



**Annual Report 2021-2022**  
Johnson Controls-  
Hitachi Air Conditioning  
India Limited

# Embrace the new chapter

Innovations for a new beginning



# Read through the Report

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## Corporate Information

### Board of Directors

**Gurmeet Singh**  
Chairman & Managing Director

**Yoshikazu Ishihara**  
Director

**Tatsuya Sugawara**  
Director (w.e.f. 26<sup>th</sup> May, 2022)

**Ashok Balwani**  
Independent Director

**Mukesh Patel**  
Independent Director

**Shalini Kamath**  
Independent Director  
(w.e.f. 1<sup>st</sup> April, 2022)

**Shinichi Iizuka**  
Director (till 26<sup>th</sup> May, 2022)

**Indira Parikh**  
Independent Director (till 31<sup>st</sup> March, 2022)

### Chief Financial Officer

Rishi Mehta

### Company Secretary

Parag Dave

### Auditors

Price Waterhouse & Co.  
Chartered Accountants LLP  
Ahmedabad

### Registered Office

9<sup>th</sup> Floor, Abhijeet-I,  
Mithakhali Six Roads,  
Ahmedabad - 380 006, Gujarat

### Works

Hitachi Complex, Karan Nagar, Kadi,  
Dist. Mehsana - 384 440, Gujarat, India.

### Registrars & Share Transfer Agent

**Link Intime India Pvt. Ltd.**  
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



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# New Beginnings – New Air, **New You**

At Johnson Controls-Hitachi Air Conditioning India Limited, our commitment is to make lives around the world better. We are devoted to building products of goodwill, nurturing technological innovations and putting to use the best corporate values that we have accumulated over the years. Our aim is to provide the best air conditioning solution and then develop an even better one. We don't just want to meet customer expectations, we want to enrich their lifestyle. Dedicated towards designing, engineering, and manufacturing futuristic cooling & heating air conditioning systems, we are constantly evolving to stay attuned to the changing needs of our customers.

Johnson Controls-Hitachi Air Conditioning India Limited always delivers the future of comfort and convenience. Inspired by nature and curated with Japanese technology, we bring you "air" that is just next to nature itself, made for the New You. Because **#NewBeginsWithYou**.

## **Our Vision**

A safe, comfortable and sustainable world

## **Our Values**

### **Integrity First**

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

### **Purpose-Led**

We are driven to do good and be accountable to making the world a better place. We do this through the solutions we provide, our engagement in society, the way we do business and our commitment to protect people & the environment.

### **Customer-Driven**

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

### **Future-Focused**

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

### **One Team**

We are one team, dedicated to collaborating so as to create the purposeful solutions that propel the world forward.



## About the Company

Inspired by **you**, Johnson Controls-Hitachi Air Conditioning has been enriching the lives of people around the world by developing air conditioning solutions that you truly deserve.

The company is a global joint venture of Johnson Controls, USA and Hitachi, Japan. Johnson Controls-Hitachi Air Conditioning Company has global presence, out of which Johnson Controls-Hitachi Air Conditioning India Limited is its Indian unit.

The company comes with a combination of the rich heritage and innovative technology of Hitachi as well as the industry-leading expertise and global network of Johnson Controls. This ensures that its customers can truly benefit from the best of both worlds.

The Company's manufacturing plant in Kadi, District Mehsana, Gujarat is the largest single roof facility with capacity to manufacture 900,000 Air Conditioners in an year..

Johnson Controls-Hitachi Air Conditioning India Limited manufactures a wide range of products, from Room Air Conditioners such as Split and Window Air Conditioners to Commercial Air Conditioners including VRF Systems, Ductable Air Conditioners, Chillers and Telecom Air Conditioners under the brand name of '**Hitachi Cooling & Heating**'. The company is not just limited to making air conditioners, it is also engaged in trading of refrigerators.

## A heritage of innovations

Steadily flourishing owing to its rich culture and heritage, the company is known for its futuristic evolution.

It is reputed for its superior quality and leading technology on the global canvas. Its rich lineage and culture have evolved with the changing times creating a harmony of invention and innovation, globally. The addition of Johnson Controls' strengths, expertise and widespread global presence further enabled the company to fulfill its passion about bringing unique HVAC solutions that exceed expectations.

With more than 35 years of legacy in India, the company has earned great brand equity and has been following the 'Make in India' concept since the beginning. Johnson Controls-Hitachi Air Conditioning India Limited constantly innovates, brings in world-class technologies, path-breaking concepts and award-winning products from around the world, and delivers advanced, smart features that gives the best indoor air experience to its customers.



## A presence you can depend on

Johnson Controls-Hitachi Air Conditioning India Limited steadily stands amongst the top air conditioning companies in India. It has established a strong, nationwide network – 4 regional offices, 18 branch offices and 4 Engineering Excellence Centres. With the vision of reaching closer to its customers, the company has built a multifaceted, composite, robust, dependable, and extensive distribution network. The company has 600 plus exclusive sales and service partners, 75 plus exclusive showrooms, more than 10,000 sales points and more than 1,500 service points including multi-brand sales & service partners and authorised service partners. To serve its customers even better, Johnson Controls-Hitachi Air Conditioning India Limited operates 24x7 customer care centres, which provide prompt resolutions to customers' concerns across India. The company has invested its efforts to amplify and strengthen its presence across the varied topographies of India and is working towards expanding the reach of the company.

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## Always customer-first

Good customer care has always been pivotal at the company. Aiming to offer the best products with prompt and professional customer care, the company makes customer satisfaction top priority. For enhancing the aftersale service experience of its customers, the company has undertaken several initiatives in this financial year. To serve its customers even better the company has widened its network and has added another 25 authorised service partners during this financial year, thereby expanding its overall service reach.

Other initiatives include:

- a) Implementation and adoption of the technician's app is helping with faster resolution of calls
- b) Digital non-voice option for customers to register and view the status of their service request: WhatsApp integration for customer convenience
- c) Online payment and AMC documentation

# Chairman & Managing Director's Message



## Dear Shareholders,

Heartiest Greetings to all of you!

As India and the world is looking at the brightness beyond the dark clouds that the pandemic had casted on us, my heart fills up with grief thinking about all the suffering and ordeal. But it also gives me hope to think of how we all came together to help each other during this time. As we try to overcome the challenges, we should not forget the valuable lessons that this pandemic taught us. And continue to imbibe these positive changes in the future as well.

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Even as it seems the worst is over, I urge everyone to still observe caution, follow government guidelines and get fully vaccinated, take Booster doze (if eligible).

I pray for the well-being and safety of all of you and your loved ones.

Together we have always stood with strength. Your continued support has put more power in us. I would like to express my gratitude to our employees and channel partners for their continuous faith and unwavering belief in us even through the difficult times.

Despite of multiple challenges during peak season, the Financial Year 2021-22 has been a good year. Year started with a strong growth in RAC segment in Q1, but due to second wave of pandemic pace of growth slowed down. The company continued to grow each quarter and registered growth of 36% over last year in Residential AC segment. This growth mainly came from Inverter Split AC segment which was to the tune of 45% over last year. This has been possible due to turnaround in the socio-economic scenario in the country - unleashing, improved lifestyles, changed positive perception of ACs as a necessity, improved disposable income, more focus on health and well-being, etc.

In commercial AC segment also, the company registered 68% growth in VRF segment compared to last year. Company saw a huge growth in the light commercial segment with cassette AC volume grew by 56% and PAC volume by 53% (Tonnage basis) over the last year.

This new world begins with our new-age customers who with their informed outlook inspire us to aim for something

which is better than the best so far. We are encouraged to develop and deliver not just products that fit their requirement but goes beyond to ensure their comfort and well-being.

We have always believed in curating consumer centric solutions. We will continue to do so by further enriched and comprehensive understanding of their needs. The new consumers of the new world are equipping themselves with useful information to making informed and smart choices. They are increasingly adopting Inverter technology, smart solutions, smart features, etc. Their willingness to invest in good and superior technology is a booster for the company.

We are offering brilliant wide range of superior technology products both in B2C and B2B segments through a robust network supported by efficient services. We are reaching out to our customers with effective marketing strategy. With things well in order, we are constantly working towards preparedness for the future which is being fueled by strong R&D to facilitate advanced technology for smarter and intelligent products. This is helping us lay down robust plans and enable sustainable growth.

As a strategy we will continue to aim at increasing our reach across the country with a focus on Tier 2 & Tier 3 towns, invest our efforts to strengthen our channels, enhance our service network across the country, work on strengthening of supply chain and enriching our product portfolio. All these efforts are directed towards building and sustaining aspirational brand value of Hitachi.

Consumer has been a top priority for us and will always be at the very core of our design and development. We understand that their needs are evolving - their definition of NEW is changing, we are and will continuously work towards staying attuned with this. We endeavor to set new high standards in customer satisfaction delivery with best advanced technology products and services for their comfort. Our communication message 'New begins with you' connotes our philosophy of customer first approach and developing Air conditioning solutions which are inspired from nature and Japanese roots.

The Company continues to cater to diversified segments and achieve excellence. The commercial air conditioners market is also turning around for us. The Variable

Refrigerant Flow (VRF) technology has been yielding great results and is getting adopted widely across the Indian market. VRF based Air conditioning systems are rapidly gaining popularity for use in corporate offices, hotels, IT offices, high-end residential apartments, villas, retail stores, supermarkets, hospitals, banks, education institutes etc. Johnson Controls-Hitachi Air Conditioning India Limited, a true customer focused company, has set pace with the pulse of high-end customers. The company had introduced a new range of VRF products and country's first of its kind premium and luxurious Air conditioning system 'SET FREE mini' to match modern lifestyle choices. SideSmart™ - World's first slim modular side throw VRF model air conditioners, launched specially for our new age evolved consumers is also showing good promise.

Hitachi, being the inventor of world's first 4 way cassette ACs, re-enforced its position in Air conditioning technology with launch of Silent Iconic™ design panels. It is perfect blend of technology and award winning aesthetics. The product has been recognised for its design excellence across the globe and has received international product design awards including the iF Design Award 2020 in the Product category, the Good Design Award 2020, and the Red Dot Best of the Best Product Design 2021.

With continuous focused approach the company has established itself as a leading 'Air Expert' in the B2B space. The Company holds a strong market share in the packaged AC segment with a strong channel network to support.

The commercial market is also recovering with a promising trajectory we are already witnessing movement in respect to upcoming projects such as hypermarkets, supermarkets, offices, etc. Which will translate into a good demand for light commercial HVAC solutions. We are ready and braced to turn this opportunity into sale of our HVAC packaged units and Cassette ACs.

As the single largest provider for Air conditioning solutions for Telecom Towers, the Company is well placed for future growth which would be driven by the coming of newer technologies such as 5G and IoT. Fueled by the need for healthy cellular infrastructure to match the growing internet requirements, the telecom industry will experience huge growth. This is an opportunity for the company to generate more revenue.

With India established as a dependable hub, the company is exporting to South Asian countries - Nepal, Bhutan, Sri Lanka and Maldives; Exports Team is developing network in new territories and working on channel expansion. Exports business for the company is expected to contribute towards the business and help in post pandemic recovery.

The company has always been an avid supporter of 'Make in India' and has invested towards this by working with many component manufacturers in India. We are closely working with Government, industry associations, and overseas vendors to ensure indigenization of critical components. We have been encouraging our overseas vendors to consider putting their factories in India for the critical components to replace imports. Synergizing with 'Atmanirbhar Bharat' Abhiyan we intend to procure everything from India. Be it

motors, PCB boards or compressors. We have participated in Production Linked Incentive (PLI) scheme of the Government of India in White Goods Category and pledged investments for component manufacturing.

India is in a phase of healthcare revolution which is creating another avenue for commercial air conditioning for medical and health care facilities, pharmacies, cold rooms, warehouses, data centers, etc. We are also feeling positive due to the favorable government initiatives such as Production Led Incentives (PLI) and Phased Manufacturing Plan (PMP). These would have a good impact on local manufacturing of critical components for Indian Air Conditioning Industry.

As we are powering through in business and succeed in touching new heights, we are also attentive towards our responsibility as a corporate citizen. We realize that effective initiatives are always required to help those who are in need to make the world a better place for everyone. And the COVID pandemic has made things more challenging than ever. Thus, as a responsible and sensitized member of the society the company's CSR team continuously works towards undertaking impactful implementation of planned projects. Our CSR initiatives include Primary Health Center at Karannagar that worked for the first rung medical care of approximately 40,000 rural and partially impoverished population in the hinterland of Gujarat, women sanitation initiatives in rural areas - constructing toilets and Sanitary Napkin Unit in rural areas and Skill Development Project for hundreds of school dropouts including girls. The CSR team has also undertaken initiatives in education and digital education fields.

I firmly believe that challenges may come and go but they always teach lessons and make us stronger.

Pandemic has opened ample opportunities for all of us which are led by innovation, technology advancement, adaption, future planning, future readiness, sustainability but more importantly the importance of relationships.

As a team, we need to keep progressing on our individual as well as team goals to achieve organization goals. The Company has maintained a lead by developing advanced technology and a very sound, dependable, and compassionate network of mindful and sincere people.

I would again like to express my sincere gratitude to all the stakeholders and the family of Johnson Controls-Hitachi Air Conditioning India Limited for staying together and supporting the business. Together we will create excellence with responsibility.

Godspeed.



**Gurmeet Singh**  
Chairman & Managing Director

# Product portfolio

At Johnson Controls-Hitachi Air Conditioning India Limited, the company understands its consumers and their constant search to evolve, embrace the change and upgrade to NEW. We understand the power of air and what it can do to elevate the environment of one's business and home. With its unparalleled Japanese heritage, the company aligns its endeavours to match the ever-evolving requirements of the consumers and creates cutting-edge products that make the best use of air.

The company manufactures a wide range of air conditioning solutions under the brand name 'Hitachi Cooling & Heating India'. From room air conditioners (Split and Window A/Cs) to commercial air conditioners (VRF Systems, Ductable air-conditioners, Cassette A/Cs and Chillers), the company is continuously working towards developing and providing the best solutions to its customers. The company is also into the trading of refrigerators.

## Air Conditioning Solutions for Residential Spaces

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Catering to a wide audience, the company has curated a strong portfolio of residential air conditioning solutions. It offers a wide range of 30+ models and 100+ SKUs in the Room A/C category packed with a plethora of innovative and futuristic technologies and features.

In Split A/Cs, the company introduced '**Kiyora**' - a 5-star inverter range and '**Shizen**' - a 3-star inverter range. Inspired by natural waveforms and enriched with Hitachi's Japanese roots, the new look is aesthetically appealing with its premium looks. The company also introduced its first-ever ambience light feature with these new models. It is an immersive display on the Air Conditioner that allows consumers to perfectly tune in with their desired set temperature and comfort level. Blended with a golden fusion line that accentuates the wave shape on the front panel, a design that was inspired by the Japanese art form Kintsugi, the Air Conditioner truly transforms ordinary to extraordinary.



FrostWash Technology, which cleans the dirt inside the Air Conditioner coil, Expandable Inverter Technology that expands the machine's performance in a situation of extreme load, Air Technology that offers the perfectly balanced air experience, Heat Pump Split and Window Air Conditioners, Image Sensor-iSee and Activity Sensor-iSense technology that adapt the machine to match your cooling needs - these are some of the innovations that have been inspired from the ever-evolving needs to the consumers.

The airCloud Home for Wi-Fi-enabled Split Air Conditioners is the latest addition which has a Smart-Fence feature, voice command & mobile app control and option to connect multiple indoor units to Amazon Alexa and Google Home.

A new, aesthetic 1.0 Tr compact outdoor unit has also been recently added, which has a seamless outdoor design that is harmonious with any outdoor space. A new high-capacity, heavy-performing - Takeshi, that meets large residential space requirements of up to 400 square feet and can throw to a maximum of 15 metres, has also enriched the product portfolio. It is available in a capacity range of 1.7/2.0/2.5/3.1 Tr.

Energy conservation is a core belief and priority. Therefore, the company is focusing heavily on Inverter Technology to help consumers save electricity, money and the environment. With Inverter Split Air Conditioner models ranging between 5- and 3-star categories, almost as high as 85% of our entire Split Air Conditioner line-up is inverter-based. The company also strengthened the line-up this year by introducing the R32 refrigerant. Most models are upgraded with this ozone-friendly, green refrigerant in an attempt to work towards environment conservation.

Bringing the expandable inverter technology legacy of the Split Air Conditioners to Window Air Conditioners, the new product line-up has a Shizuka inverter window air conditioner range. It has been upgraded this year with a twin rotary compressor coupled with noise-free start-up to offer silent operation of 44 dB\* and the window Air Conditioner is paired with Hitachi's own expandable technology to enhance comfort.

## Air Conditioning Solutions for Commercial Spaces

VRF technology-based air conditioning systems are gaining immense popularity in India due to its flexibility of usage and energy-efficient cooling capabilities. With increased adoption of VRF systems in the commercial and residential segments of the construction sector, VRF systems are highly preferred at offices, hotels, high-end residential apartments, villas, retail stores, supermarkets, hospitals, banks, educational institutions and other such spaces.

For large commercial spaces, the company has introduced a global design platform - the VRF Sigma series for the Indian market in 2018. This Sigma series has been well-accepted in the Indian market. With the introduction of Sigma VRF, Hitachi Cooling & Heating has become the



only Japanese brand to have the biggest single module up to 24 HP and a combination of up to 96 HP.

SET FREE mini, launched in 2020, is a compact, power-packed VRF system and the perfect solution for small spaces as well as premium homes. With SET FREE mini, customers have an added advantage of choosing from a basket of eight different types of indoor units(IDU) and five different types of controllers. This product's outdoor capacity ranges from 3 HP to 7 HP and its compact size offers a space-saving advantage against traditional one-to-one split cater to similar requirements. Over and above, this new range of SET FREE mini ODU also has a feature to connect 130% of IDU capacity and more, as the case may be, using the cooling load diversity of the usage pattern. The company launched SideSmart™ in 2021, the latest addition to its VRF systems range. SideSmart™ is an exclusive solution, offering cutting-edge performance which equals that of large top-flow units, and slim modular units which can fit anywhere. With SideSmart™, the company has introduced the world's first Side Flow with a capacity of up to 18 HP and a modularity design. This slim unit fits easily inside lifts or balconies, and offers freedom of space. It is easy to maintain with its award-winning design engineering and aesthetics.

The product has been recognised for its design excellence across the globe and has received international product design awards including the iF Design Award 2020 in the

Product category, the Good Design Award 2020, and the Red Dot Best of the Best Product Design 2021.

The VRF system can be centrally controlled through an innovative IoT VRF management mobile app – airCloud Pro. An intuitive mobile app that anyone can use, airCloud Pro makes managing air conditioning systems simpler than ever before and minimises the need for human interaction. This technology allows customers to remotely control the VRF system(s) from a single mobile app thus enabling energy, easy control, monitoring, & thereby offering customers comfort at their fingertips.

In Light Commercial Packaged Air conditioners, the company offers Toshi Ductable Air Conditioners, Flexi Split and eight new models of Cassette. Flexi Split is another innovative solution where one outdoor unit can be connected with options of indoor units including Ductables, Hi-Wall and Cassette types as per the architectural and interior requirements.

Designed for Commercial and Industrial requirements, Hitachi's Screw Chillers (Air and Water) and Centrifugal Chiller Series, with an eco-friendly refrigerant, offer the most energy-efficient cooling solutions.

#### Hitachi Refrigerators

The company's new refrigerators lineup utilizes cutting-edge scientific designs to manufacture refrigerators that prevent the loss of amino acids and other essential vitamins in the food.

The company presently provides double-door, French door and six-door refrigerators in India. Our refrigerator line-up is full of other innovative features like precise temperature control, uniform cooling / freezing, ample storage space in both the freezer and vegetable compartments and a Refrigerator-Freezer Convertible Flexi option.



