency risk arises from transactions that are undertaken in a currency other than the functional currency of the Company. Further, the financial performance and financial position of the Company is exposed to foreign currency risk that arises on outstanding receivable and payable balances at a reporting year end date.

Foreign currency risk

The fluctuation in foreign currency exchange rates may have potential impact on the Statement of profit and loss.

Considering the economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in foreign currency exchange rates. The risks primarily relate to fluctuations in US Dollar (USD) and Japanese Yen (JPY) to the functional currency (₹) of the Company.

The Company, as per risk management policy, uses forward exchange derivative contracts to hedge foreign currency risk. The Company evaluates the impact of foreign exchange rate fluctuations by assessing exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with risk management policies. The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange exposure and a simultaneous parallel foreign exchange rate shift of USD by 5% and JPY by 5% against the functional currency of the Company.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 38: Financial risk management and Capital management (Also, Refer Note: 43) (Contd...)

The Company undertakes import and export transactions which expose the Company to foreign currency risk. It imports capital goods, raw materials, components, spare parts and stock-in-trade.

The Company's foreign currency exposure arises mainly from foreign currency imports. As at the end of the reporting period, the carrying amount of the Company's foreign currency denominated monetary assets and liabilities in respect of various foreign currency and derivative to hedge the exposure is as follows:

Foreign currency exposure ₹ in million

	As at March 31, 2021		As at March 31, 2020		
	USD	JPY	USD	JPY	Others
Assets					
Trade Receivables	186.9	-	185.1	-	-
Bank Balance in EEFC account	95.8	-	136.0	-	-
Other financial assets	15.8	-	14.3	-	-
	298.5	**-**	**335.3**	**-**	**-**
Liabilities					
Trade Payable	2,499.6	17.1	1,935.7	20.0	2.5
Other financial liabilities	22.3	5.0	42.5	-	-
	2,521.8	**22.1**	**1,978.2**	**20.0**	**2.5**
Derivative to hedge exposure					
Forward contracts (Buy)	1,532.4	-	1,640.4	-	-

Sensitivity - Foreign Currency

The sensitivity of profit or loss to changes in the exchange rates is as follows: ₹ in million

	Increase / (decrease) in profit after tax	
	March 31, 2021	March 31, 2020
USD Sensitivity		
Depreciation of ₹ against USD by 5% (March 31, 2020 - 5%)*	(25.9)	(0.1)
Appreciation of ₹ against USD by 5% (March 31, 2020 - 5%)*	25.9	0.1
JPY Sensitivity		
Depreciation of ₹ against JPY by 5% (March 31, 2020 - 5%)*	(0.8)	(0.6)
Appreciation of ₹ against JPY by 5% (March 31, 2020 - 5%)*	0.8	0.6

* Holding all other variables constant

Capital management

(a) Risk management

The Company considers the following components of its balance sheet to be managed as capital:

Total equity as shown in the balance sheet includes share capital, general reserve, retained earnings, capital reserve & securities premium.

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to day needs. The Company considers the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company is not subject to financial covenants in any of its significant financing agreements.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 38: Financial risk management and Capital management (Also, Refer Note: 43) (Contd...)

The Board of directors monitors the return on capital as well as the level of dividends to shareholder and appropriate decision in the interest of the Company is taken by the Board of directors. Refer the below note for dividend declared and paid.

(b) Dividend

₹ in million

	March 31, 2021	March 31, 2020
Equity shares		
Final Dividend for the year ended March 31, 2020 - ₹ Nil (March 31, 2019 - ₹ 1.5) per fully paid-up share	-	40.8
Dividends not recognised at the end of the reporting period		
The Board of Directors did not recommend dividend subsequent to the year ended March 31, 2021 and March 31, 2020.	-	-

Note 39: Related party disclosure (As per Ind AS -24)

I Relationship

A. Parties exercising control	**Ultimate Parent**
	Johnson Controls International PLC, Inc., Ireland (JC)
	Immediate Parent
	JCHAC India Holdco Limited, UK
B. Parties under common control (Fellow Subsidiaries)	Johnson Controls-Hitachi Components (Thailand) Co. Ltd.
	Johnson Controls Hitachi Air Conditioning Malaysia Sdn. Bhd.
	Johnson Controls India Pvt. Ltd.
	Johnson Controls, Inc., USA
	Johnson Controls-Hitachi Air Conditioning Spain, S.A.
	Johnson Controls-Hitachi Air Conditioning Wuhu Co. Ltd., China
	Johnson Controls Air Conditioning and Refrigeration, Inc (Dubai Branch)
	Johnson Control International (L.L.C).,(UAE)
	Johnson Controls Air Conditioning And Refrigeration Fze., Dubai
	Johnson Controls Hitachi Air Conditioning Europe Sas, France
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.
	Johnson Controls-Hitachi Air Conditioning North America LLC
	Johnson Controls-Hitachi Ar Condicionado do Brasil Ltda.
	Johnson Controls-Hitachi Wanbao Air Conditioning System (Shanghai) Co., Ltd.
	PT Johnson Controls Hitachi Air Conditioning Indonesia
	Johnson Controls-Hitachi Wanbao Air Conditioning Guangzhou Co. Ltd., China
	Johnson Controls-Hitachi Air Conditioning Trading (Hong Kong) Limited
	Johnson Controls (S) PTE Ltd., Singapore
	Johnson Controls Technology Company,(USA).
	Johnson Controls-Hitachi Air Conditioning Technology (Wuxi) Co. Ltd., China
	Johnson Controls-Hitachi Air Conditioning Taiwan Co. Ltd.
	Johnson Controls Building Efficiency Technology (Wuxi) Co.,Ltd
	Hitachi Johnson Controls Air Conditioning Inc., Japan
	Rola Star Pvt. Limited, India
	York International (SA) Inc, USA
	Tyco Fire & Security India Private Limited
C. Associate/Joint Venture in JC Group	Highly Electrical Appliances India Pvt. Ltd.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 39: Related party disclosure (As per Ind AS -24) (Contd...)

