

# HITACHI HOME AND LIFE SOLUTIONS (INDIA) LIMITED

Registered office: 9<sup>th</sup> Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad, Gujarat (380 006), India;  
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This Advertisement is being issued by DSP Merrill Lynch Limited ("Manager to the Offer"), on behalf of Johnson Controls, Inc. ("Acquirer") along with Hitachi Appliances, Inc. ("PAC1"), Hitachi, Ltd. ("PAC2"), JCHAC India Holdco Limited ("PAC3"), Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd ("PAC4"), each in its capacity as a person acting in concert with the Acquirer (PAC1, PAC2, PAC3 and PAC4 shall collectively be referred to as the "PACs") pursuant to Regulation 18 (7) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011 and subsequent amendments thereto ("SEBI (SAST) Regulations"), in respect of the open offer ("Offer") to acquire up to 70,00,990 fully paid-up equity shares of face value of Rs. 10 (Rupees ten) each (each an "Equity Share") of Hitachi Home and Life Solutions (India) Limited ("Target Company"). This Advertisement should be read in continuation and in conjunction with the Public Announcement dated January 26, 2015 ("PA"), the Detailed Public Statement with respect to the Offer dated October 8, 2015 ("DPS") and the Letter of Offer dated December 22, 2015 ("Letter of Offer"). The detailed public statement ("DPS") with respect to this Offer was published on October 9, 2015 (Tuesday) in Financial Express (English & Gujarati), Jansatta (Hindi) and Mumbai Lakhadeep (Marathi).

- The Enhanced Offer Price is Rs. 880.12 per Equity Share which includes a base price of Rs. 821.38 per Equity Share and an enhancement of Rs. 58.74 per Equity Share i.e. a sum of 10% (ten percent) per annum on the Offer Price for the period between January 21, 2015 (i.e. the date of execution of MTA for the Global Acquisition) and the date of publication of the DPS in terms of Regulation 8(12) of the SEBI (SAST) Regulations, payable in cash. There is no revision to the Offer Price or Enhanced Offer Price.
- The relevant extracts of the recommendations of the committee of the independent directors constituted by the board of directors of the Target Company ("IDC") in relation to the Offer and the Offer Price are as follows:

|                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| Members of the IDC                                                          | 1. Mr. Mukesh Patel (Chairman)<br>2. Mr. Ashok Balwani                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Recommendation on the Offer, as to whether the Offer is Fair and Reasonable | <i>The members of the IDC have perused the Detailed Public Statement, the Letter of Offer published by DSP Merrill Lynch Limited and available on the SEBI website, and publicly available information on behalf of the Acquirer and the PACs.<br/>Based on such review, the Members of the IDC are of the opinion that the Enhanced Offer price of Rs. 880.12 per equity share (which includes interest amount of Rs. 58.74 per equity share) is in line with the Regulations.<br/>The market price of the Target Company on the NSE as of January 1, 2016 is Rs. 1,376, which is at a premium to the Enhanced Offer Price.<br/>In view of the above, Members of the IDC are of the opinion that it would not be in the interest of shareholders to tender shares in the Offer.<br/>(as quoted from the IDC recommendation published on January 4, 2016)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Summary of Reasons of Recommendation                                        | <ol style="list-style-type: none"><li>This Offer is a mandatory open offer in compliance with Regulation 3, 4 and 5(1) of SEBI (SAST) Regulations.</li><li>The Offer Price and Enhanced Offer Price are as per the applicable provisions of the Regulations as below:<ol style="list-style-type: none"><li>Volume-weighted average market price of the equity shares for a period of 60 (sixty) trading days immediately preceding January 21, 2015 as traded on the NSE (being the exchange on which the equity shares of the Target Company are most frequently traded): Rs. 821.38 per equity share</li><li>As per Regulations 8(5) of the Regulations, where<ol style="list-style-type: none"><li>the proportionate net asset value of the target company as a percentage of the consolidated net asset value of the entity or business being acquired;</li><li>the proportionate sales turnover of the target company as a percentage of the consolidated sales turnover of the entity or business being acquired; or</li><li>the proportionate market capitalization of the target company as a percentage of the enterprise value for the entity or business being acquired;</li></ol>is in excess of fifteen per cent, on the basis of the most recent audited annual financial statements, the acquirer shall be required to compute and disclose the per share value of the target company taken into account for the acquisition.<br/>The parties to the MTA have allocated a price of Rs. 821 per equity share to the Target Company</li><li>In terms of Regulation 8(8) of the Regulations, pursuant to the transaction as set out in the MTA and in order to facilitate the global acquisition, transactions were carried out amongst the Acquirer and the PACs as inter-se transfer of shares at a highest price of Rs. 821.38 per share.</li></ol></li><li>Pursuant to Regulation 8(12) of the Regulations, the Offer Price was enhanced by Rs. 58.74 per equity share, being the interest determined at the rate of 10% per annum on the Offer Price for the period between the date of MTA i.e. January 21, 2015 and the date of publication of the DPS (i.e. October 9, 2015), to arrive at the Enhanced Offer Price of Rs. 880.12 per equity share<br/>(as quoted from the IDC recommendation published on January 4, 2016)</li></ol> |

