



Living Harmony

Empowering business
and enriching life

Annual Report 2018-19

Johnson Controls-Hitachi
Air Conditioning India Limited



HITACHI
Air conditioning solutions

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 - 382 715
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



Radical, pioneering and inventive, JCH-IN is characterised by its uniqueness and zeal to perform. Actively engaged in the trending corporate revolution where the businesses of today are pledging to alter their perspectives and practices to streamline their operational strategies, JCH-IN today has emerged as an organization that is not just dedicated, but also dauntless in its progression.

Guided by the objectives of simultaneously enriching lives and empowering business, we at JCH-IN are completely and absolutely immersed in our intent to seek excellence. Our identity today is the product of the goodwill, leading technologies and maximum corporate value that we have garnered over the years. With our expertise in providing cooling solutions and consistently constructing ourselves as a dynamic and global presence, at the axiom of JCH-IN is its integrity and desire to change lives positively.

With the impetus of enhancing and endowing the lives of our numerous customers spread across innumerable regions and in turn churning out competence and potentiality to champion our business, we are a Company that has indeed been exemplary in embodying in its being, the goal of 'living harmony'.

About Us

Our identity

A joint-venture between two organizations, the US-based Johnson Controls and Japan-based, Hitachi Appliances, Johnson Controls-Hitachi Air Conditioning India Limited (JCH-IN) today has emerged as one of the main players in the Indian air-conditioning market. A pioneering figure among the most respected and regarded business entities in the industry, JCH-IN has evolved radically.

Headquartered in Ahmedabad, Gujarat, the Company has its cutting-edge manufacturing facilities stationed at Kadi, Mehsana. With access to one of the largest manufacturing facilities in India, spread across a staggering +1,82,000 sq.m, the Company's manufacturing unit, holds the capacity to assemble under a single roof, a wide range of cooling products that cover both residential and commercial cooling functions.

With a host of options pertaining to products in the cooling segment, our aspiration to become the number one HVAC Company in India by 2021 is complemented by our desire to enhance our market share in both B2c and B2B.





JCH-IN's rich heritage

With industry stints of both the companies running over 100 years of business efficiency characterised by a powerful and enriching lineage and culture, the harmony of invention and innovation driven technology of Hitachi Appliances and the addition of Johnson Controls' best in class expertise and enlarged global presence has resulted in what we know today as Johnson Controls-Hitachi Air Conditioning Company. With its Indian counterpart Johnson Controls-Hitachi Air Conditioning India Limited, the Company plans to provide to its clientele, an array of products which shall form the most distinguished and assorted product portfolio in the air-conditioning industry.



JCH-IN's offerings

JCH-IN is involved in the business of manufacturing and marketing an extensive range of air-conditioning solutions which incorporates items for both commercial and residential categories. With innovation and expertise supporting our advancement and endeavours to contribute quality products to customers, our products cater to the needs of home, industrial and commercial cooling solutions that cover commercial air conditioning, residential and conditioning systems, which includes Room air conditioners, VRF Systems, Ductable air conditioners, Chillers & space makers. With a vision to manufacture cooling solutions that is both a fulfilling and a touching experience, we are dedicated and devoted towards our goal of being committed to quality. The company also deals in Refrigerators and Air Purifiers in India.



A renowned presence

Multi-faceted and composite, we enjoy a robust, solid and extensive distribution network that comprises of more than 10,000 accomplices in the form of trade partners and retailers. 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.



Awards won

Winning accolades and achieving coveted awards is no new feat for Hitachi. Being an accomplished organization distinguished by its innovative advancements and laudable performances, some of the jewels in our crown include -



Apart from this, your company has several accreditations and certifications to its credit. We are an ISO 14001:2015 Environment System (EMS), OHSAS 18001:2007 Occupational Health and Safety Systems and ISO 9001: 2015 Quality Management System (QMS) Certified organization. We likewise have our own NABL authorized Testing Laboratories.

— Chairman & Managing Director's message



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With productive Initiatives and constant innovation in consumer centric technology, I am sure JCH-IN will emerge as a leading AC player in the Indian industry. With an objective of sustained profitable growth, we shall keep providing a wide range of innovative and advanced air-conditioning solutions.

Dear Shareholders,

Heartiest Greetings to all of you!

As the Chairman and Managing Director of Johnson Controls-Hitachi Air Conditioning India Ltd. (JCH-IN), I would like to thank you all for your Undeterred support and faith in us.

We noticed a major shift in buying pattern of AC by customers in residential AC segment. During the year a lot of advancement happened in technology such as inverter technology, smart air conditioners, eco-friendly products etc. which created demand for new age technology air conditioners across India.

FY19 was slightly tough year for us in terms of all-round performance due to sluggish real estate sector and poor investments in the manufacturing and construction sectors. The Company reported a total Revenue from Operations of H 2,241 crores against H 2,258 crores of FY18.

Our new lineup of Expandable Inverter ACs are leading the way for our rising growth.

Driving customer and operational excellence

The vertical of Hitachi Room Air Conditioning witnessed significant shift from Fixed Speed to Inverter ACs. The share of inverter ACs increased from 22% to 66% Variable Refrigerant Flow Systems (VRF) in India has been growing at a healthy rate and is expected to grow at a CAGR of 15% over the next few

years. Our new Set Free-Sigma Series boosted our business healthily, witnessing a double digit growth of 25% and we are really optimistic about our prospects.

Other segments were quite a mixed bag as Cassette ACs witnessed a good double digit growth of 33% whereas for the Packaged Air Conditioning (PAC), we maintained last year's numbers with marginal dip in contribution.

The company's ventures also pertain to trading of Refrigerators and Air Purifiers, which caters to a niche segment.

Manufacturing was another area where the Company invested. The Company's Annual Performance Factor (APF) Labs were NABL Accredited according to revised ISO / IEC 17025:2007 standard, with capacity enhancement and addition of international standards like ISO 5151, SASO 2681. This will help us to enhance our reach, garner a wider acceptability of our test results and help us to expand our export business.

The Company, along with offering good quality products to customers, has also given utmost priority to good customer care and service. The Company continues to invest in the training of its human resources and upgradation of their technical skills to ensure growth stability. Amongst the various initiatives that we undertook, Special Task Force, Free Service Camps and Customer Delight Program were the key highlights of last year.

In Human Resource department, we have made major changes this year. At JCH-IN, we truly believe that human resources are the biggest and most reliable resource a company can possibly possess. A new performance management system for employees has been put in place, with policies promoting better work-life balance as well as schemes for employee reward and recognition. The objective of increasing gender diversity across managerial levels and businesses by FY19 is being driven systematically through conscious and planned hiring, with women-centric initiatives across locations.

Strategic initiatives

In order to drive accelerated growth, JCH-IN has launched a series of strategic initiatives focusing on strengthening the core businesses of Room Air Conditioners (RAC) and commercial air conditioners (VRF and PAC). In RAC segment, over the last two years, JCH-IN has been able to add nearly 4000 additional selling points in Tier-II and III cities, introduce new series of inverter driven RAC products and started to reposition the brand into the Mid-market while maintaining its strength in Premium segment. These actions

have helped position Hitachi among the top players of Inverter split-ACs. With continued investments into brand promotion in local languages, improving the brand recall and fostering channel advocacy, JCH-IN has been making significant progress in improving its presence in South India.

In commercial segment, JCH-IN has been able to nurture its loyal channel partner base through exclusive programs such as 'Xpert Lounge' while at the same time attracting new channel partners. In addition, one of the key investments that JCH-IN has made to support the growth is into the establishment of one of a kind training centers, called Engineering Excellence Centers, in four corners of the country consisting of several practical labs, class rooms and customer experience centers. These centers have been imparting training on installation & commissioning, troubleshooting and selling skills to our channel partners.

We are also very excited to share with you all that we are setting up a new, advanced Global Development Center (GDC) in India, adjacent to our factory in Kadi, Gujarat. This state of the art facility will focus on residential and packaged air conditioner products for India, Southeast Asia, Middle East and EU markets. The GDC is going to be equipped with superior engineering and testing facilities for HVAC product, and it will dramatically increase our product development capabilities.

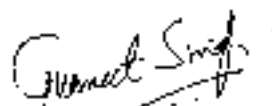
Road Forward

With productive initiatives and regular investments in new technology, I am sure JCH-IN will emerge as a leading AC player in the Indian industry. With an objective of sustained profitable growth, we shall keep providing a wide range of innovative and advanced cooling solutions.

With this, I would like to thank all the stakeholders of JCH-IN, the employees for their sincere efforts, our various vendors for their valued support, the customers for their trust in our products and our respected shareholders for showing their continuous faith in our business.

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

I wish all of you the best of health and prosperity in the year ahead.



Gurmeet Singh
Chairman and Managing Director

Product portfolio

At JCH-IN, we base our approach on a deep understanding of our core markets. This understanding allows us to anticipate tomorrow's customer needs. We work closely with our customers in our target markets, helping the Company develop effective and customised cooling solutions for our customers at reasonable prices. Our products are innovative, application-specific and incorporate functionalities beyond just cooling. These factors are our key differentiators in the market.

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Marked by integrated technology platforms and distinctive innovative strengths, our products help us create a strong competitive position in the market along with generating a reputation for ourselves through positive endorsements.

With a commitment to provide the best to our customers, we focus on manufacturing products with innovative solutions. Our state-of-the-art design and development team ensures that our end products are of top quality and design yet energy-efficient and appropriate for the Indian tropical climate. We are one of the top AC companies in India to launch an entire range of Inverter Split ACs with BEE Star Rating.

Residential Cooling Solutions	Commercial Cooling Solutions	Home Appliances Solution
<ul style="list-style-type: none"> • Inverter Split Air Conditioners • Fixed Speed Split Air Conditioners • Window Air Conditioners 	<ul style="list-style-type: none"> • Packaged Air Conditioners • Chillers • VRF • Space maker 	<ul style="list-style-type: none"> • Refrigerators • Air Purifiers

Residential Air Conditioners



Kashikoi Expandable Inverter AC Series



Takeshi Inverter/Fixed Speed AC Series



Toushi Inverter AC



Sugoi Inverter AC



Zunoh Fixed Speed AC



Ace Inverter AC



Merai Inverter AC



Logicool Inverter/Fixed Speed AC



Summer QC AC



Kaze Plus AC

Commercial Air Conditioners



SET FREE Sigma (Top Flow)



SET FREE Kyosho (Top Flow)



SET FREE Front Flow



Cassette AC



Water Cooled Screw Chiller



Air Cooled Screw Chiller



Direct Drive Centrifugal Chiller



Ductable Air Conditioners

Home Appliances



Side by Side Series



Top Freezer Series: Big French Series



Bottom Freezer Series



Top Freezer Series: New Stylish Line Series



Air Purifiers

Marketing Initiatives: The year gone by

Our constant innovations in technology ensure that our brand builds a name for itself. We are not just only delivering a wide range of products, but we are also distributing them in speed to hold our position in this competitive world. Our brand building initiatives promote our consistent growth in the market.

Driving sales in such a competitive market is not as easy as it seems, but products play a vital role in increasing these numbers. We feel that our products establish a connection between the Company and the end users. Understanding the needs of our consumers and creating customised products for their needs is very important and a strong marketing channel helps the Company achieving the same. The Company has a widespread product presence across India and the credit goes to its effective marketing exercises and vigorous distribution network. Investing in brand building initiatives and distribution network have contributed a lot to the Company by delivering consistency in sales growth.

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TV Commercial 1



TV Commercial 2



Innovation is at the centre of everything we do at JCH-IN. Our sole purpose is not just to sell the products to the consumers but give them an outstanding experience by creating a marketing model that focuses on providing solutions. The Company promoted Inverter Air Conditioners in 2018 with its campaign "Every Home Deserves Hitachi Inverter AC" which was pushed on various mediums with heavy frequency. Multiple mediums like TV, Print, Outdoor and Digital Media were used to run this campaign to attain as much reach as possible in a market which is full of competition. The brand used a range of distribution channels to help its products reach to various corners of the country. Furthermore, the Company's increased focus on innovation and strong marketing communication helped the brand grow on a large scale. With more than 10,000 selling points across 1,350 cities and towns across India, the Company feels proud of its strong B2C sales network which is supported by a strong team of more than 100 members. The brand also partnered with more than 500 distributors in the PAC segment and more than 200 distributors in the VRF segments, to enhance our B2B presence in more than 140 cities across India.

Newspaper & Magazine Ads

HITACHI

EVERY HOME DESERVES A
HITACHI INVERTER AC

Hitachi Inverter ACs are designed to provide superior cooling performance and energy efficiency. They are also equipped with advanced features like Wi-Fi connectivity and smart controls.

RANGE STARTS AT ₹29,990*

10 YEARS WARRANTY
5 YEARS COMPRESSOR WARRANTY
2 YEAR WARRANTY
FREE SERVICE CALL

Hitachi Inverter ACs are designed to provide superior cooling performance and energy efficiency. They are also equipped with advanced features like Wi-Fi connectivity and smart controls.

HITACHI

DON'T SETTLE FOR ANYTHING LESS
CHOOSE HITACHI EXPANDABLE INVERTER AC

Hitachi Expandable Inverter ACs are designed to provide superior cooling performance and energy efficiency. They are also equipped with advanced features like Wi-Fi connectivity and smart controls.

RANGE STARTS AT ₹29,990*

10 YEARS WARRANTY
5 YEARS COMPRESSOR WARRANTY
2 YEAR WARRANTY
FREE SERVICE CALL

Hitachi Expandable Inverter ACs are designed to provide superior cooling performance and energy efficiency. They are also equipped with advanced features like Wi-Fi connectivity and smart controls.

HITACHI

WELCOME NEW BEGINNINGS WITH NEW OFFERS

Hitachi Inverter ACs are designed to provide superior cooling performance and energy efficiency. They are also equipped with advanced features like Wi-Fi connectivity and smart controls.

RANGE STARTS AT ₹29,990*

10 YEARS WARRANTY
5 YEARS COMPRESSOR WARRANTY
2 YEAR WARRANTY
FREE SERVICE CALL

Hitachi Inverter ACs are designed to provide superior cooling performance and energy efficiency. They are also equipped with advanced features like Wi-Fi connectivity and smart controls.

HITACHI

Every Home Deserves
Hitachi Cooling

Home is where you find peace. At Hitachi, we understand that every home is special and thus bring cooling solutions with our wide range of products, specially designed to cater to the varied cooling needs.

GET SUPERIOR COOLING WITH OUR RANGE OF

- Expandable Inverter ACs
- Tropical Inverter ACs
- Inverter Split ACs
- Window ACs

6.1 ISEER RATING

AC RANGE STARTS AT ₹29,990*

Hitachi Cooling solutions are designed to provide superior cooling performance and energy efficiency. They are also equipped with advanced features like Wi-Fi connectivity and smart controls.

HITACHI

TRUST THE PARTNER WHO HAS THE EXPERTISE THAT DELIVERS.

For your business to grow in leaps and make your dream a reality, you need the right support. Hitachi, with its rich heritage of the industry gained by serving various projects and an extensive product portfolio, offering professional solutions can make a big difference to your business. Just like a true partner.

Hitachi Business Solutions are designed to provide superior cooling performance and energy efficiency. They are also equipped with advanced features like Wi-Fi connectivity and smart controls.

HITACHI
Inspire the Next

THE BEST OF HOMES DESERVE THE BEST IN TECHNOLOGY.

At Hitachi, we understand you choose nothing but the best for your home. This is why we bring to you state-of-the-art technology refrigerators that provide high energy efficiency and superior performance. And that's not all, it perfectly complements your lifestyle. Hitachi is what your home deserves.

UPGRADE FOR LIFE

Hitachi Refrigerators are designed to provide superior cooling performance and energy efficiency. They are also equipped with advanced features like Wi-Fi connectivity and smart controls.

Marketing Initiatives: The year ahead



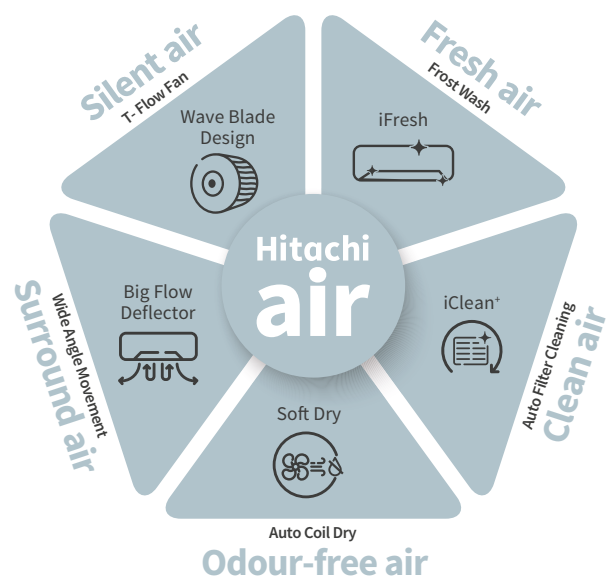
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Hitachi Cooling & Heating India, as a global brand seeks to translate its global reach into market leadership. In order to reach the leading position, the brand worked on a new positioning and value proposition strong enough to differentiate itself and offer a value add to its customers.

Our new brand promise, Living Harmony, defines the way we introduce ourselves to the world. It has a strategic base focused on becoming an iconic life partner that brings balance to people’s lives. We want to create a world where people live in harmony with themselves and the environment that surrounds them. We aim to be the catalysts of that harmony and by doing that, the brand seeks to be recognised as the master in the creation of living spaces.

Hitachi air

Air is a wonderful thing. It is invisible, silent and life-giving. It is unpredictable at times but at Hitachi, we have the expertise to condition such air and create a perfect indoor environment for you. We call this air as Hitachi air. This is how our brand campaign was conceptualised and brought to life as, “Hitachi air, feel it to believe it”.



Hitachi air is a combination of Fresh air, Clean air, Silent air, Surround air and Odour-free air. We believe in the art of balancing energy with calm, sound with silence and light with shade, hence, giving you complete control over the air that surrounds you. Everything combined, Hitachi air gives you a truly harmonious indoor air experience.

Newspaper & Magazine Ads



B2C Newspaper Ad



B2C Newspaper Ad



B2C Magazine Ad



B2B Magazine Ad

OOH Campaign and Website Redesigning



OOH Campaign



Website Redesigning

Technology Videos for Sales Promotion



Wave Blade Technology



Auto Filter Clean Technology



Frost Wash Technology

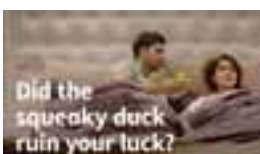


Auto Coil Dry Technology

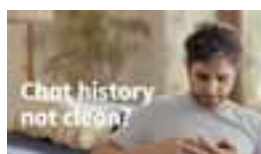


Wide Angle Deflector movement

Digital Film: Product Feature



Silent air



Clean air



Fresh air



Odour-free air



Surround air

Making a difference

We recognise that conducting business in a sustainable and responsible manner is integral to ensuring our future viability. Sustainability considerations underpin our strategy and are integrated into the way we carry on our business.

At Hitachi cooling & heating, the CSR activities that are to be included in the Corporate Social Responsibility Policy of the Company are recommended and monitored by the CSR Committee. This committee comprises of our Chairman & Managing Director – Mr. Gurmeet Singh Sethi, Director Mr. Yoshikazu Ishihara and our Independent Director, Mr. Ashok Balwani.

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



Water Tank Project

With over 11,500 inhabitants, the major source of drinking water supply for Karan Nagar village has been bore wells. However, the quality of water in these wells have become a major threat to health for the villagers. In order to provide safe potable water for all, we contributed H 10 lakhs to the local administrative body of Karan Nagar for the construction of an overhead water tank by Water and Sanitation Management Organization (WASMO), established by the Government of Gujarat.



Health Project

The Primary Health Center (PHC) in Karan Nagar village provided only basic medical treatment. In case of any emergencies and advanced treatments, the villagers had to travel to the nearest Community Health Center which is nearly 15kms away. Primary Health Centre supported by us, facilitates the villagers with services such as 24x7 ambulance, specialist doctors, para medic and medicines which provides medical support to more than 4,000 patients mitigating most of the medical emergencies with bare minimum turnaround time. The ambulance takes care of the needs of the 16 villages under PHC Karan Nagar (24/7) and approximately benefits 37 thousand villagers living near JCH-IN plant.



Education Project

Most of the primary schools located near the plant of JCH-IN age about 50-years and are in devastated and deplorable conditions. Children who attended open classes in the courtyard were exposed to vagaries of the nature. We played our part responsibly by building schools that can accommodate more than 900 children from Class 1 to Class 8th and separate Girls' toilet facilities that led to increased attendance.