D.	**Associates**	**Entities having significant influence over the Company**
		Hitachi Global Life Solution Inc.
		Subsidiaries of entities having significant influence over the Company
		Hitachi Automotive System (India) Pvt. Limited
		Hitachi Consumer Products (Thailand) Ltd.
		Hitachi High Technologies Hong Kong Ltd.
		Hitachi High- Technologies India Pvt. Ltd.
		Hitachi High-Technologies Corporation
		Hitachi Hirel Power Electronics Pvt. Ltd.
		Hitachi Home Electronics Asia (S) Pte. Ltd.
		Hitachi India Pvt. Ltd.
		Hitachi Lift India Pvt. Ltd.
		Hitachi Metals Singapore Pte Ltd.
		Hitachi Sales Middle East Fze
		Hitachi Payment Services Pvt. Ltd
		Hitachi Systems Micro Clinic Pvt Ltd.
		Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd., China
		Tata Hitachi Construction Machinery Company Pvt. Ltd.
E.	**Key Managerial Personnel**	Mr. Gurmeet Singh (Chairman and Managing Director)
		Mr. Shinichi Iizuka (Non-executive non-independent Director)
		Mr. Yoshikazu Ishihara (Non-executive non-independent Director)
		Mr. Mukesh Patel (Independent Director)
		Mr. Ashok Balwani (Independent Director)
		Ms. Indira Parikh (Independent Director)

F. Post employment benefit plan of Johnson Controls-Hitachi Air Conditioning India Limited

Johnson Controls-Hitachi Air Conditioning India Limited Employees Gratuity Scheme (Trust) (Refer Note 36 for contribution made)

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 39: Related party disclosure (As per Ind AS -24) (Contd...)

II The nature and volume of transaction carried out and balances with related parties in ordinary course of business are as follows:

₹ in million

Sr. No.	Transactions	Parties Referred to A Above		Parties Referred to B Above		Parties Referred to C Above		Parties Referred to D Above		Parties Referred to E Above	
		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
A	**Transaction during the year**										
1	Purchase of raw material										
	Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	1,145.3	2,145.5	-	-	-	-
	Johnson Controls-Hitachi Components (Thailand) Co. Ltd.	-	-	639.6	834.3	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	-	25.2	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Taiwan Co. Ltd.	-	-	-	48.1	-	-	-	-	-	-
	Hitachi High-Technologies Corporation	-	-	-	-	-	-	1.3	63.4	-	-
	Hitachi High Technologies Hong Kong Ltd.	-	-	-	-	-	-	0.3	-	-	-
	Others	-	-	38.7	6.8	-	-	-	2.5	-	-
	Total	**-**	**-**	**678.3**	**914.4**	**1,145.3**	**2,145.5**	**1.6**	**65.9**	**-**	**-**
2	Purchase of stock-in-trade										
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	-	-	421.4	726.9	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	74.5	32.2	-	-	-	-	-	-
	Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd	-	-	-	-	-	-	358.5	632.7	-	-
	Johnson Controls-Hitachi Wanbao Air Conditioning Systems (Shanghai) Co.Ltd	-	-	8.1	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Wanbao Air Conditioning Guangzhou Co. Ltd., China	-	-	50.5	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Wuhu Co. Ltd., China	-	-	9.9	-	-	-	-	-	-	-
	Others	-	-	12.7	38.9	-	-	0.4	0.7	-	-
	Total	**-**	**-**	**155.7**	**71.1**	**-**	**-**	**780.3**	**1,360.3**	**-**	**-**
3	Technical know-how fees (capitalised)										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	7.0	0.6	-	-	-	-	-	-
	Total	**-**	**-**	**7.0**	**0.6**	**-**	**-**	**-**	**-**	**-**	**-**
4	Liabilities no longer required written back										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	8.5	-	-	-	-	-	-	-
	Total	**-**	**-**	**8.5**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