The recommendations of IDC were published on January 4, 2016 in the same newspapers in which the DPS was published.

- This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
- The despatch of the Letter of Offer dated December 22, 2015 to all the Shareholders has been completed on December 30, 2015.
- Shareholders are requested to refer to Section 7 of the Letter of Offer (Procedure for Acceptance and Settlement of the Offer) in relation to the procedure for tendering their Equity Shares in the Offer and are required to adhere to and follow the procedure outlined therein.
- Please note that a copy of the Letter of Offer (including Form of Acceptance) will also be available on SEBI's website (www.sebi.gov.in) and the Shareholders can also apply by downloading such forms from SEBI website. Further, in case of non-receipt/non-availability of the Form of Acceptance, the application can be made on plain paper along with the following details:
  - In case of Equity Shares held in physical form:** name and address of first holder, name(s) and address(es) of joint holder(s) (if any), number of Equity Shares tendered, folio numbers, distinctive numbers, original share certificate(s), photocopy of cheque (in case of Shareholders who opt for receiving consideration through NEFT/RTGS) and valid transfer deed(s) duly executed and witnessed along with the self-attested copy of PAN card of the transferor. The transfer deed(s) should be left blank, except for the signatures and witness details as mentioned above. Attestation, where required (as indicated in the transfer deed(s)) (thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under its seal of office and membership number or manager of the transferor's bank.
  - In case of Equity Shares held in dematerialized form:** Name, address, number of Equity Shares tendered, Depository Participant ("DP") name, DP ID number, beneficiary account number, photocopy of cheque (in case of Shareholders who opt for receiving consideration through NEFT/RTGS) and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the DP, in favor of the Depository Escrow Account, the details of which are given below:

|                  |                                        |
|------------------|----------------------------------------|
| DP Name          | DSP Merrill Lynch Limited              |
| DP ID Number     | IN302638                               |
| Client ID Number | 10069528                               |
| Account Name     | HHLI OPEN OFFER ESCROW                 |
| Depository Name* | National Securities Depository Limited |

\*The Shareholders having their beneficiary account in CDSL shall use the inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favor of the Depository Escrow Account with NSDL