Sanitation Project

The CSR objectives were concretized through our CSR initiatives which encapsulated areas in the hinterland of rural impoverished villages of Gujarat impacting and enhancing hygiene and sanitation by making within a 10 km radius around its plant, an ODF zone and building within it 500 toilets for the houses that lacked toilet facilities. This improved their hygiene and sanitation standards in line with the Swachh Bharat Abhiyan (Clean India Mission) by the Government of India.



Skill development Project (AC Repair & Maintenance)

In collaboration with Industrial Training Institutes (ITI), Government of Gujarat and Government of Andhra Pradesh initiative under Skill India, we conducted skill building courses in vocations such as AC Repair and Maintenance for rural and underprivileged youth and helped them to gain suitable employment. We also provided the equipment, tool kit, instructors, and other required peripherals for conducting this course successfully. Skill Development Centers have trained over 225 school dropouts from villages in Air Conditioner repairing skills enabling them to gain employment. Approximately 30% students got the jobs after completing the course.



Sponsorship project for Para Athletes

10 para athletes are being supported with complete aid for their participation for Gold in the 2020 Paralympics. We have utmost faith and confidence in these athletes and thus, are striving to work towards training and nurturing them well to help them win medals and make our country proud. The Para athletes under the CSR wings of JCH-IN have already won medals at National and international levels.

Besides these, we often associate with other organizations and bodies to empower people by helping them to acquire the right skill set that enables them to grow. Thus, we can proudly say that CSR is not just a concept for us, but is an active part of our Company's ethos.

Board of Directors



Gurmeet Singh

Chairman and Managing Director

Chairman and Managing Director of Johnson Controls-Hitachi Air Conditioning India Ltd. (JCH-IN), Mr. Gurmeet Singh, has left no stone unturned in successfully leading the management team and the operations of the Company in India. After completing his MBA in 1988, he has been actively involved in various diversified roles including Sales, Marketing, Business Planning and Strategy, proving his expertise in different fields. With an initial 15 years of experience in Sales and the last 15 years in more exhaustive management roles, Mr. Singh has not just established himself in the industry but has also contributed to the organization with his strategic and creative work. He has devotedly worked for more than 20 years at Hitachi.



Shinichi Iizuka

Director

Mr. Shinichi Iizuka began his career with Hitachi Ltd. in 1979, responsible for the design of Air Conditioning export. He has held various positions in Product Development, Environmental Equipment, and Refrigeration & Air Conditioning Division. He started to work in India in 2002 and was appointed as the Managing Director of the Company in 2006. He returned to Japan and became head of Tochigi Air Conditioning. He has been an Executive Director and Chief of the Air Conditioning Division since 2013. Throughout his career, he has held various positions in Engineering/ Design, Product Development, Manufacturing, and specializes in Business Operations. He holds a bachelor's degree in Science and Technology from Sophia University. He became COO and President of Johnson Controls – Hitachi Air Conditioning effective since October, 2015.



Yoshikazu Ishihara

Director

Vice President and General Counsel of Johnson Controls Hitachi Air Conditioning, Yoshikazu Ishihara holds management experience in leading the international practice group of an international law firm and overseeing the legal departments of multinational corporations. He has been a key business partner within the Company's executive team and has been serving as a board member for over 20 operating companies across multiple jurisdictions including a number of JVs. He has managed 15 legal professionals and collaborated with over 200 legal professionals at Johnson Controls. He also manages all compliance and investigation matters within the company.



Ashok Balwani

Independent Director

Mr. Ashok Balwani has general management, strategy and business development experience combined with a rich international experience covering knowledge based services, industrial projects and products and consumer product industries. He is a Director with Strategic Resources Group and advises companies on strategy, risk management, international business, organizational development, human resources and process development. He was formerly the President of Man Industries (India) Limited serving the international oil and gas market. Prior to this, he had handled several assignments with increasing responsibility in Det Norske Veritas (DNV). His experience includes Mafatlal Industries Limited as Vice President (and CEO) Larsen & Toubro Limited.

He graduated in Electrical Engineering from BITS Pilani and has a Masters degree in Business Administration from the University of Delhi.



Prof. Indira J Parikh

Independent Director

Prof. Indira J. Parikh is the President of Antardisha (Directions from Within), a private entity creating a space for individuals, collectivities, organizations and institutions to have a dialogue to discover themselves, to review their past, to reflect on the present 'Here and Now' and renew themselves for the future. She is the Founder President of FLAME University, Pune until 2015.

Prof. Parikh has completed her M.Ed from University of Rochester, New York USA and her Doctorate from Gujarat University. She was a faculty at IIM-Ahmedabad for over 30 years and Dean from 2002 to 2005. She has taught at INSEAD, Fontainebleau (France) and Texas A&M University. Recently, she has joined DALHAME, the name stands for Design, Arts, Liberal Arts, Humanities, Architecture, Media and Economics.

Prof. Parikh has been honored with several life time achievement awards both nationally and internationally for her contribution in Education, HR and for Women.



Mukesh Patel

Independent Director

An Eminent Advocate and International Tax Expert, Mr. Mukesh Patel enjoys over four decades of extensive experience and expertise in the fields of Personal and Corporate Tax Planning, Appellate Matters, International Taxation, Tax and Investment Planning for Non-Resident Indians and Foreign Collaborations.

In October, 2015, he was appointed by the Finance Minister, as an Expert on the Justice Easwar Committee for Simplification of the Income-tax Act, Rules and Procedures. In November, 2017, he has been appointed by the Government of India as an Expert on the Six Member Official Task Force, which has been entrusted the key assignment of drafting a New Income-Tax Act, in tune with best international tax practices and the economic needs of India. In April, 2017 he was conferred with 'The Order of the Rising Sun', the highest Decoration & Recognition from the Emperor of Japan and the Japanese Government, in appreciation of his 45 years long association and contributions for furthering Indo-Japanese Relations on academic, business and cultural fronts.

Visiting Faculty with the Gujarat Law Society, the IIM, Ahmedabad and also a Columnist of renowned newspapers.

Awards



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



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

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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 9001-2015 Quality Management System (QMS) Certified



NABL - Certificate of Accreditation for Testing Laboratories

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Members,

Your Directors have pleasure in presenting the Thirty Fourth Annual Report and the Audited Financial Statements, for the year ended March 31, 2019.

Financial Highlights

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

	(H In Million)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations (gross)	22,413.0	22,582.7
Other Income	154.2	73.9
Total Revenue	22,567.2	22,656.6
Profit before finance cost, depreciation and tax	1,792.2	2062.6
Finance Cost	26.9	19.8
Depreciation and amortization expenses	441.6	529.2
Profit before Tax	1,323.7	1,513.6
Tax expense	464.3	512.1
Profit for the year	859.4	1,001.5

Dividend

Your Directors recommend a dividend of H 1.50 per Equity Share for the year ended March 31, 2019. This is subject to the approval of the Members at the ensuing Annual General Meeting.

Company Overview

Johnson Controls-Hitachi Air Conditioning is a joint venture Company of Johnson Controls, USA and Hitachi Appliances, 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 and Commercial air conditioners, Refrigerators and Air purifiers. The Company possesses a wide distribution network with 5 regional offices, 23 branch offices, above 10,000 sales points and more than 1,500 service points.

Industry Structure and Developments

Fiscal year 2019 has been very challenging for the industry with market showing a de-growth of approx. 3%. In spite of rising consumer demand for advanced technologies, energy-efficiency and improvement in the standard of living the growth of the industry was stagnant.

With increase in number of initiatives towards electrification of households, even the farthest corners of the country are being electrified, the hope for an increased demand for air conditioners in Tier III and Tier IV cities has grown. With the changing preference, AC has no longer remained a luxury good, instead it has become a necessary appliance for the consumers. Further, with rising urbanisation and technological innovation, air quality is becoming one of the major concern, particularly in the big cities. As a result of this, established AC manufacturers in the market are now upgrading their ACs with advanced filters to clean the air from all types of pollutants, bacteria, viruses, dust particles, and foul odours using a flawless arrangement of multi-layer filters working in tandem.

The coming period anticipates higher adoption of superior technology and power efficient range of inverter air conditioners by consumer, with North India remaining a major demand driver. The sales in the segment are further anticipated to grow with rising temperature in the summer. In addition to

this, higher rural electrification and rise in disposable income and aspiration levels are also expected to push the demand in the market. With these factors boosting the growth of AC in the market, the air conditioner industry is set to grow at a healthy rate of 14-15% in FY2020. (Source: Livemint, Business Standard)

Business Overview

Operations

During the year under review, Room Air Conditioners business saw a marginal growth on volume basis, while Cassette business grew by 33% and VRF by 25%. Packaged AC volume was marginally lower than last year. Telecom business saw a decline in growth, while the exports business grew 13 times this year on a low base. On overall basis there was marginal growth in business as compared to last year while the markets either remained flat or exhibited a de-growth on volume basis.

Cooling Products

Room Air Conditioners

Improving micro-economic conditions, increase in population, cheaper financing options, development of smarter cities, high potential for economic growth and greater product availability with increased electricity reach is likely to boost the demand for Air Conditioner in future. Currently, India is experiencing a continual shift towards inverter ACs, which now contributes over 50% of the overall industry wall mounted Split Air Conditioner sales.

With its diverse range of energy efficient and environment friendly air conditioning solutions, Hitachi Cooling & Heating aims to bring about a revolution in the Indian Air Conditioning industry and to become India's leading HVAC brand. In order to expand its reach in tier II and III markets, the Company has launched several new products in its inverter air conditioner range which are designed to cater needs of the first-time buyers and mid-segment Air Conditioner buyers also. With nearly 35 models in its Room Air Conditioners line-up, Hitachi is committed to provide Air conditioning solutions to every segment of consumer. The Company is one of the top brands in India with a market share of approx. 12% in the Air Conditioner segment and is further anticipated to increase significantly by 2020-21.

Further, with the increasing demand of inverter segment, all the new range of Company's 5 star Air Conditioners are expandable which are specially designed to address the hot climatic conditions of northern plains and extremely hot and humid conditions of coastal areas. Even at a temperature of 52 degree Celsius in these areas, the Expandable Inverter Air Conditioners provides maximum comfort to the consumers. These new series of Inverter Air Conditioners provides comfort to the consumers with 60% faster cooling, 20% more moisture removal and 10% higher performance than other standard inverter air conditioners.

Further, these innovative range of inverter air conditioning solutions are eco-friendly products, primarily designed for optimum cooling comfort besides being energy efficient. With its innovative range of cooling solutions, Hitachi aims to reach every Indian household and become India's leading air conditioning brand by 2021. During the year, Company benefitted from the value growth in the inverter Air Conditioners.

Hitachi has been the front runner and flag bearer of Energy Efficient Room Air Conditioners in India. With 6.1 ISEER, Hitachi's Kashikoi 5100X+ (1.0 TR, 5 Star) became India's best in class Energy Efficient Split Air Conditioner. Frost & Sullivan awarded the Company with Smart Air Conditioners Award 2018. Company was also felicitated with Copper Excellence Award 2018.

Commercial Air Conditioners

Indian HVAC market has been witnessing a considerable growth due to rise in commercial offices and buildings, industries, hospitals, data centres, server rooms, and universities. Further, rising infrastructure spending in the country is also driving the growth of the Indian HVAC market. Several infrastructure projects such as ongoing and upcoming airports and metro railway expansion projects are coming up across the country.

Variable Refrigerant Flow (VRF)

During the year, the Company also saw a positive growth in the VRF systems primarily because of the launch of new line-up called Set Free- Sigma Series in VRF Systems. With least energy wastage, maximal capacity in minimalistic floor space, SET FREE-Sigma Series delivered energy efficient performance combined with premium looks. Adoption of eco-friendly, energy efficient air-conditioning, design flexibility and space saving were the key USPs of Set-free sigma series which actually attracted the market. Apart from launch of Set-Free sigma series, Company has also invested through Engineer Excellence Center across the four locations across India (North, South, East and West Region). Company has also worked on channel expansion in order to reach and meet various customer needs. Company has also participated in various exhibition, seminars and meetings to explain the benefits of Set-free Sigma Series. The Company's VRF segment registered a growth of 14% in the previous financial year while, during this period, the growth rate was 25%. The Company has also taken various initiatives to promote this Category and is very confident that with the inclusion of new products in the current VRF product range, its commitment to provide enhanced technology with energy efficient product range, it will be able to provide better cooling solutions to customers and experience an exponential business growth in set-free VRF category.

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. We are hopeful that with the revival of telecom industry, our revenue from this segment will increase in years to come.

Exports

Since last few years, the Company has expanded its geographical boundaries in export business. In the last couple of years, the Company has started exporting to Sri Lanka, Indonesia, Bangladesh, UAE, and Nepal, and this year added Bhutan, Myanmar, Maldives, Oman, Bahrein, Qatar, Saudi Arabia, Iraq and few countries like Kenya and Djibouti in Africa Continent. With aggressive focus and improved product line-up for exports, the Company has registered significant growth over last year.

Looking at the growth of business this year, Company is positive about further growth of export business in coming years.

Home Appliances

In the Home appliance segment, Company deals in premium range of refrigerator and air purifiers.

The domestic refrigerator industry is witnessing a major transformation right from product and design innovations to giving value for money and energy efficient solutions to consumers with a variety of choices. Gradually the consumer preference is moving towards high capacity models. These high capacity models offer the latest technologies like inverter technology with dual fan cooling, vacuum insulation panels, intelligent controls etc. Hitachi also has a complete frost-free range with 21 models and 39 SKUs- starting from 253 litre gross to 722 litre gross capacity in 2-door, 3-door, 4 door and 6-door in top freezer, bottom freezer and side by side segments.

The Indian residential air purifiers market is anticipated to grow at a CAGR of over 29% from the current level of 14.14 million dollars to 38.99 million dollars in 2023, on the back of rapid urbanisation, increasing purchasing power, expanding urban population and deteriorating air quality. Air Purifiers are preferred in select cities and Hitachi ensures its availability in such markets, which are growing but at moderate speed.

Service

The Company aims to offer best in class products to customers and gives utmost priority to good customer care and service. For this purpose, the Company has also undertaken multiple service-oriented initiatives such as free service camp providing discounted service in pre-summer, customer delight program as well as free product check-up in off season. These factors helped the Company retain its client base and provides service to over 1,500,000 customers.

Further, Customer Voice and Customer Satisfaction has always been a crucial part of Company's strategy. It aims to fulfil the

needs of customers and also improve their standard of living. The Company continuously invests in training of human resources and upgradation of their technical skills to ensure better services. During the year under review, the Company undertook a major initiative "Special Task Force" to provide timely resolution to complicated and technical issues and to handle escalated matters. For this purpose, a team of over 100 technicians was formed and was trained to improve their technical skills.

Set up of Global Development Center

The new Global Development Center (GDC), which is currently under construction, will increase the Company's product development capabilities, particularly in commercial package air conditioning and residential air conditioning systems. Located adjacent to the Company's factory in Karannagar, Kadi, this development center will consist of an office space of 6,600 square meters and multiple labs spread over 12,000 square meters of floor space. These labs will include state-of-the-art research and testing facilities for measuring performance, reliability and electro-magnetic compliance. The facilities will allow for testing of air conditioners for global requirements in ambient temperatures ranging from -40 degrees C to + 60 degrees C.

New GDC will focus on developing residential and packaged air conditioner products for India, Southeast Asia, Middle East and EU markets. In addition, a range of capabilities related to user experience, industrial design, simulation, controls, design quality, project management and engineering information systems will be established at the new center.

Outlook

- India Emerging as Leading Economy Worldwide which has large market for Air conditioning business with huge potential to grow in premium room Air Conditioning and VRF segment by launching innovative technology and products.
- Growing trend in Infrastructure Sector, is expected to bring growth in demand of air conditioning business and will help in growth of this industry.
- Smart city projects, High-Rise Buildings, Shopping Complexes, Malls, Hypermarkets now Penetrating in Tier 2 Cities as well are going to increase demand of air-conditioning business. Company is focusing and leveraging the strength of our channel partners.
- Increasing standards of Bureau of Energy Efficiency (BEE) for energy efficiency in products and focus on promoting Inverter Air Conditioners is a huge opportunity for companies who have large line-up of energy efficient products.
- Growth of e-commerce retail portals and increasing nos. of organized retail formats in Tier II and III towns are going to create good growth opportunity for Room Air Conditioners category.

- Various government projects like Metro Rail, Airports, and High Speed Trains etc. are going to open big opportunity for commercial air-conditioning segment.

Risks, Concerns and Challenges

- **Fluctuation in raw material prices:** Change in price of raw material have an adverse impact on the Company's income and product demand as it results in increase in the final price of the product. However, the Company has efficient supply chain management in place which focuses on cost efficiency and improved profitability measures and mitigates the impact of increased raw material prices.
- **Technological development:** In the constantly changing business environment, it is imperative to stay updated with the state-of-the-art technologies in order to deliver latest and upgraded products to the customers. Failure to do so can severely impact the demand for Company's product and also result in increased cost of production. Thus, Company continuously makes investments towards enhancement of design and manufacturing to keep pace with upcoming technological changes and constant upgradation of its features.
- **Availability of electricity:** Electricity consumption in India is a big concern. The growth of Air Conditioner market and its penetration is highly dependent on availability of stable and consistent electric Supply. With rising number of initiatives towards provision of electricity in every households in the farthest of areas, the impact of this risk is gradually declining.
- **Emergence of intense competition in core business:** A number of key players are entering the HVAC segment, resulting in increased competition and posing threat to the market share of the Company. Hitachi, however, mitigates this challenge through its diversified product portfolio and respected brand name which helps the Company in retaining its customer base as well as share in the market.

Human Resources

In the present times, a dynamic and analytical human resources is a crucial requirement for surviving in this competitive world. Hitachi, thus, provides its employees an opportunity to develop, innovate and enhance themselves in the system. During the year, the Company witnessed a robust growth in numbers and youth entering in the Company.

Human Capital:

As on March 31, 2019 the total strength of employees (Staff and Operators) of the Company was 1548. In addition, the Company also hired Graduate Engineering Trainees to encourage youth opportunity and new perspective in system.

Diversity and Inclusion:

Hitachi works with a mission to achieve high level of gender diversity at all levels. It is given top most priority, so as to

emerge as an equal opportunity recruiter. For this, the Company conducted sensitivity programs for gender diversity and provided departmental targets for the same. Over the next year, female manufacturing line will be introduced so as to promote STEM in operators.

Talent Development:

Employees need to be developed, to bring about change required in the system and their growth.

Rising star program was organized for selected (25 Nos) high potential employees. Teams were formed to deliver viable projects in a period of 6 months. Global mentors were guiding them through this period. During this period, the projects were reviewed and regularly monitored by global leaders. These projects were combined with rigorous classroom training in 4 phases covering wide range of topics including Innovation, Leadership Skills, Project Execution and Management being few of them.

Evolve program was launched across the Company promoting the 6 working principles – Sense of Urgency, Taking Stock, Strategic Planning, Accountability, Conflict and Commitment. These principles have become guiding philosophy and way of working. The Company also launched Evolve Champions Program, where it recognized and shared the achievement of employees demonstrating these 6 working principles, thereby, setting positive examples for others in the organization.

Synchronized Happy Innovative Neo Employee (SHINE) program was also developed for intra department communication, self-discovery, stress management, internal self-conflict and to be in sync with one self. It was an initiative to encourage employees to attain self-discovered goals and not just professional goals.

JCMS-Empowered People:

Johnson Controls Manufacturing System (JCMS) is the one manufacturing practice which is practiced across the Johnson Controls organizations. It consists of stringent practices and process which need to be adhered for attaining Level 5 (Distinguished). The Company has achieved Level 2 (Developing) in JCMS. The aim of this principle is to empower its people to improve their workplace performance.

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

Pursuant to the provisions of Section 139 of the Companies Act, 2013, Members of the Company, at the Annual General Meeting held on July 25, 2016, appointed M/s. Price Waterhouse & Co. Chartered Accountants LLP (Firm Registration No. 304026E / E300009) as Auditors of the Company to hold office from the conclusion of Annual General Meeting held on July 25, 2016 till the conclusion of the sixth consecutive Annual General Meeting.