## Room air conditioners

### Inverter split AC



Kiyora



Kiyora (iSee model)



Shizen



Yugen



Enzen



Toushi



Logicool

### Fixed speed split AC



Takeshi



Zunoh



Logicool

### Outdoor unit



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### Window inverter AC



Shizuka

### Window fixed speed AC



Kaze



Summer

## VRF system

### Outdoor units



SET FREE



SET FREE mini



SideSmart™

### Indoor units



Silent-Iconic™  
4-way cassette type



4-way cassette type



4-way compact cassette type



2-way cassette type



1-way cassette type

## VRF system



Hi wall



Floor/Ceiling convertible



In-the-ceiling

## Controllers



Advanced colored wired remote controller



airCloud Pro



Wireless remote control



Touch screen wired control



Advanced wired remote control



Central station mini

## Package air conditioners

### Ductable air conditioners



Toushi/Eco

### Ductless air conditioners



Flexi split AC

### Indoor units



Concealed split AC  
(In-the-ceiling)



Cassette AC

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## Chillers



Water cooled screw chiller



Air cooled screw chiller



Direct drive centrifugal chiller

## Refrigerators



Side by side series



4 Door french bottom freezer series



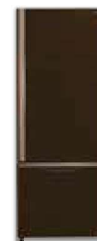
4 Door french bottom freezer series



Top freezer big 2 series



3 Door french bottom freezer series



2 Door french bottom freezer series

# Marketing Intiatives



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We at Johnson Controls-Hitachi Air Conditioning India Limited believe that innovation should be inspired by people. Driven by the purpose of bringing futuristic customer solutions, our offerings not only fulfil customers' changing needs but also guide valuable marketing models to connect with our aspirational and informed audience.

They aspire to invest in the best-in-class solutions and cutting-edge technology for their well-being and the well-being of their families. The NEW for them is changing constantly and we are putting in our expertise to match and excel.

With the objective of improving brand salience and syncing our products with our customers' preferences, the company created a unique communication - "New begins with you" which is inspired by the company's customer-first philosophy and is aimed at positioning Hitachi as Aspirational Premium Brand. The approach adopted to increase brand salience is Identifiable, Connectable, Relatable and Consistent.

To achieve the marketing objective, the brand took a 360° marketing approach to promote the RAC range. The marketing plan, which included broadcast and print media across Out Of Home (OOH) and Digital channels, was executed to achieve good brand visibility during the season.

We developed a television commercial to promote Hitachi Room which provide a superior cooling experience with the convenience of brilliant features such as immersive ambient light and AI-driven Wi-Fi controls, which help in setting the desired ambience in the room with greater ease.

As IPL continues to garner the interest of a large consumer base, the brand associated with this big-ticket sports genre to strengthen its position as the most popular household name in the air conditioning segment.

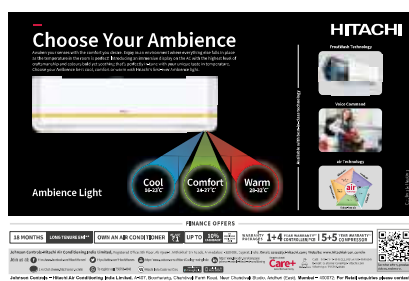
To strengthen our retail stores, build brand affinity and increase customers' attention towards our brand and products, we used multiple sales tools and collaterals like Point of Sale Materials, brochures, leaflets and festive POS.

To promote our commercial range of products, the company's communication was aimed at becoming a true partner and airXpert. Due to the pandemic, ground events were not happening and the still brand promoted the Commercial range through B2B magazines and digital media. The company launched the award-winning Silent-Iconic™ Cassette, online and promoted through the company's social media handles. Our focus our on building awareness and boosting business through our trade partners. The cumulative effect of all these activities contributed towards promoting our products and connecting effectively with our New age consumers.

Television advertisements



Newspaper and magazine advertisements



Brand Ad



Tactical Ad



SET FREE mini magazine Ad

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OOH campaign



Retail branding



New exclusive brand store formats inaugurated

**In-shop branding**



**Digital videos**



An Ambience Light ad during IPL 2022 on OTT platform

Display Ad for online promotion

Online launch: Silent-Iconic™, a premium 4-way cassette A/C

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Kiyora and Shizen online promotional post

Ambience Light festive social media promotional post

Ambience Light social media promotional post

Tactical social media post

**Brochures and leaflets**



Room A/C brochure and leaflet

Light Commercial A/C brochure

Refrigerator brochure

SideSmart™ brochure

# Key Highlights



Press conference for the felicitation of Tokyo Paralympics 2020 winners - a CSR initiative



Silent-Iconic™, a premium 4-way cassette A/C launched at an event in Kadi, Gujarat



Multiple brand-exclusive stores inaugurated pan-India

# — Giving Back to Society

The COVID-19 pandemic has posed new challenges for our corporate social responsibility efforts. Despite severe restrictions imposed due to the lockdown across the country, Johnson Controls-Hitachi Air Conditioning India Limited rapidly responded to the needs of the community and successfully implemented all the planned projects. Our CSR practices evolved and made a great impact during the pandemic owing to the significant steps we took.

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

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## — Health project

### Primary Health Centre - Karannagar

Since 2017, Johnson Controls-Hitachi Air Conditioning India Limited has been providing medical assistance to the people in the rural area near our factory and head office in Kadi, Gujarat. As a part of our CSR initiatives, two medical specialists, one paramedic and a 24x7 kitted ambulance was deployed to the service of Primary Health Centre (PHC) in Karannagar. PHC Karannagar is a tertiary care unit which caters to the medical care of approximately 40,000 rural and partially impoverished people in the hinterland of Karannagar, Gujarat.

The augmentation of PHC under the CSR initiative has provided medical succour to a marginalised population. With the advent of the Covid-19 pandemic in India and its spread to Gujarat, the Karannagar medical apparatus set-up was completely reoriented to propagate preventive measures and to educate villagers about the basic tenets of sanitisation, social distancing, and immunity building.

The ambulance travelled from village to village to address the medical needs of the villagers, especially pregnant women who were unable to travel to PHC. This not only ensured timely provision of medical intervention, but also reduced the risk of Covid-19 exposure by ensuring ailing elderly rural and other susceptible populace do not have to venture out. The resulting confidence that the community felt has been a hallmark achievement of the CSR health initiative.

PHC continues to be an important project of the company's CSR initiatives.

### Sanitary Napkin Unit

The villages around the immediate vicinity of the company's plant in Kadi have a considerable female population in the ovulation stage (between 10-49 years old). On assessment, based on interaction with local health workers, it was deduced that around 8,000 menstruating females do not use sanitary napkins due to, lack of awareness, illiteracy, and traditional practices. The lack of adoption of this basic hygiene practice can lead to rising health concerns.

To tackle these challenges, our Sanitary Napkin Unit project envisaged the provision of up to eight free sanitary napkins per month to the female population in the identified area. The company also set up a sanitary napkin manufacturing unit operated by trained local rural women to facilitate a free supply of sanitary napkins.

## — Skill development project

### (AC repair & maintenance)

Under the Skill India initiative, Johnson Controls-Hitachi Air Conditioning India Limited has been conducting skill-building courses in the area of repair and maintenance in collaboration with Industrial Training Institutes (ITI), the Government of Gujarat (in Kadi since 2017) and the Government of Andhra Pradesh (in Vijayawada, Kakinada, Anantapur, Tirupati and Bobbili



since 2018). This initiative is focused on helping rural and underprivileged youth to gain suitable employment. The ITIs have been provided with equipment, tool kits, instructors, and other required peripherals for conducting the course successfully. In FY.21-22, about 244 students were skilled through the initiative. Skill Development Centres have trained a total of more than 900 students, including girls from the nearby villages, in air conditioner repairing skills. Approximately 40% of students got jobs after completing the course. Additionally, during the first two Covid-19 waves, over 1,000 students were trained online.

## Skill development (of construction workers)

In collaboration with Invired Foundation, 411 electricians were trained in various skills to ensure safety, quality and low wastage in electrical work, especially in air conditioner installation. This project was carried out on site of buildings under construction across Maharashtra, Haryana, Uttar Pradesh, Bihar, Madhya Pradesh and Gurugram and the feedback from the safety departments of the builders on the quality of training and its effect on electrical fitments was very encouraging. The curriculum for the 15-day training programme was approved by the National Skill Qualification Framework (NSQF) while the certification was issued under the National Skill Certification Program by CSDCI and Johnson Controls-Hitachi Air Conditioning Limited. The company has trained 831 electricians since 2019 at various sites, pan India.

## Education project

The infrastructure of several primary schools located in the vicinity of the company's manufacturing plant and head office is in a dilapidated state and is inadequate.

This causes students to undertake their studies in an uncondusive environment. Under the Education Project, the company constructed a new building with two fully-equipped classrooms, separate toilets for girls and boys and a midday meal shed for Balasar Primary School. Since 2017, the company has renovated seven primary schools, positively impacting more than 2,000 children.

## Sponsoring para-athletes

The company has sponsored 10 Indian para-athletes since 2017 who have achieved significant success at National and International levels. This was done with the aim of winning medals in the Tokyo Paralympic. The sponsorship was through the aegis of a foundation that had taken these para-athletes under their tutelage. The athletes' potential was vetted based on their past performance prior to undertaking this initiative and the sponsorship included support for training, diet, counselling sessions, sports kits, travel and other peripherals. The project that achieved spectacular results at the national and international levels.

Out of the 10 athletes that the company had sponsored, five were selected in the final list of para-athletes that represented India at the Tokyo Paralympic held from 24<sup>th</sup> August – 05<sup>th</sup> September, 2021. Of the five selected athletes, the following made India proud by winning medals:

- a) **Sumit Antil** – a Gold medal in the men's javelin throw F64 category with a world-record setting throw of 68.55 metres in the Paralympic final.
- b) **Yogesh K** – Silver medal in the men's discus throw F56 event.
- c) **Sunder Singh Gujjar** – Bronze medal in the men's javelin F46 event.



Health check-ups at PHC, Karannagar



Ambulance deployed at PHC, Karannagar



Felicitation of Tokyo Paralympics winners



School inauguration by Mr. Gurmeet Singh, Chairman & Managing Director



Balasar school building



Skill development of electricians

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Sanitary Napkin Unit at Kadi, Head Office



Sanitary napkin distribution at Irana school



Sanitary napkin distribution to girls at Karannagar

# Board of Directors



**Gurmeet Singh**

Chairman &  
Managing Director



**Yoshikazu Ishihara**

Director



**Tatsuya Sugawara**

Director  
(w.e.f. 26<sup>th</sup> May, 2022)



**Ashok Balwani**

Independent Director



**Mukesh Patel**

Independent Director



**Shalini Kamath**

Independent Director  
(w.e.f. 1<sup>st</sup> April, 2022)



**Shinichi Iizuka**

Director (Upto 26<sup>th</sup> May, 2022)



**Indira Parikh**

Independent Director  
(Upto 31<sup>st</sup> March, 2022)

# Awards



**The Emerson Cup** - for Product Innovation in Air Conditioning (2016)



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

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



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



ISO 9001-2015 **Quality Management System-Certified (QMS-Certified)**



**NABL** Certificate of Accreditation for Testing Laboratories

# DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Members,

Your Directors hereby present the Thirty Seventh Annual Report and the Audited Financial Statements, for the year ended March 31, 2022.

## Financial Highlights

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

	(₹ in Million)	
	<b>For the year ended March 31, 2022</b>	<b>For the year ended March 31, 2021</b>
Revenue from operations (gross)	21590.4	16465.4
Other Income	80.6	79.0
Total Revenue	21671.0	16544.4
Profit before finance cost, depreciation, exceptional items and tax	1045.8	1253.6
Finance Cost	91.4	135.6
Depreciation and amortization expenses	721.3	754.8
Exceptional Items	7.4	(71.1)
Profit before Tax	225.7	434.3
Tax expense	64.5	103.3
Profit for the year	161.2	331.0

## Dividend

Business was impacted in financial year 2021-22 due to second and third wave of Covid-19 Pandemic. Therefore, to conserve cash for planned capex for growth, development of new products and for working capital during financial year 2022-23, your Directors do not recommend dividend for the year ended March 31, 2022.

## Company Overview

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

The Company possesses a wide distribution network with 4 regional offices, 18 branch offices and more than 10,000 sales

points. After sales services network comprises of more than 1,500 authorized service providing partners including standalone service partners as well as Sales & Service dealers providing after sales service to customers across length and breadth of India.

## Industry Structure and Developments

With changing climate situations, the penetration of Air conditioners in India is increasing every year. The size of Indian AC industry is estimated to be Rs 200-220 billion and it is expected to grow at a rate of more than 13% during next two financial years.

Indian Air conditioning market is highly skewed towards Room Air conditioners (RAC), with RAC contributing as much as 84% of the market. In RAC, Inverter Split AC category contributes to around 77%. Post pandemic, online sales of RAC have started growing, but majority of sales continue to be driven heavily through offline retail showrooms and distribution channels.

During second wave of pandemic starting April 2021, Room Air conditioner market experienced decline in demand of Air conditioners. Subsequent disruptions in global supply chain, rising ocean freight and costlier crude leading to increase in logistics cost resulted in lower margin than expected. However, in terms of revenue, Company managed to perform better than last year in every quarter and consequently achieved growth over last year.

## Business Overview

### Room Air Conditioners

Indian climatic situations are changing drastically and summer season in India can be challenging as it is quite harsh and unbearable in some parts of the country. Thanks to technology and globalization, over the past few years consumer's awareness has increased about Inverter technology, energy efficiency and environment friendly gases. Improved lifestyle, higher disposal income, year-round usage pattern, increasing urbanization, ease of finance options, warranty assurance etc. has led to higher traction of superior technology of Inverter models. Company has always focussed on developing energy efficient inverter models which are backed with consumer-friendly features and today we offer a strong product line up of inverter technology driven Room Air conditioner models.

For summer 2021, Company had made a robust plan with a bunch of product offerings loaded with advanced features, innovative technology and was ready to reach out to the customers through its strong & nationwide sales channel with necessary marketing strategies & plans. Unfortunately, second wave of pandemic situation occurred during the peak consumer buying months starting from end March 2021 & continued until middle of Jun & grossly impacted the sales of Air conditioners. During first quarter, usually customer buying of Room Air conditioner is as high as 50% of the full year. However, it got reduced significantly due to second wave of Covid-19 pandemic. Company's Room Air conditioners volume declined by almost 60% over FY 2018-19 which is non pandemic year while it increased in Qtr-1 over the last year (FY 2020-21). Company continued to grow each quarter & registered 36% growth over Last year.

Company has launched new products viz. Kiyora – 5 star Inverter series and Shizen – 3 star inverter series in 2021 and further strengthened its line-up in 2022 by introducing them with green refrigerant gases & hence most of the models are now upgraded with R32, an ozone friendly refrigerant, in order to shift towards conservation of the environment. Apart from the elegant aesthetics of iconic wave design and fusion line, the product line up is loaded with features and innovative technology such as Ambience Light, which enables recognizing the temperature inside the room with just one glance at the AC. Other features are (a) airCloud Home – a Wi-Fi enabled Split AC model with voice command & mobile app – to operate the AC from anywhere anytime (b) FrostWash technology, which freezes and cleans the evaporator coil with just a press of a button. This technology is being promoted for the 5 star inverter Split AC models (c) Heat Pump Inverter model works between -20oC to +52oC. [This dual model – both Hot and Cool mode – primarily caters to the North India market] (d) Inverter compressor technology introduced for Window AC category called Shizuka Inverter Window AC. It has been upgraded with twin rotary compressor coupled with noise free start up to offer silent operation of 44dB and the window ac is paired with Hitachi's own expandable technology to offer enhanced comfort.

With the change in the star rating criteria from July 2022, Company has upgraded and launched its future ready models from the current line up to qualify for the new star rating.

For the growth of the RAC business, Company has strengthened its sales channel & registered more than 45% growth in Inverter Split Air conditioners & more than 17% growth in Fixed speed Split AC category. The Company has also worked on strengthening existing channels, expanding nationwide service network, bringing efficiencies to supply chain, enriching product portfolio which helped increasing its presence in Tier 2 & 3 cities as well.

Creating a comfort for our esteemed customers who are willing to have early adaptation of our advanced features and combining it with improved aesthetics of our new indoor unit, we continued with our Mantra of “New begins with You” and thereby positioning our brand as an aspirational brand during the year.

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

### Commercial Air Conditioners:

#### Variable Refrigerant Flow (VRF)

Globalization and government's push for energy efficient Air conditioning system has given boost to innovation in the field of Air conditioning. Among various Air conditioning systems, VRF – (Variable Refrigerant Flow) technology-based Air conditioning system is gaining immense popularity in India. This is becoming more popular due to its flexibility of usage and energy efficient cooling merits. VRF systems are preferred at offices, hotels, high-end residential apartments, villas, retail stores, supermarkets, hospitals, banks, educational institutes etc.

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

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

SET FREE mini, launched in 2020, is the compact power packed VRF system and a perfect solution for the small spaces and premium homes. With SET FREE mini, customers have an added advantage of choosing from a basket of eight different types of Indoor units and five different types of controllers. Outdoor unit capacity ranges from 3 HP to 7 HP and Its compact size offers space saving advantage against traditional one to one split AC catering to the similar requirement. Over and above, this new range of SET FREE mini ODU also has a feature to connect IDUs of upto 130 percent and more of ODU capacity on case to case basis using load diversity of usage pattern.

Being a customer-centric Company and an innovation seeker, the Company launched SideSmart™ in 2021 with a leading-edge design and technology. An exclusive solution, offering cutting edge performance equaling large top-flow units, with slim modular units which can fit anywhere. With SideSmart™, Hitachi has introduced World's first Side Flow with capacity up to 18 HP. This is world's first Side Flow with modularity design. With its easy to maintain and award-winning design engineering & aesthetics, the slim outdoor unit can easily fit inside dense spaces such as balcony which offers more space utility to customers.

Hitachi, the inventor of world's first 4 way cassette reinforces its leadership position in Air conditioning technology, with introduction of Silent Iconic™ design panel. With the new 4-Way Cassette Indoor Unit, Silent-Iconic™ delivers 'Harmony' in commercial and residential spaces by delivering high-performance Air conditioning, combined with award-winning aesthetics. The product has been recognised for its design excellence across the globe and has received international product design awards including the iF Design Award 2020 in the Product category, the Good Design Award 2020, and the Red Dot Best of the Best Product Design 2021. Silent-Iconic™ is inspired by Hitachi's 'Duality Design' philosophy and by blending 'Function & Form' together into balance, it delivers the best of both to users. Following the duality design philosophy, Silent-Iconic™ is designed to be 'visually silent' and blend in with architectural spaces, while delivering high-performance cooling and heating needs. Its unique feature of drop-down grille up to 4m, makes it more convenient for maintenance.

The VRF system can be centrally controlled through an innovative IoT VRF management mobile app - airCloud Pro. An intuitive mobile app that anyone can use, airCloud Pro makes managing Air Conditioning systems simpler than ever before and minimizes human interaction. This technology allows customers to remotely control the VRF system(s) from a single mobile app, saving energy, easy control, monitoring, fault tracking & offers comfort at fingertips of such a large system.

With launch of its latest ODU series, Hitachi has become leader with a technological edge over its competitors having widest and latest product range in VRF segment. The Company was able to grow more than 68% over the last year with its primary growth driver being new product line up and new segments growth. The new product line up that was introduced in the last two years such as 1 way cassette, SideSmart™, SET FREE mini and airCloud Pro and the new segment growth during and post covid such as supermarkets, premium light commercial and residential spaces, budgetary hospitals, covid centers, pharma, etc. helped the Company to achieve growth above the market growth in VRF category.

### Light Commercial Air Conditioners

Apart from VRF, Company offers large range of Packaged Air conditioners with green refrigerant & multi circuit option for better partial load operation and redundancy. In package AC segment, Company is having good presence with strong channel network. Company also offers one to one cassette ACs including inverter models for showrooms, restaurants, residences etc. Company saw a huge growth in the light commercial segment with Cassette AC volume growing by 56% and PAC volume by more than 53% (Tonnage basis) over the last year.

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

### International Sales

Company exports to South Asian Countries (Nepal, Bhutan, Bangladesh, Sri Lanka and Maldives), South East Asian Countries like Indonesia and Vietnam, Middle East countries like UAE, Qatar, Oman, Bahrain, Iraq, Kuwait and Saudi Arabia primarily through its Associate Companies.

Last year, the Company started its direct business operations in the SAARC countries (Nepal, Bhutan, Bangladesh, Sri Lanka and Maldives) and the Company is working on an aggressive expansion plan with the help of new channel partners in these territories. The Company has tied up with a local manufacturer who will assemble 'Hitachi' brand Split Air conditioning units from CKD Units received from Company for selling in Bangladesh. Due to pandemic, export business got severely impacted as global economic scenarios changed dynamics of business operations. Sri Lanka business was particularly affected as the country continues to deal with economic crisis and impositions of local sanctions.