₹ in million

Sr. No.	Transactions	Parties Referred to A Above		Parties Referred to B Above		Parties Referred to C Above		Parties Referred to D Above		Parties Referred to E Above	
		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
5	Other Operating Revenue										
	Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	-	2.6	-	-	-	-
	Johnson Controls Air Conditioning and Refrigeration, Inc (Dubai Branch)	-	-	-	1.1	-	-	-	-	-	-
	Total	**-**	**-**	**-**	**1.1**	**-**	**2.6**	**-**	**-**	**-**	**-**
6	Sale of products										
	Johnson Controls India Private Limited	-	-	-	155.5	-	-	-	-	-	-
	Hitachi Home Electronics Asia (S) Pte. Ltd.	-	-	-	-	-	-	81.6	101.5	-	-
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	-	307.3	107.2	-	-	-	-	-	-
	Johnson Control International (L.L.C).,(UAE)	-	-	-	66.7	-	-	-	-	-	-
	Highly Electrical Appliances India Private Limited.	-	-	-	-	0.7	-	-	-	-	-
	Hitachi Payment Services Pvt. Ltd	-	-	-	-	-	-	35.5	-	-	-
	York International (SA) Inc.	-	-	129.3	-	-	-	-	-	-	-
	Others	-	-	22.8	5.2	-	1.0	0.3	4.1	-	-
	Total	**-**	**-**	**459.4**	**334.6**	**0.7**	**1.0**	**117.4**	**105.6**	**-**	**-**
7	Sale of services										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	513.0	619.0	-	-	-	-	-	-
	Hitachi Payment Services Pvt. Ltd	-	-	-	-	-	-	5.5	-	-	-
	Hitachi Hirel Power Electronics Pvt. Ltd.	-	-	-	-	-	-	1.3	-	-	-
	Hitachi Automotive System (India) Pvt. Limited	-	-	-	-	-	-	0.8	-	-	-
	Others	-	-	0.1	0.1	-	0.5	0.3	14.5	-	-
	Total	**-**	**-**	**513.1**	**619.1**	**-**	**0.5**	**7.9**	**14.5**	**-**	**-**
8	Advertisement, Salary & Other Expense recovery										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	63.9	67.5	-	-	-	-	-	-
	Johnson Controls Hitachi Air Conditioning Europe Sas, France	-	-	27.2	-	-	-	-	-	-	-
	Others	-	-	6.2	0.5	-	4.9	-	5.4	-	-
	Total	**-**	**-**	**97.3**	**68.0**	**-**	**4.9**	**-**	**5.4**	**-**	**-**
9	Testing Expense										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	-	24.5	-	-	-	-	-	-
	Others	-	-	-	0.5	-	0.1	-	2.1	-	-
	Total	**-**	**-**	**-**	**25.0**	**-**	**0.1**	**-**	**2.1**	**-**	**-**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

₹ in million

Sr. No.	Transactions	Parties Referred to A Above		Parties Referred to B Above		Parties Referred to C Above		Parties Referred to D Above		Parties Referred to E Above	
		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
10	Commission										
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	-	3.7	-	-	-	-	-	-	-
	Hitachi Sales Middle East Fze	-	-	-	-	-	-	0.1	-	-	-
	Total	**-**	**-**	**3.7**	**-**	**-**	**-**	**0.1**	**-**	**-**	**-**
11	Key management personnel compensation										
	Mr. Gurmeet Singh										
	- Short term employee benefits	-	-	-	-	-	-	-	-	21.7	17.7
	- Post employment benefits	-	-	-	-	-	-	-	-	1.4	1.2
	Directors sitting fees										
	Mr. Mukesh Patel	-	-	-	-	-	-	-	-	0.8	0.6
	Mr. Ashok Balwani	-	-	-	-	-	-	-	-	0.8	0.7
	Ms. Indira Parikh	-	-	-	-	-	-	-	-	0.8	0.6
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.8**	**20.8**
12	Royalty										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	147.1	233.4	-	-	-	-	-	-
	Hitachi Global Life Solution Inc.	-	-	-	-	-	-	133.9	188.0	-	-
	Others	-	-	0.2	0.9	-	-	-	-	-	-
	Total	**-**	**-**	**147.3**	**234.3**	**-**	**-**	**133.9**	**188.0**	**-**	**-**
13	Purchase of capital goods										
	Tyco Fire & Security India Private Limited	-	-	2.3	12.1	-	-	-	-	-	-
	Johnson Controls, Inc., USA	-	-	-	13.6	-	-	-	-	-	-
	Johnson Controls (S) PTE Ltd., Singapore	-	-	-	3.9	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	5.3	-	-	-	-	-	-	-
	Johnson Controls India Private Limited	-	-	33.6	-	-	-	-	-	-	-
	Others	-	-	-	0.2	-	-	-	3.9	-	-
	Total	**-**	**-**	**41.2**	**29.8**	**-**	**-**	**-**	**3.9**	**-**	**-**
14	Reimbursement of salaries & other expenses										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	25.4	3.6	-	-	-	-	-	-
	Johnson Controls Hitachi Air Conditioning Europe Sas, France	-	-	-	13.8	-	-	-	-	-	-
	Johnson Controls, Inc., USA	-	-	19.7	29.2	-	-	-	-	-	-
	Hitachi Global Life Solution Inc.	-	-	-	-	-	-	7.7	6.0	-	-
	Others	-	-	3.0	-	-	-	-	2.4	-	-
	Total	**-**	**-**	**48.1**	**46.6**	**-**	**-**	**7.7**	**8.4**	**-**	**-**
15	Proceeds from Loan										
	Rola Star Pvt. Limited, India	-	-	30.0	-	-	-	-	-	-	-
	Total	**-**	**-**	**30.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