Directors' Responsibility Statement

Your Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- 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;
- 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;
- Annual accounts have been prepared on a going concern basis;
- 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

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

Board of Directors

During the year under review, there was no change in the 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 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	29%	18.71 : 1
Mr. Franz Cerwinka	Director	NA	NA
Mr. Yoshikazu Ishihara	Director	NA	NA
Mr. Ashok Balwani	Independent Director	NA	0.82 : 1
Mr. Mukesh Patel	Independent Director	NA	0.81 : 1
Ms. Indira Parikh	Independent Director	NA	0.78 : 1
Mr. Rishi Mehta	Chief Financial Officer	Note 1	8.66 : 1
Mr. Parag Dave	Company Secretary	10%	2.32 : 1

Note 1: Mr. Rishi Mehta appointed as a Chief Financial Officer with effect from January 30, 2018.

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 decreased by 31% due to resignation of Executive Directors
Percentage increase in the median remuneration of employees in the financial year	10%
No. of permanent employees on the rolls of Company	1548
Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	- Average % increase in the salaries of employees other than the managerial personnel 14% - Average % decrease in the managerial remuneration 19% (due to resignation of Executive Directors)

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 May 23, 2018, July 27, 2018, November 01, 2018 and January 29, 2019.
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 about the Policy on Corporate Social Responsibility (CSR) and projects implemented by the Company during the year under review, as required under Section 134(3) (o), 135(2) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 has been placed on the website of the Company and Weblink is as under:

<https://www.hitachiaircon.in/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://www.hitachiaircon.in/investors>

6. No commission paid to any Director of the Company, so no disclosure is required to be made under Section 197(14).
7. The details forming part of the extract of the Annual Return in form MGT 9 as provided under sub-Section (3) of section 92 is annexed as Annexure A.
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	2018-19	2017-18	Change %
(i) Debtors Turnover	4.99	6.28	-20.55%
(ii) Inventory Turnover	2.89	3.09	-6.24%
(iii) Interest Coverage Ratio *	66.62	104.17	-36.05%
(iv) Current Ratio	1.33	1.44	-7.57%

Financial Ratios	2018-19	2017-18	Change %
(v) Debt Equity Ratio *	0.31 : 1	0.02 :1	1450.00%
(vi) Operating Profit Margin (%)	8.00%	9.44%	-15.28%
(vii) Net Profit Margin (%)	3.83%	4.58%	-16.35%
(viii) Return On Net wroth	14.02%	18.71%	-25.10%

* During the year Company has setup the global design center, Company has spent capital expenditure of H 610 Mn.

11. 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.
12. There is no fraud reported by Auditors under Section 143(12) of the Companies Act, 2013 during the year under review.
13. 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 H 150 Million against the credit facilities availed by dealers.
14. 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.
15. There is no Company which has become or ceased to be its subsidiary, joint venture or associate Company during the year.
16. During the year, Company has not accepted deposits covered under Chapter V.
17. There is no qualification, reservation or adverse remark or disclaimer made by the Auditors in their report.
18. There is no qualification, reservation or adverse remark or disclaimer made by the Company Secretaries in practice in their Secretarial Audit Report.
19. 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.
20. Details of complaints relating to sexual harassment during the year under review:

Number of complaints received during the year: 1
 Number of complaints disposed of during the financial year: 1
 Number of complaints pending as on 31st March, 2019: 1.
21. 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.
22. Statement showing particulars of employees under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached separately with this Annual Report.
23. Contract or arrangement under Section 188(1): There were no contracts or arrangements entered by the party falling under Section 188(1). Particulars of contracts or arrangements with related parties are provided in Form AOC 2 as Annexure D.
24. Policy on dealing with Related Party Transactions has been disclosed on Company's website and a weblink is as under:

<https://hitachiaircon.in//storage/uploads/Policy-on-Related-Party-Transactions-2019-05-16.pdf>
25. Revision in Accounts or Board's Report: There are no revisions made in the Accounts or Board's Report.
26. Issue of Equity Shares with differential rights: There was no Equity Share issued with differential voting rights during the year under review.
27. Issue of Sweat Equity Shares: There was no issue of Sweat Equity Share during the year under review.
28. 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.
29. 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.
30. Dividend Distribution Policy is given as Annexure E to this report.
31. 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 : Ahmedabad
Date : May 16,2019

Gurmeet Singh
Chairman & Managing Director

Annexure – A

FORM NO. MGT - 9**Extract of Annual return**

As on the financial year ended March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details:

i. CIN	: L29300GJ1984PLC007470
ii. Registration Date	: 7 th December, 1984
iii. Name of the Company	: Johnson Controls-Hitachi Air Conditioning India Limited
iv. Category / Sub-Category of the Company	: Public Limited Company having Share Capital
v. Address of the Registered Office and contact details	: 9 th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380006 Ph. 079-26402024
vi. Whether listed Company	: Yes
vii. Name, address and contact details of Registrar and Transfer Agent, if any	: Link Intime India Pvt. Limited, 506-508 Amarnath Business Center-1, Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off C.G Road, Navrangpura, Ahmedabad-380009

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II. Principal Business Activities of The Company

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

Sr. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1	Sales and service of Air conditioners	28192	92%

III. Particulars of Holding, Subsidiary and Associate Companies

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

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters & Promoters Group									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	20190529	-	20190529	74.25	20190529	-	20190529	74.25	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	20190529	-	20190529	74.25	20190529	-	20190529	74.25	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	20190529	-	20190529	74.25	20190529	-	20190529	74.25	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds/ UTI	2984777	100	2984877	10.98	2940640	100.00	2940740	10.82	-0.16
b) Banks / FI	1635	100	1735	0.01	2390	100.00	2490	0.01	0.00
c) Central Govt.	107954	0	107954	0.40	121280	0.00	121280	0.45	0.05
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	947060	800	947860	3.49	1012910	800.00	1013710	3.73	0.24
g) FIs	445047	0	445047	1.64	380709	0.00	380709	1.40	-0.24
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Foreign Portfolio Investors)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	4486473	1000	4487473	16.52	4457929	1000	4458929	16.41	-0.11
2. Non Institutions									
a) Bodies Corporate									
i) Indian	264830	0	264830	0.97	379150	0	379150	1.39	0.42
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Share-holders holding nominal share capital upto H 1 lac	425503	0	425503	1.56	367515	0	367515	1.35	-0.21
ii) Individual Share-holders holding nominal share capital in excess of H 1 lac	1286840	369466	1656306	6.09	1314814	316526	1631340	6.00	-0.09
c) Others (NRI)	47283	0	47283	0.17	60237	0	60237	0.22	0.05
d) Others (Trust / HUF)	118960	0	118960	0.44	103184	0	103184	0.38	-0.06
Sub-Total (B)(2)	2143416	369466	2512882	9.23	2224900	316526	2541426	9.34	0.11
Total Shareholding of Public (B) = (B)(1)+(B)(2)	6629889	370466	7000355	25.75	6682829	317526	7000355	25.75	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	26820418	370466	27190884	100.00	26873358	317526	27190884	100.00	-

ii) Shareholding of promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / Encum-bered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	JCHAC India Holdco Limited	20189894	74.25	-	20189894	74.25	-	-
2	Johnson Control Hitachi Air Conditioning Holding(UK)Limited	635	0.00	-	635	0.00	-	-
	Total	20190529	74.25	-	20190529	74.25	-	-

iii) Change in Promoters' Shareholding:

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

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v) Shareholding pattern of Top 10 Shareholder (Other than Directors and Promoters)

Sr. No.	Name of Shareholder	Date	Increase / Decrease No of Shares	No of Shares	Reasons for increase / decrease	% of total shares of the Co
1	Bajaj Allianz Life Insurance Company Ltd	At the beginning of the year		610569		2.25
		1-Apr-18				
		13-Apr-18	5000	615569	Transfer	2.26
		6-Jul-18	800	616369	Transfer	2.27
		29-Sep-18	-1000	615369	Transfer	2.26
		5-Oct-18	10000	625369	Transfer	2.30
		7-Dec-18	3500	628869	Transfer	2.31
		14-Dec-18	4006	632875	Transfer	2.33
		21-Dec-18	82	632957	Transfer	2.33
		28-Dec-18	3800	636757	Transfer	2.34
		4-Jan-19	-5000	631757	Transfer	2.32
		1-Feb-19	1200	632957	Transfer	2.33
		8-Feb-19	923	633880	Transfer	2.33
		22-Feb-19	1200	635080	Transfer	2.34
1-Mar-19	-6500	628580	Transfer	2.31		
8-Mar-19	2000	630580	Transfer	2.32		
15-Mar-19	-9900	620680	Transfer	2.28		
22-Mar-19	-71000	549680	Transfer	2.02		
	At the end of the year	31-Mar-19	58000	607680	Transfer	2.23
2	Reliance Capital Trustee Co. Ltd	At the beginning of the year		211344		0.78
		At the end of the year		211344		0.78
3	Franklin India Smaller Companies Fund	At the beginning of the year		218419		0.80
		12-Oct-18	188	218607	Transfer	0.80
		14-Dec-18	-4071	214536	Transfer	0.79
		21-Dec-18	-9355	205181	Transfer	0.75
		28-Dec-18	-1532	203649	Transfer	0.75
		31-Dec-18	-474	203175	Transfer	0.75
		4-Jan-19	-16879	186296	Transfer	0.69

Sr. No.	Name of Shareholder		Date	Increase / Decrease No of Shares	No of Shares	Reasons for increase / decrease	% of total shares of the Co
			11-Jan-19	-347	185949	Transfer	0.68
			1-Feb-19	-687	185262	Transfer	0.68
			8-Feb-19	-50902	134360	Transfer	0.49
			22-Feb-19	-4050	130310	Transfer	0.48
			1-Mar-19	-25366	104944	Transfer	0.39
			8-Mar-19	-24414	80530	Transfer	0.30
4	Birla Sun Life Trustee Co Pvt Ltd	At the beginning of the year	1-Apr-18		843023		3.10
		At the end of the year	31-Mar-19		843023		3.10
5	Canara HSBC Oriental Bank Of Commerce	At the beginning of the year	1-Apr-18		336491		1.24
			13-Apr-18	2613	339104	Transfer	1.25
			20-Apr-18	-1840	337264	Transfer	1.24
			27-Apr-18	-2420	334,844	Transfer	1.23
			18-May-18	-2557	332,287	Transfer	1.22
			1-Jun-18	-291	331996	Transfer	1.22
			15-Jun-18	51	332047	Transfer	1.22
			30-Jun-18	65	332112	Transfer	1.22
			6-Jul-18	84	332196	Transfer	1.22
			13-Jul-18	16012	348208	Transfer	1.28
			20-Jul-18	2414	350622	Transfer	1.29
			27-Jul-18	1235	351857	Transfer	1.29
			3-Aug-18	3571	355428	Transfer	1.31
			10-Aug-18	436	355864	Transfer	1.31
			17-Aug-18	3313	359177	Transfer	1.32
			24-Aug-18	3397	362574	Transfer	1.33
			31-Aug-18	800	363374	Transfer	1.34
			14-Sep-18	-4271	359103	Transfer	1.32
			21-Sep-18	65	359168	Transfer	1.32
			29-Sep-18	242	359410	Transfer	1.32
			5-Oct-18	230	359640	Transfer	1.32
			12-Oct-18	625	360265	Transfer	1.32
			19-Oct-18	-218	360047	Transfer	1.32
			26-Oct-18	-185	359862	Transfer	1.32
			2-Nov-18	227	360089	Transfer	1.32
			9-Nov-18	184	360273	Transfer	1.32
			7-Dec-18	-140	360133	Transfer	1.32
			14-Dec-18	701	360834	Transfer	1.33
			21-Dec-18	-672	360162	Transfer	1.32
			28-Dec-18	568	360730	Transfer	1.33
			31-Dec-18	0	360730	Transfer	1.33
			4-Jan-19	-381	360349	Transfer	1.33
			11-Jan-19	-24	360325	Transfer	1.33
			18-Jan-19	0	360325	Transfer	1.33
			25-Jan-19	0	360325	Transfer	1.33
			1-Feb-19	-682	359643	Transfer	1.32
			8-Feb-19	1208	360851	Transfer	1.33
			15-Feb-19	0	360851	Transfer	1.33
			22-Feb-19	0	360851	Transfer	1.33
			1-Mar-19	850	361701	Transfer	1.33
			8-Mar-19	0	361701	Transfer	1.33
			15-Mar-19	15303	377004	Transfer	1.39
			22-Mar-19	28226	405230	Transfer	1.49
		At the end of the year	31-Mar-19		405230		1.49
6	Birla Sun Life Trustee Co Pvt Ltd	At the beginning of the year	1-Apr-18		1022134		3.76
			13-Apr-18	15783	1037917	Transfer	3.82
			20-Apr-18	5940	1043857	Transfer	3.84
			27-Apr-18	5940	1049797	Transfer	3.86

Sr. No.	Name of Shareholder		Date	Increase / Decrease / No of Shares	No of Shares	Reasons for increase / decrease	% of total shares of the Co
			4-May-18	7153	1056950	Transfer	3.89
			11-May-18	14137	1071087	Transfer	3.94
			18-May-18	7623	1078710	Transfer	3.97
			25-May-18	11673	1090383	Transfer	4.01
			1-Jun-18	10125	1100508	Transfer	4.05
			8-Jun-18	10665	1111173	Transfer	4.09
			15-Jun-18	9315	1120488	Transfer	4.12
			22-Jun-18	8125	1128613	Transfer	4.15
			30-Jun-18	6120	1134733	Transfer	4.17
			6-Jul-18	6075	1140808	Transfer	4.20
			13-Jul-18	3780	1144588	Transfer	4.21
			20-Jul-18	1800	1146388	Transfer	4.22
			21-Sep-18	2160	1148548	Transfer	4.22
			29-Sep-18	36220	1184768	Transfer	4.36
			5-Oct-18	224	1184992	Transfer	4.36
			2-Nov-18	12938	1197930	Transfer	4.41
			7-Dec-18	1620	1199550	Transfer	4.41
			21-Dec-18	5596	1205146	Transfer	4.43
			4-Jan-19	702	1205848	Transfer	4.43
			11-Jan-19	3782	1209630	Transfer	4.45
			18-Jan-19	270	1209900	Transfer	4.45
			1-Mar-19	6793	1216693	Transfer	4.47
		At the end of the year	31-Mar-19	43316	1260009		4.63
7	Birla Sun Life Trustee Co Pvt Ltd	At the beginning of the year	1-Apr-18		235000		0.86
			25-May-18	30000	265000	Transfer	0.97
			15-Feb-19	-14729	250271	Transfer	0.92
		At the end of the year	31-Mar-19	-56162	194109		0.71
8	Aditya Birla Sun Life Trustee Co Pvt. Ltd	At the beginning of the year	1-Apr-18		134866		0.50
			19-Oct-18	-6871	127,995	Transfer	0.47
			26-Oct-18	-12800	115,195	Transfer	0.42
			21-Dec-18	-5498	109,697	Transfer	0.40
			11-Jan-19	-3503	106,194	Transfer	0.39
		At the end of the year	31-Mar-19	-7218	98976	Transfer	0.36
9	Blue Diamond Properties Pvt. Ltd	At the beginning of the year	1-Apr-18		94491		0.35
		At the end of the year	31-Mar-19		94491		0.35
10	Kotak Mahindra (International) Limited	At the beginning of the year	1-Apr-18		96711		0.36
		At the end of the year	31-Mar-19		96711		0.36
11	Sundaram India Premier Fund	At the beginning of the year	1-Apr-18		108541		0.40
			22-Mar-19	1841	110382	Transfer	0.41
		At the end of the year	31-Mar-19		110382		0.41

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vi) Shareholding of Directors and Key Managerial Personnel

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr. Mukesh Patel	1500	0.01	1500	0.01

V. Indebtedness

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

Name of Director	Secured Loans Excluding deposits	Unsecured Loans	Deposits	(H in Million)
				Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0.0	126.6	0.0	126.6
ii) Interest due but not paid	0.0	0.0	0.0	0.0
iii) Interest accrued but not due	0.0	0.0	0.0	0.0
Total (i+ii+iii)	0.0	126.6	0.0	126.6
Change in Indebtedness during the financial year				
Addition	0.0	1769.60	0.0	1769.60
Reduction	0.0	0.0	0.0	0.0
Net Change	0.0	1769.60	0.0	1769.60
Indebtedness at the end of the financial year				
i) Principal Amount	0.0	1896.20	0.0	1896.20
ii) Interest due but not paid	0.0	0.0	0.0	0.0
iii) Interest accrued but not due	0.0	0.0	0.0	0.0
Total (i+ii+iii)	0.0	1896.20	0.0	1896.20

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sr. No.	Particulars of Remuneration	Mr. Gurmeet Singh Chairman and Managing Director	(H In Million)
			Total Amount
1	Gross Salary		
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	18.0	18.0
(b)	Value of perquisites under Section 17(2) Income Tax Act, 1961	0.1	0.1
(c)	Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2	Stock Options	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify....	-	-
5	Others, please specify- Retirement benefits and tax exempted benefits	0.4	0.4
	Total (A)	18.5	18.5

B. Remuneration to other Directors:

1. Independent Directors

Sr. No.	Particulars of Remuneration	Name of Director			(H In Million)
		Mr. Ashok Balwani	Ms. Indira Parikh	Mr. Mukesh Patel	Total Amount
		1	Fee for attending Board/ Committee Meetings	0.8	0.8
2	Commission	-	-	-	-
3	Others, please Specify	-	-	-	-
	Total (1)				2.4

2. Other Non-Executive Directors

				(H In Million)
Sr. No.	Particulars of Remuneration	Mr. Franz Cerwinka	Mr. Yoshikazu Ishihara	Total Amount
1	Fee for attending Board /Committee Meetings	-	-	-
2	Commission	-	-	-
3	Others, please Specify	-	-	-
	Total (2)			-
	Total (B)=(1+2)			2.4
	Total Managerial Remuneration (Excluding Sitting Fees)			18.5
	Overall Ceiling as per the Act (11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			147.4

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

				(H In Million)
Key Managerial Personnel				
Sr. No.	Particulars of Remuneration	Mr. Rishi Mehta Chief Financial Officer	Mr. Parag Dave Company Secretary	Total Amount
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	7.6	2.2	9.8
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	0.01	0.03	0.04
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify....	-	-	-
5	Others, please specify – Retirement benefits and tax exempted benefits	0.6	0.1	0.7

VII. Material Penalties / Punishments / Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment	None				
Compounding					
B. Directors					
Penalty					
Punishment	None				
Compounding					
C. Other Officers in Default					
Penalty					
Punishment	None				
Compounding					

Annexure B

Form No. MR-3

Secretarial Audit Report

As on the financial year ended March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

To,
The Members,
Johnson Controls - Hitachi Air Conditioning 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 (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 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, 2019 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, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018;
 - (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, 1998/2018; **(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 Company has decided to invest 20 Million USD (Approx. H 150 Crores) to expand its existing design and development capabilities by setting up additional labs and hiring more engineers in a phased manner. Through this development center, the company plans to cater not only to Indian market but also to global requirements across Johnson Controls-Hitachi group entities.

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

Mahesh C Gupta

Proprietor

FCS: 2047 (CP: 1028)

Place : Ahmedabad
Date : 16th May, 2019

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

Annexure A

To,
The Members,
Johnson Controls - Hitachi Air Conditioning India Limited,
9th Floor, Abhijeet-1,
Mithakhali Six Roads,
Ahmedabad - 380 006

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

1. Maintenance of Secretarial Record is the responsibility of the management of the company. Our responsibility is to express an opinion on Secretarial Records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards, is the responsibly of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company not of the efficacy or effectiveness with which the management has conducted the affairs of the company.

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

Mahesh C Gupta

Proprietor

FCS: 2047 (CP: 1028)

Place : Ahmedabad
Date : 16th May, 2019

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

Company saved total 562K-KWH in a year by initiating following measures:

1. Replacement of MHL lamps by LED lamps on shop floor at the Plant (Around 3.5 Lac unit per year).
2. Installation of High efficient IE-4 water circulation pumps for cooling water circulation. (Around 1.2 Lac unit per Year).
3. Installation of High speed blower for cooling and flushing of heat exchangers in place of compressed air (Around 42,000 units per Year).
5. Installed heater insulated jackets on Moldings machines saving Kwh. (Around 40,000 units / Year).
6. Installed new LT panel with bus coupler system in between 2 transformers for saving running losses of one transformer during off season. (10K units / Year).

Research and development

1. Development of Eco refrigerant (R-32) Constant speed Split Air conditioners Complete Line up.
2. Development of iFresh Technology serves in automatic cleaning of heat exchanger timely and significantly reduce the power consumption and maintain the Airflow around the year.
3. Development of Bigger capacity units as 1.6 & 2.1 TR using bigger Indoor to explore the capacity size and product varieties to serve in the market where the demand is for higher airflow and capacity.
4. Development of New aesthetic designed panels for Indoor units.
5. Development of Basic Premium Remote Handset.
6. Performance evaluation of Multi Inverter products for Europe.