### Home Appliances

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

Current line-up of Hitachi refrigerator is backed with superior technology and elegant aesthetics. Refrigerator range is designed considering the food consumption habits of Indian consumers. Company's advance dual fan cooling technology provides independent cooling of Refrigerator & Freezer (R&F) compartment separately and offers fast cooling and energy saving in the new series. Refrigerator range also comes with unique features like Easy-View refrigerant compartment and flexible storage with selectable zones, which are designed to provide extra convenience to its customers.

Company is offering a variety of premium range of Frost free and Bottom freezer refrigerators as per the Indian customer requirements. Today Hitachi has a complete Frost-free range with 7 series and 21 SKUs- starting from 385 Ltrs gross to 700 Ltrs gross capacity in 2-door, 3-door, and 4-door in top freezer, bottom freezer and side by side segments.

## Service

Good Customer Care has always remained a key focus of the Company. The Company aims to offer best in class products along with utmost priority to customer care and after sales service. Customer Satisfaction has always been a crucial part of Company's strategy. For enhancing After Sales Services experience of our Customers, we've embarked upon several initiatives in this financial year. With an objective to serve our customers better and for faster response, we've widened our Network and added another 25 authorized service partners during this financial year, thereby expanding our Service reach. Another area, where we have focused, is in technology led digitalization of some key service business-processes like implementation and adoption of technician's app, which is helping with faster resolution of customers' complaints, digital non-voice option for customers to register and view status of their service request; WhatsApp integration for customer convenience; online renewal / purchase of Annual Maintenance (AMC); Digital payments and e-AMC documentation.

Recently, we have also introduced Hitachi Extended Warranty program for our customers through which the customers have an opportunity to extend their standard warranty up to 5 years and enjoy trouble free operations.

## Industry Outlook

Air conditioning industry is poised to grow on account of low penetration level and increasing disposable income, growing demand for residential real estate, growing focus on higher energy efficiency, stable and reliable supply of electricity etc. Although second wave of pandemic has slowed down its growth story a bit, but it is expected to come back on expected growth track very soon.

Pandemic impacted Commercial Air conditioner segment heavily as all major industries like commercial real estate, educational institutes, hospitality, retail stores, shopping malls etc, were closed or partially operational. Air conditioning Projects were put on hold or cancelled. Global economic scenario and change in policies has also impacted the demand of Commercial Air conditioners. We expect positive outlook for Commercial Air conditioning from growing demand for robust medical and health care facilities, pharmacies, cold rooms, warehouses, data centres etc. We are sure, post pandemic other industries will also recover and will fuel growth of Commercial Air conditioning segment.

Amidst several challenges, announcement of Government initiatives such as Production Linked Incentives (PLI) and Phased Manufacturing Plan (PMP) have shown some positive light emphasizing on local manufacturing of critical components which is expected to boost Indian Air conditioning Industry in the coming years. Company has also participated in PLI scheme in White Goods Category and pledged investments for component manufacturing.

## Risks, Concerns and Challenges

### Seasonality Risk

The Company's core product businesses are seasonal in nature and hence any unfavourable and unforeseen situation like

Pandemic, weather events, changing economies and govt. policies may impact the demand and supply forecast. To mitigate this risk of loss of opportunity or excess inventory, the Company has put in place a demand and supply planning process that allows it to stay nimble and react to seasonal variations.

### Supply Chain and Raw Material price fluctuations

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

### High price elasticity of demand

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

### Technology Changes

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

### Government Policies

The Company's core product businesses is highly dependent on Government policies related to energy efficiency standards, Green Environment initiative, incentives and taxes etc. such policies may impact product and its prices directly or indirectly and may impact Company's business. To mitigate this risk, the Company remains alert and updated about all such policies and keep taking required actions.

### Human Resources

Our philosophy at JCH-IN is that the Company always strives to promote a safe, healthy, and happy workplace. It creates and instills a culture of partnership among its employees. The empowerment of the human resource to acquire knowledge and build capability, grow and prosper in a healthy work environment is the guiding philosophy of the Company's HR policies. The Company's motivated work force has been making contribution to the best of its ability in responding to business challenges successfully.

Our employees are the cornerstone of the organisation, and we continually strive to promote a respectful and safe workplace. Through our performance-driven culture, we encourage people to put in their best and they help us deliver excellence, thereby adding value to our brand.



## Human Capital

As on March 31, 2022 the total strength of employees (Staff and Operators) of the Company was 1427. We believe that an organisation’s successful journey is attributed to the competencies, capabilities, contributions, and experience of its human capital. Talent attraction and retention, employee development and well-being, equal opportunity and cordial relations are priority areas as we scale up our business and build a future-ready organisation. We believe in offering careers, not just jobs. We strive to create an atmosphere of “trust, confidence and transparency” for our employees. The HR processes are driven by well-defined competencies and Company values.

## Diversity and Inclusion

The Company is proud of its diverse culture and the ability to offer opportunities of growth to all employees and help them to thrive both at professional and personal levels. Cutting across the barriers of age, gender, religion, caste, or any other form of discrimination, JCH-IN continually raises the bar higher when it comes to being an Equal Opportunity Employer. Over past few years, the Company’s efforts have been directed towards strengthening and promoting gender diversity at the workplace. It welcomes participation from women and its practices are curated to support gender inclusion at all levels. Compensation standards and structures are solely based on education, talent and experience of employees. Equal pay across all genders has been a stated corporate practice.

Various welfare measures are taken to support and encourage our female employees. Female connect programs like Round-table with Leaders, Ask HR, Coffee with HR, etc are being done to establish effective employee connect and communication platforms. We have a Women’s Interaction Support Engagement (WISE) Forum and ICC committee in place to reach out to all female employees. International Women’s Day 2022 was celebrated on the theme of #BreakTheBias. We have also built strength of female work force at our plant by giving opportunities to female operators from close by villages. All the operators have undergone the gender sensitisation training, workplace harassment training and POSH Training.

## COVID Response Team (CRT)

With the COVID-19 second wave outbreak, India was engulfed by an unprecedented crisis. However, we responded quickly to the situation. Ensuring the safety & well-being of our employees by taking all the necessary precautions, we lived up to our vision of ‘touching lives every day’ and our core values.

The JCH-IN Management team has consistently demonstrated essential humane qualities such as resilience and empathy to support our employees. A dedicated COVID Response Team (CRT) worked relentlessly to engage & support the employees and their families. Driven by our purpose to Rise above challenges, CRT displayed utmost solidarity to support their colleagues and their families during the pandemic as #OneJCH-IN spirit.

The Company focused on sensitising its workforce on proper COVID safety precautions. Continuous communication led by the top leadership, along with vaccination drives were conducted throughout the year. Internal communication was beefed up

significantly to keep reinforcing the importance of staying safe and taking care of families. Working from home is not a viable concept in the manufacturing setup. However, in view of pandemic, the Company adapted teared work from home practices to ensure well-being of employees while ensuring business continuity.

## Performance Management and Talent Development

Our Talent Management is designed to help the organisation spot the high-potential performers within varied functions. The key positions and the talent pool are identified for every function. After in-depth analysis, Talent Review is done with the aim of preparing individual development plans for the identified performers. Placement of Senior Leadership in 9-Box Matrix, identifying critical positions & creating a succession plan for critical positions is developed. We ensure growth of our employees by recognising outperformance, providing them with an empowering environment and building their capabilities by providing abundant learning opportunities. The plans comprise extensive training, cross-functional assignments, projects, and mentoring. All our employee related strategies are geared to accelerate inclusive growth and drive momentum towards collaborative success.

We endeavour to create a future-ready organisation by leveraging technology, enhancing capability, and driving excellence. In doing so, we introduced a comprehensive 360-degree feedback (also known as multirater feedback or multi-source feedback). It is a process through which feedback from an employee’s subordinates, colleagues, and supervisor(s), as well as a self-evaluation by the employee themselves is gathered. This survey establishes a developmental approach to address specific areas of improvement for the employees. Global Mentoring Program - Global Top Talents version in JCH was launched with a virtual Train The Trainer(TTT) mentoring session for the Mentors & Mentees. All Mentors are from JCH senior leaderships, and all mentees are from the cohort of high potential and high performers and recognised as Global Top Talents. This program is also designed for high potential leaders to prepare them as future mentors. This will also enhance the mentoring experience between the mentors and mentees. Mental wellness of every employee is key to an ‘Engaged Team’ and enhances overall productivity. A series of “Wellbeing Workshops” were organised at Kadi plant to build awareness around mental health of the employees. This program was designed to help employees increase their level of happiness and overall mental health through various activities & discussions.

## Functional Training for Plant Engineers

To achieve manufacturing excellence, many critical manufacturing skill development trainings were conducted under JCMS (Johnson Controls Manufacturing System) process. This includes the following trainings - Change Management, Introduction to High Performance Teams (HPTs), Energy Hunt, Emergency Response & Preparedness, Simple Problem Solving & 8-Dimensional review, Cycle Counting, Process Alignment- Fin-press, Total Productive Maintenance (TPM), Process Improvement - PCB. We have also organized various skill development program for Plant Operators like - Brazing Skill, Fin-press machines operation, Mechanical Welding, Safety Awareness & Importance of Personal Protective Equipment (PPE) and HPT improvement sessions.

### Industrial Relations Environment

The Company strives for stable and cordial industrial relations through effective communication, participation of employees across levels in important decisions and various employee welfare programs. A regular two-way communication led by Senior Leadership with the employees across various levels keeps them informed on the overall business scenario, providing them with a strong platform for exchange of views.

### 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 15th September 2021, 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 15th September, 2021 till the conclusion of the sixth consecutive Annual General Meeting.

### Directors' Responsibility Statement

Your Directors confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- b) Such accounting policies selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance

with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) Annual accounts have been prepared on a going concern basis;
- e) Internal financial controls which are to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
- f) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Change in Board of Directors

During the year under review, there was no change in Board of Directors. However, Ms. Indira Parikh has completed its second term as Independent Director, she ceased as an Independent Director as on March 31, 2022 and Ms. Shalini Kamath has been appointed as an Independent Director with effect from April 1, 2022.

### Performance Evaluation

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

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

### Details of Establishment of Vigil Mechanism

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

Disclosure under section 197(12) of the Companies Act, 2012 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Name of Director and Key Managerial Personnel (KMP)	Designation	% increase in remuneration of director and KMP*	Ratio of the remuneration of director to the median remuneration of the employees of the Company for the financial year
Mr. Gurmeet Singh	Chairman and Managing Director	7.6%	15.4: 1
Mr. Shinichi Iizuka	Director	NA	NA
Mr. Yoshikazu Ishihara	Director	NA	NA
Mr. Ashok Balwani	Independent Director	NA	NA
Mr. Mukesh Patel	Independent Director	NA	NA
Ms. Indira Parikh	Independent Director	NA	NA
Mr. Rishi Mehta	Chief Financial Officer	8.0%	8.2 : 1
Mr. Parag Dave	Company Secretary	11.2%	2.4 : 1

#### Comparison of remuneration against Company's performance

- Increase in remuneration of each KMP	As mentioned in above table
- Increase in total remuneration of all KMP	Total remuneration of KMP increased by 8.0%
Percentage increase in the median remuneration of employees in the financial year	9.0%
No. of permanent employees on the rolls of Company	1427
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 10.5% - Total remuneration of KMP increased by 8.0%

\* represents increase in base pay only and does not include long term incentives.

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: Five meetings of the Board of Directors of the Company were held during the year under review on 25th May, 2021, 5th August, 2021, 28th October, 2021, 8th February, 2022 and 14th March, 2022.
2. Members of the Audit Committee are as under:
  - a. Mr. Mukesh Patel – Chairman
  - b. Mr. Ashok Balwani – Member
  - c. Ms. Indira Parikh – Member (upto March 31, 2022)  
(With effect from April 1, 2022, Mr. Gurmeet Singh, became member of Committee)
3. The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.
4. Details of the CSR amount spent for the year 2021-22 is attached as Annexure-A. Details about the Policy on Corporate Social Responsibility (CSR) and projects to be implemented by the Company for the year 2022-23, 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.com/in/about>

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.com/in/about>
6. No commission paid to Directors of the Company, so no disclosure is required to be made under Section 197(14).
7. The Draft Annual Return in form MGT-7 as provided under sub-Section (3) of section 92 has been placed on the website of the Company and Weblink is as under:  
<https://www.hitachiaircon.com/in/about>
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	2021-22	2020-21*	Change %	Explanation for Variance if more than 25%
(i) Debtors Turnover	7.93	8.16	-3	
(ii) Inventory Turnover	2.25	1.79	26	Due to significant increase in revenue.
(iii) Interest Coverage Ratio	83.20	18.33	354	Due to lower amount of loan taken in Current Year.
(iv) Current Ratio	1.41	1.46	-3	
(v) Debt Equity Ratio	0.15	0.12	25	Due to lower amount of loan taken in Current Year.
(vi) Operating Profit Margin (%)	4.84%	7.61%	-36	High commodity prices, logistics cost, etc. that
(vii) Net Profit Margin (%)	0.75%	2.01%	-63	could not be fully absorbed through pricing
(viii) Return on Net-worth**	2.18%	4.59%	-52%	actions.

\* Figure of previous year regrouped.

\*\* Net worth = Equity capital and Reserves and surplus.

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10. Secretarial Audit Report: Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Report of the Secretarial Auditors is annexed as Annexure B.
11. There is no material fraud reported by Auditors under Section 143(12) of the Companies Act, 2013 during the year under review.
12. Particulars of loans, investments or guarantees under section 186: Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered under Section 186. Company has not made any investment in securities of other Body Corporate. Company has given guarantee of ₹ 75 Million against the credit facilities availed by dealers.
13. There is no subsidiary, associate and joint venture Company, so no disclosure is required on the performance and financial position of each of the subsidiaries, associates and joint venture companies in Form AOC 1.
14. There is no Company which has become or ceased to be its subsidiary, joint venture or associate Company during the year.
15. During the year, Company has not accepted deposits covered under Chapter V.
16. There is no qualification, reservation or adverse remark or disclaimer made by the Auditors in their report.
17. There is no qualification, reservation or adverse remark or disclaimer made by the Company Secretaries in practice in their Secretarial Audit Report.
18. There is no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
19. Details of complaints relating to sexual harassment during the year under review:  
Number of complaints pending as on March 31, 2021 : 1  
Number of complaints received during the year : 1  
Number of complaints disposed of during the financial year : 2  
Number of complaints pending as on March 31, 2022 : 0
20. Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, relating to Conservation of energy, technology absorption and foreign exchange earnings and outgo is given as Annexure C to this report.
21. The information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules'), forms part of this Report. However, as per second proviso to Section 136(1) of the Act and second proviso of Rule 5(3) of the Rules, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2) of the Rules. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.
22. Related party transactions under Section 188(1): All transactions entered by the Company with related parties during the year under review were in ordinary course of business and on an arm's length basis. There were no material Related Party Transactions (RPTs) undertaken by the Company during the year that require shareholders' approval under Section 188 of the Act. Therefore, the disclosure in Form AOC-2 under Section 134(3)(h) of the Companies Act, 2013 is not applicable.

- Policy on dealing with Related Party Transactions has been disclosed on Company's website and a weblink is as under: <https://www.hitachiaircon.com/in/about>
23. Revision in Accounts or Board's Report: There are no revisions made in the Accounts or Board's Report.
  24. Issue of Equity Shares with differential rights: There was no Equity Share issued with differential voting rights during the year under review.
  25. Issue of Sweat Equity Shares: There was no issue of Sweat Equity Share during the year under review.
  26. Employee Stock Option and Employee Stock Purchase Schemes: No Employee Stock Option and Employee Stock Purchase Schemes were launched by the Company during the year under review.
  27. Disclosure under Regulation 34(3) read with Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015:
    - a. The Equity Shares of the Company are not delisted or suspended during the year under review.
    - b. Equity Shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited.
    - c. Annual listing fees have been paid to both the stock exchanges mentioned above.
  29. Dividend Distribution Policy has been disclosed on Company's website and a weblink is as under: <https://www.hitachiaircon.com/in/about>
  30. 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 : Karan Nagar, Kadi  
Date : 26th May, 2022

**Gurmeet Singh**  
Chairman & Managing Director

# Annexure A

## CSR activities for Financial Year 2021-22

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

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

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

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

### 2. Composition of CSR Committee:

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

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

<https://www.hitachiaircon.com/in/about>

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

Not applicable

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

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

### 6. Average net profit of the Company as per section 135(5): INR 980.7 Million

#### 7. (a) Two percent of average net profit of the Company as per section 135(5): INR 19.7 Million

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

(c) Amount required to be set off for the financial year, if any: INR 2.6 Million

(d) Total CSR obligation for the financial year (7a+7b-7c): INR 17.1 Million

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

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

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

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

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Sr.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project	Amount spent for the project (INR in Million)	Mode of implementation - Direct (Yes / No)	Mode of implementation - Through implementing agency		
			State	District			Name	CSR Regn. No.	
1	Physical Health Center - Karannagar Village	Health	Yes	Gujarat	Mehsana	1.4	Yes	Not Applicable	Not Applicable
2	Training of Electrification at construction site	Skill Development	No	Pan India		3.4	No	Invired Foundation (India Vision)	AAFCI2887M
3	Vocational Training – ITI, Kadi	Skill Development	Yes	Gujarat	Mehsana	0.7	Yes	Not Applicable	Not Applicable
4	Vocational Training – ITI, Telangana	Skill Development	No	Telangana	Hyderabad	3.7	Yes	Not Applicable	Not Applicable
5	Construction of School, Balasar Village	Education	Yes	Gujarat	Mehsana	5.3	Yes	Not Applicable	Not Applicable
6	Solar System in School		Yes	Gujarat	Mehsana	0.8	Yes	Not Applicable	Not Applicable
7	Distribution of Sanitary Napkins – Villages nearby Plants		Yes	Gujarat	Mehsana	3.1	Yes	Not Applicable	Not Applicable
<b>Total</b>						<b>18.4</b>			

**(d) Amount spent in Administrative overheads:** INR 0.9 Million

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

**(f) Total amount spent for the Financial Year (8b+8c+8d+8e) :** INR 19.3 Million

**(g) Excess amount for set off, if any**

Sr.	Particular	Amount (INR in Million)
(i)	Two percent of average net profit of the Company as per section 135(5) (after deducting amount available for set off of previous year)	17.1
(ii)	Total amount spent for the Financial Year	19.3
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2.2
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	2.2

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

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

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

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

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

- Date of creation or acquisition of the capital asset(s): 31st December, 2021
- Amount of CSR spent for creation or acquisition of capital asset: INR 0.9 Million
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.:  
ICECD, E-1/41, Sterling City, Bopal, Ahmedabad: 380059, Gujarat
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).  
Hitachi Complex, Karan Nagar, Kadi, Gujarat

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

Not applicable.

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

**For Johnson Controls-Hitachi Air Conditioning India Limited**

**Gurmeet Singh**

Chairman & Managing Director  
(Chairman CSR Committee)



# Annexure - B

## Form No. MR-3

### SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2022

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

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Johnson Controls - Hitachi Air Conditioning India Limited (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 March 31, 2022 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 March 31, 2022 according to the provisions of:

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

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the Audit Period)
  - (e) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021; (Not applicable to the Company during the Audit Period)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the Company during the Audit Period)
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the Audit Period)
- (vi) The Company has complied with the following specifically other applicable laws to the Company:
  - (a) E-waste Management Rules, 2012.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI Listing (Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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 36th Annual General Meeting of the members of the Company was held on 15th September, 2021 through VC/OAVM in terms of MCA General Circular nos. 14/2020 Dated 8th April, 2020, 17/2020 Dated 13th April, 2020, 20/2020 Dated 5th May, 2020 and 02/2021 Dated 13th January, 2021.