₹ in million

Sr. No.	Transactions	Parties Referred to A Above		Parties Referred to B Above		Parties Referred to C Above		Parties Referred to D Above		Parties Referred to E Above	
		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
16	Repayment of Loan										
	Rola Star Pvt. Limited, India	-	-	30.0	-	-	-	-	-	-	-
	Total	**-**	**-**	**30.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
17	Interest on Loan										
	Rola Star Pvt. Limited, India	-	-	0.2	-	-	-	-	-	-	-
	Total	**-**	**-**	**0.2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
18	Dividend Payment										
	JCHAC India Holdco Limited, UK	-	30.3	-	-	-	-	-	-	-	-
	Total	**-**	**30.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(B)	**Balance at year end**										
	Receivable										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	55.7	70.0	-	-	-	-	-	-
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	-	-	15.4	14.3	-	-
	Johnson Controls-Hitachi Air Conditioning (S) Pte Ltd	-	-	16.4	-	-	-	-	-	-	-
	Johnson Controls (S) PTE Ltd., Singapore	-	-	-	70.8	-	-	-	-	-	-
	Hitachi Payment Services Pvt. Ltd	-	-	-	-	-	-	23.8	-	-	-
	York International (SA) Inc.	-	-	23.2	-	-	-	-	-	-	-
	Hitachi Home Electronics Asia (S) Pte. Ltd.	-	-	-	-	-	-	15.6	-	-	-
	Others	-	-	10.3	6.8	-	0.30	0.6	3.5	-	-
	Total Amount	**-**	**-**	**105.5**	**147.6**	**-**	**0.3**	**55.4**	**17.8**	**-**	**-**
	Payable										
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	-	-	209.9	130.2	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	202.0	95.6	-	-	-	-	-	-
	Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	546.3	682.7	-	-	-	-
	Johnson Controls-Hitachi Components (Thailand) Co. Ltd., Thailand	-	-	247.3	408.5	-	-	-	-	-	-
	Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd., China	-	-	-	-	-	-	155.0	20.9	-	-
	Hitachi Global Life Solution Inc	-	-	-	-	-	-	80.8	-	-	-
	Others	-	-	37.5	52.7	-	-	-	70.5	-	-
	Total Amount	**-**	**-**	**486.8**	**556.8**	**546.3**	**682.7**	**445.7**	**221.6**	**-**	**-**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Notes:

(i): There are no allowances on account for impaired receivables in relation to any outstanding balances, and no expense have been recognised in respect of impaired receivables due from related parties.

(ii): Key management personnel compensation does not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

III. Terms and Conditions

Transactions relating to dividends were on same terms and conditions that applied to other shareholders. All other transactions were made on normal commercial terms and condition.

All outstanding balances are unsecured and will be settled in cash.

Note 40: Segment Reporting

A. Description

The Company's chief operating decision maker (CODM), Chairman & Managing Director (CMD), assesses the financial performance and position of the Company, and make strategic decisions. The Company has identified the following two reportable segments.

Reportable Segments	Operations
Cooling Products for comfort and commercial use	Providing Cooling products for comfort and commercial use in India and outside India and related services.
Design and development services	Design and development services relates to Air Conditioning to group company outside India and to the Company's segment-Cooling Product for comfort and commercial use.

The Company's chief operating decision maker (CODM), Chairman & Managing Director (CMD) reviews internal management report of each segment at least monthly.

B. Information about reportable segment

Information related to each reportable segment is set out below. Segment Earnings before Interest and Tax (EBIT) and profit before tax, as included in internal management reports reviewed by the CODM, is used to measure performance because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

₹ in million

	2020-21			2019-20		
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total
Segment Revenue						
External Sales	15,952.4	650.3	16,602.7	21,354.8	700.8	22,055.6
Less : Inter - Segment Sales	-	137.3	137.3	-	81.9	81.9
Total Revenue from operations	**15,952.4**	**513.0**	**16,465.4**	**21,354.8**	**618.9**	**21,973.7**
Segment Results						
Earnings before Interest and Tax and Exceptional items	413.3	85.5	498.8	1,137.6	103.2	1240.8
Less: Exceptional items	(71.1)	-	(71.1)	7.5	-	7.5
Less: Interest expense	135.6	-	135.6	50.2	-	50.2
Profit before tax	**348.8**	**85.5**	**434.3**	**1,079.9**	**103.2**	**1,183.1**
Segment Assets	**13,377.0**	**1,523.6**	**14,900.6**	**13,733.4**	**1618.3**	**15,351.7**
Unallocated corporate assets	-	-	1,525.6	-	-	489.0
Total Segment assets	**13,377.0**	**1,523.6**	**16,426.2**	**13,733.4**	**1618.3**	**15,840.7**
Segment Liabilities	**8,986.9**	**164.5**	**9,151.4**	**8,763.2**	**189.4**	**8,952.6**
Unallocated corporate liabilities	-	-	56.3	-	-	2.9
Total Segment Liabilities	**8,986.9**	**164.5**	**9,207.7**	**8,763.2**	**189.4**	**8,955.5**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 40: Segment Reporting (Contd...)