7. Development of 9.5 Amps inverter controller serves for models capacity ranges from 1.0TR ~ 1.5TR with DC ODU Motor, The base of this controller is Cascade vector control.
8. Development of Highest ISEER Models in 1.0TR / 1.5TR / 1.8TR Inverter segments.
9. Development of Inverter Series with Capillary as refrigerant expansion means instead of EXVs.
10. Development of 1, 1.5 and 2 HP compact HAT model with left and right side piping provision and developed models will be used against imported unit.
11. Development of 8 and 10 HP in the ceiling IDU with single expansion valve and optimized heat exchanger.
12. Development of 16 and 20 HP VRF ceiling suspended IDU/ Convertible IDU.
13. Development of 0.8 HP hi wall IDU.
14. Development of 7.5TR FSP model (Flexibility to connect Cassette, HiWall, HAT IDU with single ODU).

Technology absorption

1. iFresh technology serves mainly to clean the heat exchanger automatically to maintain the unit performance applicable to RAC Inverter series.
2. Using BMS / IoT connectivity in Takumi units to get plugged into a RTG CMS for automation & predictive maintenance (With provision of a IoT based Central Station Gateway, we can achieve multiple connectivity options & offer the same flexibility to our customers with connectivity to open protocol systems like BMS & other IoT systems.)

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

- (i) iFresh technology for RAC Inverter.

Foreign exchange earnings and outgo

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

Annexure D

Form No. AOC-2

[Pursuant to Section 92(3) of the Companies Act, 2013, and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

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

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

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

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

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

Annexure E

Dividend Distribution Policy

Introduction

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

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

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

Circumstances under which the shareholders may expect dividend:

1. Adequate profit for current year calculated as per Companies Act, 2013 and adequate accumulated profit of previous year(s).
2. Company's current and future financial requirements, including growth opportunities.

Circumstances under which the shareholders may not expect dividend:

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

Financial parameters that shall be considered while declaring dividend:

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

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

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

Policy as to how the retained earnings shall be utilized:

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

REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy on Code of Corporate Governance

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

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

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

1. Ethical and fair conduct of business to achieve its goal by enhancing the brand equity and value of the Company.
2. Internal Control systems applied to all operations of the Company.
3. Appropriate size and mixture of the board containing one half of Independent Directors. Directors have expertise in different areas.

4. Compliance of laws and regulations applicable to the Company with true letter and spirit;
5. To ensure awareness of the Shareholders, Customers, Suppliers, Employees. Timely disclosure of all operational and financial information of the Company within the purview of the laws.
6. To create, maintain and ensure safe and clean environment for sustainable development for next generation.

II. Board of Directors, Committees and Remuneration of Directors

Board of Directors

Present strength of the Board of Directors of your Company is 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, 2019, Board of the Company consists of one (1) Executive Director (Chairman and Managing Director), two (2) Non-executive Directors and three (3) Independent Directors.

Details of their position and number of Board / Committees in which they are Chairman / Member are as under:

Name of Director	Promoter / Executive / Non-executive / Independent	No. of Directorship in Listed Indian Companies (Including this Company)	No. of Committees* Position held as	
			Chairman	Member
Mr. Gurmeet Singh	Chairman / Executive (Managing Director)	1	-	1
Mr. Franz Cerwinka	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	4	-	3
Mr. Mukesh Patel	Non-Executive / Independent	3	4	2

*Includes only Audit Committee and Stakeholders Relationship Committee.

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

Name of Director	Name of Company	Category of Directorship
Mr. Ashok Balwani	Johnson Controls-Hitachi Air Conditioning India Limited	Independent Director
Mr. Mukesh Patel	Johnson Controls-Hitachi Air Conditioning India Limited	Independent Director
	Cadila Healthcare Limited	Independent Director
	The Sandesh Limited	Independent Director
Ms. Indira Parikh	Johnson Controls-Hitachi Air Conditioning India Limited	Independent Director
	Deepak Nitrite Limited	Independent Director
	Force Motors Limited	Independent Director
	Reliance Nippon Life Insurance Company Limited	Independent Director

Skills/expertise/competence of the board of directors:

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:

1. Vision, Strategic planning and Decision making
 - Know where business is heading and how to position it to get there
 - Understand the challenges and opportunities business faces and the best ways to address them
 - Intuition, reasoning and application of techniques
 - Improve the overall performance of business
 - Analysis and use of information
 - Risk Management and mitigation capabilities
2. Business skill
 - Industry knowledge - experience and knowledge of the Air conditioning and Refrigeration Industry
 - Design and development of products of the Company
 - Production - knowledge of effective and efficient processes of production
 - Marketing - advertising, promotion and PR
 - Sales - pricing, negotiating, customer service and tracking competitors
3. Functional Skill
 - Finance - 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
 - Procurement and buying - managing contracts, stock control and inventory planning
 - Personnel - recruitment, dispute resolution, motivating staff and managing training
 - General administration
4. Leadership skill
 - Involving team in decision-making
 - Providing personal encouragement
 - Recognizing and rewarding good performance
 - Helping to build team's confidence to use own initiative

- Inspiring team with a vision for success
 - Effective Delegation
 - Ensuring good two-way communication
5. 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
 - Encourage training and personal development
 - Build in regular reviews
 6. Promoters of Vision, Mission and Values of Johnson Controls Group - Integrity First, Purpose Led, Customer Driven, Future Focused and One Team
 7. Have flair for sustainable development, environment protection and social upliftment
 8. Adopters of an inclusive and beneficial approach for all stakeholders

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 details of familiarization program have been disclosed on the Company's website and a web link is as under:

<https://www.hitachiaircon.in/storage/uploads/Familiarization-program-for-Independent-Directors-2018-19.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, 2018 to March 31, 2019, 4 (Four) Board Meetings were held i.e. on May 23, 2018, July 27, 2018, November 01, 2018 and January 29, 2019. The last Annual General Meeting (AGM) was held on July 27, 2018. 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. Franz Cerwinka	2	Absent
Mr. Yoshikazu Ishihara	3	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, 2019 are as under:

Name of Director	No of Shares held
Mr. Franz Cerwinka	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 exercise its role, responsibilities and powers as prescribed in Regulation 18(3) Part C of schedule 2 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and Section 177A of the Companies Act, 2013.

Members of the Audit Committee as on March 31, 2019 are as under:

Mr. Mukesh Patel	- Chairman
Mr. Ashok Balwani	- Member
Ms. Indira Parikh	- Member

During the year from April 01, 2018 to March 31, 2019 4 (Four) Audit committee meetings were held i.e. on May 23, 2018, July 27, 2018, November 01, 2018 and January 29, 2019. 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 all decisions relating to remuneration of Executive Directors and recommends appointment of Directors and Senior Management Personnel of the Company subject to such approval of Shareholders and Central Government as and when required.

Members of the Nomination and Remuneration Committee as on March 31, 2019 are as under:

Mr. Mukesh Patel	- Chairman
Mr. Ashok Balwani	- Member
Ms. Indira Parikh	- Member

During the year under review, 2 (Two) Nomination and Remuneration Committee Meetings were held i.e. on May 23, 2018, and January 29, 2019. Attendance of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	2
Mr. Ashok Balwani	2
Ms. Indira Parikh	2

Terms of Appointment / Remuneration

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

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

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

Name of Director	Salary	Perquisites	Performance linked Incentives	Retire-ment benefits	Sitting Fees	(H in Million)
						Total Remuneration
Mr. Gurmeet Singh	10.5	3.9	3.1	1.0	Nil	18.5
Mr. Franz Cerwinka	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

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

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

Formal appointment and evaluation policy of the Board and senior management has been placed on the website of the Company.

Stakeholders Relationship Committee

Stakeholders Relationship Committee consisted of following members as on March 31, 2019:

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, 2018	Nil
Number of complaints received	4
Number of complaints redressed	4
Number of pending complaints as on March 31, 2019	Nil

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

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

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

III. Other disclosures

Statutory Disclosures:

There were no materially significant related party transactions that may have potential conflict with the interests of Company at large. Policy on dealing with Related Party Transactions has been disclosed on Company's website and a weblink is as under:

<https://www.hitachiaircon.in/cms/materials/f94328b002.pdf>

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalty or strictures imposed on the Company for such matters by Stock 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 Commodity price risk. The Company enters into the forward contracts to hedge against its foreign currency exposures while do not enter into the forward contracts to hedge against the Commodity price risk.

The details of foreign exchange exposures as on March 31, 2019 are disclosed in Notes to the financial statements.

Performance evaluation criteria for independent directors:

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

Credit rating

Company is not required to obtain credit rating as during the year review as no debt instruments issued by the Company or 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 no preferential allotment or qualified institutions placement made by the Company.

Total Fees paid to Auditors:

Company has paid total fees of H 5.1 Million during the year to Statutory Auditors and total fees of H 0.5 Million to entities in the network firm/network entity of which the statutory auditor is a part.

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

Number of complaints received during the year: 1

Number of complaints disposed of during the financial year: 1

Number of complaints pending as on March 31, 2019: 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:

- There are no non-compliance of requirement under sub para (2) to (10) of Schedule V(C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- There are no shares 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.
- Company has not adopted non-mandatory requirements as prescribed under Schedule II(E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Information relating to last three Annual General Meetings

Date and Time: July 25, 2016, 9.30 a.m.

Venue: J B Auditorium, Ahmedabad Management Association, ATIRA Campus,
Dr. Vikram Sarabhai Marg, Vastrapur Road,
Ahmedabad – 380015

Special resolutions passed:

- To appoint Mr. Atsushi Ohtsuka as Managing Director for a period of 3 years w.e.f. September 01, 2015.
- To appoint Mr. Varghese Joseph as an Executive Director of Company for the period of 3 years w.e.f. August 01, 2015.
- To increase remuneration of Mr. Anil Shah as CFO and Executive Director of the Company from the Financial Year 2015-16.

- To Re-appoint Mr. Anil Shah as CFO and Executive Director of the Company for a period of 3 years w.e.f. June 01, 2016.
- To increase remuneration of Mr. Vinay Chauhan as an Executive Director of the Company from Financial Year 2015-16.
- To Re-appoint Mr. Vinay Chauhan as an Executive Director of the Company for a period of 3 years w.e.f. May 15, 2016.
- To increase remuneration of Mr. Gurmeet Singh as an Executive Director of the Company from Financial Year 2015-16.
- To approve Change of Name of the Company.
- To maintain the Register of Member at Ahmedabad office of M/s Link Intime India Pvt. Limited, Registrar and Transfer Agent.
- To substitute all Articles of 'Articles of Association'.

Date and Time: August 08, 2017, 9.30 a.m.

Venue: H T Parekh Convention Center, Ahmedabad Management Association, ATIRA Campus,
Dr. Vikram Sarabhai Marg, Vastrapur Road,
Ahmedabad – 380015

Special resolutions passed:

- Re-appointment of Ms. Indira Parikh as an Independent Director of the Company.
- To appoint Mr. Gurmeet Singh as a Managing Director of the Company.
- To maintain Register of members at Office of Registrar and Share Transfer Agent – Link Intime India Pvt. Ltd.

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:

- To approve continuation of appointment of Ms. Indira Parikh as an Independent 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 www.hitachiaircon.in. The information is being made available to the Stock Exchanges to upload the same on their websites.

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

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

General Shareholder Information

Ensuing Annual General Meeting

Day and Date	Time	Venue
Wednesday August 14, 2019,	9.30 a.m.	Center for Environment Education, Nehru Foundation for Development, Vastrapur-Gurudwara Road, Ahmedabad: 380054

Financial year: From April 01, 2018 to March 31, 2019

Book closure: From August 10, 2019 to August 14, 2019 (Both days inclusive)

Dividend Payment Date: Dividend, if declared, will be paid on or after August 28, 2019.

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 2019-20 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-2018	2684	2,439	35,213	32,973	2,686	2,470	10,759	10,111
May-2018	2,750	2,455	35,994	34,303	2,758	2,465	10,929	10,418
June-2018	2,671	2,317	35,877	34,785	2,675	2,366	10,893	10,551
July-2018	2,420	1,859	37,645	35,107	2,440	1,932	11,366	10,605
August-2018	2,229	1,940	38,990	37,129	2,210	1,900	11,760	11,235
September-2018	2,150	1,515	38,934	35,986	2,015	1,538	11,752	10,850
October- 2018	1,874	1,505	36,617	33,292	1,865	1,526	11,036	10,005
November-2018	1,882	1,695	36,389	34,303	1,945	1,653	10,922	10,342
December-2018	1,855	1,665	36,555	34,426	1,869	1,715	10,985	10,334
January-2019	1,869	1,635	36,701	35,376	1,860	1,665	10,988	10,584
February-2019	1,854	1,650	37,172	35,287	1,842	1,650	11,118	10,586
March-2019	2,099	1,701	38,749	35,927	2,106	1,690	11,630	10,817

The Equity Shares of the Company are not delisted or suspended during the year ended March 31, 2019.

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, 2019

Category	No. of Shares Held	% of Shareholding
Promoters' Holding	20,190,529	74.25
Non-Promoters' Holding		
Mutual Funds	2,940,740	10.82
Foreign Portfolio Investors	380,709	1.40
Financial Institutions/ Banks	2,490	0.01
Insurance Companies	1,013,710	3.73
Central Government (IEPF)		
Bodies Corporate	242,131	0.89
NRIs	60,237	0.22
Individuals	2,360,338	8.68
Total	27,190,884	100.00

Distribution of shareholding as on March 31, 2019

Shares Balance	No. of Holders	% of Holders	No. of Shares	% of Shares
1-500	14,427	95.91	1,145,180	4.21
501-1000	345	2.29	260,016	0.96
1001-2000	121	0.80	176,952	0.65
2001-3000	35	0.23	90,764	0.33
3001-4000	21	0.14	73,699	0.27
4001-5000	12	0.08	55,311	0.21
5001-10000	32	0.22	247,848	0.91
10001 and above	49	0.33	25,141,114	92.46
Total	15,042	100.00	27,190,884	100.00

Dematerialization of shares and liquidity

The Company's shares are available for dematerialisation on both the depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). As on March 31, 2019, 26,873,358 (98.83%) shares of the Company were in Dematerialised form. Demat ISIN No. of the Equity Shares of the Company: INE782A01015.

Outstanding Financial Instruments which have an impact on Equity

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

Plant Location

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

Addresses for Correspondence**Company:**

Johnson Controls-Hitachi Air Conditioning India Limited.
(Formerly Known as Hitachi Home & Life Solutions (India) Limited)

9th Floor, Abhijeet, Mithakhali Six Roads,
Ahmedabad: 380 006
Ph.: 079-26402024

Registrars and Share Transfer Agent:

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

Declaration under Code of Conduct**To the Shareholders of Johnson Controls-Hitachi Air Conditioning India Limited**

On the basis of the affirmation letters received from Board Members and Senior Management Personnel, I declare that, they have complied with all the provisions of Code of Conduct laid down by the Board of Directors of the Company.

For Johnson Controls-Hitachi Air Conditioning India Limited

Sd/-

Gurmeet Singh

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, 2019 as stipulated in Regulations [17, 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
 Chartered Accountants

UDIN: 19107038AAAAAE3345
 Place: Ahmedabad
 Date: May 16, 2019

Sachin Parekh
 Partner
 Membership Number: 107038

Business Responsibility Report

SECTION A: General Information About The Company

1.	Corporate Identity Number (CIN) of the Company	L29300GJ1984PLC007470
2.	Name of the Company	Johnson Controls-Hitachi Air Conditioning India Limited (Formerly known as Hitachi Home & Life Solutions (India) Limited)
3.	Registered address	9 th Floor, Abhijeet, 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, 2018 to March 31, 2019
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	None
	a. Number of International Locations (Provide details of major 5)	5 Regional Offices, 20 Branch Offices, 4 Engineering Excellence Centre, 4 Regional Service Offices and 6 Service Centres
	b. Number of National Locations	
10.	Markets served by the Company – Local/State/National/International	Pan India

44 SECTION B: Financial Details of The Company

1.	Paid up Capital (H)	271.9 Million
2.	Total Turnover (H)	22413 Million
3.	Total profit after taxes (H)	859 Million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) of current year	2.69%
5.	List of activities in which expenditure in 4 above has been incurred	4

SECTION C: Other Details

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

SECTION D: BR Information

1. Details of Director/Directors responsible for BR

a.	Details of the Director 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	Vice President – Human Resources
	4. Telephone No.	+91-2764-277571
	5. Email Id	hitachi@jci-hitachi.com

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy 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: 1. www.hitachiaircon.in/cms/materials/387ddc9fc6.pdf 2. www.hitachiaircon.in/cms/materials/3aa857e9d6.pdf 3. www.hitachiaircon.in/cms/materials/14955dcfd1.pdf 4. www.hitachiaircon.in/cms/materials/0b23554d12.pdf								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8	Does the company have in-house structure to implement the policy / policies?	Yes								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes								

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

- Not applicable

3. Governance related to BR

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

SECTION E: Principle-Wise Performance

Principle 1

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

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

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

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

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

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

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- Room Air Conditioners.
- Packaged Air Conditioners.
- 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.

During the financial year 2018-19, two complaints were received from employees regarding disciplinary

transactional matters and all three complaints have been resolved satisfactorily.

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?

- Government of India (Bureau of Energy Efficiency, Ministry of Power) introduced the Standards and Labelling Program in May 2006. Under this program the manufacturers are required to disclose a label showing how much electricity the appliance will consume during operations. Energy Efficiency is indicated by Number of 'Stars'. More Stars indicates more energy efficient appliance. Company's products are available in the range of 2 Star to 5 Star. Company focuses on promoting and developing energy efficient products. During previous year more than 50% of Company's models were 4 star and 5 star rated models.
- We have replaced conventional lights with LED lights at manufacturing facility to reduce electricity consumption.

- We are utilizing treated water from Waste Water Treatment Plant in gardening inside company premises to avoid fresh water consumption for green belt development inside company premises.
 - We have started using RO Plant reject water in washroom flush to reduce the requirement of fresh water consumption.
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 recycled in washroom flushes and maintaining a green belt.
 - The Company complies with the requirements of RoHS & Waste Management Rules.

Principle 3

1.	Please indicate the Total number of employees:	4265
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	2717
3.	Please indicate the Number of permanent women employees.	54
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	1	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?		

No.		Skill upgradation	Safety
a.	Permanent Employees	73%	60%
b.	Permanent Women Employees	73%	28%
c.	Casual/Temporary/Contractual Employees	77%	52%
d.	Employees with Disabilities	100%	Nil

Principle 4

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

Yes

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

Yes, the company has identified the marginalized stakeholders.

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

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

Principle 5

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

Policy is extended to the Group, Suppliers and Contractors.

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

No complaint has been received in the past financial year.

Principle 6

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

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

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? 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.
- Also, rain water harvesting project has been installed to promote recharging of ground water during rainy season.

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

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

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

- The Company has not applied for any projects under the Clean Development Mechanism. However, the Company has been active in reducing its waste in all its operating sites by implementing measures to 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 2018-19 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, 2019, there is no pending show cause or legal notice received from CPCB or SPCB.

Principle 7

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

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

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

- | | |
|--|---|
| <p>b. RAMA (Refrigeration and Air-conditioning Manufacturers Association of India).</p> <p>c. Confederation of Indian Industry</p> <p>d. The Gujarat Chamber of Commerce and Industry.</p> | <p>2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?</p> <p>Yes. Company is actively involved and advocated through the above organizations on Energy Security and industry developments.</p> |
|--|---|

Principle 8

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

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

Sr. No	Projects	Amount (H)
1	PHC Karan Nagar Project - / Two specialist doctors / Medicines/ Para medic staff /Ambulance Driver (2018-19)	1,186,844
2	Vocational Training -ITI Kadi Project (April 2018 to March 2019 - 4 batches)	460,260
3	Vocational Training- AC Repairing & Maintenance (April 2018 to March 2019 - 8 batches - 2 centres) - Andhra Pradesh	2,037,137
4	Sanitation Project 3 rd 188 Toilets	4,658,640
6	Children Balwadi - Budasan Village	1,852,468
7	Construction of Karan Nagar Primary School Project (6 classrooms/ one shed/ Drinking water / Toilet blocks)	5,362,107
8	Sponsorship to Para athletes (10 Para athletes)	4,021,234
9	Sanitation Project- 4 th 100 Toilets@ Village Mokasan-50, Siyapura - 50)	2,672,700
Total		22,251,390

- | | |
|---|--|
| <p>2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?</p> <p>All Program are in house by the company directly.</p> | <p>2. Does the company display product information on the product label, over and above what is mandated as per local laws?</p> <p>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.</p> |
| <p>3. Have you done any impact assessment of your initiative?</p> <p>Yes. We monitor each CSR initiative and we have done the impact assessment of each program as a part of program process.</p> | <p>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?</p> <p>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.</p> |
| <p>4. What is your company's direct contribution to community development projects- Amount in H and the details of the projects undertaken?</p> <p>Please see point no. 1 above.</p> | <p>4. Did your company carry out any consumer survey/ consumer satisfaction trends?</p> <p>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.</p> |
| <p>5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?</p> <p>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.</p> | <p>5. Does the company have a mechanism to recycle products and waste?</p> <p>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.</p> |

Principle 9

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

During the year 2018-19, 1.02% complaints are pending at the end of financial year. Out of these 0.6% complaints received during last five days of the financial year.