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

**Mahesh C Gupta**  
Proprietor

FCS: 2047 (CP: 1028)

Peer Review: 579/2019

UDIN: F002047D000393394

Place: Ahmedabad

Date: 26th May, 2022

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

## Annexure A of Secretarial Audit Report

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

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

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on Secretarial Records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. 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 nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

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Place: Ahmedabad  
Date: 26th May, 2022

**Mahesh C Gupta**  
Proprietor  
FCS: 2047 (CP: 1028)  
Peer Review: 579/2019  
UDIN: F002047D000393394

# Annexure C

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

## Conservation of Energy

Total kWh Saving/Year = 73750 kWh

Total SCM Saving/Year = 16700 SCM

1. In process of manufacturing, Company uses PNG (Piped natural gas) as a primary fuel for various applications of heating. During the year, Company has Installed FUEL CATALYST in PNG line to improve the efficiency of PNG. This initiative is likely to result in fuel saving by 5% ~ 6% coupled with reduction in Air Pollution and improve in equipment life.
2. As part of BMS (Building Management System), Company has installed Air conditioning monitoring device for PAC Air conditioners in office area. In phase I, Company is going to manage switching of Air conditioning in planned manner to avoid wastage of usage in non-office hours as well as on holidays.
3. Installation of Plant Street light lux-based switching system which resulted in saving of energy which was being used due to seasonal lighting.

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## Research, Development and Technology Absorption

### 1. Migration to R32 refrigerant for RAC

This year Company has transitioned the Inverter Room Air Conditioner (RAC) models to low Global Warming Potential (GWP) R32 refrigerant, and now most of the RAC range is offered in R32. The new R32 Inverter split range has an enhanced Indian Seasonal Energy Efficiency Ratio (ISEER) of 7% average Vs previous R410A baseline.

### 2. Digital Manuals

As part of sustainability initiative, JCH-IN is one of the first to implement "Paper out of the Box" by removing paper printed user manual from the products and introducing a digital version of manual which customers can access through QR

codes added to the product. Customers have already started using our QR codes which indicates a positive adoption.

### 3. Future ready for Energy rating enhancements

Efforts have been put in through advance simulation tools to achieve product improvements and enhancements thereby making all new R32 Inverter split models future ready to meet the revised BEE star rating applicable from 1st July'22.

### 4. Development of energy efficient PAC Inverter models

As market is shifting towards energy efficient products, customers now seek Products with Inverter Technology, especially the B2B customers are keen on buying Inverter Products. To meet customer requirements, new Packaged Air Conditioner (PAC) Inverter line up complying with BIS requirements (QCO) is under development and shall be launched soon.

### 5. Development of Frost-wash Technology in VRF IDU Line up

JCH-IN made Ducted & Hi Wall IDU contributes to almost 50% of total VRF IDU sales and have been catalyst in our VRF business growth. To further increase revenue, JCH-IN is working on frost wash feature for indigenous VRF IDU line-up. This function enables automatic heat-exchanger cleaning with frosting and it will be useful for commercial installations and improves COP (Coefficient of Performance) by removing dust from heat exchanger on periodic basis.

### 6. Inverter Cassette Lineup extension:

To meet strong customer demand JCH-IN has been introducing inverter range up to 4T (earlier up to 2T) with low GWP R32 refrigerant with BEE star rating and QCO compliance.

## Foreign exchange earnings and outgo

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

# REPORT ON CORPORATE GOVERNANCE

## I. Company’s Philosophy on Code of Corporate Governance

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

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

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

1. Ethical and fair conduct of business to achieve its goal by enhancing the brand equity and value of the Company.
2. Internal Control systems applied to all operations of the Company.
3. Appropriate size and mixture of the board consisting of one half of Independent Directors. Directors having expertise in different areas.
4. Compliance of laws and regulations applicable to the Company in true letter and spirit.

5. To ensure awareness of the Shareholders, Customers, Suppliers, Employees. Timely disclosure of all operational and financial information of the Company within the purview of the laws.
6. To create, maintain and ensure safe and clean environment for sustainable development for next generation.

## II. Board of Directors, Committees and Remuneration of Directors

### Board of Directors

Present strength of the Board of Directors of your Company is six members. The composition of the Board is in conformity with Regulation 17(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015. The Board of Company has optimum combination of Non-independent and Independent Directors. As on March 31, 2022, Board of the Company consists of one (1) Executive Director (Chairman and Managing Director), two (2) Non-executive Directors and three (3) Independent Directors (Including one (1) woman Director).

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

Name of Director	Promoter / Executive / Non-executive / Independent	No. of Directorship in Listed Indian Companies (Including this Company)	No. of Committees* Position held as	
			Chairman	Member
Mr. Gurmeet Singh	Chairman / Executive (Managing Director)	1	-	1
Mr. Shinichi Iizuka	Promoter / Non-Executive	1	-	-
Mr. Yoshikazu Ishihara	Promoter / Non-Executive	1	-	1
Mr. Ashok Balwani	Independent	1	-	1
Ms. Indira Parikh <sup>§</sup>	Independent	2	-	2
Mr. Mukesh Patel	Independent	3	4	6**

\*Includes only Audit Committee and Stakeholders Relationship Committee.

\*\*Mr. Mukesh Patel is member in 6 committees out of which he is chairman in 4 committees.

§ upto March 31, 2022

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

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

**Skills/expertise/competence of the Board**

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

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

### Certification regarding Directors

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

### Independent Directors

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

No Independent Director has resigned during the year.

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

The details of familiarization program have been disclosed on the Company's website and a web link is as under: <https://buy.hitachiircon.in/cms/materials/df47ab16cc.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 1, 2021 to March 31, 2022, 5 (Five) Board Meetings were held, i.e., on May 25, 2021, August 5, 2021, October 28, 2021 and February 8, 2022 and March 14, 2022. The last Annual General Meeting (AGM) was held on September 15, 2021. 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	5	Present
Mr. Shinichi Iizuka	5	Present
Mr. Yoshikazu Ishihara	5	Present
Mr. Ashok Balwani	5	Present
Ms. Indira Parikh <sup>§</sup>	5	Present
Mr. Mukesh Patel	5	Present

§ upto March 31, 2022

### 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, 2022 are as under:

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

§ upto March 31, 2022

### 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 177 of the Companies Act, 2013.

Members of the Audit Committee as on March 31, 2022 are as under:

Mr. Mukesh Patel	-	Chairman
Mr. Ashok Balwani	-	Member
Ms. Indira Parikh <sup>§</sup>	-	Member

§ upto March 31, 2022

During the year from April 1, 2021 to March 31, 2022, 4 (Four) Audit committee meetings were held, i.e., on May 25, 2021, August 5, 2021, October 28, 2021 and February 8, 2022. 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 <sup>§</sup>	4

§ upto March 31, 2022

### Nomination and Remuneration Committee

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

Members of the Nomination and Remuneration Committee as on March 31, 2022 are as under:

Mr. Mukesh Patel	-	Chairman
Mr. Ashok Balwani	-	Member
Ms. Indira Parikh <sup>§</sup>	-	Member
Mr. Shinichi Iizuka	-	Member

§ upto March 31, 2022

During the year under review, 1 (One) Nomination and Remuneration Committee Meeting was held, i.e., on March 14, 2022. Attendance of the members at this meeting was as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	Present
Mr. Ashok Balwani	Present
Ms. Indira Parikh <sup>§</sup>	Present
Mr. Shinichi Iizuka	Present

§ upto March 31, 2022

**Terms of Appointment / Remuneration**

Executive Directors including Managing Director are usually appointed for three years at such remuneration which is approved by the Shareholders by special resolution and in accordance with the Companies Act, 2013.

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

Independent Directors are paid sitting fees of ₹ 80,000 for attending Board meeting, ₹ 80,000 for attending Audit Committee Meeting, ₹ 60,000 for attending CSR Committee meeting, ₹ 20,000 for attending Nomination and Remuneration Committee Meeting, ₹ 20,000 for attending Executive Committee Meeting, ₹ 40,000 for attending Risk Management Committee and ₹ 30,000 for attending Stakeholders Relationship Committee Meeting.

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

							(Rs in Million)
Name of Director	Salary	Perquisites	Performance linked Incentives*	Retirement benefits	Sitting Fees	Total Remuneration	
Mr. Gurmeet Singh	28.8	0.1	1.5	1.0	Nil	31.4**	
Mr. Shinichi Iizuka	Nil	Nil	Nil	Nil	Nil	Nil	
Mr. Yoshikazu Ishihara	Nil	Nil	Nil	Nil	Nil	Nil	
Mr. Mukesh Patel	Nil	Nil	Nil	Nil	0.8	0.8	
Mr. Ashok Balwani	Nil	Nil	Nil	Nil	0.9	0.9	
Ms. Indira Parikh	Nil	Nil	Nil	Nil	0.8	0.8	

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

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

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

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

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

**Stakeholders Relationship Committee**

Stakeholders Relationship Committee consisted of following members as on March 31, 2022:

Mr. Mukesh Patel	-	Chairman
Mr. Gurmeet Singh	-	Member
Mr. Yoshikazu Ishihara	-	Member

During the year under review, 3 (Three) Stakeholders Relationship Committee Meetings were held, i.e., on July 9, 2021, September 29, 2021 and March 14, 2022. Attendance of the members at this meeting was as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	3
Mr. Gurmeet Singh	3
Mr. Yoshikazu Ishihara	0

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

Number of pending complaints as on April 1, 2021	Nil
Number of complaints received	1
Number of complaints redressed	1
Number of pending complaints as on March 31, 2022	Nil

All the complaints and share transfers requests were redressed within one month.

**Risk Management Committee**

Risk Management Committee consisted of following members as on March 31, 2022:

Mr. Gurmeet Singh	-	Chairman
Mr. Shinichi Iizuka	-	Member
Mr. Yoshikazu Ishihara	-	Member
Mr. Ashok Balwani	-	Member

Risk Management Committee is empowered to exercise its role, responsibilities and powers as prescribed in Regulation 21 read with Part D(C) of schedule II of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.



During the year from April 1, 2021 to March 31, 2022, 2 (Two) Risk Management Committee meetings were held, i.e., on September 27, 2021 and March 14, 2022. Attendances of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Gurmeet Singh	2
Mr. Ashok Balwani	2
Mr. Shinichi Iizuka	1
Mr. Yoshikazu Ishihara	1

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

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

### III. Other disclosures

#### Statutory Disclosures

There were no materially significant related party transactions that may have potential conflict with the interests of Company at large. Policy on dealing with Related Party Transactions has been disclosed on Company’s website and a weblink is as under: <https://buy.hitachiaircon.in/content/investors>

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

#### Commodity price risk/foreign exchange risk and hedging activities

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

The details of foreign exchange exposures as on March 31, 2022 are disclosed in Notes to the financial statements.

#### Performance evaluation criteria for independent directors

The performance evaluation of Independent Directors is done by Board of Directors, excluding the Director being evaluated. While making assessment, Board considers the active participation during discussions on various agenda items on the basis of his/her experience and expertise.

#### Credit rating

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

#### No preferential allotment or qualified institutions placement

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

#### Total Fees paid to Auditors

Company has paid total fees of ₹ 4.7 million (excluding reimbursement of expenses) during the year to Statutory Auditors.

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

Number of complaints pending as at beginning of the year (April 1, 2021)	1
Number of complaints received during the year	1
Number of complaints disposed of during the financial year	2
Number of complaints pending as at the end of the year (March 31, 2022)	Nil

#### Vigil mechanism (Whistle Blower Policy)

The Vigil mechanism has been put on the website of the Company and we affirm that:

The Company has a robust Vigil 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.

#### Material related party transactions:

The transactions with related parties have prior approval of the Audit Committee (Omnibus approval) in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). The approval of shareholders in respect of transactions with Highly Electrical Appliances India Private Limited as required in SEBI LODR (being material transaction) will be obtained at the ensuing Annual General Meeting.

#### Others:

- There is no non-compliance of requirement under sub para (2) to (10) of Schedule V(C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- There is no share in demat suspense account / unclaimed suspense account. Accordingly, no disclosure is required under Schedule V(F) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Company has not adopted non-mandatory requirements as prescribed under Schedule II(E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The Company has complied with corporate governance requirements as specified in regulation 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Information relating to last three Annual General Meetings**

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

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

**Special resolutions passed:**

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

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

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

**Special resolutions passed:**

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

**Date and Time:** September 15, 2021, 9.30 a.m

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

**Special resolutions passed:**

1. Increase in remuneration of Mr. Gurmeet Singh as Chairman & Managing Director of the Company.

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

**Means of communication**

The quarterly results are published in Business Standard (English) and Jaihind (Gujarati) and the same are also displayed on the website of the Company <https://buy.hitachiircon.in/content/investors>. The information is being made available to the Stock Exchanges to upload the same on their websites.

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

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

**General Shareholder Information****Ensuing Annual General Meeting**

Day and Date	Time	Venue
Wednesday, September 14, 2022	10.00 a.m.	Video Conferencing / Other audio video means

Financial year: From April 1, 2021 to March 31, 2022.

**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 2022-23 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
Apr-2021	2,695.95	2,326.20	50,375.77	47,204.50	2,699.80	2,325.35	15,044.35	14,151.40
May-2021	2,429.00	2,202.00	52,013.22	48,028.07	2,390.95	2,200.00	15,606.35	14,416.25
Jun-2021	2,367.35	2,201.05	53,126.73	51,450.58	2,369.00	2,201.05	15,915.65	15,450.90
Jul-2021	2,370.05	2,213.70	53,290.81	51,802.73	2,375.00	2,205.00	15,962.25	15,513.45
Aug-2021	2,358.00	2,100.00	57,625.26	52,804.08	2,333.00	2,097.35	17,153.50	15,834.65
Sep-2021	2,298.40	2,138.00	60,412.32	57,263.90	2,294.00	2,140.00	17,947.65	17,055.05
Oct-2021	2,361.95	2,033.75	62,245.43	58,551.14	2,369.00	2,039.85	18,604.45	17,452.90
Nov-2021	2,148.95	1,865.75	61,036.56	56,382.93	2,148.00	1,774.80	18,210.15	16,782.40
Dec-2021	2,140.90	1,856.60	59,203.37	55,132.68	2,146.00	1,867.05	17,639.50	16,410.20
Jan-2022	2,039.90	1,793.45	61,475.15	56,409.63	2,031.55	1,752.65	18,350.95	16,836.80
Feb-2022	2,010.00	1,669.85	59,618.51	54,383.20	2,017.10	1,666.80	17,794.60	16,203.25
Mar-2022	1,949.80	1,743.10	58,890.92	52,260.82	1,943.95	1,742.00	17,559.80	15,671.45

The Equity Shares of the Company were not delisted or suspended during the year ended March 31, 2022.

## 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, 2022

Category	No. of Shares Held	% of Shareholding
Promoters' Holding	20,190,529	74.25
Non-Promoters' Holding		
Mutual Funds	3,113,332	11.45
Alternate Investment Funds	314,320	1.16
Foreign Portfolio Investors	269,532	0.99
Financial Institutions/ Banks	275	0.00
Insurance Companies	357	0.00
Trust	80	0.00
IEPF	152,867	0.56
NBFC	1,500	0.01
Bodies Corporate	217,157	0.80
HUF	114,878	0.42
Limited Liability Partnership	8,564	0.03
NRIs	187,713	0.69
Clearing Member	14,968	0.06
Individuals	2,604,812	9.58
<b>Total</b>	<b>27,190,884</b>	<b>100.00</b>

**Distribution of shareholding as on March 31, 2022**

Shares Balance	No. of Holders	% of Holders	No. of Shares	% of Shares
1-500	36,439	98.13	1,808,165	6.65
501-1000	408	1.10	299,907	1.10
1001-2000	130	0.35	187,544	0.69
2001-3000	49	0.13	120,670	0.44
3001-4000	16	0.04	58,381	0.21
4001-5000	15	0.04	68,592	0.25
5001-10000	34	0.10	261,490	0.96
10001 and above	42	0.1	24,386,135	89.7
<b>Total</b>	<b>37,133</b>	<b>100.00</b>	<b>27,190,884</b>	<b>100.00</b>

**Dematerialization of shares and liquidity**

The Company's shares are available for dematerialization on both the depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). As on March 31, 2022, 26,945,050 (99.10%) shares of the Company were in Dematerialized form. Demat ISIN No. of the Equity Shares of the Company is: INE782A01015.

**Outstanding Financial Instruments which have an impact on Equity**

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

**Plant Location**

Hitachi Complex, Village: Karannagar – 384 440 Ta.: Kadi, Dist.: Mehsana, Gujarat

**Addresses for Correspondence****Company:**

Johnson Controls-Hitachi Air Conditioning India Limited.  
9th Floor, Abhijeet-1, Mithakhali Six Roads,  
Ahmedabad: 380 006 Ph.: 079-26402024

**Registrars and Share Transfer Agent:**

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

**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, 2022 as stipulated in Regulations 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (collectively referred to as "SEBI Listing Regulations, 2015").

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

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

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

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

**Sachin Parekh**

Partner

Membership Number: 107038

UDIN: 22107038AJQKPU4426

Place: Kadi, Gujarat

Date: May 26, 2022

# BUSINESS RESPONSIBILITY REPORT

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L29300GJ1984PLC007470
2.	Name of the Company	Johnson Controls-Hitachi Air Conditioning India Limited
3.	Registered address	9th Floor, Abhijeet-1, Mithakhali Six Roads, Ahmedabad: 380006
4.	Website	<a href="https://www.hitachiircon.in/">https://www.hitachiircon.in/</a>
5.	E-mail id	hitachi@jci-hitachi.com
6.	Financial Year reported	April 1, 2021 to March 31, 2022
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Division 28: Manufacturing of Air conditioners
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	Manufacturing of Air conditioners
9.	Total number of locations where business activity is undertaken by the Company	
	a. Number of International Locations (Provide details of major 5)	None
	b. Number of National Locations	Four Regional Offices, Eighteen Branch Offices, Four Engineering Excellence Centre
10.	Markets served by the Company – Local/State/National/ International	Pan India

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	271.9 Million
2.	Total Turnover (INR)	21671.0 Million
3.	Total profit after taxes (INR)	161.2 Million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) of current year	11.97%
5.	List of activities in which expenditure in 4 above has been incurred	7
	a. Physical Health Center – Karan Nagar, Gujarat	
	b. Sanatory Napkin Project – Villages near the Plant at Gujarat	
	c. Renovation of School - Balasar, Gujarat	
	d. Solar System at School – Karan Nagar, Gujarat	
	e. Skill Development-ITI – Hyderabad - Telangana	
	f. Skill Development-ITI – Karan Nagar - Gujarat	
	g. Skill Development - Training of Electrification at construction site – Pan India	

## SECTION C: OTHER DETAILS

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

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

a.	Details of the Director responsible for implementation of the BR policies	
1.	DIN	06938403
2.	Name	Mr. Gurmeet Singh
3.	Designation	Chairman & Managing Director
b.	Details of the BR head	
1.	DIN Number (if applicable)	Not applicable
2.	Name	Mr. Roopesh Jain
3.	Designation	Dy. Vice President – Legal & Secretarial
4.	Telephone No.	+91-2764-277571
5.	Email Id	hitachi@jci-hitachi.com

### 2. (a) Principle-wise (as per National Voluntary Guidelines) BR Policy/policies (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	All policies have been formulated in consultation with the stakeholders of the Company.								
3	Does the policy conform to any national / international standards? If yes, specify?	Policies are in conformity with UN's Sustainability Development Goals, International standards such as ISO 9001, ISO 14001, OHSAS 45001 and Environmental laws.								
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: <a href="https://buy.hitachiaircon.in/content/investors">https://buy.hitachiaircon.in/content/investors</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8	Does the company have in-house structure to implement the policy / policies?	Yes								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	No								

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

- Not applicable

### 3. Governance related to BR

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

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

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

Yes. The Company has an Ethics policy which applies to everyone including the Board of Directors, employees, contract workers and everyone who deals with the Company.

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

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

Unresolved complaints at the commencement of the year :	Nil
Complaints received during the year :	20
Resolved during the year :	19 (95%)
Pending at the end of the year :	1

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

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

- Room Air Conditioners.
- Packaged Air Conditioners.
- VRF and Chillers.

#### 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.):

- 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.
  - In process of manufacturing, Company uses PNG (Piped natural gas) as a primary fuel for

various applications of heating. During the year, Company has Installed FUEL CATALYST in PNG line to improve the efficiency of PNG. This initiative is likely to result in fuel saving by 5% ~ 6% coupled with reduction in Air Pollution and improve in equipment life.

- As part of BMS (Building Management System), Company has installed Air conditioning monitoring device for PAC Air conditioners in office area. In phase I, Company is going to manage switching of Air conditioning in planned manner to avoid wastage of usage in non-office hours as well as on holidays.
- Installation of Plant Street light lux-based switching system which resulted in saving of energy which was being used due to seasonal lighting.
- The water drawn is used for industrial and domestic purposes. After usage, the water is treated in ETP/STP and such treated water is used for Gardening to ensure that there is no external discharge. It is ensured that no quantity of water is allowed to run off outside factory premises or discharged in streams.