C. Geographic information

The Cooling products for comfort and commercial use and Design and development services are sold / provided to customer in India and outside India. The manufacturing facilities and sales offices are primarily located in India.

In presenting the following information, segment revenue is based on the geographic location of customers.

₹ in million

	2020-21			2019-20		
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total
Segment revenue						
India	15,236.2	137.3	15,373.5	20,763.1	81.9	20,845.0
Outside India	716.2	513.0	1,229.2	591.7	618.9	1,210.6
Total	**15,952.4**	**650.3**	**16,602.7**	**21,354.8**	**700.8**	**22,055.6**
Less: Inter Segment Revenue	-	(137.3)	(137.3)	-	(81.9)	(81.9)
Total segment revenue from operations	**15,952.4**	**513.0**	**16,465.4**	**21,354.8**	**618.9**	**21,973.7**

D. Non-current segment asset

₹ in million

	2020-21	2019-20
India	4,818.5	4,540.2
Outside India	-	-
Total Non-current Segment assets	**4,818.5**	**4,540.2**

E. The Company does not have any customer contributing 10 percent or more of total revenue.

Note 41: Revenue from contracts with customers

Reconciliation of revenue recognised with contract price:

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Contract Price	17,455.3	23,508.2
Adjustment for:		
Incentives and performance bonus	(989.9)	(1,534.5)
Revenue recognised	**16,465.4**	**21,973.7**

In the following table, revenue is disaggregated major products/service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Company's two strategic divisions, which are its reportable segments.

₹ in million

	2020-21			2019-20		
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total
Major Products /service lines						
Room air conditioners	10,954.1	-	10,954.1	15,075.4	-	15,075.4
Commercial air conditioners	1,920.7	-	1,920.7	2,651.4	-	2,651.4
Home appliances	775.8	-	775.8	1,160.5	-	1,160.5
Service Income	777.1	513.0	1,290.1	904.5	618.9	1,523.4
Others	1,524.7	-	1,524.7	1,563.0	-	1,563.0
Total	**15,952.4**	**513.0**	**16,465.4**	**21,354.8**	**618.9**	**21,973.7**
Timing of revenue recognition						
Goods / Services Transferred at a point of time	15,297.0	-	15,297.0	20,600.8	-	20,600.8
Service transferred over time	655.4	513.0	1,168.4	754.0	618.9	1,372.9
	15,952.4	**513.0**	**16,465.4**	**21,354.8**	**618.9**	**21,973.7**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 41: Revenue from contracts with customers (Contd...)

Information about Contract assets and Contract Liabilities

	Contract assets	Contract liabilities
As at April 1, 2019	**214.9**	**299.9**
Revenue recognised that was included in the contract liability balance at the beginning of the period		233.8
Increases due to cash received, excluding amounts recognised as revenue during the period		222.1
Transfers from contract assets recognised at the beginning of the period to receivables	189.8	
Increases as a result of changes in the measure of progress	86.8	
As at March 31, 2020	**111.9**	**288.2**
Revenue recognised that was included in the contract liability balance at the beginning of the period		183.8
Increases due to cash received, excluding amounts recognised as revenue during the period		164.2
Transfers from contract assets recognised at the beginning of the period to receivables	74.2	
Increases as a result of changes in the measure of progress	42.0	
As at March 31, 2021	**79.7**	**268.6**

Unsatisfied performance obligation

	As at March 31, 2021	As at March 31, 2020
Aggregate amount of the transaction price allocated to construction contracts that are partially unsatisfied as at reporting date	243.1	277.0
Revenue recognised from performation obligation unsatisfied in previous period	33.5	319.7

Management expects that 40% (March 31, 2020: 35%) of transaction price allocated to the unsatisfied contracts as on March 31, 2021 will be recognised as revenue during the next reporting period 2021-22.

Note 42: Exceptional Items

In the month of August 2019, there was a major fire at one of the Company's warehouse and due to this, there was a loss of inventory. During the year ended March 31, 2020, such loss (net of estimated insurance claim receivable) of ₹ 7.5 million was recognized. Based on the final assessment by Surveyor, an amount of ₹ 71.1 million was recognized as income during the year ended March 31, 2021 towards insurance claim receivable.