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, 2019, 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, 2019, 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.

Key audit matters

4. 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.

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Key audit matter	How our audit addressed the key audit matter
<p style="text-align: center;">Assessment of Provision for warranty costs and related disclosures</p> <p>(Refer to Note 34 to the financial statements)</p> <p>The Company provides warranty on sale of Air Conditioners and Refrigerators to customers and recognizes provision in respect of the costs expected to fulfil the warranty obligation over the period of the warranty which ranges between 1 to 10 years.</p> <p>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 recently launched products, management's internal technical experts are involved in the estimation of the failure rate during the period of warranty.</p> <p>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.</p>	<p>We have performed the procedures including the following:</p> <ul style="list-style-type: none"> • 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 assessment of provision for warranty costs and the related disclosures thereof.

Other Information

5. 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, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and 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

6. 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.

7. 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

8. 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.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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.
10. 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.
11. 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.
12. 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

13. 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.
14. 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 32(a) to the financial statements.
 - ii. The Company has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2019.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

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

Sachin Parekh
Partner
Membership Number: 107038

Place: Ahmedabad
Date: May 16, 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 14(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, 2019

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, 2019 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 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 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sachin Parekh
Partner
Membership Number: 107038

Place: Ahmedabad
Date: May 16, 2019

Annexure B to Independent Auditors' Report

Referred to in paragraph 13 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, 2019

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- 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 5– 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 32(a)(3) to the financial statements regarding management's assessment on certain matters relating to provident fund.
 - (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 which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of excise, value added tax, and goods and service tax as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount* (H 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	2012-13	The Custom, Excise and Service Tax Appellate Tribunal
		0.9	2008-09 and 2010-11	Commissioner (Appeals)
The Finance Act, 1994 (Service Tax)	Service tax including Interest and Penalty as applicable	153.2	2004-05 to 2013-14	The Custom, Excise and Service Tax Appellate Tribunal
		36.8	July 2012 to March 2016	Commissioner (Appeals)
Sales Tax Acts (Central & States)	Sales tax/value added tax including Interest and Penalty as applicable	2.9	2002-03 to 2003-04	Hon'ble Supreme Court of India
		7.2	2000-01 to 2007-08	Appellate Tribunal
		105.1	2005-06 to 2017-18	Upto Commissioner (Appeals)

Name of the statute	Nature of dues	Amount* (H in million)	Period to which the amount relates	Forum where the dispute is pending
The Goods and Service tax Act, 2017	Goods and Service Tax including interest and penalty as applicable	0.2	2018-19	Commissioner (Appeals)
The Income Tax Act, 1961**	Income Tax including Interest and Penalty as applicable	1.3	2005-06 to 2006-07	High Court
		32.2	2006-07 to 2014-15	Income Tax Appellate Tribunal
		39.6	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. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank as at the balance sheet date. The Company did not have any outstanding loans or borrowings to any financial institution or Government nor has it issued any debentures as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of 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

Place: Ahmedabad
Date: May 16, 2019

Balance Sheet

as at March 31, 2019

	Note No.	As at March 31, 2019	J in million As at March 31, 2018
A ASSETS			
I Non-Current Assets			
(a) Property, Plant and Equipment	3	2,156.6	2,221.8
(b) Capital work-in-progress	4	941.3	15.8
(c) Investment Property	5	12.4	12.7
(d) Intangible assets	6	153.3	208.2
(e) Financial assets			
(i) Loans	7 (a)	46.8	44.0
(ii) Other financial assets	7 (b)	2.7	2.4
(f) Deferred tax assets (net)	8	166.0	138.8
(g) Non current tax assets (net)	9	0.4	13.5
(h) Other non-current assets	10	354.4	260.1
Total Non-current assets		3,833.9	2,917.3
II Current assets			
(a) Inventories	11	5,554.7	4,421.0
(b) Financial Assets			
(i) Trade receivables	12 (a)	4,771.2	4,142.7
(ii) Cash and cash equivalents	12 (b)	295.5	354.9
(iii) Bank balances other than (ii) above	12 (c)	3.0	3.2
(iv) Loans	12 (d)	10.2	14.5
(v) Other financial assets	12 (e)	124.9	205.3
(c) Contract assets	13	214.9	-
(d) Other current assets	14	869.4	502.1
Total Current assets		11,843.8	9,643.7
TOTAL ASSETS (I+II)		15,677.7	12,561.0
B EQUITY AND LIABILITIES			
I Equity			
(a) Equity Share Capital	15	271.9	271.9
(b) Other Equity	16	5,858.0	5,080.1
Total Equity		6,129.9	5,352.0
LIABILITIES			
II Non-current liabilities			
(a) Provisions	17	499.3	458.0
(b) Other non-current liabilities	18	124.1	31.5
Total Non-current liabilities		623.4	489.5
III Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	19 (a)	1,896.2	126.6
(ii) Trade Payables			
(a) total outstanding dues of micro and small enterprises	19 (b)	164.1	183.8
(b) total outstanding dues of creditors other than micro and small enterprises	19 (b)	5,244.1	4,774.3
(iii) Other financial liabilities	19 (c)	587.9	525.8
(b) Contract liabilities	20	299.9	-
(c) Provisions	21	150.3	169.9
(d) Current tax liabilities (net)	22	6.0	58.4
(e) Other current liabilities	23	575.9	880.7
Total Current liabilities		8,924.4	6,719.5
TOTAL EQUITY AND LIABILITIES (I+II+III)		15,677.7	12,561.0

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

Chartered Accountants

Sachin Parekh

Partner

Membership No.: 107038

Place: Ahmedabad

Date: May 16, 2019

For and on behalf of the Board of Directors

Gurmeet Singh

Chairman & Managing Director

DIN : 06938403

Rishi Mehta

Chief Financial Officer

Place: Ahmedabad

Date: May 16, 2019

Yoshikazu Ishihara

Director

DIN : 07998690

Parag Dave

Company Secretary

Membership No.: 12626

Statement of Profit and Loss

for the year ended March 31, 2019

		J in million	
	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
I INCOME			
(a) Revenue from Operations	24	22,413.0	22,582.7
(b) Other income	25	154.2	73.9
Total income		22,567.2	22,656.6
II EXPENSES			
(a) Cost of materials consumed		10,422.7	8,425.0
(b) Purchase of Stock-in-trade		5,040.7	5,575.7
(c) Changes in inventories of finished goods, Stock-in-trade and work-in-progress	26	(1,024.5)	(75.7)
(d) Excise duty		-	728.8
(e) Employee benefit expense	27	1,651.5	1,409.8
(f) Finance costs	28	26.9	19.8
(g) Depreciation and amortisation expenses	29	441.6	529.2
(h) Other expenses	30	4,684.6	4,530.4
Total expenses		21,243.5	21,143.0
III Profit before tax (I-II)		1,323.7	1,513.6
IV Tax expense			
(a) Current tax	31	491.5	569.7
(b) Deferred tax	31	(27.2)	(57.6)
Total tax expense		464.3	512.1
V Profit for the year (III-IV)		859.4	1,001.5
VI Other comprehensive Income			
Items that will not be reclassified to profit or loss			
(i) Re-measurements of post-employment benefit obligations- gain/ (loss)		(49.6)	(4.2)
(ii) Income tax relating to above item		17.3	1.5
Other comprehensive Income for the year, net of tax		(32.3)	(2.7)
VII Total comprehensive income for the year (V+VI)		827.1	998.8
VIII Basic and Diluted earnings per share [face value J 10 each] in J	42	31.6	36.8

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

Chartered Accountants

Sachin Parekh

Partner

Membership No.: 107038

Place: Ahmedabad

Date: May 16, 2019

For and on behalf of the Board of Directors

Gurmeet Singh

Chairman & Managing Director

DIN : 06938403

Rishi Mehta

Chief Financial Officer

Place: Ahmedabad

Date: May 16, 2019

Yoshikazu Ishihara

Director

DIN : 07998690

Parag Dave

Company Secretary

Membership No.: 12626

Statement of Cash flow

for the year ended March 31, 2019

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
(A) Cash flow from operating activities		
Profit before tax	1,323.7	1,513.6
Adjustment for :		
Depreciation and amortisation expense	441.6	529.2
Loss / (gain) on sale / retirement of fixed assets (net)	(5.0)	2.0
Liabilities no longer required written back	(24.5)	-
Finance costs	26.9	19.8
Unrealised foreign exchange (gain)/loss (net) at year end	(0.1)	0.6
Provision for doubtful debts and Bad Debts	33.4	33.4
Lease rent income	(3.8)	(3.3)
Interest income	(68.3)	(26.4)
Government Grants	(13.3)	(15.3)
Operating profit before working capital changes	1710.6	2,053.6
Changes in working capital:		
Adjustment for (increase) / decrease in operating assets:		
Increase / (Decrease) in inventories	(1,133.7)	178.6
(Increase) in trade receivables	(643.2)	(1,345.3)
(Increase) in other financial assets	(128.5)	(26.4)
(Increase) in other current assets	(420.7)	(186.3)
Increase in current liabilities	354.5	741.5
Increase / (Decrease) in other provision	(35.6)	46.2
Cash generated from operations	(296.6)	1,461.9
Income tax paid (net of refunds)	(513.5)	(489.8)
Net cash inflow / (outflow) from operating activities (A)	(810.1)	972.1
(B) Cash flow from investing activities		
Purchase of fixed assets (including capital work in progress and capital advance)	(1,079.6)	(372.7)
Proceeds from sales of fixed assets	57.5	23.5
Investment in bank deposits (with maturity more than three months)	(0.3)	(0.2)
Lease rent income	3.8	3.3
Interest received	68.3	26.4
Net cash outflow from investing activities (B)	(950.3)	(319.7)
(C) Cash flow from financing activities		
Proceeds from / Repayment for short-term borrowings (net)	1,769.6	(473.4)
Payment of finance cost	(19.2)	(8.0)
Payment of dividend (including dividend distribution tax)	(49.4)	(49.1)
Net cash inflow/(outflow) from financing activities (C)	1,701.0	(530.5)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(59.4)	121.9
Add : Cash and cash equivalents at the beginning of the year	354.9	233.0
Cash and cash equivalents at the end of the year [Refer Note 12(b)]	295.5	354.9

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- 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 J 22.1 million (March 31, 2018 - J 13 million) being cash flows towards Corporate social responsibility initiatives. [Refer Note 30(b)]

Statement of Cash flow

for the year ended March 31, 2019

c) Net debt reconciliation:

	Year ended March 31, 2019	Year ended March 31, 2018	
	Working Capital loans	Working Capital loans	Commercial papers
Net Debt at the beginning of the year	126.6	-	595.2
Cash Inflow / (Outflow)	1,769.6	126.6	(600.0)
Finance costs	19.2	8.0	4.8
Finance cost paid	(19.2)	(8.0)	-
Net Debt at the closing of the year	1,896.2	126.6	-

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

Chartered Accountants

Sachin Parekh

Partner

Membership No.: 107038

Place: Ahmedabad

Date: May 16, 2019

For and on behalf of the Board of Directors

Gurmeet Singh

Chairman & Managing Director

DIN : 06938403

Rishi Mehta

Chief Financial Officer

Place: Ahmedabad

Date: May 16, 2019

Yoshikazu Ishihara

Director

DIN : 07998690

Parag Dave

Company Secretary

Membership No.: 12626

Statement of Changes in Equity

for the year ended March 31, 2019

A. Equity share capital

	Note No.	J in million Equity share capital
Balance as at April 1, 2017		271.9
Changes in equity share capital		-
Balance as at March 31, 2018	15	271.9
Changes in equity share capital		-
Balance as at March 31, 2019	15	271.9

B. Other equity

	Note No.	Reserves and Surplus				J in million Total equity
		Capital reserve	Securities premium	General reserve	Retained earnings	
Balance as at April 1, 2017		0.7	895.4	229.8	3,004.5	4,130.4
Profit for the year		-	-	-	1,001.5	1,001.5
Other comprehensive income for the year, (net of income tax)		-	-	-	(2.7)	(2.7)
Total comprehensive income for the year		-	-	-	998.8	998.8
Transactions with Owners in their capacity as owners:						
Dividend paid (including dividend distribution tax)		-	-	-	(49.1)	(49.1)
Balance as at March 31, 2018	16	0.7	895.4	229.8	3,954.2	5,080.1
Profit for the year		-	-	-	859.4	859.4
Other comprehensive income for the year, (net of income tax)		-	-	-	(32.3)	(32.3)
Total comprehensive income for the year		-	-	-	827.1	827.1
Transactions with owners in their capacity as owners:						
Dividend paid (including dividend distribution tax)		-	-	-	(49.2)	(49.2)
Balance as at March 31, 2019	16	0.7	895.4	229.8	4,732.1	5,858.0

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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

Chartered Accountants

Sachin Parekh

Partner

Membership No.: 107038

Place: Ahmedabad

Date: May 16, 2019

For and on behalf of the Board of Directors

Gurmeet Singh

Chairman & Managing Director

DIN : 06938403

Rishi Mehta

Chief Financial Officer

Place: Ahmedabad

Date: May 16, 2019

Yoshikazu Ishihara

Director

DIN : 07998690

Parag Dave

Company Secretary

Membership No.: 12626

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Background

Johnson Controls-Hitachi Air Conditioning India Company ('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. During the year, the Company has started 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 twenty three branches and four regional service centers 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.

(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 during the year the Company has started 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.

(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")'.

Notes forming part of the Financial Statements

for the year ended March 31, 2019

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 or 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

Effective April 1, 2018, the Company has adopted Indian Accounting Standard 115 - 'Revenue from Contracts with Customers' ('Ind AS 115') with modified retrospective approach. Accordingly, the comparative information for previous year has not been restated.

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 service 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 or 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 or 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.

Notes forming part of the Financial Statements

for the year ended March 31, 2019

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.

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 cost and all cost incurred in bringing the inventory to their present location and condition. The cost of

finished goods and work in progress comprises raw materials, direct labour 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 or 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.

Notes forming part of the Financial Statements

for the year ended March 31, 2019

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 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

Notes forming part of the Financial Statements

for the year ended March 31, 2019

- 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.

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 or 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

Notes forming part of the Financial Statements

for the year ended March 31, 2019

accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of profit or 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 life 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
Toolkits	3	5
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

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 values are not more than 5% of the original cost of the asset.

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 or 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.

Notes forming part of the Financial Statements

for the year ended March 31, 2019

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

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses, 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

Notes forming part of the Financial Statements

for the year ended March 31, 2019

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. 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 recognised as an expense over the term on the same basis as the lease income.

(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,

Notes forming part of the Financial Statements

for the year ended March 31, 2019

- 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.

(w) New standards or interpretations

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 (the 'Rules') on March 30, 2019. These rules are effective from April 1, 2019. Relevant disclosures required by Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors for new Ind AS/amendments issued but not yet effective are as follows:

Ind AS 116 - Leases

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under Ind AS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company is in the process of assessing the detailed impact of Ind AS 116 on its financial statements.

There are no other standards, changes in standards and interpretations that are not in force up to reporting period that the Company expects to have a material impact arising from its application in its financial statements.

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, 5 and 6)
- Estimation of defined benefit obligation (note – 1(s) and 35)
- Estimation of provision for warranty claims (note – 1(r) and 34)
- Impairment of trade receivables (note – 1(j) and 12(a))
- Recognition of revenue from contracts for installation and commissioning of air conditioning system (note – 41)
- Provision for sales incentives schemes (note – 1(d) and 19(c))
- Contingent liabilities (note – 1(r) and 32)
- Current tax expense and payable (note – 1(f) and 31)
- Inventory obsolescence (note – 1(i) and 11)

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, 2019

Note 3: Property, plant and equipment

	Freehold land	Leasehold Improvements	Buildings	Plant and Machinery	Furniture and fixtures	Vehicles	Office equipment	Electrical Installations	Computers	Total
J in million										
I. Gross carrying amount										
Balance as at April 1, 2017	228.3	14.5	397.1	1,701.5	56.0	118.0	54.3	83.2	97.9	2,750.8
Additions	-	7.1	16.7	190.8	31.3	25.3	30.3	22.6	8.4	332.5
Disposals	-	-	-	(12.0)	(2.2)	(17.5)	(4.6)	(2.1)	(2.1)	(40.5)
Transfer to Investment Property	-	-	(1.0)	-	-	-	-	-	-	(1.0)
Balance as at March 31, 2018	228.3	21.6	412.8	1,880.3	85.1	125.8	80.0	103.7	104.2	3,041.8
II. Accumulated depreciation										
Balance as at April 1, 2017	-	3.2	18.2	301.9	11.1	19.7	13.5	14.4	25.8	407.8
For the year	-	3.8	18.5	303.7	13.6	23.0	16.1	17.6	30.9	427.2
Disposals	-	-	-	(3.6)	(0.9)	(6.3)	(2.6)	(0.5)	(1.1)	(15.0)
Transfer to Investment Property*	-	-	-	(0.0)	-	-	-	-	-	-
Balance as at March 31, 2018	-	7.0	36.7	602.0	23.8	36.4	27.0	31.5	55.6	820.0
Net carrying amount as at March 31, 2018 (I-II)	228.3	14.6	376.1	1,278.3	61.3	89.4	53.0	72.2	48.6	2,221.8
J in million										
I. Gross carrying amount										
Balance as at April 1, 2018	228.3	21.6	412.8	1,880.3	85.1	125.8	80.0	103.7	104.2	3,041.8
Additions	-	7.7	7.6	208.2	22.3	30.0	18.9	19.4	13.8	327.9
Disposals	-	-	(12.3)	(19.3)	(4.5)	(21.4)	(5.2)	(1.0)	(7.1)	(70.8)
Balance as at March 31, 2019	228.3	29.3	408.1	2,069.2	102.9	134.4	93.7	122.1	110.9	3,298.9
II. Accumulated depreciation										
Balance as at April 1, 2018	-	7.0	36.7	602.0	23.8	36.4	27.0	31.5	55.6	820.0
For the year	-	5.2	17.9	234.2	15.5	22.5	17.7	20.1	22.2	355.3
Disposals	-	-	(1.9)	(7.5)	(2.6)	(11.0)	(4.0)	(0.4)	(5.6)	(33.0)
Balance as at March 31, 2019	-	12.2	52.7	828.7	36.7	47.9	40.7	51.2	72.2	1,142.3
Net carrying amount as at March 31, 2019 (I-II)	228.3	17.1	355.4	1,240.5	66.2	86.5	53.0	70.9	38.7	2,156.6

*Depreciation pertaining to Investment Property amounts to J 32,998

- Building having gross block of J 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.
- Refer Note 32(b) for disclosure of capital commitments in respect of acquisition of property, plant and equipment.
- No borrowing costs have been capitalised during the year ended March 31, 2019 and in the previous year ended March 31, 2018.

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 4: Capital work-in-progress

	J in million
Balance as at March 31, 2018	15.8
Balance as at March 31, 2019	941.3

Note: Capital Work-in-progress as at March 31, 2019 mainly comprise of Plant and machinery and Building being constructed for Design and development services.