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

- During the year under review Company migrated to R32 refrigerant technology for majority of its products leading to reduction in Green House Gases (GHG).
- Company reduced size of its physical manual and started providing operation and maintenance manual to its customers in digital mode leading to savings of paper.
- Company has also upgraded its products in line with enhanced energy rating (BEE star labelling) requirements.

#### 3. Does the company have procedures in place for sustainable sourcing (including transportation)?

- If yes, what percentage of your inputs was sourced sustainably?
  - Sustainability aspects are extended to suppliers through the Code of Conduct. 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.
  - Currently Company does not have a process in place to measure sustainably sourced materials.



**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

- Significant amount of Material and services is sourced from local and small suppliers.
- Company has helped develop many local and small producers in vicinity (within 50 kms radius) of the company. These associated producers have also grown and this in turn has helped increase local employment.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste.**

- The company is committed to increase efficiency in waste processing while following 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 agencies for disposal. Company has a process in place to ensure that there is Zero Landfill.
- 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. Treated water from ETP and STP is used in washroom flushes and maintaining green belt.
- The Company complies with the requirements of RoHS & E-Waste Management Rules.
- Plastic waste: Company is complying with extant Plastic Waste (Management and Handling) Rules including using minimum micron Plastic. Company is also working on complying with Extended Producer Responsibility requirements under said Rules. Besides, company is exploring use of compostable and other non-polluting plastics for packaging purposes. The plastic parts which are part of product are channelized as E-waste and are recycled in an Environment Friendly manner.
- E-Waste: Company has made arrangements to channelize end of life products through registered Recyclers.

**Principle 3: Businesses should promote the wellbeing of all employees**

1.	Please indicate the Total number of employees:	1427	
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	2712	
3.	Please indicate the Number of permanent women employees.	74	
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?	43.8%	
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.		
<b>No.</b>	<b>Category</b>	<b>No of complaints filed during the financial year</b>	<b>No of complaints pending as on end of the financial year</b>
a.	Child labour/forced labour/involuntary labour	Nil	Nil
b.	Sexual harassment	1	0
c.	Discriminatory employment	Nil	Nil
8.	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?		
		<b>Skill upgradation</b>	<b>Safety</b>
a.	Permanent Employees	100%	56%
b.	Permanent Women Employees	100%	48%
c.	Casual/Temporary/Contractual Employees	100%	50%
d.	Employees with Disabilities	100%	-

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

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

Yes

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

No, the company has not done any exercise to identify any stakeholders as disadvantaged, vulnerable & marginalized stakeholders. However, company continues to engage with its customers, suppliers, sub-contractors and community around the manufacturing unit to work on areas of their respective upliftment.

**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.

After consultation with community in the vicinity of company's manufacturing unit, Company has identified below areas for improvement:

- a. Lack of specialist medical facilities for villagers.
- b. Female hygiene issues
- c. facilities at government schools in nearby villages
- d. employment.

The concerns were analysed for use in preparation of activities planned for CSR activities for 2021-22.

- a. For lack of specialist medical facilities for villagers, Company has provided medical specialist to local PHC along with ambulance.
- b. With respect to Women hygiene, Company has started sanitary napkin unit to provide free sanitary napkins to around 8000 rural girls and women.
- c. After coming to know of condition of government school at Balasar village, the Company has constructed two fully-equipped classrooms, separate toilets for girls and boys and a midday meal shed.
- d. For generating employment, Company has entered into MOU with ITIs for providing training to students willing to learn AC installation, repair and maintenance.

**Principle 5: Businesses should respect and promote human rights**

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

Policy is extended to the Group, Suppliers and Contractors.

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

No complaint pertaining to violation of human rights was received in the past financial year.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

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

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

**2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

- The Company is committed towards a sustainable global environment and undertakes several projects in this regard. However, the details of such initiatives and projects are not maintained on website of the company.

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

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

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

- The Company has not applied for any projects under the Clean Development Mechanism and hence no environment compliance report is filed. However, the Company has been active in reducing its waste in all its operating sites by implementing measures to minimize waste.
- Company has upgraded its waste water treatment plant to improve the quality of treated water and increasing the treatment capacity.
- Company has established processes to ensure that while treating its hazardous waste, no amount of its waste is sent to a landfill site (Zero Landfill).

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

- The Company is continually developing energy efficient and eco-friendly products.

**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 2021-22 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 March 31, 2022, there is no pending show cause or legal notice received from CPCB or SPCB.

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

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

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

- CEAMA (Consumer Electronics and Appliances Manufacturers Association).
- RAMA (Refrigeration and Air-conditioning Manufacturers Association of India).
- Confederation of Indian Industry
- The Gujarat Chamber of Commerce and Industry.
- USISPF (US-India Strategic Partnership Forum)

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

Yes. Company is actively involved and advocates on Environmental protection laws, Energy Security and industry developments with the help of above organizations.

**Principle 8: Businesses should support inclusive growth and equitable development**

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

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

Sr. No	Projects	Amount (Rs in Million)
1	Physical Health Center – Karan Nagar, Gujarat	1.4
2	Sanatory Napkin Project – Villages near the Plant at Gujarat	3.1
3	Renovation of School - Balasar, Gujarat	5.3
4	Solar System at School – Karan Nagar, Gujarat	0.8
5	Skill Development-ITI – Hyderabad - Telangana	3.7
6	Skill Development-ITI – Karan Nagar - Gujarat	0.7
7	Skill Development - Training of Electrification at construction site – Pan India	3.4
<b>Total</b>		<b>18.4</b>

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

The Company has an internal team which oversees all the CSR projects except Skill Development - Training of Electrification at construction site – Pan India.

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

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

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

Please see point no. 1 above.

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

We have taken the feedback of the community (Village administrators, Government School Administrators, ASHA Workers, PHC Administrators, Skill Development agencies, Students, villagers, females and other beneficiaries) regarding the development works we have done under our CSR initiative to evaluate the use and impact of the CSR initiatives of JCH-IN to the community. We have received positive feedback from all stakeholders.

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

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

During the year 2021-22, 1.01% complaints are pending at the end of financial year.

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

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

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

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

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

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

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

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

# Independent Auditor’s Report

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

## Report on the Audit of the Financial Statements

### Opinion

1. We have audited the accompanying financial statements of Johnson Controls-Hitachi Air Conditioning India Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the 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, 2022, 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.

Key audit matter	How our audit addressed the key audit matter
<b>Assessment of Provision for warranty costs</b>	
<p>(Refer to Note 1 (r) and Note 35 to the financial statements)</p> <p>The Company provides warranty on sale of air conditioners and refrigerators to customers and recognizes provision for expected costs to fulfil the warranty obligation over the period of the warranty which ranges between 1 to 10 years.</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 certain components covered under warranty, management’s internal technical experts are involved in the estimation of the probable outflow during the period of warranty.</p> <p>The estimation of warranty costs involves significant management judgements and estimates as described above, and the amount is significant to the financial statements. Accordingly, this has been considered as a key audit matter.</p>	<p>We performed procedures including the following:</p> <ul style="list-style-type: none"> <li>• Understood, evaluated and tested the design and operating effectiveness of the controls over estimation of provision for warranty costs and related disclosures.</li> <li>• Understood the warranty terms offered by the Company on sale of products.</li> <li>• Assessed management’s estimation process by performing a historical trend analysis for warranty costs accruals made in prior years.</li> <li>• Evaluated the method used by management in making the accounting estimate by verifying various input factors such as 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.</li> <li>• Verified the computation of provision for warranty costs including testing of completeness, arithmetical accuracy and validity of the data used in the warranty calculations.</li> <li>• Verified the computation for determining the present value in the case of warranty for periods exceeding one year including assessment of assumptions involved in the computation.</li> <li>• Verified the adequacy of the disclosures in the financial statements.</li> </ul> <p>Based on the above audit procedures performed, we did not find any material exceptions with regard to the management’s assessment of provision for warranty costs and the related disclosures.</p>

Key Audit Matter	How our audit procedures addressed the key audit matter
<p style="text-align: center;"><b>Assessment of ongoing indirect tax litigations</b></p> <p>(Refer to Note 1 (r), Note 33 and Note 35 to the financial statements.)</p> <p>The Company has various ongoing litigations relating to disputed indirect tax matters as at March 31, 2022.</p> <p>The management assesses each of these matters for appropriate accounting and disclosures using judgements and estimation, and evaluates the likelihood of the outcome and estimation of outflow of resources.</p> <p>The management's assessment is supported by advice from independent tax consultants/ lawyers, where considered necessary.</p> <p>We considered this as a key audit matter as the ultimate outcome of matters are uncertain and the positions taken by the management are based on the application of significant judgements and estimation including those relating to, interpretation of laws.</p>	<p>We performed procedures including the following:</p> <ul style="list-style-type: none"> <li>• Understood, evaluated and tested the design and operating effectiveness of the controls in respect of assessment of indirect tax litigations.</li> <li>• Evaluated the accounting policy of the Company and obtained an understanding of the tax related litigations through discussions with the management.</li> <li>• Verified the computation of provision recognised and contingent liability disclosed based on underlying supporting documents.</li> <li>• Obtained direct confirmation from the Company's tax consultants / lawyers, to confirm facts, and circumstances and assess the possible outcomes of material disputed indirect tax matters.</li> <li>• Involved the auditor's expert to evaluate the management's assessment on the likely outcome and potential magnitude of the indirect tax matters.</li> <li>• Assessing the reasonableness of the provisions made and appropriateness of disclosures made in the financial statements.</li> </ul> <p>Based on the audit procedures performed, the management's assessment of the provisions recognised and contingent liabilities disclosed in respect of disputed indirect tax matters made in the financial statements as on March 31, 2022 were considered to be reasonable.</p>

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### 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, and Report on Corporate Governance (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, Corporate Social Responsibility report and Business Responsibility and Sustainability Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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, Corporate Social Responsibility report and Business

Responsibility and Sustainability 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 skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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, 2020 ("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 the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

- (e) On the basis of the written representations received from the directors as on March 31, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33(a) to the financial statements.
- (ii) The Company did not have any long-term contracts including derivative contracts as at March 31, 2022 for which there were any material foreseeable losses.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.
- (iv) (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 44(g) to the financial statements);
- (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 44(g) to the financial statements); and
- (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- (v) The Company has not declared or paid any dividend during the year.
15. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

**Sachin Parekh**

Partner

Membership Number: 107038

UDIN: 22107038AJPXK3085



# Annexure A to Independent Auditor's Report

**Referred to in paragraph 14(f) of the Independent Auditor's 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, 2022**

**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, 2022 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 ("the Guidance Note") 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.

## Auditor's 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 and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

## Meaning of Internal Financial Controls with reference to financial statements

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

## Inherent Limitations of Internal Financial Controls with reference to financial statements

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

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls

with reference to financial statements were operating effectively as at March 31, 2022, 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 issued by ICAI.

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

**Sachin Parekh**  
Partner  
Membership Number: 107038  
UDIN: 22107038AJPRK3085

Place: Kadi, Gujarat  
Date: May 26, 2022

## Annexure B to Independent Auditor’s 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 as of and for the year ended March 31, 2022

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.
- (B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) The Property, Plant and Equipment 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 all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3 – Property, plant and equipment, and Note 6 - Investment Property to the financial statements, are held in the name of the Company, except for the following:

Description of property	Gross carrying value (₹ In Million)	Held in the name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in the name of the Company
Factory Land (portion of land admeasuring 981 sq. mtrs)	2.6	Maheshbhai Desai	No	December 2008	As per the information and explanation provided by the management, the erstwhile owner of the property has filed a case challenging old sale deed. The matter is under adjudication before the Taluka Court, Kadi. The title deed will be updated on completion of the adjudication process.
Factory Land (portion of land admeasuring 6,763 sq. mtrs)	14.2	Hitachi Home & Life Solutions India Ltd. (erstwhile name of the Company)	No	August 2009	The property was acquired before the name change of the Company and accordingly, it is held in the erstwhile name of the Company. As per the information and explanation provided by the management, the Company has filed an application with concerned government authority for name change.
Guest House	1.0	Amtrex Hitachi Appliances Limited (erstwhile name of the Company)	No	August 1997	As per the information and explanation provided by the management, the Sale Deed was executed in the erstwhile name of the Company, however, no share certificate was issued. The Company has made an application to the society chairman for issuance of Share Certificate in the name of the Company.
Office Building	5.9	Hitachi Home & Life Solutions India Ltd. (erstwhile name of the Company)	No	March 2016	As per the information and explanation provided by the management, the property was acquired before the name change of the Company and accordingly, it is held in the erstwhile name of the Company. The Company is in the process of initiating change in the revenue records to update the name of the Company.

Also, refer note 3(e) to the financial statements.

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- (d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.
  - (e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.
  - ii. (a) The physical verification of inventory excluding stocks with third parties has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
  - (b) During the year, the Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate from banks and financial institutions on the basis of security of current assets and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.
  - iii. (a) The Company has granted unsecured loans to its 266 employees during the year. The Company has not made investments in, nor granted any other loans or advances in nature of loans, secured or unsecured, or provided any guarantees or security to companies, firms, Limited Liability Partnerships or other parties during the year.
  - (b) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
  - (c) In respect of the loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.
  - (d) In respect of the loans, there is no amount which is overdue for more than ninety days.
  - (e) There were no loans which fell due during the year and were renewed or extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans.
  - (f) The loans granted during the year had stipulated the scheduled repayment of principal and payment of interest and the same were not repayable on demand. There were no loans or advance in nature of loans granted during the year to promoters or related parties.
  - 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 or amounts which are deemed to be deposits 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 generally regular in depositing undisputed statutory dues in respect of goods and services tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Also, refer note 33(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, the particulars of statutory dues referred to in sub-clause (a) as at March 31, 2022 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount of demand (₹ in million)	Amount paid under protest (₹ in million)	Net unpaid demand (₹ 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	11.4	1.7	9.7	FY 2012-13	The Custom, Excise and Service Tax Appellate Tribunal
		19.7	-	19.7	FY 2008-09, 2010-11 and, 2014-15 to 2016-17	Commissioner (Appeals)
The Finance Act, 1994 (Service Tax)	Service tax including Interest and Penalty as applicable	147.9	13.7	134.2	FY 2004-06 and 2009-17	The Custom, Excise and Service Tax Appellate Tribunal
		7.7	0.3	7.4	FY 2011-12 to 2016-2017	Commissioner (Appeals)
Sales Tax Acts (Central & States)	Sales tax/value added tax including Interest and Penalty as applicable	2.9	-	2.9	FY 2002-03 to 2003-04	Hon'ble Supreme Court of India
		367.5	-	367.5	FY 2007-08 to 2013-14	Hon'ble High Court of Jammu and Kashmir
		19.3	2.6	16.7	FY 2000-01 and 2005-06 to 2008-09	Appellate Tribunal
		135.7	24.3	111.4	FY 2005-06 to 2017-18	Upto Commissioner (Appeals)
Goods and Services Tax Act, 2017	Goods and Services Tax including interest and penalty as applicable	1.3	-	1.3	FY 2019-20	Assessing Officer
The Income Tax Act, 1961*	Income Tax including Interest and Penalty as applicable	48.7	-	48.7	AY 2006-07 and 2008-09 to 2010-11	Hon'ble High Court of Gujarat
		33.3	-	33.3	AY 2003-04 to 2006-07	Commissioner of Income Tax (Appeals)

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

- viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions, which are not recorded in the books of accounts, that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. (a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest to any lender during the year.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

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- (c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.
  - (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
  - (e) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year. Accordingly, the reporting under clause 3(ix)(e) of the Order is not applicable to the Company.
  - (f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year. Accordingly, the reporting under clause 3(ix)(f) of the Order is not applicable to the Company.
  - x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
  - (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
  - xi. (a) 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, noticed or reported during the year, nor have we been informed of any such case by the Management.
  - (b) 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, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
  - (c) 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, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting.
  - xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is 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 24 "Related Party Disclosures" specified under Section 133 of the Act.
  - xiv. (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
  - (b) The reports of the Internal Auditor for the period under audit have been considered by us.
  - xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
  - xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
  - (b) The Company has not conducted non-banking financial or housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
  - (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
  - (d) Based on the information and explanations provided by the management of the Company, the Group, as defined in the Core Investment Companies (Reserve Bank) Directions, does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
  - xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.
  - xviii. There has been no resignation of the statutory auditors during the year and accordingly, the reporting under clause (xviii) is not applicable.
  - xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 44(a) to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to

our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will

get discharged by the Company as and when they fall due.

- xx. As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E/E-300009

**Sachin Parekh**

Partner

Membership Number: 107038

UDIN: 22107038AJPXK3085

Place: Kadi, Gujarat

Date: May 26, 2022

# Balance Sheet

as at March 31, 2022

₹ in million

	Note No.	As at March 31, 2022	As at March 31, 2021
<b>A ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, Plant and Equipment	3	3,174.3	3,326.7
(b) Right-of-use-assets	4	613.6	835.4
(c) Capital work-in-progress	5	83.4	91.4
(d) Investment property	6	9.1	11.0
(e) Other Intangible assets	7 (a)	114.1	111.7
(f) Intangible assets under development	7 (b)	4.5	3.5
(g) Financial assets			
(i) Loans	8 (a)	2.0	4.4
(ii) Other financial assets	8 (b)	54.3	53.9
(h) Deferred tax assets (net)	9	162.2	149.6
(i) Non current tax assets (net)	10	125.6	133.5
(j) Other non-current assets	11	448.8	305.3
<b>Total Non-current assets</b>		<b>4,791.9</b>	<b>5,026.4</b>
<b>II Current assets</b>			
(a) Inventories	12	8,218.4	7,042.0
(b) Financial assets			
(i) Trade receivables	13 (a)	4,113.0	2,640.8
(ii) Cash and cash equivalents	13 (b)	304.5	1,220.3
(iii) Bank balances other than (ii) above	13 (c)	2.2	2.4
(iv) Loans	13 (d)	12.0	10.2
(v) Other financial assets	13 (e)	92.4	28.3
(c) Contract assets	14	28.7	79.7
(d) Other current assets	15	376.0	376.1
<b>Total Current assets</b>		<b>13,147.2</b>	<b>11,399.8</b>
<b>TOTAL ASSETS (I+II)</b>		<b>17,939.1</b>	<b>16,426.2</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	16	271.9	271.9
(b) Other equity	17	7,126.8	6,946.6
<b>Total equity</b>		<b>7,398.7</b>	<b>7,218.5</b>
<b>LIABILITIES</b>			
<b>II Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Lease liabilities		423.4	644.1
(b) Other non-current liabilities	18	132.1	137.3
(c) Provisions	19	676.0	638.6
<b>Total non-current liabilities</b>		<b>1,231.5</b>	<b>1,420.0</b>
<b>III Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20 (a)	430.1	-
(ii) Lease liabilities		271.1	246.0
(iii) Trade payables			
(a) total outstanding dues of micro and small enterprises	20 (b)	915.8	607.0
(b) total outstanding dues of creditors other than (iii)(a) above	20 (b)	6,293.9	5,732.4
(iv) Other financial liabilities			
(a) total outstanding dues of micro and small enterprises	20 (c)	1.1	-
(b) total outstanding dues other than (iv)(a) above	20 (c)	210.0	194.5
(b) Contract liabilities	21	274.7	268.6
(c) Provisions	22	172.9	200.9
(d) Current tax liabilities (net)	23	12.5	53.9
(e) Other current liabilities	24	726.8	484.4
<b>Total Current liabilities</b>		<b>9,308.9</b>	<b>7,787.7</b>
<b>TOTAL EQUITY AND LIABILITIES (I+II+III)</b>		<b>17,939.1</b>	<b>16,426.2</b>

The accompanying Notes form an integral part of the Financial Statements.