Note 43: Impact due to Covid-19 pandemic

The Central/State government authorities have imposed various restrictions to control the spread of Covid-19 pandemic and these restrictions have been prevalent during the seasonal period of the Company's business. The Company predominantly operates in air-conditioning business which is seasonal in nature, and the seasonal period is the first and the last quarter of every financial year. The low market demand due to Covid-19 pandemic has impacted the Company's financial results for the year ended March 31, 2021.

The Company's management has done an assessment of the situation including the liquidity position, and the recoverability and carrying value of all its assets and liabilities as at March 31, 2021, and concluded that there are no material adjustments required in the financial statements as at March 31, 2021. However, the Company will continue to monitor any material changes as the situation evolves.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 44: Earnings per share

	As at March 31, 2021	As at March 31, 2020
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in million)	331.0	835.3
Weighted average number of Equity shares outstanding during the financial year (Nos.)	2,71,90,884	2,71,90,884
Nominal face value of an Equity share (in ₹)	10.0	10.0
Basic and diluted earnings per share (in ₹)	12.2	30.7

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

Note 45: Disclosures pursuant to section 186(4) of the Companies Act, 2013

₹ in million

	Purpose	As at March 31, 2021	As at March 31, 2020
Corporate guarantees given to bank against the credit facilities availed by dealers	To partially address dealers working capital requirement	75.0	150.0

Note 46: Events occurring after reporting period

The Company evaluated subsequent events through May 25, 2021, the date the financial statements were available for issuance, and determined that there were no additional material subsequent events requiring disclosure.

As per our report of even date

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

Sachin Parekh
Partner
Membership No.: 107038

Place: Mumbai
Date: May 25, 2021

For and on behalf of the Board of Directors

Gurmeet Singh
Chairman & Managing Director
DIN : 06938403
Place: New Delhi

Yoshikazu Ishihara
Director
DIN : 07998690
Place: Tokyo

Rishi Mehta
Chief Financial Officer
Place: Kadi
Date: May 25, 2021

Parag Dave
Company Secretary
Membership No.: 12626
Place: Kadi
Date: May 25, 2021

NOTES

Johnson Controls

HITACHI
Air conditioning solutions

Johnson Controls-Hitachi Air Conditioning India Limited

HEAD OFFICE AND WORKS
Hitachi Complex, Karan Nagar, Kadi,
Dist.- Mehsana - 382727, Gujarat, India.

REGISTERED OFFICE
9th Floor, Abhijeet – I, Mithakhali Six Roads,
Ahmedabad – 380 006, Gujarat, India.
T - +91-79-26402024
CIN No. L29300GJ1984PLC007470
Email: hitachi@jci-hitachi.com
Website: www.hitachiaircon.in

Dial-a-Care

Call: 079-71414848 (Landline), 756788-4848 (Mobile)
E-mail: customercare@jci-hitachi.com

Air Conditioners and Refrigerators are e-waste products and should be segregated for environmental friendly recycling and should not be mixed with general household waste at the end of its useful life. For more details kindly visit our website or contact Hitachi Dial-a-Care.

Join us at:
https://www.facebook.com/HitachiHomes/
https://twitter.com/HitachiHomes
https://www.youtube.com/user/hitachihome
https://www.linkedin.com/company/johnson-controls-hitachi-air-conditioning

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.

Johnson Controls-Hitachi Air Conditioning India Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Sixth Annual General Meeting of the members of the Johnson Controls-Hitachi Air Conditioning India Limited will be held on Wednesday, 15th day of September, 2021 at 10.00 a.m. through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2021 and the reports of Board of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Yoshikazu Ishihara (DIN 07998690), who retires by rotation and being eligible, offers himself for re-appointment.

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

   "RESOLVED THAT pursuant to the provisions of Section 139, and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, approval of the Members of the Company be accorded for re-appointment of Price Waterhouse & Co. Chartered Accountants LLP (Firm Registration No. 304026E / E300009), as Auditors of the Company for 2nd term to hold office from the conclusion of this Annual General Meeting held on September 15, 2021 till the conclusion of the sixth consecutive Annual General Meeting at such remuneration as may be agreed upon by Board of Directors and Auditors".

SPECIAL BUSINESS:

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

   "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and Rules framed there under and any amendment of such provisions from time to time, M/s. Kiran J Mehta & Co. (FRN - 000025), Cost Accountants, appointed by the Board of Directors of the Company to conduct the Audit of Cost records of the Company for the financial year from April 01, 2021 to March 31, 2022, be paid a remuneration of ₹ 1.25 Lacs and reimbursement of actual travel and out-of-pocket expenses."

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

   "RESOLVED THAT pursuant to the provisions of Sections 196 and 197 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the rules framed there under and any further statutory modification(s) thereof, for the time being in force the consent of the members be and is hereby accorded for the revision in the maximum remuneration payable to Mr. Gurmeet Singh (DIN 06938403) as a Chairman & Managing Director of the Company with effect from April 01, 2021 on the terms and conditions of appointment and remuneration as under:

   Salary:

   Not to exceed ₹ 35,000,000 per Annum (inclusive of perquisites as stated under).

   Perquisites:

   Category A:

   The Company shall provide house rent allowance and any other perquisites as may be decided by the Company from time to time.