Note 5: Investment property

	J in million	
Buildings	As at March 31, 2019	As at March 31, 2018
I. Gross carrying amount		
Opening Balance	13.2	12.2
Transfer from Property, plant and equipment	-	1.0
Closing Balance	13.2	13.2
II. Accumulated depreciation		
Opening Balance	0.5	0.2
Depreciation charge for the year	0.3	0.3
Transfer from Property, plant and equipment	-	0.0
Closing Balance	0.8	0.5
Net carrying amount (I-II)	12.4	12.7

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

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Rental Income	3.8	3.3
Profit from investment property before depreciation	3.8	3.3
Depreciation	0.3	0.3
Profit from investment property	3.5	3.0

(ii) Fair Value

	J in million	
	As at March 31, 2019	As at March 31, 2018
Investment Property (Buildings)	41.2	36.7

(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

Certain 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, 2019

Note 6: Intangible Assets

	J in million		
	Software and licenses	Licensed technical Know-how	Total
I. Gross carrying amount			
Balance as at April 1, 2017	52.6	271.7	324.3
Additions	10.3	81.0	91.3
Disposals	-	-	-
Balance as at March 31, 2018	62.9	352.7	415.6
II. Accumulated amortisation			
Balance as at April 1, 2017	14.2	91.5	105.7
For the year	20.4	81.3	101.7
Balance as at March 31, 2018	34.6	172.8	207.4
Net carrying amount as at March 31, 2018 (I-II)	28.3	179.9	208.2

	J in million		
	Software and licenses	Licensed technical Know-how	Total
I. Gross carrying amount			
Balance as at April 1, 2018	62.9	352.7	415.6
Additions	35.1	10.8	45.9
Disposals	(29.8)	-	(29.8)
Balance as at March 31, 2019	68.2	363.5	431.7
II. Accumulated amortisation			
Balance as at April 1, 2018	34.6	172.8	207.4
For the year	14.4	71.6	86.0
Disposals	(14.9)	-	(14.9)
Balance as at March 31, 2019	34.1	244.4	278.5
Net carrying amount as at March 31, 2019 (I-II)	34.1	119.1	153.3

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Note 7: Non-Current Financial assets

Note 7(a): Loans

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Security Deposits	44.4	42.0
Loans to employees	2.4	2.0
Total	46.8	44.0

Sub-classified as:

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Loans considered good - Secured	-	-
Loans considered good - Unsecured	46.8	44.0
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	46.8	44.0

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 7: Non-Current Financial assets (Contd..)

Note 7(b): Other non-current financial assets

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Unsecured, Considered good		
Margin Money Deposits with Bank	2.7	2.4
Total	2.7	2.4

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

Note 8: Deferred tax Assets (net)

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
The balance comprises temporary differences attributable to:		
Deferred tax assets		
Provision for doubtful debts	32.9	25.4
Provision for compensated absences	38.8	27.8
Provision for litigations	55.8	55.7
Provision for inventory obsolescence	70.3	79.3
Other disallowance	24.3	19.9
Total deferred tax assets	222.1	208.1
Deferred tax liability		
Differences in block of fixed assets as per tax books and financial books	(47.7)	(62.2)
Others	(8.4)	(7.1)
Total deferred tax liabilities	(56.1)	(69.3)
Deferred Tax assets (net)	166.0	138.8

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

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the Beginning of the year	138.8	81.2
Deferred Tax Assets		
Provision for doubtful debts	7.5	8.2
Provision for compensated absences	11.0	6.3
Provision for litigations	0.1	0.5
Provision for inventory obsolescence	(9.0)	4.4
Other disallowance	4.4	(0.7)
Total	14.0	18.7
Deferred Tax Liabilities		
Differences in block of fixed assets as per tax books and financial books	14.5	39.5
Others	(1.3)	(0.6)
Total	13.2	38.9
Movement in Deferred tax assets (net)	27.2	57.6
Balance at the closing of the year	166.0	138.8

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 9: Non current Tax asset (Net)

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Advance income tax (Net of provision for taxation H 1,465.4 million (March 31 2018: H 1,298.3 million))	0.4	13.5
Total	0.4	13.5

Note 10: Other non-current assets

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Capital advances	65.0	21.0
Indirect tax credit receivable	237.8	183.3
Tax paid against appeal	51.6	55.8
Total	354.4	260.1

Note 11: Inventories

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

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	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Raw Material (Including goods in transit H 363.3 million (March 31, 2018 H 182.9 million))	1,568.7	1,466.7
Work-in-progress	136.1	152.8
Finished goods	2,243.6	1,283.9
Stock-in-trade (Including goods in transit H 229.9 million (March 31, 2018 H 119.1 million))	1,498.9	1,417.3
Stores and spares	107.4	100.3
Total	5,554.7	4,421.0

Amounts recognized in the Statement of profit and loss

Write-downs of inventories amounted to H 58.1 million (March 31, 2018 - H 122.5 million) during the year. These were recognized as an expense during the year and included in 'Changes in inventories of finished goods, Stock-in-Trade and work-in-progress' in the Statement of profit and loss.

Note 12: Current financial assets

Note 12(a): Trade receivables

	J in million	
Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Trade Receivables	4,575.0	4,191.4
Receivables from related parties (Refer Note 38)	290.4	23.8
Less: Allowance for doubtful trade receivables	(94.2)	(72.5)
Total	4,771.2	4,142.7

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 12: Current financial assets (Contd..)

Sub-classified as:

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Trade receivables considered good - Secured	26.7	18.5
Trade receivables considered good - Unsecured	4,787.8	4,155.0
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	50.9	41.7
Total	4,865.4	4,215.2
Less: Allowance for doubtful trade receivables	(94.2)	(72.5)
Total	4,771.2	4,142.7

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

Note 12(b): Cash and cash equivalents

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Cash on hand*	0.0	0.1
Balance with banks :		
In current accounts	272.6	333.0
In cash credit accounts	22.9	21.8
Total	295.5	354.9

*Cash on hand amounts to H 42,123 as at March 31, 2019.

Note 12(c) Bank balances other than cash and cash equivalents

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Unpaid Dividend	3.0	3.2
Total	3.0	3.2

Note 12(d): Loans

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Loans to employees	7.9	6.0
Security deposits	2.3	8.5
Total	10.2	14.5

Sub-classified as:

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Loans considered good - Secured	-	-
Loans considered good - Unsecured	10.2	14.5
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	10.2	14.5

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 12: Current financial assets (Contd..)

Note 12(e): Other current financial assets

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Unsecured, considered good		
Unbilled revenue	-	145.3
Derivative contracts	4.5	8.7
Receivables from related parties (Refer Note 38)	117.9	51.2
Other receivables	2.5	0.1
Total	124.9	205.3

Note 13: Contract asset

	J in million	
	As at March 31, 2019	As at March 31, 2018
Unbilled revenue (Refer Note 41)	214.9	-
Total	214.9	-

Note 14: Other current assets

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Advance to suppliers	46.8	67.8
Prepaid expenses	37.3	44.4
Balances with government authorities:		
- GST (input tax credit)	721.6	281.4
- Others	47.1	106.1
Export incentive receivable	15.9	0.8
Employee Advance	0.7	1.6
Total	869.4	502.1

Note 15: Equity share capital

	J in million			
	As at March 31, 2019		Year ended March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of H 10 each	3,00,00,000	300.0	3,00,00,000	300.0
Issued, Subscribed and fully paid-up				
Equity shares of H 10 each	2,71,90,884	271.9	2,71,90,884	271.9

The above excludes 47,281 (31 March 2018: 47,281) equity shares of H 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 H 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.

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 15: Equity share capital (Contd..)

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.

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

Particulars	As at March 31, 2019	Year ended March 31, 2018
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, 2019		Year ended March 31, 2018	
	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	2,440,982	8.98%	2,320,367	8.53%

(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, 2019.

Note 16: Other equity

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
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	3,954.2	3,004.5
Add: Profit for the year	859.4	1,001.5
Less: Dividend on equity shares	(40.8)	(40.8)
Less: Dividend Distribution tax	(8.4)	(8.3)
Items of Other Comprehensive Income (OCI) recognised directly in retained earnings:		
Remeasurement of post employment benefit obligations gain/ (loss), net of taxes	(32.3)	(2.7)
Total retained earnings	4,732.1	3,954.2
Total	5,858.0	5,080.1

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, 2019

Note 17: Non Current provisions

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Employee benefit obligations:		
(i) Compensated absences (Refer Note 35)	115.3	81.7
(ii) Gratuity (Refer Note 35)	3.3	-
Provision for Litigation (Refer Note 34)	241.6	254.5
Provision for Warranty (Refer Note 34)	139.1	121.8
Total	499.3	458.0

Note 18: Other non-current liabilities

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Deferred Government Grant	124.1	31.5
Total	124.1	31.5

Note 19: Current financial liabilities

Note 19(a): Current Borrowing

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	J in million	
	As at March 31, 2019	As at March 31, 2018
Unsecured		
Working capital loans repayable on demand from bank	1,896.2	126.6
Total current borrowings	1,896.2	126.6

Note: Rate of interest range from 7.9% p.a to 8.25% p.a

Note 19(b): Trade payables

	J in million	
	As at March 31, 2019	As at March 31, 2018
Total outstanding dues of micro and small enterprises (Refer below)	164.1	183.8
Total Outstanding dues of creditors other than micro and small enterprises	5,244.1	4,774.3
Total	5,408.2	4,958.1

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:

	J in million	
	As at March 31, 2019	As at March 31, 2018
Principal amount outstanding to suppliers registered under the MSMED Act and remaining unpaid as at year end	164.1	183.8
Interest due on above principal amount payable to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.8	0.4
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	467.7	262.8
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	1.4	-

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 19: Current financial liabilities (Contd..)

	J in million	
	As at March 31, 2019	As at March 31, 2018
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	2.3	1.4
Interest accrued and remaining unpaid at the end of each accounting year	3.1	1.8
Further interest remaining due and payable for earlier years	0.4	-

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, 2019 is H 2.7 million (March 31, 2018 H 1.4 million)

Note 19(c) Other financial liabilities

	J in million	
	As at March 31, 2019	As at March 31, 2018
Amount due to customers	-	30.2
Deposit from dealers and others	28.2	20.5
Payable for capital supplies	188.9	28.3
Derivative contracts	25.2	0.7
Unclaimed Dividends *	3.0	3.2
Refund liability (Payable for Discount to Customers)	342.6	442.9
Total	587.9	525.8

* 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 20: Contract Liabilities

	J in million	
	As at March 31, 2019	As at March 31, 2018
Advance received from customers	190.5	-
Deferred Income pertaining to annual maintenance contracts	89.1	-
Liabilities for contract in progress	20.3	-
Total	299.9	-

Note 21: Current provisions

	J in million	
	As at March 31, 2019	As at March 31, 2018
Provision for compensated absences (Refer Note 35)	21.6	22.1
Provision for Warranty (Refer Note 34)	128.7	147.8
Total	150.3	169.9

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 22: Current tax Liability (Net)

	J in million	
	As at March 31, 2019	As at March 31, 2018
Income tax Liability (Net of advance tax H 464.9 million (31 March 2018: H 512.6 million)	6.0	58.4
Total	6.0	58.4

Note 23: Other current liabilities

	J in million	
	As at March 31, 2019	As at March 31, 2018
Employee related payables	119.9	80.4
Statutory dues	442.7	513.3
Advance received from customers	-	186.9
Deferred Income pertaining to annual maintenance contracts	-	83.7
Deferred Government Grant	13.3	16.4
Total	575.9	880.7

Note 24: Revenue from operations

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	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from contract with customers (Refer Note: 41)*		
Sale of Products		
- Manufactured Goods	14,716.1	14,116.3
- Traded Goods	6,118.3	7,150.8
	20,834.4	21,267.1
Sales of services	1,396.3	1,158.8
Other operating revenues	182.3	156.8
Total	22,413.0	22,582.7

*Goods and Services Tax (GST) which is effective from July 01, 2017 has replaced excise duty and certain other indirect taxes. In accordance with the requirements of Ind AS, revenue from operations upto June 30, 2017 is inclusive of Excise Duty and revenue from operation from July 1, 2017 is net of GST. Accordingly, the adjusted revenue from operations (i.e. net of GST and excise duty, as applicable) for comparable purpose is as under:

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations (Net of GST and Excise Duty, as applicable)	22,413.0	21,853.9

Reconciliation of revenue recognised with contract price:

	J in million	
	Year ended March 31, 2019	
Contract Price	23,960.9	
Adjustment for:		
Incentives and performance bonus	(1,547.9)	
Revenue recognised	22,413.0	

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 25: Other Income

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Interest income :		
- from banks on term deposits	68.3	26.4
- from others	2.9	8.5
Lease rent income	3.9	3.6
Government Grants	13.3	15.3
Miscellaneous income	65.8	20.1
Total	154.2	73.9

Note 26: Changes in inventories of finished goods, Stock-in-trade and work-in-progress

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the end of the year		
Work-in-progress	136.1	152.8
Finished goods	2,243.6	1,283.9
Stock-in-trade	1,498.8	1,417.3
(A)	3,878.5	2,854.0
Inventories at the beginning of the year		
Work-in-progress	152.8	237.5
Finished goods	1,283.9	1,583.5
Stock-in-trade	1,417.3	1,208.7
(B)	2,854.0	3,029.7
Excise duty on (Increase) / decrease of inventories	-	(251.4)
Total	(1,024.5)	(75.7)

Note 27: Employee benefit expense

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	1,437.2	1,213.0
Contribution to provident and other funds (Refer Note 35)	94.6	84.9
Workmen and Staff welfare expense	119.7	111.9
Total	1,651.5	1,409.8

Note 28: Finance costs

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Interest Cost on borrowings at amortised cost	16.5	11.4
Interest due and payable towards suppliers registered under MSMED Act	2.7	1.4
Unwinding of interest on provisions	7.7	7.0
Total	26.9	19.8

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 29: Depreciation and amortization expenses

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment (Refer Note 3)	355.3	427.2
Depreciation on investment property (Refer Note 5)	0.3	0.3
Amortization of intangible assets (Refer Note 6)	86.0	101.7
Total	441.6	529.2

Note 30: Other expenses

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of stores and spares	50.3	27.7
Power and fuel	95.0	84.7
Contract labour / staff charges	506.7	470.8
Rent (Refer Note 39)	432.2	379.9
Repairs and maintenance - Building	14.1	7.1
Repairs and maintenance - Machinery	41.5	29.6
Repairs and maintenance - Others	16.9	46.4
Insurance	43.1	52.0
Rates and taxes	6.3	27.0
Royalty	439.7	434.4
Advertisement and sales promotion (net of recoveries)	645.2	716.4
Annual Maintenance Contract (AMC) expenses	336.4	289.2
Freight and forwarding expenses	823.6	795.4
Warranty expenses	430.5	401.7
Legal and professional fees	98.6	93.2
Corporate Social Responsibility expenses [Refer Note 30(b)]	23.1	14.7
Provision for doubtful debts	21.7	22.9
Bad Debt	11.7	10.5
Payment to Auditors [Refer Note 30(a)]	5.2	4.0
Net loss on sale of fixed assets	-	2.0
Loss on foreign exchange fluctuations (net)	66.2	59.3
Miscellaneous expenses	576.6	561.5
Total	4,684.6	4,530.4

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Note 30(a): Details of payment to auditors

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Payments to auditors:		
- As auditors	3.3	3.3
- For other audit services	1.8	0.6
- Reimbursement of expenses	0.1	0.1
Total	5.2	4.0

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 30: Other expenses

Note 30(b): Corporate social responsibility expenses

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) Gross amount required to be spent by the Company :	22.8	19.4
(b) Amount spent :		
In cash		
(i) Construction/acquisition of any asset	14.7	-
(ii) On purposes other than (i) above	8.4	14.7

* The company has paid H 22.1 million (March 31, 2018 - H 13.0 million) and balance H 1.0 million (March, 31, 2018 - H 1.7 million) is provided at the year end.

Note 31: Current and Deferred Tax

Note 31(a): Movement of Current tax expense

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Tax Expenses		
<u>Current tax</u>		
Current tax on profits for the year	488.2	572.5
Adjustments for current tax of prior periods	3.3	(2.8)
Total current tax expense	491.5	569.7
Decrease / (increase) in deferred tax assets	(14.0)	(18.7)
(Decrease) / increase in deferred tax liabilities	(13.2)	(38.9)
Total deferred tax expense/(credit)	(27.2)	(57.6)
Tax expenses	464.3	512.1

Note 31 (b): Income Tax of H 17.3 million (March 31, 2018 - H 1.5 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 31 (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:

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax from continuing operations	1,323.7	1,513.6
Rate of income tax	34.944%	34.608%
Income tax expenses	462.5	523.8
Differences due to:		
Expenses not deductible for tax purposes	8.5	5.7
Additional deduction for Research and Development expenses	(7.2)	(18.6)
Income exempt from income tax or taxable at concessional rate	(0.4)	(0.3)
Others	0.9	1.5
Expense recognised	464.3	512.1

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 32: Contingent liabilities, contingent assets & commitments

(a) Contingent liabilities

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Legal matters under dispute :		
Service tax	190.5	156.1
Sales tax	97.6	89.5
Excise duty	11.7	14.4
Goods & Services tax	0.9	-
Guarantees given by the bankers on behalf of the Company	2.5	2.9
Claims against the Company not acknowledged as debts	7.3	5.4
Bonus liability pertaining to financial year 2014-15	5.8	5.8
Total	316.3	274.1

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 Company is in the process of evaluating the impact of the recent Supreme Court 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 in relation to 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.

(b) Capital commitments

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Estimated value of contracts in capital account remaining to be executed and not provided for (net of advances)	435.5	38.7
Total	435.5	38.7

(c) Other commitments

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
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:	354.3	566.6
Total	354.3	566.6

(d) There are no contingent assets recognised as at the year end (March 31, 2018 - Nil)

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 33: Research and Development

Details of expenditure incurred on approved in-house Research and Development facility:

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Capital expenditure	0.5	5.5
Revenue expenditure	36.6	93.2
Balance at end of year	37.1	98.7

Note: Incurred in respect for cooling products for comfort and commercial use.

Note 34: 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 expenses against the provision will be incurred within warranty period, as the case may be.

Provision for litigations

Provision for litigations include likely claims against the Company in respect of certain legal matters like VAT, Service tax, excise duty, etc., whose outcome depends on ultimate settlement / conclusion with relevant authorities.

(ii) Movement in provisions:

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

	J in million		
	Provision for Warranty	Provision for litigations	Total
As at April 1, 2017	236.3	249.1	485.4
<u>Charged/(credited) to profit or loss</u>			-
-additional provision recognized	173.9	5.4	179.3
-unused amounts reversed	(4.6)	-	(4.6)
-unwinding of discount	7.0	-	7.0
Amounts used during the year	(143.0)	-	(143.0)
As at March 31, 2018	269.6	254.5	524.1
<u>Charged/(credited) to profit or loss</u>			
-additional provision recognized	172.2	-	172.2
-unused amounts reversed	(4.3)	(12.9)	(17.2)
-unwinding of discount	7.7	-	7.7
Amounts used during the year	(177.4)	-	(177.4)
As at March 31, 2019	267.8	241.6	509.4

Note: Provision for warranty during the year and utilization do not include H 262.6 million for the year ended March 31, 2019 (March 31, 2018 - H 232.4 million) contractually payable to dealers and service providers to meet warranty cost.

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 35: 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.

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

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Employer's Contribution to Provident fund	53.5	47.2
Employer's Contribution to Employee State Insurance	5.7	7.5
Employer's Contribution to Superannuation fund	13.3	9.6
Total	72.5	64.3

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:

	J in million		
	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017	129.1	(128.2)	0.9
Current service cost	17.7	-	17.7
Interest expense/(income)	9.0	(9.0)	-
Total amount recognized in the Statement of Profit and Loss	26.7	(9.0)	17.7
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	1.7	1.7
(Gain)/loss from change in financial assumptions	(7.6)	-	(7.6)
Experience (gains)/losses	10.1	-	10.1
Total amount recognized in Other comprehensive income	2.5	1.7	4.2
Employer contributions	-	(18.3)	(18.3)
Benefit payments	(15.7)	11.2	(4.5)

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 35: Employee benefit obligations (Contd..)

	J in million		
	Present value of obligation	Fair value of plan assets	Net amount
March 31, 2018	142.6	(142.6)	-
Current service cost	19.0	-	19.0
Interest expense/(income)	10.7	(11.1)	(0.4)
Total amount recognized in the Statement of Profit and Loss	29.7	(11.1)	18.6
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	4.9	4.9
(Gain)/loss from change in demographic assumptions	(3.1)	-	(3.1)
(Gain)/loss from change in financial assumptions	35.4	-	35.4
Experience (gains)/losses	12.4	-	12.4
Total amount recognized in Other comprehensive income	44.7	4.9	49.6
Employer contributions	-	(66.9)	(66.9)
Benefit payments	(5.4)	7.4	2.0
March 31, 2019	211.6	(208.3)	3.3

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

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Fair value of plan assets	(208.3)	(142.6)
Present value of funded obligation	211.6	142.6
Surplus/(Deficit) of gratuity plan	3.3	-

Categories of plan assets are as follows:

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Insurer managed fund	208.3	142.6
Total	208.3	142.6

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate (p.a.)	7.65%	7.85%
Salary growth rate (p.a.)	Operators : 15% for first 4 years, 8% thereafter, Others : 7.5%	7.00%

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 35: Employee benefit obligations (Contd..)