As per our report of even date

For Price Waterhouse &amp; Co Chartered Accountants LLP

Firm Registration No.304026E/E300009

For and on behalf of the Board of Directors

Sachin Parekh

Partner

Membership No.: 107038

Place: Kadi

Date: May 26, 2022

Gurmeet Singh

Chairman &amp; Managing Director

DIN : 06938403

Place: Kadi

Rishi Mehta

Chief Financial Officer

Place: Kadi

Date: May 26, 2022

Yoshikazu Ishihara

Director

DIN : 07998690

Place: Tokyo

Parag Dave

Company Secretary

Membership No.: 12626

Place: Kadi

Date: May 26, 2022



# Statement of Profit and Loss

for the year ended March 31, 2022

₹ in million

	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
<b>I INCOME</b>			
(a) Revenue from Operations	25	21,590.4	16,465.4
(b) Other income	26	80.6	79.0
<b>Total income</b>		<b>21,671.0</b>	<b>16,544.4</b>
<b>II EXPENSES</b>			
(a) Cost of materials consumed		12,581.1	7,464.8
(b) Purchase of Stock-in-trade		3,234.8	2,127.8
(c) Changes in inventories of finished goods, Stock-in-trade and work-in-progress	27	(756.3)	723.9
(d) Employee benefit expense	28	1,773.6	1,673.4
(e) Finance costs	29	91.4	135.6
(f) Depreciation and amortisation expenses	30	721.3	754.8
(g) Other expenses	31	3,792.0	3,300.9
<b>Total expenses</b>		<b>21,437.9</b>	<b>16,181.2</b>
<b>III Profit before exceptional Items and tax (I-II)</b>		<b>233.1</b>	<b>363.2</b>
<b>IV Exceptional Items</b>	42	<b>7.4</b>	<b>(71.1)</b>
<b>V Profit before tax (III-IV)</b>		<b>225.7</b>	<b>434.3</b>
<b>VI Tax expense</b>			
(a) Current tax	32	77.1	110.7
(b) Deferred tax charge/ (credit)	32	(12.6)	(7.4)
<b>Total tax expense</b>		<b>64.5</b>	<b>103.3</b>
<b>VII Profit for the year (V-VI)</b>		<b>161.2</b>	<b>331.0</b>
<b>VIII Other comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
(i) Re-measurements of post-employment benefit obligations- gain/ (loss)	36	25.4	3.0
(ii) Income tax relating to above item		(6.4)	(0.7)
<b>Other comprehensive Income for the year, net of tax</b>		<b>19.0</b>	<b>2.3</b>
<b>IX Total comprehensive income for the year (VII+VIII)</b>		<b>180.2</b>	<b>333.3</b>
<b>X Basic and Diluted earnings per share [face value ₹ 10 each] in ₹</b>	45	<b>5.9</b>	<b>12.2</b>

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

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

**Sachin Parekh**  
Partner  
Membership No.: 107038

Place: Kadi  
Date: May 26, 2022

**Gurmeet Singh**  
Chairman & Managing Director  
DIN : 06938403  
Place: Kadi

**Rishi Mehta**  
Chief Financial Officer  
Place: Kadi  
Date: May 26, 2022

**Yoshikazu Ishihara**  
Director  
DIN : 07998690  
Place: Tokyo

**Parag Dave**  
Company Secretary  
Membership No.: 12626  
Place: Kadi  
Date: May 26, 2022

# Statement of Cash Flows

for the year ended March 31, 2022

₹ in million

	Year ended March 31, 2022	Year ended March 31, 2021
<b>(A) Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>225.7</b>	<b>434.3</b>
<b>Adjustment for :</b>		
Depreciation and amortisation expense	721.3	754.8
Loss on sale / retirement of fixed assets (net)	2.6	4.9
Liabilities no longer required written back	(14.9)	(15.0)
Finance costs	91.4	135.6
Unrealised foreign exchange loss/(gain) (net) at year end	11.5	(13.5)
Provision for doubtful debts and bad debts written off	3.9	33.3
Lease rent income	(3.2)	(4.0)
Interest income	(5.8)	(7.0)
Exceptional Items (income)	7.4	(71.1)
Rent concession income	(1.5)	(3.6)
Government Grants	(11.4)	(11.4)
<b>Operating profit before working capital changes</b>	<b>1,027.0</b>	<b>1,237.3</b>
<b>Changes in working capital:</b>		
<b>Adjustment for:</b>		
(Increase)/Decrease in inventories	(1,220.1)	232.5
Increase in trade receivables	(1,458.2)	(125.4)
Decrease in other financial assets / Contract assets	38.5	27.6
Decrease in other current assets	32.5	367.3
Increase in current liabilities	1,121.3	1,186.5
Increase in other provision	26.7	72.6
<b>Cash (used in) / generated from operations</b>	<b>(432.3)</b>	<b>2,998.4</b>
Income tax paid (net of refunds)	(117.0)	(29.4)
<b>Net cash (used in) / generated from operating activities before exceptional items</b>	<b>(549.3)</b>	<b>2,969.0</b>
Proceeds of Insurance Claim	-	243.2
<b>Net cash (outflow)/inflow from operating activities (A)</b>	<b>(549.3)</b>	<b>3,212.2</b>
<b>(B) Cash flows from investing activities</b>		
Purchase of Property, Plant and Equipment (including capital work in progress and capital advance)	(485.9)	(280.7)
Proceeds from sale of Property, Plant and Equipment	13.2	10.2
Investment in bank deposits (net)	2.6	(0.1)
Lease rent income	3.2	4.0
Interest received	7.0	5.8
<b>Net cash outflow from investing activities (B)</b>	<b>(459.9)</b>	<b>(260.8)</b>

# Statement of Cash Flows

for the year ended March 31, 2022

₹ in million

	Year ended March 31, 2022	Year ended March 31, 2021
<b>(C) Cash flows from financing activities</b>		
Proceeds from / (Repayment of) short-term borrowings (net)	430.1	(1,587.2)
Principal Payment of lease liabilities	(253.3)	(189.5)
Interest paid on lease liabilities	(65.1)	(61.5)
Payment of finance cost	(18.3)	(69.3)
<b>Net cash inflow/(outflow) from financing activities (C)</b>	<b>93.4</b>	<b>(1,907.5)</b>
<b>Net (Decrease)/Increase in cash and cash equivalents (A+B+C)</b>	<b>(915.8)</b>	<b>1,043.9</b>
Add : Cash and cash equivalents at the beginning of the year	1,220.3	176.4
<b>Cash and cash equivalents at the end of the year [Refer Note 13(b)]</b>	<b>304.5</b>	<b>1,220.3</b>
<b>(D) Non- Cash financing and investing activities</b>		
Acquisition of right-of-use-assets	61.3	802.1

- 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 ₹ 19.3 million (March 31, 2021 - ₹ 32 million) being cash flows towards Corporate social responsibility initiatives. [Refer Note 31(b)]
- c) **Net debt reconciliation Working Capital loans**

	Year ended March 31, 2022	Year ended March 31, 2021
	Working Capital loans	Working Capital loans
Net Debt at the beginning of the year	-	1,587.2
Cash Inflow / (Outflow)	430.1	(1,587.2)
Finance costs	18.3	69.3
Finance cost paid	(18.3)	(69.3)
Net Debt at the closing of the year	430.1	-

- d) **Net debt reconciliation Lease obligations**

	Year ended March 31, 2022	Year ended March 31, 2021
	Leases obligations	Leases obligations
Net Debt at the beginning of the year	890.1	281.7
Debt recognised during the year	61.3	802.1
Debt derecognised during the year	(2.2)	(0.6)
Cash Inflow / (Outflow)	(253.3)	(189.5)
Rent concession	(1.5)	(3.6)
Finance costs	65.1	61.5
Finance cost paid	(65.1)	(61.5)
Net Debt at the closing of the year	694.5	890.1

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

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

**Sachin Parekh**  
Partner  
Membership No.: 107038

**Gurmeet Singh**  
Chairman & Managing Director  
DIN : 06938403  
Place: Kadi

**Yoshikazu Ishihara**  
Director  
DIN : 07998690  
Place: Tokyo

Place: Kadi  
Date: May 26, 2022

**Rishi Mehta**  
Chief Financial Officer  
Place: Kadi  
Date: May 26, 2022

**Parag Dave**  
Company Secretary  
Membership No.: 12626  
Place: Kadi  
Date: May 26, 2022

# Statement of Changes in Equity

for the year ended March 31, 2022

## A. Equity share capital

₹ in million

	Note No.	Equity share capital
Balance as at April 1, 2020		271.9
Changes in equity share capital		-
Balance as at March 31, 2021	16	271.9
Changes in equity share capital		-
Balance as at March 31, 2022	16	271.9

## B. Other equity

₹ in million

	Note No.	Reserves and Surplus				Total
		Capital reserve	Securities premium	General reserve	Retained earnings	
Balance as at April 1, 2020		0.7	895.4	229.8	5,487.4	6,613.3
Profit for the year		-	-	-	331.0	331.0
Other comprehensive income for the year, (net of income tax)		-	-	-	2.3	2.3
<b>Total comprehensive income for the year</b>		-	-	-	<b>333.3</b>	<b>333.3</b>
<b>Balance as at March 31, 2021</b>	<b>17</b>	<b>0.7</b>	<b>895.4</b>	<b>229.8</b>	<b>5,820.7</b>	<b>6,946.6</b>
Profit for the year		-	-	-	161.2	161.2
Other comprehensive income for the year, (net of income tax)		-	-	-	19.0	19.0
Total comprehensive income for the year		-	-	-	180.2	180.2
<b>Balance as at March 31, 2022</b>	<b>17</b>	<b>0.7</b>	<b>895.4</b>	<b>229.8</b>	<b>6,000.9</b>	<b>7,126.8</b>

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

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

**Sachin Parekh**  
Partner  
Membership No.: 107038

**Gurmeet Singh**  
Chairman & Managing Director  
DIN : 06938403  
Place: Kadi

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Place: Tokyo

Place: Kadi  
Date: May 26, 2022

**Rishi Mehta**  
Chief Financial Officer  
Place: Kadi  
Date: May 26, 2022

**Parag Dave**  
Company Secretary  
Membership No.: 12626  
Place: Kadi  
Date: May 26, 2022

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Background

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

The Company is engaged in the business of manufacturing, selling and trading of ‘Hitachi’ brand of Air conditioners, refrigerators, chillers and VRF (variable refrigerant flow) systems, and providing design and development services to Group Company to design, and/or support development and improvement of features in new and existing air conditioning products. Manufacturing facility for Air conditioners is set up at Kadi (North Gujarat). The Company performs its marketing activities through seventeen 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.

#### New standard adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2021.

- Extended Covid-19 Related Concessions - Ind AS 116 ‘Leases’
- Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

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

#### New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated March 23, 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022.

These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

### Reclassifications consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on March 24, 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from April 1, 2021.

Consequent to above, the Company has changed the classification/presentation of security deposits, in the current year.

Security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in Other financial assets line item. Previously, these deposits were included under the ‘Loans’ line item.

The Company has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. The impact of such classifications is summarized below:

	₹ in million		
Balance sheet (extract)	March 31, 2021 (as previously reported)	Increase / (Decrease)	March 31, 2021 (restated)
<b>Financial assets (Non-current)</b>			
Loans	55.6	(51.2)	4.4
Other financial assets	2.7	51.2	53.9
<b>Financial assets (Current)</b>			
Loans	15.7	(5.5)	10.2
Other financial assets	22.8	5.5	28.3

### (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:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

- c. Expected to be realized within twelve months after the reporting period, or
- d. Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- a. It is expected to be settled in the normal operating cycle
- b. It is held primarily for the purpose of trading
- c. It is due to be settled within twelve months after the reporting period, or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

## Operating cycle

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

## (b) Segment reporting

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

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

## (c) Foreign currency transactions and translations

### (i) Functional and presentation currency

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

### (ii) Transactions and balances

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

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

## (d) Revenue recognition

### Sale of Products:

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

### Sale of Service:

Sale of services includes following:-

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

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

**(e) Government Grants**

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

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

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

**(f) Income Tax**

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

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

**Current income tax**

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

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

**Deferred tax**

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

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax

rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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

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

**(g) Cash and cash equivalents**

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

**(h) Trade receivables**

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

**(i) Inventories**

Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average method.

The cost of raw materials, stores and spares and stock in trade comprises purchase costs and all costs incurred in bringing the inventory to their present location and condition. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

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

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

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## (j) Financial instruments

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

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

### (i) Financial assets

#### Classification

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

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

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

#### Initial Recognition & Measurement

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

#### Subsequent Measurement

After initial recognition, financial assets are measured at:

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

#### Debt instruments:

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



# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

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

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

### **Derecognition of financial assets:**

A financial asset is derecognized only when:

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

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

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

### **Income recognition:**

#### **Interest income:**

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

### **(ii) Financial liabilities:**

#### **Initial recognition and measurement:**

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

at its fair value plus or minus, in the case of a financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the issue of the financial liability.

#### **Subsequent measurement:**

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

#### **Derecognition**

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

### **(iii) Derivative financial instruments:**

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

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

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

### **(k) Offsetting financial instruments**

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

### **(l) Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

## Depreciation methods, estimated useful lives and residual value

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

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

\* Based on Single Shift.

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

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

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of profit and loss within other income.

During the year, the Company has revised the useful life of certain plant and machinery based on the assessment performed. Accordingly, such plant and machinery are prospectively depreciated over their balance revised useful life. Had the Company continued to depreciate such plant and machinery as per the previous estimated useful life, depreciation for the year would have been higher by ₹ 80.1 million.

## (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.

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

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

## (ii) Research and development cost

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

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

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

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## (s) Employees Benefits

### (i) Short-term employee benefits

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

### (ii) Long-term employee benefits

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

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

### (iii) Post-employment obligations

The Company operates the following post-employment schemes:

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

#### Defined benefit plans

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

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit

obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

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

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

#### Defined contribution plans

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

## (t) Leases

### As a lessee

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

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

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

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

Lease payments to be made under reasonably certain extension option are also included in the measurement of the

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

liability. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that lessee would have to pay to borrow the fund necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar term, security and conditions.

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

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

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

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

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

### **As a lessor**

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

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

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

### **Critical judgements in determining the lease term**

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

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

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

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

## **(u) Earnings per share**

### **(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

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

### **(ii) Diluted earnings per share**

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

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

## **(v) Rounding of amounts**

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

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 2: Critical estimates and judgements

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

The areas involving critical estimates or judgements are:

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

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, 2022

## Note 3: Property, plant and equipment

	Freehold land	Leasehold Improvements	Buildings	Plant and Equipment	Furniture and fixtures	Vehicles	Office equipment	Electrical Installations	Computers	Total
₹ in million										
<b>I. Gross carrying amount</b>										
Balance as at April 1, 2020	228.3	29.3	883.6	2,985.8	145.4	136.5	126.8	379.6	118.8	5,034.1
Additions	-	-	50.1	159.7	0.1	13.5	3.3	8.8	3.0	238.5
Disposals	-	-	(1.8)	(15.2)	(2.3)	(22.3)	(3.4)	(0.1)	(30.1)	(75.2)
Balance as at March 31, 2021	228.3	29.3	931.9	3,130.3	143.2	127.7	126.7	388.3	91.7	5,197.4
<b>II. Accumulated depreciation</b>										
Balance as at April 1, 2020	-	17.6	84.5	1,066.7	52.7	46.8	54.5	94.7	82.9	1,500.4
For the year	-	4.6	32.9	267.4	19.2	21.2	20.5	49.8	15.1	430.7
Disposals*	-	-	(0.4)	(12.5)	(1.7)	(14.8)	(3.0)	-	(28.0)	(60.4)
Balance as at March 31, 2021	-	22.2	117.0	1,321.6	70.2	53.2	72.0	144.5	70.0	1,870.7
Net carrying amount as at March 31, 2021 (I-II)	228.3	7.1	814.9	1,808.7	73.0	74.5	54.7	243.8	21.7	3,326.7
* Disposals pertaining to Electrical Installations amounts to ₹ 41,882										
	Freehold land	Leasehold Improvements	Buildings	Plant and Equipment	Furniture and fixtures	Vehicles	Office equipment	Electrical Installations	Computers	Total
₹ in million										
<b>I. Gross carrying amount</b>										
Balance as at April 1, 2021	228.3	29.3	931.9	3,130.3	143.2	127.7	126.7	388.3	91.7	5,197.4
Additions	-	-	3.6	153.7	1.0	51.8	7.8	4.3	1.5	223.7
Disposals	-	(0.1)	-	(55.3)	(1.3)	(32.8)	(2.7)	(0.4)	(4.1)	(96.7)
Transfer from Investment Property	-	-	2.7	-	-	-	-	-	-	2.7
Balance as at March 31, 2022	228.3	29.2	938.2	3,228.7	142.9	146.7	131.8	392.2	89.1	5,327.1
<b>II. Accumulated depreciation</b>										
Balance as at April 1, 2021	-	22.2	117.0	1,321.6	70.2	53.2	72.0	144.5	70.0	1,870.7
For the year	-	2.8	33.0	209.3	17.7	23.2	19.0	48.7	8.0	361.7
Disposals	-	(0.1)	-	(53.5)	(1.0)	(19.7)	(2.3)	(0.3)	(3.7)	(80.6)
Transfer from Investment Property	-	-	1.0	-	-	-	-	-	-	1.0
Balance as at March 31, 2022	-	24.9	151.0	1,477.4	86.9	56.7	88.7	192.9	74.3	2,152.8
Net carrying amount as at March 31, 2022 (I-II)	228.3	4.3	787.2	1,751.2	56.0	90.0	43.1	199.3	14.8	3,174.3

### Notes:

- Refer Note 33(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, 2022 and in the previous year ended March 31, 2021.
- No proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder during the year ended March 31, 2022 and March 31, 2021.
- The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

## Notes forming part of the Financial Statements

for the year ended March 31, 2022

### e. Refer table below for details of immovable property whose Title deeds are not held in the name of the Company as on March 31, 2021 and March 31, 2022

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value (₹ in million)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company
Property, plant and equipment	Factory Land (portion of land admeasuring 981 sq. mts.)	2.6	Mareshbhai Desai	No	December-08	The erstwhile owner of the property has filed a case challenging old sale deed. The matter is under adjudication before the Taluka Court, Kadi. The title deed will be updated on completion of the adjudication process.
Property, plant and equipment	Factory Land (portion of land admeasuring 6763 sq. mts.)	14.2	Hitachi Home & Life Solutions India Ltd.(HHLI) (erstwhile name of the company)	No	August-09	The property was acquired before the name change of the Company and accordingly, it is held in the erstwhile name of the Company. The Company has filed an application with concerned government authority for name change.
Property, plant and equipment	Guest house	1.0	Amtrex Hitachi Appliances Limited (erstwhile name of the company)	No	August-97	Sale Deed was executed in the erstwhile name of the Company, however, no share certificate was issued. The Company has made an application to the society chairman for issuance of Share Certificate in the name of the company.
Investment Property	Office building	5.9	Hitachi Home & Life Solutions India Ltd.(HHLI) (erstwhile name of the company)	No	March-16	The property was acquired before the name change of the Company and accordingly, it is held in the erstwhile name of the Company. The Company is in the process of initiating change in the revenue records to update the name of the Company.



# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note-4: Right-of-use assets

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

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

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

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

Buildings	₹ in million
<b>I. Gross carrying amount</b>	
Balance as at April 1, 2021	1,126.6
Additions	61.3
Disposals	(18.2)
<b>Balance as at March 31, 2022</b>	<b>1,169.7</b>
<b>II. Accumulated depreciation</b>	
Balance as at April 1, 2021	291.2
For the year	281.2
Disposals	(16.3)
<b>Balance as at March 31, 2022</b>	<b>556.1</b>
<b>Net carrying amount as at March 31, 2022 (I-II)</b>	<b>613.6</b>

### (ii) Amounts recognized in Statement of Profit and Loss

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

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Depreciation charge of right-of-use assets	281.2	231.1
Interest expense on lease liability	65.1	61.5
Expense relating to short term leases	106.7	229.1
Expense relating to low value assets	43.8	52.7
<b>Total</b>	<b>496.8</b>	<b>574.4</b>

### (iii) Extension and termination options

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

(iv) The total cash outflows for the leases for the year ended March 31, 2022 was ₹ 489.1 million (March 31, 2021 ₹ 568.2 million).

(v) During the year ended March 31, 2022, the Company has applied practical expedient under Ind AS 116 "Leases" in respect to Covid-19 related concessions. Accordingly, the Company has accounted for rent concessions amounting to ₹ 1.5 million during the year ended March 31, 2022 (March 31, 2021 ₹ 3.6 million).

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 5: Capital work-in-progress

	₹ in million
Balance as at April 1, 2020	64.4
Additions	265.5
Transfer to Property, plant and equipment	(238.5)
<b>Balance as at March 31, 2021</b>	<b>91.4</b>
Additions	215.7
Transfer to Property, plant and equipment	(223.7)
<b>Balance as at March 31, 2022</b>	<b>83.4</b>

Note: Capital Work-in-progress as at March 31, 2022 mainly comprise of Plant and equipment and Office Equipment.