   Category B:

   Company's car and telephone at residence. Extent of usage of these perquisites for official duties, shall not be included in the computation of the limit of the above remuneration ceiling.

   Apart from the aforesaid remuneration, he will be entitled to reimbursement of all expenses incurred in connection with the business of the company.

   The appointee shall not be entitled to any sitting fees for Board / Committee meetings.

   In the event of loss, absence or inadequacy of profits of the Company in any financial year during the term of the office of the appointee, the remuneration as mentioned above shall be paid to him as minimum remuneration.

   Annual / interim increments will be decided as per the policy of the Company on the basis of performance of the appointee."

"FURTHER RESOLVED THAT the Board (term "Board" referred hereinafter includes Board of Directors of the Company and Nomination and Remuneration Committee) be and is hereby authorised to vary and / or modify the terms and condition including remuneration, benefits and perquisites payable / made available to the appointee in such manner as may be agreed upon between the Board and the appointee."

"FURTHER RESOLVED THAT in the event of loss, absence or inadequacy of profits of the Company during the term of the office of the appointee, the remuneration as mentioned in the Explanatory Statement shall be paid to him as minimum remuneration."

"FURTHER RESOLVED THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings, as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or to any director or to any employee of the Company to give effect to the aforesaid resolutions."

By Order of the Board of Directors

Place: Karan Nagar, Kadi, Gujarat
Date: May 25, 2021

Parag Dave
Company Secretary

Johnson Controls-Hitachi Air Conditioning India Limited
Corporate Identification Number (CIN): L29300GJ1984PLC007470
Regd. Office: 9th Floor, Abhijeet-1, Mithakhali Six Roads, Ahmedabad: 380006
Phone: 079-26402024 E-mail: parag.dave@jci-hitachi.com, Website: https://www.hitachiaircon.in/

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

Item No. 4

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, on recommendation of Audit Committee, the Board has considered and approved appointment of M/s. Kiran J Mehta & Co. (FRN - 000025), Cost Accountants, as Cost Auditors to conduct Audit of Cost records of the Company for the financial year from April 01, 2021 to March 31, 2022 at a remuneration of Rs. 1.25 Lacs plus Service Tax and reimbursement of actual travel and out-of-pocket expenses.

Such remuneration has to be ratified by the Shareholders of the Company. Therefore, consent of the Members is sought for passing an Ordinary resolution for ratification of the Remuneration payable to Cost Auditors for the financial year from April 01, 2021 to March 31, 2022.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution.

Considering above, the Board recommends the resolution for approval of the members.

Item No. 5

Nomination and Remuneration Committee and Board of Directors, at their meeting held on 9th February, 2021, has increased the maximum limit of Remuneration of Mr. Gurmeet Singh, Chairman & Managing Director, with effect from 1st April, 2021.

Information as required under Section II of the Part II of Schedule V of the Companies Act, 2013

I. General Information

a) Nature of Industry: Company is engaged in manufacturing and selling of Air conditioners and trading of Refrigerators and Air Purifiers.

b) Date or expected date of commencement of commercial production: Company commenced its business in the year 1985.

c) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.

d) Financial performance based on the given indicators: For the year 2020-21, Income was ₹ 16465.4 Million and Profit before tax was ₹ 434.3 Million.

e) Foreign investments or collaborations, if any: Johnson Controls–Hitachi Air conditioning is holding 74.25% of the total paid up share capital as well as Company has entered into Technical Collaboration agreements with Hitachi-Johnson Controls Air Conditioning, Inc. for the products of the Company.

II. Information about the appointee

a) Back ground details: Brief resume of the appointee is provided as part of this notice.

b) Past remuneration: For the year 2020-21: ₹ 23.1 Million.

c) Job Profile and his suitability:

Mr. Gurmeet Singh is an Honours Graduate in Physics from the University of Delhi with a Post Graduate Diploma in Management. In his total experience of nearly 33 years, he has worked in various companies and product categories. In his career he has worked in fields of Sales, Marketing, Business Planning, Service and Strategy.

d) Remuneration proposed to appointee: Remuneration as stated above.

e) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and

person (in case of expatriates the relevant details would be w.r.t. the country of his origin): With globalisation and liberalisation taking roots in India, the demand for the knowledge and skill in various fields are on the rise and there has been a phenomenal growth in the remuneration package for key positions. The proposed increase in maximum remuneration limit as above is in line with –

(i) Increments which are likely to be given during remaining tenure of his present term

(ii) Remuneration of other heads of Johnson Controls Group companies worldwide handling similar set of responsibilities;

(iii) compensation trends in the Indian HVAC industry

(iv) responsibilities assigned to Mr. Gurmeet Singh as per the requirements of the company;

f) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Apart from the remuneration, he does not have any pecuniary relationship with the Company or with the managerial personnel or with the other Directors of the Company.

III. Other Information

Reasons of loss or inadequate profits: Not applicable since, during the year 2020-21, Company has made profit before tax of ₹ 434.3 Million.