Sensitivity analysis

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

Defined benefit obligation	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate (Change in assumptions)		
Increase by 1%	189.6	132.1
Decrease by 1%	221.0	154.6
Salary growth rate (Change in assumptions)		
Increase by 1%	237.3	154.6
Decrease by 1%	176.3	131.9

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 by Life Insurance Corporation.

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 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, 2020 is H 12.6 million, (March 31, 2019 - H 12.5 million)

The weighted average duration of the defined benefit obligation is 14.52 years (March 31, 2018 - 9.67 years). The expected maturity analysis of undiscounted gratuity benefits is as follows:

Duration	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Less than a year	12.6	12.5
Between 1-2 years	10.9	15.4
Between 2-5 years	27.9	36.4
Over 5 years	91.8	68.1

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

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 36: Fair value measurements

(i) Classification of Financial Instruments

This section mentions the classification of financial instruments as under:

	J in million					
	Year ended March 31, 2019			Year ended March 31, 2018		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Trade Receivables	-	-	4,771.2	-	-	4,142.7
Loans to Employees	-	-	10.3	-	-	8.0
Unbilled revenue	-	-	-	-	-	145.3
Derivative Contracts	4.5	-	-	8.7	-	-
Other receivables	-	-	120.4	-	-	51.3
Margin money deposits	-	-	2.7	-	-	2.4
Security deposits	-	-	46.7	-	-	50.5
Cash and cash equivalents	-	-	295.5	-	-	354.9
Bank balances other than Cash and cash equivalents above	-	-	3.0	-	-	3.2
Total financial assets	4.5	-	5,249.8	8.7	-	4,758.3
Financial liabilities						
Borrowings	-	-	1,896.2	-	-	126.6
Trade payables	-	-	5,408.2	-	-	4,958.1
Deposit from dealers and others	-	-	28.2	-	-	20.5
Capital Creditors	-	-	188.9	-	-	28.3
Unclaimed dividends	-	-	3.0	-	-	3.2
Amount due to customers	-	-	-	-	-	30.2
Derivative Contracts	25.2	-	-	0.7	-	-
Refund liability (Payable for discount to customer)	-	-	342.6	-	-	442.9
Total financial liabilities	25.2	-	7,867.1	0.7	-	5,609.8

(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).

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

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 36: Fair value measurements (Contd..)

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 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 37: Financial risk management and Capital management

Financial risk management

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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. 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, unbilled revenue, 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.

i) Trade receivables

The carrying amount of trade receivables represent the maximum credit exposure net of provision for impairment. The maximum exposure to credit risk was H 4,771.2 million as of March 31, 2019 (March 31, 2018 - H 4142.7 million).

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 H 150.0 million (March 31, 2018 - H 150.0 million). This is not considered significant component to the overall operations of the Company.

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 37: Financial risk management and Capital management (Contd..)

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 H 237.0 million as of March 31, 2019 (March 31, 2018 - H 360.8 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 follows:

	J in million	
	As at March 31, 2019	As at March 31, 2018
Balance at the beginning	72.5	49.6
Impairment loss recognised/(reversed)	33.4	33.4
Amounts written off	(11.7)	(10.5)
Balance at the end	94.2	72.5

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was H 483.1 million and H 624.3 million as at March 31, 2019 and March 31, 2018, respectively, being the total of the carrying amount of balances with banks, bank deposits, unbilled revenue 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.

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:

	J in million				
As at March 31, 2019	Note No.	Carrying amount	Less than 12 months	More than 12 months	Total
Non derivatives					
Current Borrowings	19 (a)	1,896.2	1,896.2	-	1,896.2
Trade payables	19 (b)	5,408.2	5,408.2	-	5,408.2
Deposits from dealers and others	19 (c)	28.2	28.2	-	28.2
Payable for capital suppliers	19 (c)	188.9	188.9	-	188.9
Unclaimed dividends	19 (c)	3.0	3.0	-	3.0
Refund liabilities (Payable for Discounts to customers)	19 (c)	342.6	342.6	-	342.6
Derivatives					
Derivative contracts	19 (c)	25.2	25.2	-	25.2
Total liabilities		7,892.3	7,892.3	-	7,892.3

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 37: Financial risk management and Capital management (Contd..)

As at March 31, 2018	Note No.	Carrying amount	Less than 12 months	More than 12 months	J in million
					Total
Non derivatives					
Current Borrowings	19 (a)	126.6	126.6	-	126.6
Trade payables	19 (b)	4,958.1	4,958.1	-	4,958.1
Deposits from dealers and others	19 (c)	20.5	20.5	-	20.5
Payable for capital suppliers	19 (c)	28.3	28.3	-	28.3
Unclaimed dividends	19 (c)	3.2	3.2	-	3.2
Amount due to customers	19 (c)	30.2	30.2	-	30.2
Refund liabilities (Payable for Discounts to customers)	19 (c)	442.9	442.9	-	442.9
Derivatives					
Derivative contracts	19 (c)	0.7	0.7	-	0.7
Total liabilities		5,610.5	5,610.5	-	5,610.5

(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. 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 (H) 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.

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

	J in million					
	As at March 31, 2019			As at March 31, 2018		
	USD	JPY	Others	USD	JPY	Others
Assets						
Trade Receivables	313.7	-	-	2.9	-	-
Other financial assets	117.9	-	-	51.2	-	-
	431.6	-	-	54.1	-	-
Liabilities						
Trade Payable	1,700.8	20.0	1.9	1,077.7	16.6	-
Other financial liabilities	31.7	-	26.8	8.0	1.6	4.2
	1,732.5	20.0	28.7	1,085.7	18.2	4.2
Derivative to hedge exposure						
Forward contracts (Buy)	1,512.8	-	-	1,029.6	-	-

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 37: Financial risk management and Capital management (Contd..)

Sensitivity - Foreign Currency

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

	J in million	
	Increase / (decrease) in profit after tax	
	March 31, 2019	March 31, 2018
<u>USD Sensitivity</u>		
Depreciation of H against USD by 5% (31 March 2018 - 5%)*	6.9	(0.1)
Appreciation of H against USD by 5% (31 March 2018 - 5%)*	(6.9)	0.1
<u>JPY Sensitivity</u>		
Depreciation of H against JPY by 5% (31 March 2018 - 4%)*	(0.5)	(0.5)
Appreciation of H against JPY by 5% (31 March 2018 - 4%)*	0.5	0.5

* Holding all other variables constant

Interest rate risk

The Company's short term borrowings are primarily in fixed rate interest bearing borrowings. Hence, the Company is not significantly exposed to interest rate risk.

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.

The Board of directors monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to provide return to shareholders by continuing to distribute dividends in future periods. Refer the below note for dividend declared and paid.

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 37: Financial risk management and Capital management (Contd..)

(b) Dividend

	J in million	
	March 31, 2019	March 31, 2018
Equity shares		
Final Dividend for the year ended March 31, 2018 - H 1.5 (March 31, 2017 - H 1.5) per fully paid-up share	40.8	40.8
Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end, the directors have recommended the payment of a final dividend of H 1.5 per fully paid-up equity share (March 31, 2018 - H 1.5). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	40.8	40.8

Note 38: Related party disclosure (As per Ind AS -24)

I Relationship

A. Parties exercising control	<p>Ultimate Parent Johnson Controls International PLC, Inc., USA (JC)</p> <p>Intermediate parent Johnson Controls, Inc., USA</p> <p>Immediate Parent JCHAC India Holdco Limited, UK</p>
B. Parties under common control (Fellow Subsidiaries)	<p>Johnson Controls-Hitachi Air Conditioning Technology (Honkong) Ltd., Hong kong</p> <p>Johnson Controls-Hitachi Components (Thailand) Co. Ltd., Thailand</p> <p>Johnson Controls Hitachi Air Conditioning Malaysia Sdn. Bhd., Malaysia</p> <p>Johnson Control International (L.L.C.), (UAE)</p> <p>Johnson Controls India Pvt. Ltd., India</p> <p>Johnson Controls Marine And Refrigeration India Limited, India (merged with Johnson Controls India Pvt. Ltd w.e.f. August 24, 2018)</p> <p>Johnson Controls-Hitachi Air Conditioning Spain, S.A.U, Spain</p> <p>Johnson Controls-Hitachi Air Conditioning Wuhu Co. Ltd., China</p> <p>Johnson Controls-Hitachi Air Conditioning & Refrigration INC., Dubai</p> <p>Johnson Controls-Hitachi Wanbao Air Conditioning Guangzhou Co. Ltd., China</p> <p>Johnson Controls Hitachi Air Conditioning Holding (UK) Ltd, United Kingdom</p> <p>Johnson Controls (S) PTE Ltd., Singapore</p> <p>Johnson Controls Technology Company (JCTC), (USA)</p> <p>Johnson Controls technology GmbH, Switzerland</p> <p>Johnson Controls-Hitachi Air Conditioning Technology (Wuxi) Co. Ltd., China</p> <p>Johnson Controls-Hitachi Air Conditioning Taiwan Co. Ltd., Taiwan</p> <p>Hitachi Johnson Controls Air Conditioning Inc., Japan</p> <p>Rola Star Pvt. Limited, India</p> <p>Ruskin Titus India Pvt. Limited, India</p>
C. Associate/Joint Venture in JC Group	<p>Shanghai Hitachi Electrical Appliances Co. Ltd., China</p> <p>Highly Electrical Appliances India Pvt. Ltd.</p>
D. Associates	<p>Entities having significant influence over the Company Hitachi Appliances Inc., Japan</p> <p>Subsidiaries of entities having significant influence over the Company Hitachi Automotive System (India) Pvt. Limited</p>

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 38: Related party disclosure (As per Ind AS -24) (Contd..)

	Hitachi Consumer Marketing Inc.
	Hitachi Consumer Products (Thailand) Ltd.
	Hitachi High Technologies Hong Kong Ltd.
	Hitachi High- Technologies India Pvt. Ltd.
	Hitachi High-Technologies (Shanghai) Co. Ltd.
	Hitachi High-technologies (Shenzhen) Co. Ltd
	Hitachi High-Technologies Corporation
	Hitachi Hirel Power Electronics Pvt. Ltd.
	Hitachi Home Electronics Asia(s) Pte. Limited
	Hitachi India Pvt. Ltd.
	Hitachi Koki India Ltd.
	Hitachi Lift India Pvt. Ltd.
	Hitachi Metals (India) Pvt. Limited
	Hitachi Metals Singapore Pte Ltd.
	Hitachi Payment Services Pvt. Ltd
	Hitachi Procurement Service Co. Ltd.
	Hitachi Systems Micro Clinic Pvt Ltd.
	Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd
	Taiwan Hitachi Co. Ltd.
	Tata Hitachi Construction Machinery Company Pvt. Ltd.
E. Key Managerial Personnel	Mr. Gurmeet Singh (Chairman and Managing Director)
	Mr. Franz Cerwinka (Non-executive non-independent Director)
	Mr. Yoshikazu Ishihara (Director) (With effect from 30 January 2018)
	Mr. Mukesh Patel (Independent Director)
	Mr. Ashok Balwani (Independent Director)
	Ms. Indira Parikh (Independent Director)
	Mr. Vinay Chauhan (Executive Director) (upto January 30, 2018)
	Mr. Varghese Joseph (Executive Director) (upto January 30, 2018)
	Mr. Devender Nath (Independent Director) (upto January 30, 2018)
	Mr. Ravindra Jain (Independent Director) (upto January 30, 2018)
	Mr. R S Mani (Independent Director) (upto January 30, 2018)
	Mr. Vinesh Sadekar (Independent Director) (upto January 30, 2018)

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 35 for contribution made)

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 38: 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:

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, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
A	Transaction during the year										
1	Purchase of raw material										
	Shanghai Hitachi Electrical Appliances Co. Ltd., China	-	-	-	-	-	28.9	-	-	-	-
	Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	1,625.6	1,565.0	-	-	-	-
	Johnson Controls-Hitachi Components (Thailand) Co. Ltd., Thailand	-	-	906.8	506.5	-	-	-	-	-	-
	Hitachi Procurement Service Co. Ltd.	-	-	-	-	-	-	-	-	133.2	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	62.5	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Taiwan Co. Ltd., Taiwan	-	-	82.1	-	-	-	-	-	-	-
	Hitachi High-Technologies Corporation	-	-	-	-	-	-	156.0	-	-	-
	Others	-	-	12.6	161.1	-	-	6.3	10.5	-	-
	Total	-	-	1,064.0	667.6	1,625.6	1,593.9	162.3	143.7	-	-
2	Purchase of stock-in-trade										
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	-	-	895.3	1,317.8	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	33.4	59.9	-	-	-	-	-	-
	Johnson Controls (S) PTE Ltd., Singapore	-	-	-	29.5	-	-	-	-	-	-
	Rola Star Pvt. Limited, India	-	-	-	49.0	-	-	-	-	-	-
	Ruskin Titus India Pvt. Limited, India	-	-	-	19.0	-	-	-	-	-	-
	Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd	-	-	-	-	-	-	320.5	-	-	-
	Others	-	-	19.4	-	-	-	0.1	14.6	-	-
	Total	-	-	52.8	157.4	-	-	1,215.9	1,332.5	-	-
3	Technical know-how fees (capitalised)										
	Johnson Controls-Hitachi Air Conditioning Technology (Hongkong) Ltd., Hong kong	-	-	-	55.0	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	10.8	-	-	-	-	-	-	-
	Others	-	-	-	1.8	-	-	-	-	-	-
	Total	-	-	10.8	56.8	-	-	-	-	-	-
4	Other Income										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	10.8	-	-	-	-	-	-	-
	Total	-	-	10.8	-	-	-	-	-	-	-
5	Commission income										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	6.3	4.2	-	-	-	-	-	-
	Total	-	-	6.3	4.2	-	-	-	-	-	-

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 38: 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:

Sr. Transactions No.	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, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
6 Sale of products										
Johnson Controls India Pvt. Ltd., India	-	-	-	2.6	-	-	-	-	-	-
Hitachi Home Electronics Asia(s) Pte. Limited	-	-	-	-	-	-	73.2	31.5	-	-
Johnson Controls Marine And Refrigeration India Limited, India	-	-	96.9	13.1	-	-	-	-	-	-
Johnson Control International (L.L.C.), (UAE)	-	-	312.9	-	-	-	-	-	-	-
Others	-	-	5.0	0.1	-	-	4.4	6.7	-	-
Total	-	-	414.8	15.8	-	-	77.6	38.2	-	-
7 Sale of services										
Johnson Controls India Pvt. Ltd., India	-	-	-	0.2	-	-	-	-	-	-
Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	156.9	-	-	-	-	-	-	-
Others	-	-	0.3	-	-	-	10.4	7.6	-	-
Total	-	-	157.2	0.2	-	-	10.4	7.6	-	-
8 Advertisement, Salary & Other Expense recovery										
Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	53.8	12.6	-	-	-	-	-	-
Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	-	-	-	3.5	-	-
Others	-	-	2.5	-	-	-	-	-	-	-
Total	-	-	56.3	12.6	-	-	-	3.5	-	-
9 Proceed from Sale of Fixed asset										
Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	33.2	-	-	-	-	-	-	-
Total	-	-	33.2	-	-	-	-	-	-	-
10 Key management personnel compensation										
Short term employee benefits										
Mr. Vinay Chauhan	-	-	-	-	-	-	-	-	-	9.4
Mr. Gurmeet Singh	-	-	-	-	-	-	-	-	18.5	14.3
Mr. Varghese Joseph	-	-	-	-	-	-	-	-	-	6.9
Directors sitting fees										
Mr. Mukesh Patel	-	-	-	-	-	-	-	-	0.8	0.4
Mr. Ashok Balwani	-	-	-	-	-	-	-	-	0.8	0.4
Ms. Indira Parikh	-	-	-	-	-	-	-	-	0.8	0.1
Mr. Devendra Nath	-	-	-	-	-	-	-	-	-	0.4
Mr. Ravindra Jain	-	-	-	-	-	-	-	-	-	0.4
Mr. RS Mani	-	-	-	-	-	-	-	-	-	0.2
Mr. Vinesh Sadekar	-	-	-	-	-	-	-	-	-	0.2
Total	-	-	-	-	-	-	-	-	20.9	32.7

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 38: 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:

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, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
11	Royalty (excluding service tax)										
	Johnson Controls-Hitachi Air Conditioning Technology (Hongkong) Ltd., Hong kong	-	-	-	246.7	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	251.4	-	-	-	-	-	-	-
	Hitachi Appliances Inc., Japan	-	-	-	-	-	-	185.6	180.2	-	-
	Others	-	-	2.7	-	-	-	-	-	-	-
	Total	-	-	254.1	246.7	-	-	185.6	180.2	-	-
12	Purchase of capital goods										
	Hitachi High Technologies Hong Kong Ltd.	-	-	-	-	-	-	-	6.9	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	-	0.5	-	-	-	-	-	-
	Johnson Controls (S) PTE Ltd., Singapore	-	-	18.0	-	-	-	-	-	-	-
	Total	-	-	18.0	0.5	-	-	-	6.9	-	-
13	Reimbursement of salaries & other expenses										
	Hitachi Appliances Inc., Japan	-	-	-	-	-	-	-	5.9	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	31.1	55.1	-	-	-	-	-	-
	Hitachi Consumer Marketing Inc.	-	-	-	-	-	-	-	5.1	-	-
	Johnson Controls, Inc., USA	-	5.4	-	-	-	-	-	-	-	-
	Others	-	-	0.5	-	-	-	-	0.4	-	-
	Total	-	5.4	31.6	55.1	-	-	5.9	5.5	-	-
14	Dividend Payment										
	JCHAC India Holdco Limited, UK	30.3	30.3	-	-	-	-	-	-	-	-
	Total	30.3	30.3	-	-	-	-	-	-	-	-
(B)	Balance at year end										
	Receivable										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	152.7	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning & Refrigeration INC., Dubai	-	-	34.1	-	-	-	-	-	-	-
	Johnson Control International (L.L.C.), (UAE)	-	-	95.0	-	-	-	-	-	-	-
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	-	-	117.9	51.2	-	-
	Johnson Controls Marine And Refrigeration India Limited, India	-	-	-	16.7	-	-	-	-	-	-
	Others	-	-	8.6	1.7	-	-	-	5.4	-	-
	Total Amount	-	-	290.4	18.4	-	-	117.9	56.6	-	-

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 38: 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:

Sr. Transactions No.	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, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Payable										
Johnson Controls, Inc., USA	-	5.4	-	-	-	-	-	-	-	-
Hitachi Appliances Inc., Japan	-	-	-	-	-	-	83.6	75.7	-	-
Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	-	-	261.9	210.0	-	-
Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	108.9	150.8	-	-	-	-	-	-
Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	412.3	592.3	-	-	-	-
Johnson Controls-Hitachi Components (Thailand) Co. Ltd., Thailand	-	-	153.6	54.1	-	-	-	-	-	-
Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd	-	-	-	-	-	-	151.2	-	-	-
Johnson Controls (S) PTE Ltd., Singapore	-	-	-	30.0	-	-	-	-	-	-
Others	-	-	28.6	26.2	-	-	17.0	9.2	-	-
Total Amount	-	5.4	291.0	261.1	412.3	592.3	513.8	294.9	-	-

Note:

- (a): 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.
- (b): Exclude provision for gratuity and compensated absences since these are based on actuarial valuation on overall company basis.
- (c): The Remuneration Committee recommended and the Board of Directors has approved revision in remuneration limit of Chairman and Managing Director from H 17.5 million to H 25.0 million on January 29, 2019. The revised remuneration limit is subject to approval of the shareholders in the ensuing Annual General Meeting.

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 conditions and at arms length prices. All outstanding balances are unsecured and will be settled in cash.

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 39: Leases

(a) Company as lessee

Certain premises and equipments are obtained on cancellable and non-cancellable operating leases that are renewable either at the option of lessor or lessee, or both. Further, there are no subleases nor any restrictions imposed in lease agreements. Lease rentals debited to Statement of Profit and Loss for the year is H 432.2 million (March 31, 2018 H 379.9 million).

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

	J in million	
	As at March 31, 2019	As at March 31, 2018
Not later than one year	34.8	40.3
Later than one year but not later than five years	104.7	58.0
Later than five years	-	-

(b) Company as lessor

Certain premises and equipments are given on cancellable operating leases that are renewable either at the option of lessor or lessee, or both. Further, there are no subleases nor any restrictions imposed in lease agreements.