### Ageing of Capital work-in-progress are as under

#### i) As at March 31, 2021

	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	59.3	32.1	-	-	91.4

#### ii) As at March 31, 2022

	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	57.4	0.1	25.9	-	83.4

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### Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan:

#### i) As at March 31, 2021

	Amount in Capital work-in-progress to be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Lab Equipment	20.3	-	-	-	20.3
Elevator, smoke detector, fire alarm, etc.	11.8	-	-	-	11.8

#### ii) As at March 31, 2022

	Amount in Capital work-in-progress to be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Lab Equipment	20.3	-	-	-	20.3
Set-up for gas storage	5.7	-	-	-	5.7

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 6: Investment property

Investment property comprises of buildings

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
<b>I. Gross carrying amount</b>		
Opening Balance	12.2	12.2
Transfer to Property, plant and equipment	(2.7)	-
<b>Closing Balance</b>	<b>9.5</b>	<b>12.2</b>
<b>II. Accumulated depreciation</b>		
Opening Balance	1.2	1.0
Depreciation charge for the year	0.2	0.2
Transfer to Property, plant and equipment *	(1.0)	-
<b>Closing Balance</b>	<b>0.4</b>	<b>1.2</b>
<b>Net carrying amount (I-II)</b>	<b>9.1</b>	<b>11.0</b>

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

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Rental Income	3.2	4.0
<b>Profit from investment property before depreciation</b>	<b>3.2</b>	<b>4.0</b>
Depreciation	0.2	0.2
<b>Profit from investment property</b>	<b>3.0</b>	<b>3.8</b>

### (ii) Fair Value

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Investment Property	47.2	35.6

### (iii) Estimation of fair value

Considering nature of properties, the Company obtains valuation for investment properties atleast annually. As at March 31, 2022, the fair value of investment property (as measured for disclosure purposes in the financial statements) is based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

As per March 31, 2021, the fair value of investment property (as measured for disclosure purposes in the financial statements) is based on the best evidence of fair value. The best evidence of fair value is current prices in an active market for similar properties in the area in which these properties are located adjusted for certain factors.

The fair value estimates for investment properties are categorised as level 3 as per Ind AS -113 - Fair value measurement.

### (iv) Leasing arrangements

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

### (v) Also, refer Note 3(e) in respect of title deed of an office building.

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 7 (a): Other Intangible Assets

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

	₹ in million		
	Software and licenses	Licensed technical Know-how	Total
<b>I. Gross carrying amount</b>			
Balance as at April 1, 2021	194.5	313.4	507.9
Additions	78.9	1.7	80.6
Disposals	(3.1)	-	(3.1)
<b>Balance as at March 31, 2022</b>	<b>270.3</b>	<b>315.1</b>	<b>585.4</b>
<b>II. Accumulated amortisation</b>			
Balance as at April 1, 2021	118.7	277.5	396.2
For the year	57.4	20.8	78.2
Disposals	(3.1)	-	(3.1)
<b>Balance as at March 31, 2022</b>	<b>173.0</b>	<b>298.3</b>	<b>471.3</b>
<b>Net carrying amount as at March 31, 2022 (I-II)</b>	<b>97.3</b>	<b>16.8</b>	<b>114.1</b>

## Note 7 (b): Intangible assets under development

	₹ in million
Balance as at April 1, 2020	0.6
Additions	10.1
Transfer to Intangible assets	(7.2)
<b>Balance as at March 31, 2021</b>	<b>3.5</b>
Balance as at April 1, 2021	3.5
Additions	81.6
Transfer to Intangible assets	(80.6)
<b>Balance as at March 31, 2022</b>	<b>4.5</b>

### i) Ageing as on March 31, 2021

	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	3.5	-	-	-	3.5

### i) Ageing as on March 31, 2022

	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	2.8	1.7	-	-	4.5

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

**Completion schedule for Intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan:**

**i) As at March 31, 2021**

	Amount in Capital work-in-progress to be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Technical know-how	1.7	-	-	-	1.7

**ii) As at March 31, 2022**

	Amount in Capital work-in-progress to be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Technical know-how	1.7	-	-	-	1.7

## Note 8: Non-Current Financial assets

### Note 8(a): Loans

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Loans to employees	2.0	4.4
<b>Total</b>	<b>2.0</b>	<b>4.4</b>

### Sub-classified as:

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Loans considered good - Secured	-	-
Loans considered good - Unsecured	2.0	4.4
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
<b>Total</b>	<b>2.0</b>	<b>4.4</b>

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

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
<b>Unsecured, Considered good</b>		
Security deposits	54.2	51.2
Margin Money Deposits with Bank	0.1	2.7
<b>Total</b>	<b>54.3</b>	<b>53.9</b>

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

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 9: Deferred tax Assets (net)

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
<b>The balance comprises temporary differences attributable to:</b>		
<b>Deferred tax assets</b>		
Provision for doubtful debts	12.5	14.1
Provision for compensated absences	29.0	38.9
Provision for litigations	60.9	58.4
Provision for inventory obsolescence	84.8	63.7
Lease Liability	20.3	13.7
Other disallowance	1.2	0.1
<b>Total deferred tax assets</b>	<b>208.7</b>	<b>188.9</b>
<b>Deferred tax liability</b>		
Differences in block of fixed assets as per tax books and financial books	(38.2)	(30.1)
Others	(8.3)	(9.2)
<b>Total deferred tax liabilities</b>	<b>(46.5)</b>	<b>(39.3)</b>
<b>Deferred Tax assets (net)</b>	<b>162.2</b>	<b>149.6</b>

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

## Note: Movement in deferred tax assets/liabilities

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
<b>Balance at the beginning of the year</b>	149.6	142.2
<b>Deferred Tax Assets</b>		
Provision for doubtful debts	(1.6)	(5.4)
Provision for compensated absences	(9.9)	9.8
Provision for litigations	2.5	2.1
Provision for inventory obsolescence	21.1	(0.6)
Lease Liability (Net of Right of use assets)	6.6	9.5
Other disallowance	1.1	(11.1)
<b>Total</b>	<b>19.8</b>	<b>4.3</b>
<b>Deferred Tax Liabilities</b>		
Differences in block of fixed assets as per tax books and financial books	(8.1)	4.9
Others	0.9	(1.8)
<b>Total</b>	<b>(7.2)</b>	<b>3.1</b>
<b>Movement in Deferred tax assets (net)</b>	<b>12.6</b>	<b>7.4</b>
<b>Balance at the closing of the year</b>	<b>162.2</b>	<b>149.6</b>

## Note 10: Non current Tax asset (Net)

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Advance income tax (Net of provision for taxation ₹2,353.4 million (March 31 2021: ₹ 2,248.1 million))	125.6	133.5
<b>Total</b>	<b>125.6</b>	<b>133.5</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 11: Other non-current assets

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Capital advances	203.4	13.4
Indirect tax credit receivable / Tax paid against appeal	245.4	291.9
<b>Total</b>	<b>448.8</b>	<b>305.3</b>

## Note 12: Inventories

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

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Raw Material (Including goods in transit ₹ 328.8 million (March 31, 2021 ₹ 616.2 million))	2,581.7	2,091.3
Work-in-progress	200.1	213.0
Finished goods (Including goods in transit ₹ 745.2 million (March 31, 2021 ₹ 588.3 million))	4,109.3	3,578.2
Stock-in-trade (Including goods in transit ₹ 165.7 million (March 31, 2021 ₹ 344.9 million))	1,271.7	1,033.6
Stores and spares	55.5	125.9
<b>Total</b>	<b>8,218.4</b>	<b>7,042.0</b>

## Amounts recognized in the Statement of profit and loss

Write-downs of inventories amounted to ₹ 145.5 million (March 31, 2021 - ₹ 97.6 million) during the year. These were recognized as an expense during the year and included in respective financial statement line items in statement of profit and loss.

## Note 13: Current financial assets

### Note 13(a): Trade receivables

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Trade Receivables	4,106.7	2,551.3
Receivables from related parties (Refer Note 39)	55.8	145.6
Less: Allowance for doubtful trade receivables	(49.5)	(56.1)
<b>Total</b>	<b>4,113.0</b>	<b>2,640.8</b>

### Sub-classified as:

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Trade receivables considered good - Secured	34.8	31.5
Trade receivables considered good - Unsecured	4,093.8	2,644.3
Trade receivables - credit impaired	33.9	21.1
<b>Total</b>	<b>4,162.5</b>	<b>2,696.9</b>
Less: Allowance for doubtful trade receivables	(49.5)	(56.1)
<b>Total</b>	<b>4,113.0</b>	<b>2,640.8</b>

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

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

### Ageing of trade receivables:

#### i) As at March 31, 2021

	Unbilled	Not Due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	1,987.7	587.7	48.9	33.2	10.4	7.9	2,675.8
(ii) Disputed Trade Receivables – credit impaired	-	-	0.0	0.1	7.7	5.1	8.2	21.1
<b>Total</b>	<b>-</b>	<b>1,987.7</b>	<b>587.7</b>	<b>49.0</b>	<b>40.9</b>	<b>15.5</b>	<b>16.1</b>	<b>2,696.9</b>

#### ii) As at March 31, 2022

	Unbilled	Not Due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	27.2	3,833.8	170.7	40.5	47.9	5.0	3.5	4,128.6
(ii) Disputed Trade Receivables – credit impaired	-	-	-	0.8	7.7	11.2	14.2	33.9
<b>Total</b>	<b>27.2</b>	<b>3,833.8</b>	<b>170.7</b>	<b>41.3</b>	<b>55.6</b>	<b>16.2</b>	<b>17.7</b>	<b>4,162.5</b>

### Note 13(b): Cash and cash equivalents

₹ in million

	As at March 31, 2022	As at March 31, 2021
<b>Balance with banks :</b>		
In current accounts	54.7	146.7
In cash credit accounts	148.6	157.8
In EEFC accounts	101.2	95.8
In fixed deposit accounts (with original maturity of less than 3 months)	-	820.0
<b>Total</b>	<b>304.5</b>	<b>1,220.3</b>

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

₹ in million

	As at March 31, 2022	As at March 31, 2021
Unpaid Dividend	2.0	2.4
Fixed deposit with banks*	0.2	-
<b>Total</b>	<b>2.2</b>	<b>2.4</b>

\* Earmarked for import transactions

### Note 13(d): Loans

₹ in million

	As at March 31, 2022	As at March 31, 2021
Loans to employees	12.0	10.2
<b>Total</b>	<b>12.0</b>	<b>10.2</b>



# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

Sub-classified as:

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Loans considered good - Secured	-	-
Loans considered good - Unsecured	12.0	10.2
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
<b>Total</b>	<b>12.0</b>	<b>10.2</b>

## Note 13(e): Other current financial assets

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
<b>Unsecured, considered good</b>		
Security deposits	3.5	5.5
Derivative contracts	10.7	6.2
Receivables from related parties (Refer Note 39)	-	15.4
Insurance claim receivables (Refer Note 42)	49.4	-
Receivable from Gratuity Fund	20.4	-
Interest accrued on fixed deposits *	-	1.2
Other receivables	8.4	-
<b>Total</b>	<b>92.4</b>	<b>28.3</b>

\* Interest accrued on fixed deposits amounts to ₹1,631

## Note 14: Contract asset

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Receivable towards contracts in progress (Refer Note 41)	28.7	79.7
<b>Total</b>	<b>28.7</b>	<b>79.7</b>

## Note 15: Other current assets

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Advance to suppliers	38.1	27.3
Prepaid expenses		
- CSR	2.2	-
- Others	78.4	63.6
Surplus in defined benefit plan assets (Refer Note 36)	20.8	-
<b>Balances with government authorities:</b>		
- GST (input tax credit)	158.2	242.3
- Others	48.9	19.9
Export incentive receivable	29.0	22.7
Employee Advance	0.4	0.3
<b>Total</b>	<b>376.0</b>	<b>376.1</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 16: Equity share capital

₹ in million

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount	No. of shares	Amount
<b>Authorised</b>				
Equity shares of ₹ 10 each	30,000,000	300.0	30,000,000	300.0
<b>Issued, Subscribed and fully paid-up</b>				
Equity shares of ₹ 10 each	27,190,884	271.9	27,190,884	271.9

The above excludes 12,967 (March 31, 2021: 12,967) equity shares of ₹ 10/- each relating to rights issue (2003-04 and 2013-14), which are kept in abeyance since the matter is pending for disposal at City Civil Court, Kolkata.

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

### (ii) Rights, Preferences and Restrictions attached to Equity shares

The Company has only one class of equity shares having a face value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend recommended by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at March 31, 2022	As at March 31, 2021
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, 2022		As at March 31, 2021	
	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	2,451,678	9.02%	2,463,402	9.06%

(v) There were no shares bought back nor allotted either as fully paid up bonus shares or under any contract without payment being received in cash during five years immediately preceding March 31, 2022.

### (vi) Details of Shareholding of Promoters in the Company as at March 31, 2021

	No. of Shares	% of total shares	% Change during the year
JCHAC India Holdco Limited	20,189,894	74.25%	-
Johnson Controls-Hitachi Air Conditioning Holding (UK) Limited	635	0.00%	-
<b>Total</b>	<b>20,190,529</b>		

### Details of Shareholding of Promoters in the Company as at March 31, 2022

	No. of Shares	% of total shares	% Change during the year
JCHAC India Holdco Limited	20,189,894	74.25%	-
Johnson Controls-Hitachi Air Conditioning Holding (UK) Limited	635	0.00%	-
<b>Total</b>	<b>20,190,529</b>		

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 17: Other equity

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
<b>Reserves and Surplus</b>		
(a) Securities premium (Note (i) below)	895.4	895.4
(b) General reserve (Note (ii) below)	229.8	229.8
(c) Capital reserve (Note (iii) below)	0.7	0.7
(d) Retained earnings		
Opening Balance	5,820.7	5,487.4
Add: Profit for the year	161.2	331.0
<b>Items of Other Comprehensive Income (OCI) recognised directly in retained earnings:</b>		
Remeasurement of post employment benefit obligations gain/ (loss), net of taxes	19.0	2.3
<b>Total retained earnings</b>	<b>6,000.9</b>	<b>5,820.7</b>
<b>Total</b>	<b>7,126.8</b>	<b>6,946.6</b>

### 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.

## Note 18: Other non-current liabilities

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Deferred Government Grant	132.1	137.3
<b>Total</b>	<b>132.1</b>	<b>137.3</b>

## Note 19: Non Current provisions

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
<b>Employee benefit obligations:</b>		
(i) Compensated absences (Refer Note 36)	152.5	165.1
(ii) Gratuity (Refer Note 36)	-	1.9
Provision for litigations and probable claims (Refer Note 35)	268.5	262.2
Provision for Warranty (Refer Note 35)	255.0	209.4
<b>Total</b>	<b>676.0</b>	<b>638.6</b>

## Note 20: Current financial liabilities

### Note 20(a): Current Borrowing

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
<b>Unsecured</b>		
Working capital loans repayable on demand from bank (including interest accrued but not due thereon)	430.1	-
<b>Total</b>	<b>430.1</b>	<b>-</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

### Note:

- Rate of interest range from 4.0% p.a to 5.0% p.a.
- The Company did not have borrowings from banks/financial institutions on the basis of security of current assets during the year ended March 31, 2022 and March 31, 2021.
- The Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- There are no charges or satisfactions which were to be registered with the Registrar of Companies during the year ended March 31, 2022 and March 31, 2021.
- As at year end March 31, 2022 and March 31, 2021, the Company has used the borrowings from banks / financial institutions for the purpose for which it was taken.

### Note 20(b):Trade payables

	₹ in million	
	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
Total outstanding dues of micro and small enterprises (Refer below)	915.8	607.0
Total Outstanding dues other than above	6,293.9	5,732.4
<b>Total</b>	<b>7,209.7</b>	<b>6,339.4</b>

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

	₹ in million	
	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	916.9	607.0
Interest thereon due to suppliers registered under the MSMED Act and remaining unpaid as at year end *	0.0	0.0
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	562.2	381.0
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	0.4	1.9
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
Interest accrued and remaining unpaid at the end of each accounting year (Not due)	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	0.5	0.5

\*Amounts to ₹ 24,594 at March 31, 2022 (March 31, 2021 ₹ 1,814)

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, 2022 is ₹ 0.4 million (March 31, 2021 ₹ 0.8 million)

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

### Ageing schedule for trade payables:

#### i) As at March 31, 2021

	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Micro and small enterprises (Undisputed)	-	597.0	10.0	-	-	-	607.0
(ii) Others (Undisputed)	1,511.0	3,980.1	237.9	3.0	0.2	0.2	5,732.4
<b>Total</b>	<b>1,511.0</b>	<b>4,577.1</b>	<b>247.9</b>	<b>3.0</b>	<b>0.2</b>	<b>0.2</b>	<b>6,339.4</b>

#### ii) As at March 31, 2022

	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Micro and small enterprises* (Undisputed)	-	907.4	8.4	0.0	-	-	915.8
(ii) Others (Undisputed)	1,347.2	4,323.4	619.9	3.2	0.2	-	6,293.9
<b>Total</b>	<b>1,347.2</b>	<b>5,230.8</b>	<b>628.3</b>	<b>3.2</b>	<b>0.2</b>	<b>-</b>	<b>7,209.7</b>

\*Amounts to ₹ 32,433 for 1-2 years bucket.