- In case of the unregistered Shareholders, along with the information prescribed under paragraph 5(a) above, also provide original contract note(s) issued by the broker through whom they acquired their Equity Shares.
- In terms of Regulation 16(1) of the SEBI (SAST) Regulations, the draft letter of offer in relation to the Offer was submitted to SEBI on October 16, 2015. SEBI, vide its letter dated December 17, 2015 bearing reference number CFD/DCR/AT /PA/34861/2015 ("SEBI Observations") issued its observations on the draft letter of offer in terms of Regulation 16(4) of the SEBI (SAST) Regulations. All observations received from SEBI have been incorporated in the Letter of Offer dispatched to the Shareholders.
  - Please note that as detailed out in the paragraph 2.1.9 of the Letter of Offer, Atsushi Ohtsuka was appointed as the Managing Director ("MD") of the Target Company by way of a resolution of the Board of Directors of the Target Company on July 24, 2015 and took over office from September 1, 2015. Atsushi Ohtsuka was appointed as a nominee of PAC1, solely in its capacity as the promoter of the Target Company. This appointment was made in the ordinary course of business as a direct replacement to Shoji Tsubokuta as Managing Director of the Company following Shoji Tsubokuta's resignation as MD with effect from August 31, 2015, as he was recalled by PAC1 as part of an internal reorganization of resources. Shoji Tsubokuta was also a nominee of PAC1, in its capacity as promoter of the Target Company. The change in Managing Director pursuant to relocation of Shoji Tsubokuta was an internal transfer decided independently by PAC1, as a promoter of the Target Company, and was carried out prior to the Global Acquisition. Neither of these individuals were in any manner connected to the Acquirer at the time of their appointments as Managing Director on the board of the Target Company nor was the Acquirer involved in the appointment. The compliance with Regulation 24 of the SEBI (SAST) Regulations with respect to appointment of Atsushi Ohtsuka is being examined by SEBI. SEBI may initiate action against the Acquirer and the PACs for non-compliance, if any, in this regard.
  - Please also note that Johnson Controls, Inc. (the Acquirer) has recently appointed a new director on its board of directors. The details of the same have been set out in paragraph 3.1.7 on Page 22 of the Letter of Offer.
  - All material changes since the date of the PA in relation to this Offer have been incorporated in the Letter of Offer.
  - As of the date of the Letter of Offer, the Acquirer has obtained the CCI Approval (as detailed out in the Letter of Offer) and to the best of the knowledge of the Acquirer and the PACs, there are no statutory or regulatory approvals required by the Acquirer or PACs to complete this Offer. However, in case of any statutory or regulatory approvals being required by the Acquirer or the PACs at a later date, this Offer shall be subject to such approvals. Non-resident shareholders (including NRI and OCB) willing to tender their Equity Shares in this Offer, must obtain all requisite approvals required to tender the Equity Shares held by them in this Offer (including without limitation the approval from the RBI or the FIPB) and submit such approvals along with the documents required to accept this Offer.
  - The revised Schedule of Activities is as follows:

| Activity                                                                                                         | Original Day and Date       | Revised Day and Date         |
|------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------|
| Issue of PA                                                                                                      | Tuesday, January 27, 2015   | Tuesday, January 27, 2015    |
| Publication of the DPS in newspapers                                                                             | Friday, October 9, 2015     | Friday, October 9, 2015      |
| Last date for a competing offer                                                                                  | Monday, November 2, 2015    | Monday, November 2, 2015     |
| Identified Date*                                                                                                 | Friday, November 13, 2015   | Monday, December 21, 2015    |
| Completion of dispatch of the Letter of Offer to the Shareholders                                                | Friday, November 20, 2015   | Wednesday, December 30, 2015 |
| Publication of the recommendation of the IDC of the Target Company                                               | Thursday, November 26, 2015 | Monday, January 4, 2016      |
| Offer opening public announcement date                                                                           | Friday, November 27, 2015   | Tuesday, January 5, 2016     |
| Commencement of the Tendering Period                                                                             | Monday, November 30, 2015   | Wednesday, January 6, 2016   |
| Closure of the Tendering Period                                                                                  | Friday, December 11, 2015   | Tuesday, January 19, 2016    |
| Last date of payment of consideration to the Shareholders whose Equity Shares are validly accepted in this Offer | Monday, December 28, 2015   | Wednesday, February 03, 2016 |
| Issue of post offer advertisement and last date for filing of final report with SEBI                             | Monday, January 4, 2016     | Wednesday, February 10, 2016 |

\* Date falling on the 10th (tenth) Working Day prior to the commencement of the Tendering Period, for the purposes of determining the Shareholders to whom the Letter of Offer shall be sent. Identified Date is only for the purpose of determining the names of the Eligible Shareholders as on such date to whom the Letter of Offer would be sent. All the owners (registered or unregistered) of Equity Shares of the Target Company (except the Acquirer and PACs) are eligible to participate in this Offer at anytime prior to the closure of the Tendering Period.

The Global Acquisition that triggered the requirement of this Offer was completed on October 1, 2015.

Capitalised terms used but not defined in this advertisement shall have the meanings assigned to such terms in the PA and/or DPS and/or Letter of Offer.

The Acquirer and the PACs, and their respective directors, accept full responsibility for the information contained in this advertisement and also accept responsibility for the obligations of the Acquirer and PACs laid down under the SEBI (SAST) Regulations.

Issued by the Manager to the Offer for and on behalf of the Acquirer and PACs

## BofA Merrill Lynch

DSP Merrill Lynch Limited

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Date: January 4, 2016

Place: Mumbai