	J in million	
	As at March 31, 2019	As at March 31, 2018
Lease rentals credited to the Statement of Profit and Loss	3.9	3.6

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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	The Company has started providing Design and development services with effect from October 1, 2018. It provides Design and development services related to Air Conditioning to group company outside India and also, 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.

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 40: Segment Reporting (Contd..)

B. Information about reportable segment

Information related to each reportable segment is set out below. Segment 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.

	2018-19			2017-18		
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total
J in million						
Segment Revenue						
External Sales	22,256.1	209.7	22,465.8	22,582.7	-	22,582.7
Less : Inter - Segment Sales	-	52.8	52.8	-	-	-
Total Revenue from operations	22,256.1	156.9	22,413.0	22,582.7	-	22,582.7
Segment Results						
Earnings before Interest and Tax	1324.4	26.2	1350.6	1533.4	-	1533.4
Less: Interest expense	26.9	-	26.9	19.8	-	19.8
Profit before tax	1,297.5	26.2	1,323.7	1,513.6	-	1,513.6
Segment Assets	14,518.4	980.9	15,499.3	12,561.0	-	12,561.0
Unallocated corporate assets	-	-	178.4	-	-	-
Total Segment assets	14,518.4	980.9	15,677.7	12,561.0	-	12,561.0
Segment Liabilities	9,317.0	224.8	9,541.8	7,209.0	-	7,209.0
Unallocated corporate liabilities	-	-	6.0	-	-	-
Total Segment Liabilities	9,317.0	224.8	9,547.8	7,209.0	-	7,209.0

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.

	2018-19			2017-18		
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total
J in million						
Segment revenue						
India	21630.9	52.8	21,683.7	22,530.6	-	22,530.6
Outside India	625.2	156.9	782.1	52.1	-	52.1
Total	22256.1	209.7	22,465.8	22,582.7	-	22,582.7
Less: Inter Segment Revenue	-	(52.8)	(52.8)	-	-	-
Total segment revenue from operations	22,256.1	156.9	22,413.0	22,582.7	-	22,582.7

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 40: Segment Reporting (Contd..)

D. Non-Current Asset

	J in million					
	2018-19			2017-18		
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total
India	3,833.9	-	3,833.9	2,917.3	-	2,917.3
Outside India	-	-	-	-	-	-
Total segment asset	3,833.9	-	3,833.9	2,917.3	-	2,917.3

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

Note 41: Changes in accounting policies

- a) The Company applied Ind AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of April 1, 2018. Comparative prior period has not been adjusted.

The Company applying the modifying retrospective method can elect to apply the revenue standard only to contracts that are not completed as at the date of initial application. The Company has applied the revenue standard only to contracts that were not completed as at date of initial application. The impact on the Company's retained earning as at April 1, 2018 is not material.

- b) The following table presents the amount by which each financial statement line item is effected in the current year ended March 31, 2019 by the application of Ind AS 115 as compared to previous accounting standard on revenue recognition. The adjustments are explained more detail by standard below:

Extract of Balance Sheet	J in million		
	As at March 31, 2019	Increase / (Decrease)	As at March 31, 2019
Current asset			
Other financial asset	339.8	(214.9)	124.9
Contract asset	-	214.9	214.9
Total	339.8	-	339.8
Current liabilities			
Other financial liability	608.2	(20.3)	587.9
Contract liability	-	299.9	299.9
Other current liability	855.5	(279.6)	575.9
Total	1463.7	-	1463.7

The Impact of Ind AS 115 adjustment on the Statement of profit and loss is not material to the financial statement.

- c) Presentation of assets and liabilities related to contracts with customers

The Company has changed the presentation of certain amounts in the balance sheet to reflect the terminology of Ind AS 115:

- Contract assets recognised in relation to income accrued were previously presented as part of other financial assets of H 214.9 million at March 31, 2019. Contract assets are in the nature of unbilled revenue which arises when Company satisfies a performance obligation but does not have an unconditional right to consideration.
- Contract liabilities in relation to contracts of installation and commissioning were previously included in other financial liabilities of H 20.3 at March 31, 2019.
- Contract liabilities in relation to the advance received from customer and deferred income pertaining to annual maintenance contract were previously included in other current liabilities of H 279.6 at March 31, 2019.

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 41: Changes in accounting policies (Contd..)

d) Disaggregation of Revenue

In the following table, revenue is disaggregated by primary geographical market, 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.

	J in million		
	Cooling products for comfort and commercial use	Design and development Services	Total
Primary geographical markets			
India	21,630.9	-	21,630.9
Outside India	625.2	156.9	782.1
Total	22,256.1	156.9	22,413.0
Major Products /service lines			
Room air conditioners	15,305.0	-	15,305.0
Commercial air conditioners	2,708.4	-	2,708.4
Home appliances	1,469.8	-	1,469.8
Service Income	1,196.2	156.9	1,353.1
Others	1,576.7	-	1,576.7
Total	22,256.1	156.9	22,413.0
Timing of revenue recognition			
Goods / Services Transferred at a point of time	21,161.3	-	21,161.3
Service transferred over time	1,094.8	156.9	1,251.7
Total	22,256.1	156.9	22,413.0

Refer Note :40 in respect of segment reporting

e) Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	J in million	
	Contract assets	Contract liabilities
Opening balance	145.3	300.8
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	231.1
Increases due to cash received, excluding amounts recognised as revenue during the period	-	230.2
Transfers from contract assets recognised at the beginning of the period to receivables	54.4	-
Increases as a result of changes in the measure of progress	124.0	-
Closing balance	214.9	299.9

Unsatisfied performance obligation :

	J in million	
	As at March 31, 2019	As at March 31, 2018
Aggregate amount of the transaction price allocated to construction contracts that are partially unsatisfied as at reporting date	474.5	-

Management expects that 88% of transaction price allocated to the unsatisfied contracts as on March 31, 2019 will be recognised as revenue during the next reporting period 2019-20.

Notes forming part of the Financial Statements

for the year ended March 31, 2019

Note 42 Earnings per share

	J in million	
	Year ended March 31, 2019	Year ended March 31, 2018
Net Profit after Tax as per Statement of profit and loss attributable to Equity Shareholders (H in million)	859.4	1,001.5
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 H)	10.0	10.0
Basic and diluted earnings per share (in H)	31.6	36.8

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 43: Disclosures pursuant to Section 186(4) of the Companies Act, 2013

	Purpose	J in million	
		Year ended March 31, 2019	Year ended March 31, 2018
Corporate guarantees given to bank against the credit facilities availed by dealers	To partially address dealers working capital requirement	150.0	150.0

106 Note 44: Events occurring after reporting period

The Company evaluated subsequent events through May 16, 2019, the date the financial statements were available for issuance, and determined that there were no additional material subsequent events requiring disclosure.

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No.304026E/E300009
Chartered Accountants

Sachin Parekh

Partner
Membership No.: 107038

Place: Ahmedabad
Date: May 16, 2019

For and on behalf of the Board of Directors

Gurmeet Singh

Chairman & Managing Director
DIN : 06938403

Rishi Mehta

Chief Financial Officer

Place: Ahmedabad
Date: May 16, 2019

Yoshikazu Ishihara

Director
DIN : 07998690

Parag Dave

Company Secretary
Membership No.: 12626

Key events in 2019



Mr. Gurmeet Singh Sethi received the prestigious Chairman's Award



Hitachi Sales Meet happened in Pattaya, Thailand



Inauguration of Skill Development Center (ITI) in Vijaywada & Kakinada



Inauguration of Kolkata EEC (Victoria)



Inauguration of Mumbai EEC (Gateway)



Primary School inauguration at Acharasan under CSR project

Johnson Controls-Hitachi Air Conditioning India Limited

HEAD OFFICE AND WORKS


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Website: www.hitachiaircon.in

 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>
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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 Fourth Annual General Meeting of the members of the Johnson Controls–Hitachi Air Conditioning India Limited will be held on Wednesday, 14th day of August, 2019 at 9.30 a.m. at Center for Environment Education, Nehru Foundation for Development, Vastrapur–Gurudwara Road, Bodakdev, Ahmedabad: 380054 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, 2019 and the reports of Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended March 31, 2019.
3. To appoint a Director in place of Mr. Yoshikazu Ishihara (DIN 07998690), who retires by rotation and being eligible, offers himself for re-appointment.

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, 2019 to March 31, 2020, 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 an Ordinary Resolution:

“RESOLVED THAT Mr. Shinichi Iizuka (DIN 00266660), appointed as an Additional Director by the Board of Directors with effect from May 08, 2019 and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company whose period of office as a director is liable to retire by rotation.”

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

“RESOLVED THAT pursuant to provisions of Section 149, 152 and other applicable provisions of Companies Act, 2013 and the Rules made thereunder read with Schedule IV of the Companies Act, 2013, Mr. Ashok Balwani (DIN 02292791), who was appointed as an Independent Director of the Company for a first term upto March 31, 2019 by the Shareholders, be and is hereby reappointed as an Independent Director of the Company for second term with effect from April 01, 2019 to March 31, 2024.”

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

“RESOLVED THAT pursuant to provisions of Section 149, 152 and other applicable provisions of Companies Act, 2013 and the Rules made thereunder read with Schedule IV of the Companies Act, 2013, Mr. Mukesh Patel (DIN 00053892), who was appointed as an Independent Director of the Company for a first term upto March 31, 2019 by the Shareholders, be and is hereby reappointed as an Independent Director of the Company for second term with effect from April 01, 2019 to March 31, 2024.”

8. 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 February 01, 2019 on the terms and conditions of appointment and remuneration as set out in the explanatory statement attached to this notice.”

“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 conditions 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.”

Notes:

- a. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The instrument appointing proxy must be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent

of the total capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- b. 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.
- c. The Register of Members and Share transfer books of the Company will be closed from 10th August, 2019 to 14th August, 2019 (both days inclusive).
- d. Dividend, if declared, will be paid as under:
 - Physical Shares: To the members whose names appear on the Register of members of the Company as on closing hours of 9th August, 2019.
 - Dematerialised Shares: To the beneficial owners as on closing hours of 9th August, 2019 as per information to be furnished by Depositories for this purpose.

Dividend Payment Date: Dividend, if declared, will be paid on or after 28th August, 2019.

- e. 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 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.
- f. All members who have not encashed their dividend warrants for the financial years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 are requested to write to the

Company's Registrars and Share Transfer Agent, for issuance of duplicate dividend warrant(s).

- g. Dividend pertaining to financial years 2009-10 and 2010-11 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.
- h. 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.
- i. Electronic copy of the Annual Report for the year 2018-19, Notice of the Annual General Meeting of the Company along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company / Depository Participant for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies are being sent in the permitted mode.
- j. Members desirous of obtaining information in respect of accounts of the Company, are requested to send queries in writing to the Company at the registered office, so as to reach at least seven days before the date of the meeting.
- k. 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 2019-20.
- l. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule framed thereunder the Company is pleased to provide members, a facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

By Order of the Board of Directors

Place: Ahmedabad
Date: May 16, 2019

Parag Dave
Company Secretary

Johnson Controls-Hitachi Air Conditioning India Limited
Corporate Identification Number (CIN): L29300GJ1984PLC007470
Regd. Office: 9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380006
Phone: 079-26402024 E-mail: parag.dave@jci-hitachi.com, Web: <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, 2019 to March 31, 2020 at a remuneration of ₹ 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, 2019 to March 31, 2020.

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

Mr. Shinichi Iizuka was appointed as an additional Director of the Company by the Board of Directors of the Company with effect from May 08, 2019 and holds his office upto the date of this Annual General Meeting. Consent of the Members is sought for his appointment as Director of the Company.

Except Mr. Shinichi Iizuka, being an 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.

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

Item No. 6 & 7

Based on the skills, experience, knowledge and performance evaluation, Board of the Company has accorded approval for re-appointment of Mr. Ashok Balwani and Mr. Mukesh Patel as Independent Director for Second term from April 01, 2019 to March 31, 2024. They have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act and in the opinion of the Board, they fulfil the conditions specified in the Act and the Rules framed there under for re-appointment as Independent Director.

Consent of the Members is sought for their appointment as Independent Director of the Company.

Except Mr. Ashok Balwani and Mr. Mukesh Patel, being appointees, 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.

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

Item No. 8

Nomination and Remuneration Committee and Board of Directors has increased the maximum limit of Remuneration of Mr. Gurmeet Singh Chairman & Managing Director with effect from 1st February, 2019 as under:

Salary:

Not to exceed ₹ 25,000,000 per Annum (inclusive of perquisites as stated under).

Perquisites:

Category A:

The Company shall provide furnished accommodation or 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.

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, Washing Machines.
- 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 2018-19, Income was 22,413 Million and Profit before tax was 1323.7 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 Johnson Controls-Hitachi Air Conditioning Technology (Hong Kong) Limited 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 2018-19 ₹ 18.5 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 31 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 in the last few years.

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 2018-19, Company has made profit before tax of ₹ 1323.7 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: Ahmedabad

Date: May 16, 2019

Parag Dave

Company Secretary

Johnson Controls-Hitachi Air Conditioning India Limited

Corporate Identification Number (CIN): L29300GJ1984PLC007470

Regd. Office: 9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380006

Phone: 079-26402024 E-mail: parag.dave@jci-hitachi.com, Web: <https://www.hitachiaircon.in/>

Instructions for E-voting

1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule framed thereunder the Company is pleased to provide members, a facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
2. Facility for voting, either through ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
3. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
4. Tejal Shah & Associates, Company Secretaries in practice (Membership no. ACS-13316), has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
5. (i) The voting period begins on 11th August, 2019 (09.00 am IST) and ends on 13th August, 2019 (05.00 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 of 7th August, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
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. <ul style="list-style-type: none"> • 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 (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Johnson Controls-Hitachi Air Conditioning India Limited on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) 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.
- (xviii) Shareholders can also use Mobile app - "m - Voting" for e-voting. m - Voting app is available on Apple, Android and Windows based Mobile. Shareholders may log in to m - Voting using their e voting credentials to vote for the company resolution(s).

(xix) Note for Non – Individual Shareholders and Custodians

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

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

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 31 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 15 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. Shinichi Iizuka

Mr. Shinichi Iizuka holds a bachelor's degree in Science and Technology from Sophia University. He has held various positions in Product Development, Environmental Equipment, and Refrigeration & Air Conditioning Division. He started to work in India in 2002 and was appointed as the Managing Director of the Company in 2006. He became COO and President of Johnson Controls – Hitachi Air Conditioning effective since October, 2015.

He became COO & President of Johnson Controls – Hitachi Air Conditioning effective October, 2015.

There is no inter-se relation of Mr. Shinichi Iizuka 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 Post Graduate from Emory University

School of Law. He is having total experience of nearly 23 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

Mr. Ashok Balwani

Mr. Ashok Balwani is a B.E.(Hons) (Elec.) from BITS, Pilani and an MBA from FMS, University of Delhi. He has over 30 years' experience and was associated with many large corporates like L&T Ltd, Det Norske Veritas and Man Industries (India) Ltd. He is now working as an independent management consultant.

There is no inter-se relation of Mr. Ashok Balwani 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. Mukesh Patel

An Eminent Advocate and International Tax Expert, Mr. Mukesh Patel enjoys over four decades of extensive experience in the legal profession, with expertise in the fields of Personal and Corporate Tax Planning, Appellate Matters, International Taxation, Tax and Investment Planning for Non-Resident Indians and Foreign Collaborations. Over the past 40 years, he has been actively involved in Legal Education and Tax Journalism, has occupied the designation as Visiting Faculty with the Gujarat Law Society, the IIM, Ahmedabad and also a Columnist of renowned newspapers.

He is associated with the Company since March, 2003.

There is no inter-se relation of Mr. Mukesh Patel with any other Director of the Company.

Directorship / Membership of Committee of the Board held in other public limited companies in India:

No. of Shares held in Company: 1500.

Particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2017 Employees employed throughout the year:

Employees employed throughout the year:

Name of the Employee	Designation	Qualification	Age (Yrs)	Experience (Yrs)	Remuneration (₹ in Million)	Date of commencement of employment	Last Employment held
Mr. Gurmeet Singh	Chairman & Managing Director	Graduate in Physics & PGD in Management	53	31	18.4	08-Feb-2014	Orient Paper And Industries Ltd.
Mr. Vinay Chauhan	Director-GDC	B.E. (Mechanical) PGD in Industrial Engineering	59	34	15.0	06-Dec-1993	Koron Business Systems Ltd.
Mr. Ichio Iwai	Asst. Vice President	Graduate in Politics and Economics	56	33	15.1	06-Oct-2013	Hitachi Consumer Marketing Inc. Japan
Mr. Jitendhar G S	Sr. Vice President	B.Tech	55	28	9.9	13-Mar-2018	EAFT Technologies
Mr. Rishi Mehta	Chief Financial Officer	M.Com, Chartered Accountant	40	17	8.2	08-Jan-2018	Adient India Pvt. Ltd
Mr. Sanjay Kumar	Vice President	M.B.A, B.A	49	27	7.7	27-Jan-2015	Tafe Motor And Tractors Ltd.
Mr. Vikas Verma	Sr. Vice President	B.E.	49	20	7.6	27-Jan-18	Daikin Air conditioning India Private Limited

Employees employed for a part of the year:

Name of the Employee	Designation	Qualification	Age (Yrs)	Experience (Yrs)	Remuneration (₹ in Million)	Date of commencement of employment	Last Employment held
Mr. Naoji Anjiki	Sr. Vice President	B.E.	61	39	9.5	05-Jun-2017	Hitachi-Johnson Controls Air Conditioning Inc.
Mr. Masahiko Watanabe	Asst. Vice President	B.E. (Mechanical)	50	27	7.6	18-Apr-2017	Hitachi Johnson Controls Air Conditioning Inc. Japan
Mr. Sanjeev Agarwal	Director-Sales	M.A.	56	33	7.5	20-Sep-18	L G Electronics

Johnson Controls-Hitachi Air Conditioning India Limited

Corporate Identification Number (CIN): L29300GJ1984PLC007470
 Regd. Office: 9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380006 Phone: 079-26402024
 E-mail:parag.dave@jci-hitachi.com, Web: https://www.hitachiaircon.in/

ATTENDANCE SLIP

Name of Sole / First named Member : _____
 Registered Folio No. / DP ID No.-Client No. : _____
 Number of Shares Held : _____

I/We hereby record my / our presence at the 34th Annual General Meeting of the Company held on 14th August, 2019 at Center for Environment Education, Nehru Foundation for Development, Vastrapur-Gurudwara Road, Ahmedabad: 380054 at 9.30 a.m.

Member's / Proxy's Name

Signature of Member / Proxy

Shareholders / Proxy holders are requested to bring the attendance slip with them duly completed when they come to the meeting and hand over at the Gate duly signed.

Johnson Controls-Hitachi Air Conditioning India Limited

Corporate Identification Number (CIN): L29300GJ1984PLC007470
 Regd. Office: 9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380006 Phone: 079-26402024
 E-mail:parag.dave@jci-hitachi.com, Web: https://www.hitachiaircon.in/

34th Annual General Meeting on 14th August, 2019

PROXY FORM

Name of the Member(s) : _____
 Registered Address : _____
 E-mail Id : _____
 Folio No. / DP ID No.-Client No. : _____

I/We being the member(s) of _____ shares of the above named Company hereby appoint:

- (1) Name _____ Address _____
 e-mail ID _____ Signature _____ or failing him
- (2) Name _____ Address _____
 e-mail ID _____ Signature _____ or failing him
- (3) Name _____ Address _____
 e-mail ID _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Wednesday, August 14, 2019 at Center for Environment Education, Nehru Foundation for Development, Vastrapur-Gurudwara Road, Ahmedabad: 380054 at 9.30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

1. Adoption of Financial Statement for the year ended March 31, 2019
2. To declare Dividend for the year ended March 31, 2019
3. To re-appoint Mr. Yoshikazu Ishihara as Director who retires by rotation
4. To appoint Cost Auditors for the year starting from April 01, 2019 to March 31, 2020
5. To appoint Mr. Shinichi Iizuka as a Director of the Company
6. To re-appoint Mr. Ashok Balwani as Independent Director for 2nd term
7. To re-appoint Mr. Mukesh Patel as Independent Director for 2nd term
8. To increase maximum limit of remuneration of Mr. Gurmeet Singh, Chairman & Managing Director

Signed this _____ day of _____ 2019

Signature of Shareholder: _____ Signature of Proxy Holder(s) _____

Affix
 1 Rupee
 Revenue
 Stamp

Note: This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

Route map of AGM place Center for Environment Education, Nehru Foundation for Development, Vastrapur-Gurudwara Road, Ahmedabad: 380054