IV. Disclosures

The disclosures of remuneration shall be reported in Corporate Governance Report attached to the Directors' Report.

Except Mr. Gurmeet Singh being appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution.

The above explanatory statement sets out an abstract of material terms and conditions of the appointment and hence the same may be treated as an abstract of memorandum of interest in accordance with Section 190 of the Companies Act, 2013.

The Board commends the resolution for approval of the members.

By Order of the Board of Directors

Place: Karan Nagar, Kadi, Gujarat
Date: May 25, 2021

Parag Dave
Company Secretary

Johnson Controls-Hitachi Air Conditioning India Limited
Corporate Identification Number (CIN): L29300GJ1984PLC007470
Regd. Office: 9th Floor, Abhijeet-1, Mithakhali Six Roads, Ahmedabad: 380006
Phone: 079-26402024 E-mail: parag.dave@jci-hitachi.com, Website: https://www.hitachiaircon.in/

Brief resume of the Directors seeking appointment or re-appointment at this Annual General Meeting (Pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

Mr. Gurmeet Singh

Mr. Gurmeet Singh is an Honors' Graduate in Physics from the University of Delhi with a Post Graduate Diploma in Management. In his total experience of nearly 33 years, he has worked in various companies and product categories. In his career he has worked in fields of Sales, Marketing, Business Planning, Service and Strategy. He has been associated with Company for almost 16 years in 2 stints. He had initially joined the Company in 2001.

There is no inter-se relation of Mr. Gurmeet Singh with any other Director of the Company.

Directorship / Membership of Committee of the Board held in other public limited companies in India: None.

No. of Shares held in Company: Nil.

Mr. Yoshikazu Ishihara

Mr. Yoshikazu Ishihara is a Graduate from the University of Southern California and Juris Doctor Degree from Emory University School of Law. He is having total experience of nearly 25 years in the field of Legal.

There is no inter-se relation of Mr. Yoshikazu Ishihara with any other Director of the Company.

Directorship / Membership of Committee of the Board held in public limited listed companies in India: Nil

No. of Shares held in Company: Nil

Notes:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect to the Special business to be transacted at the Meeting is annexed hereto.
2. Members are requested to notify promptly any change in their address to the Company's Registrars and Share Transfer Agent, Link Intime India Pvt. Limited (RTA) at its present address at 506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Near St. Xavier's College Corner, Off C G Road, Ellisbridge, Ahmedabad 380006, Gujarat, India. The members are also requested to send all correspondence relating to Shares, including transfers and transmissions to the Registrars and Share Transfer Agent.
3. Members who have not yet submitted KYC details with RTA are requested to,
   - submit KYC ;
   - register Mail ID;
   - provide Bank details.
4. All members who have not encashed their dividend warrants for the financial years 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 are requested to write to the Company's Registrars and Share Transfer Agent, for issuance of duplicate dividend warrant(s).
5. Dividend pertaining to financial years 2009-10, 2010-11, 2011-12, 2012-13 have already been transferred to Investors Education and Protection Fund. Shares of those shareholders whose Dividend was unpaid for last 7 years, have been transferred to Investors Educations and Protection Fund.
6. The facility for making nominations is available for members in respect of the shares held by them. Nomination form can be obtained from the Company's Registrars and Share Transfer Agent.
7. Electronic copy of the Annual Report for the year 2020-21, Notice of the Annual General Meeting of the Company are being sent to all the members whose email IDs are registered with the Company / Depository Participant for communication purposes.
8. The shares of the Company have been listed at BSE Limited and National Stock Exchange of India Limited and Company has paid Listing Fees to the said Stock Exchanges for the year 2021-22.

CDSL e-Voting System – For Remote e-voting and e-voting during AGM/EGM

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM/EGM will thus be held through through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM/EGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the EGM/AGM will be provided by CDSL.
3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not

include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.

6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM/EGM has been uploaded on the website of the Company at https://www.hitachiaircon.in/about. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM/EGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. www.evotingindia.com.

7. The AGM/EGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

8. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January 13,2021.

THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM/EGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

i. The voting period begins on September 12, 2021 (9.00 am IST) and ends on September 14, 2021 (5.00 pm IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date September 8, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

iii. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

iv. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number you hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.comor contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

v. Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding in Demat form & physical shareholders.

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

2) Click on "Shareholders" module.

3) Now enter your User ID

   a. For CDSL: 16 digits beneficiary ID,

   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

   c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

4) Next enter the Image Verification as displayed and Click on Login.

5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

6) If you are a first-time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

vi. After entering these details appropriately, click on "SUBMIT" tab.

vii. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

viii. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

ix. Click on the EVSN for the 'Johnson Controls-Hitachi Air Conditioning India Limited' on which you choose to vote.

x. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xi. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xii. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xiii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xiv. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

xv. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xvi. Facility for Non – Individual Shareholders and Custodians – Remote Voting

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; parag.dave@jci-hitachi.com (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/ EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders: please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders: Please update your email id & mobile no. with your respective Depository Participant (DP).
3. For Individual Demat shareholders: Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

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