### Note 20(c) Other financial liabilities

₹ in million

	As at March 31, 2022	As at March 31, 2021
Employee related payables	133.6	119.4
Deposit from dealers and others	36.5	32.9
Payable for capital supplies #	32.8	38.1
Derivative contracts	6.2	1.7
Unclaimed Dividends *	2.0	2.4
<b>Total</b>	<b>211.1</b>	<b>194.5</b>

# Includes ₹ 1.1 million (March 31, 2021: Nil) payable to Micro and Small Enterprises.

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

### Note 21: Contract Liabilities

₹ in million

	As at March 31, 2022	As at March 31, 2021
Advance received from customers	188.0	177.8
Deferred Income pertaining to annual maintenance contracts	81.3	81.4
Liabilities for contract in progress	5.4	9.4
<b>Total</b>	<b>274.7</b>	<b>268.6</b>

### Note 22: Current provisions

₹ in million

	As at March 31, 2022	As at March 31, 2021
Provision for compensated absences (Refer Note 36)	27.6	30.2
Provision for Warranty (Refer Note 35)	145.3	170.7
<b>Total</b>	<b>172.9</b>	<b>200.9</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 23: Current tax Liability (Net)

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Income tax Liability	12.5	53.9
<b>Total</b>	<b>12.5</b>	<b>53.9</b>

Amount as at March 31, 2022 is net of advance tax ₹ 79.1 million (March 31, 2021 : ₹ 69.9 million)

## Note 24: Other current liabilities

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Statutory dues	689.5	462.5
Deferred Government Grant	11.6	11.2
Refund liability (Payable for Discount to Customers)	25.7	10.7
<b>Total</b>	<b>726.8</b>	<b>484.4</b>

## Note 25: Revenue from operations

	₹ in million	
	Year ended March 31, 2022	Year ended March 31, 2021
<b>Revenue from contract with customers (Refer Note: 41)</b>		
Sale of Products		
- Manufactured Goods	16,822.6	12,220.6
- Traded Goods	3,357.6	2,816.6
	<b>20,180.2</b>	<b>15,037.2</b>
Sale of services	1,135.4	1,290.1
Other operating revenues		
- Export Incentive	43.0	23.1
- Scrap Sales	231.8	115.0
<b>Total</b>	<b>21,590.4</b>	<b>16,465.4</b>

## Note 26: Other Income

	₹ in million	
	Year ended March 31, 2022	Year ended March 31, 2021
Interest income :		
- from banks on term deposits	5.8	7.0
- from others	6.0	1.0
Lease rent income	3.2	4.0
Facility charges	7.9	-
Government Grants	11.4	11.4
Liabilities no longer required written back	14.9	15.0
Miscellaneous income	31.4	40.6
<b>Total</b>	<b>80.6</b>	<b>79.0</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

₹ in million

	Year ended March 31, 2022	Year ended March 31, 2021
<b>Inventories at the end of the year</b>		
Work-in-progress	200.1	213.0
Finished goods	4,109.3	3,578.2
Stock-in-trade	1,271.7	1,033.6
<b>(A)</b>	<b>5,581.1</b>	<b>4,824.8</b>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	213.0	152.1
Finished goods	3,578.2	4,165.3
Stock-in-trade	1,033.6	1,231.3
<b>(B)</b>	<b>4,824.8</b>	<b>5,548.7</b>
<b>Total</b>	<b>(756.3)</b>	<b>723.9</b>

## Note 28: Employee benefit expense

₹ in million

	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and other benefits	1,560.1	1,484.1
Contribution to provident and other funds (Refer Note 36)	125.3	116.4
Workmen and Staff welfare expense	88.2	72.9
<b>Total</b>	<b>1,773.6</b>	<b>1,673.4</b>

## Note 29: Finance costs

₹ in million

	Year ended March 31, 2022	Year ended March 31, 2021
Interest Cost on borrowings at amortised cost	12.6	68.4
Interest on shortfall in payment of advance income tax	5.2	-
Interest and finance charges on lease liabilities	65.1	61.5
Interest due and payable towards suppliers registered under MSMED Act	0.4	0.8
Unwinding of interest on provisions	8.1	4.9
<b>Total</b>	<b>91.4</b>	<b>135.6</b>

## Note 30: Depreciation and amortization expenses

₹ in million

	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation of property, plant and equipment (Refer Note 3)	361.7	430.7
Depreciation on right of use assets (Refer Note 4)	281.2	231.1
Depreciation on investment property (Refer Note 6)	0.2	0.2
Amortization of intangible assets (Refer Note 7)	78.2	92.8
<b>Total</b>	<b>721.3</b>	<b>754.8</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 31: Other expenses

	₹ in million	
	Year ended March 31, 2022	Year ended March 31, 2021
Consumption of stores and spares	101.6	29.6
Power and fuel	200.8	149.2
Contract labour / staff charges	496.6	426.7
Rent (Refer Note 4 (ii))	150.5	281.8
Repairs and maintenance - Machinery	57.7	40.8
Repairs and maintenance - Others	20.6	32.7
Insurance	73.7	68.2
Repair and installation expenses for service operations	140.2	137.7
Rates and taxes	18.2	13.2
Royalty	370.0	281.2
Advertisement and sales promotion	251.8	177.0
Annual Maintenance Contract (AMC) expenses	290.5	269.7
Freight and forwarding expenses	689.3	587.7
Warranty expenses	362.3	271.1
Legal and professional fees	157.5	98.1
Corporate Social Responsibility expenses [Refer Note 31(b)]	17.1	29.3
Provision for doubtful debts	3.9	33.3
Bad Debt written off	10.5	54.7
Less: Provision for doubtful debts utilised	(10.5)	(54.7)
	-	-
Payment to Auditors [Refer Note 31(a)]	4.7	5.6
Net loss on sale of fixed assets	2.6	4.9
Loss on foreign exchange fluctuations (net)	64.3	23.5
Travelling & Conveyance	33.2	23.7
Miscellaneous expenses	284.9	315.9
<b>Total</b>	<b>3,792.0</b>	<b>3,300.9</b>

### Note 31(a): Details of payment to auditors

	₹ in million	
	Year ended March 31, 2022	Year ended March 31, 2021
<b>Payments to auditors:</b>		
- As auditors	4.0	3.6
- For other audit services	0.6	1.9
- Reimbursement of expenses	0.1	0.1
<b>Total</b>	<b>4.7</b>	<b>5.6</b>



# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 31: Other expenses (Contd...)

### Note 31(b): Corporate social responsibility expenses

	₹ in million	
	Year ended March 31, 2022	Year ended March 31, 2021
Nature of CSR activities:		
Promoting education among children	6.1	9.3
Vocational training for differently abled	-	0.1
Training to promote Paralympic sports	-	4.7
Promotion of healthcare including preventive healthcare	4.5	7.7
Livelihood enhancement projects	7.8	6.5
Amount spent in Administrative overheads	0.9	1.0
Accrual towards unspent obligations in relation to:		
Ongoing projects	-	-
Other than ongoing projects	-	-
<b>Total</b>	<b>19.3</b>	<b>29.3</b>
Gross amount required to be spent by the Company during the year under section 135 of the Act:	19.7	26.7
<b>Amount of expenditure incurred, :</b>		
(i) Construction/acquisition of any asset	6.2	15.6
(ii) On purposes other than (i) above	13.1	13.7

#### Note:

- i) There is no shortfall in CSR spend during current and previous year.
- ii) There is no amount contributed to related party for CSR.

#### Details of excess CSR expenditure under Section 135(5) of the Act

	₹ in million
Balance excess spent as at 01 April, 2021	2.6
Amount required to be spent during the year	19.7
Net amount required to be spent	<b>17.1</b>
Amount spent during the year	19.3
Balance excess spent as at 31 March, 2022	<b>2.2</b>

The excess CSR spent of ₹ 2.6 million during the year ended March 31, 2021 is being carried forward for set off as per the approval of Board of Directors on May 25, 2021. The Company has adjusted the said excess CSR spend against the CSR obligation for the year ended March 31, 2022.

The excess CSR spent of ₹ 2.2 million during the year ended March 31, 2022 will be adjusted against the CSR obligation arising within the succeeding three financial years. The Board of Directors have approved the said set-off on May 26, 2022.

#### Movement of provision in respect of liability incurred towards contractual obligation

	₹ in million
<b>As at April 1, 2020</b>	<b>3.6</b>
Charged to profit or loss	0.9
Amounts used during the year	3.6
<b>As at March 31, 2021</b>	<b>0.9</b>
Charged to profit or loss	0.9
Amounts used during the year	0.9
<b>As at March 31, 2022</b>	<b>0.9</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 32: Current and Deferred Tax

### Note 32(a): Movement of Current tax expense

	₹ in million	
	Year ended March 31, 2022	Year ended March 31, 2021
Income tax expense		
<b>Current tax</b>		
Current tax on profits for the year	85.2	123.1
Adjustments for current tax of prior periods	(8.1)	(12.4)
<b>Total current tax expense</b>	<b>77.1</b>	<b>110.7</b>
Deferred tax		
Decrease / (increase) in deferred tax assets	(19.8)	(4.3)
(Decrease) / increase in deferred tax liabilities	7.2	(3.1)
<b>Total deferred tax expense/(credit)</b>	<b>(12.6)</b>	<b>(7.4)</b>
<b>Total</b>	<b>64.5</b>	<b>103.3</b>

**Note 32 (b):** Income Tax expenses / (credit) of ₹ 6.4 million [March 31, 2021 - ₹ 0.7 million] has been recognised in other comprehensive income on account of actuarial remeasurements of post employment benefit obligations.

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

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

	₹ in million	
	Year ended March 31, 2022	Year ended March 31, 2021
<b>Profit before tax from continuing operations</b>	<b>225.7</b>	<b>434.3</b>
Rate of income tax	25.168%	25.168%
Income tax expenses	56.8	109.3
<b>Differences due to:</b>		
Expenses not deductible for tax purposes	5.8	7.6
Income exempt from income tax or taxable at concessional rate	(0.3)	(0.3)
Tax adjustment of earlier year	1.3	(12.4)
Others	0.9	(0.9)
<b>Expense recognised</b>	<b>64.5</b>	<b>103.3</b>

## Note 33: Contingent liabilities, contingent assets & commitments

### (a) Contingent liabilities

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Legal matters under dispute :		
Service tax	147.5	177.2
Sales tax (Note 4)	152.3	159.2
Excise duty	30.6	11.7
Goods & Services tax	2.2	0.9
Claims against the Company not acknowledged as debts	13.2	11.0
Bonus liability pertaining to financial year 2014-15	5.8	5.8
<b>Total</b>	<b>351.6</b>	<b>365.9</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 33: Contingent liabilities, contingent assets & commitments (Contd...)

### 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 the Honorable Gujarat High Court dated April 5, 2016, the Company has not provided bonus liability for 2014-15.

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

**4.** The Company had received a demand (including interest thereon) of ₹ 367.5 million in respect of sales tax matter during the year ended March 31, 2021. The Company has an unadjusted refund receivable amounting to ₹ 113.0 million in respect of assessment years covered under the said matter. Against the said demand, the Company has given Corporate Guarantee to tax authorities amounting to ₹ 103.0 million (March 31, 2021 - ₹ 103.0 million). Based on the assessment performed by Management (including recomputation), the Company has determined the contingent liability of ₹ 15.8 million (net) which is included in 33(a).

### (b) Capital commitments

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Estimated value of contracts in capital account remaining to be executed and not provided for (net of advances)	357.2	23.7
<b>Total</b>	<b>357.2</b>	<b>23.7</b>

### (c) Other commitments

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
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:	57.3	20.6
<b>Total</b>	<b>57.3</b>	<b>20.6</b>

(d) There are no contingent assets recognised as at the year end (March 31, 2021 ₹ Nil)

## Note 34: Research and Development

The amount of Research and Development expenditure incurred in respect of capital expenditure amounted to Nil (March 31, 2021 ₹ Nil) and in respect of revenue expense amounted to ₹310.3 million (March 31, 2021 ₹ 153.2 million). The Research and Development expenditure is incurred in respect of cooling products for comfort and commercial use.

## Note 35: Provisions

### (i) Information about provisions:

#### Provision for Warranty

The Company gives one year complete warranty (service and parts), 1/2 year warranty on parts, 5 year warranty on controllers and 5/10 years warranty on compressors at the time of sale to the ultimate customer of its products. It is expected that the most of the expenses against the provision will be incurred within warranty period, as the case may be.

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 35: Provisions (Contd...)

### Provision for litigations and probable claims

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

### (ii) Movement in provisions:

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

	₹ in million		
	Provision for Warranty	Provision for litigations and probable claims	Total
<b>As at April 1, 2020</b>	350.8	251.6	602.4
Charged/(credited) to profit or loss			
-additional provision recognized	133.4	10.6	144.0
-unused amounts reversed	(14.8)	-	(14.8)
-unwinding of discount	4.9	-	4.9
Amounts used during the year	(94.3)	-	(94.3)
<b>As at March 31, 2021</b>	<b>380.1</b>	<b>262.2</b>	<b>642.3</b>
Charged/(credited) to profit or loss			
-additional provision recognized	207.5	13.1	220.6
-unused amounts reversed	(23.6)	-	(23.6)
-unwinding of discount	8.1	-	8.1
Amounts used during the year	(171.8)	(6.8)	(178.6)
<b>As at March 31, 2022</b>	<b>400.3</b>	<b>268.5</b>	<b>668.8</b>

Note: Provision for warranty during the year and utilization do not include ₹ 178.4 million for the year ended March 31, 2022 (March 31, 2021 - ₹ 152.5 million) contractually payable to dealers and service providers to meet warranty cost.

## Note 36: Employee benefit obligations

### (a) Compensated absences

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

### (b) Post employment obligations

#### Defined contribution plans

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

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

	₹ in million	
	Year ended March 31, 2022	Year ended March 31, 2021
Employer's Contribution to Provident fund	75.8	65.5
Employer's Contribution to Employee State Insurance	0.3	1.3
Employer's Contribution to Superannuation fund	8.4	9.4
<b>Total</b>	<b>84.5</b>	<b>76.2</b>

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.

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

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

	₹ in million		
	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2020</b>	<b>273.9</b>	<b>(259.4)</b>	<b>14.5</b>
Current service cost	35.1	-	35.1
Interest expense/(income)	18.0	(17.2)	0.8
<b>Total amount recognized in the Statement of Profit and Loss</b>	<b>53.1</b>	<b>(17.2)</b>	<b>35.9</b>
<b>Remeasurements</b>			
Return on plan assets, excluding amounts included in interest expense / (income)	-	0.8	0.8
(Gain)/loss from change in demographic assumptions	(5.3)	-	(5.3)
(Gain)/loss from change in financial assumptions	(3.5)	-	(3.5)
Experience (gains)/losses	5.0	-	5.0
<b>Total amount recognized in Other comprehensive income</b>	<b>(3.8)</b>	<b>0.8</b>	<b>(3.0)</b>
Employer contributions		(54.9)	(54.9)
Benefit payments	(8.5)	17.9	9.4
<b>March 31, 2021</b>	<b>314.7</b>	<b>(312.8)</b>	<b>1.9</b>
Current service cost	36.6	-	36.6
Interest expense/(income)	20.8	(21.1)	(0.3)
<b>Total amount recognized in the Statement of Profit and Loss</b>	<b>57.4</b>	<b>(21.1)</b>	<b>36.3</b>
<b>Remeasurements</b>			
Return on plan assets, excluding amounts included in interest expense / (income)	-	0.3	0.3
(Gain)/loss from change in financial assumptions	(16.1)	-	(16.1)
Experience (gains)/losses	(9.6)	-	(9.6)
<b>Total amount recognized in Other comprehensive income</b>	<b>(25.7)</b>	<b>0.3</b>	<b>(25.4)</b>
Employer contributions	-	(37.8)	(37.8)
Benefit payments	(16.2)	20.4	4.2
<b>March 31, 2022</b>	<b>330.2</b>	<b>(351.0)</b>	<b>(20.8)</b>

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

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Fair value of plan assets	(351.0)	(312.8)
Present value of funded obligation	330.2	314.7
<b>Deficit/(Surplus) of gratuity plan</b>	<b>(20.8)</b>	<b>1.9</b>

Categories of plan assets are as follows:

	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Insurer managed fund	351.0	312.8
<b>Total</b>	<b>351.0</b>	<b>312.8</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

### Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	As at March 31, 2022	As at March 31, 2021
Discount rate (p.a.)	7.20%	6.75%
Salary growth rate (p.a.)	Operators : 15% for first 2 years, 8% thereafter, Others : 7.5%	Operators : 15% for first 3 years, 8% thereafter, Others : 7.5%

Future mortality rates are obtained from relevant table of Indian Assured Lives Mortality (2012-14) Ultimate as at March 31, 2022 and March 31, 2021.

### Sensitivity analysis

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

	₹ in million	
Defined benefit obligation	As at March 31, 2022	As at March 31, 2021
Discount rate (Change in assumptions)		
Increase by 1%	298.5	281.9
Decrease by 1%	367.6	352.9
Salary growth rate (Change in assumptions)		
Increase by 1%	366.9	351.9
Decrease by 1%	298.4	282.8

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

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

### Risk Exposure

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

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

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

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

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

### Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending March 31, 2022 is ₹ 17.3 million, (March 31, 2021 - ₹ 12.3 million)

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

The weighted average duration of the defined benefit obligation is 14.53 years (March 31, 2020 – 14.96 years). The expected maturity analysis of undiscounted gratuity benefits is as follows:

Duration	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Less than a year	17.3	12.3
Between 1-2 years	17.1	16.5
Between 2-5 years	76.2	60.8
Over 5 years	130.9	125.8

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

## Note 37: Fair value measurements

### (i) Classification of Financial Instruments

This section mentions the classification of financial instruments as under:

	₹ in million					
	As at March 31, 2022			As at March 31, 2021		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Trade Receivables	-	-	4,113.0	-	-	2,640.8
Loans to Employees	-	-	14.0	-	-	14.6
Derivative Contracts	10.7	-	-	6.2	-	-
Other receivables	-	-	78.2	-	-	15.4
Margin money deposits	-	-	0.1	-	-	2.7
Security deposits	-	-	57.7	-	-	56.7
Cash and cash equivalents	-	-	304.5	-	-	1,220.3
Bank balances other than Cash and cash equivalents above	-	-	2.2	-	-	2.4
Interest accrued on fixed deposits	-	-	-	-	-	1.2
<b>Total financial assets</b>	<b>10.7</b>	<b>-</b>	<b>4,569.7</b>	<b>6.2</b>	<b>-</b>	<b>3,954.1</b>
<b>Financial liabilities</b>						
Borrowings	-	-	430.1	-	-	-
Trade payables	-	-	7,209.7	-	-	6,339.4
Deposit from dealers and others	-	-	36.5	-	-	32.9
Payable for capital suppliers	-	-	32.8	-	-	38.1
Unclaimed dividends	-	-	2.0	-	-	2.4
Employee related payables	-	-	133.6	-	-	119.4
Derivative Contracts	6.2	-	-	1.7	-	-
<b>Total financial liabilities</b>	<b>6.2</b>	<b>-</b>	<b>7,844.7</b>	<b>1.7</b>	<b>-</b>	<b>6,532.2</b>

### (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.

**Note 39: Related party disclosure (As per Ind AS -24) (Contd...)****Notes forming part of the Financial Statements**

for the year ended March 31, 2022

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

The categories used are as follows:

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

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

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

**(iii) Valuation technique used to determine fair value of financial instruments****- Measured at FVPL / FVOCI**

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

**- Measured at amortised cost**

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

**(iv) Valuation processes**

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

**102 Note 38: Financial risk management and Capital management****Financial risk management**

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

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

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

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

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

**(A) Credit Risk**

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

**i) Trade receivables**

Trade receivables are derived from revenue earned from customers. Credit risk for trade receivable is managed by the Company through credit approvals, establishing credit limits and periodic monitoring of the creditworthiness of its customers to which the Company grants credit terms in the normal course of business. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Additionally, the Company has granted corporate guarantees to bank against the credit facilities availed by customers amounting to ₹ 75.0 million (March 31, 2021 - ₹ 75.0 million). This is not considered significant component to the overall operations of the Company.

The Company does not have a high concentration of credit risk to a single customer exceeding 10% of company revenue. The outstanding trade receivables of the single largest customer is ₹ 161.58 million as of March 31, 2022 (March 31, 2021 - ₹ 160.3 million).



# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

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

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

Duration	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Balance at the beginning	56.1	77.5
Impairment loss recognised/(reversed)	3.9	33.3
Amounts written off	(10.5)	(54.7)
<b>Balance at the end</b>	<b>49.5</b>	<b>56.1</b>

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

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

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

### (B) Management of Liquidity risk

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

The Company has sufficient unutilised unsecured credit facilities amounting to ₹ 5,344.2 million as at March 31, 2022 (March 31, 2021 : ₹ 5,144.0 million) from its bankers to address any potential liquidity risk. Further, the Company expects realisation of its current assets including accounts receivables and inventories within twelve months ending March 31, 2023.

### 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:

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

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

₹ in million

As at March 31, 2022	Note No.	Carrying amount	Less than 12 months	More than 12 months	Total
<b>Non derivatives</b>					
Current Borrowings	20 (a)	430.1	430.1	-	430.1
Lease Liabilities		694.5	328.6	584.5	913.1
Trade payables	20 (b)	7,209.7	7,209.7	-	7,209.7
Deposits from dealers and others	20 (c)	36.5	36.5	-	36.5
Payable for capital suppliers	20 (c)	32.8	32.8	-	32.8
Unclaimed dividends	20 (c)	2.0	2.0	-	2.0
Employee related payables	20 (c)	133.6	133.6	-	133.6
<b>Derivatives</b>					
Derivative contracts	20 (c)	6.2	6.2	-	6.2
<b>Total liabilities</b>		<b>8,545.4</b>	<b>8,179.5</b>	<b>584.5</b>	<b>8,764.0</b>

### (C) Market Risk

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

#### Foreign currency risk

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

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

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

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

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

Foreign currency exposure		₹ in million			
Underlying Currency	As at March 31, 2022		As at March 31, 2021		
	USD	JPY	USD	JPY	
<b>Assets</b>					
Trade Receivables	85.9	-	186.9	-	
Bank Balance in EEFC account	101.2	-	95.8	-	
Other financial assets	8.4	-	15.8	-	
	<b>195.5</b>	<b>-</b>	<b>298.5</b>	<b>-</b>	
<b>Liabilities</b>					
Trade Payable	2,506.1	25.4	2,499.6	17.1	
Other financial liabilities	2.3	-	22.3	5.0	
	<b>2,508.4</b>	<b>25.4</b>	<b>2,521.9</b>	<b>22.1</b>	
<b>Derivative to hedge exposure</b>					
Forward contracts (Buy)	1,886.2	-	1,532.4	-	

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

### Sensitivity - Foreign Currency

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

₹ in million

	Increase / (decrease) in profit after tax	
	March 31, 2022	March 31, 2021
<b>USD Sensitivity</b>		
Depreciation of ₹ against USD by 5% (March 31, 2021 - 5%)*	(16.0)	(25.9)
Appreciation of ₹ against USD by 5% (March 31, 2021 - 5%)*	16.0	25.9
<b>JPY Sensitivity</b>		
Depreciation of ₹ against JPY by 5% (March 31, 2021 - 5%)*	(0.9)	(0.8)
Appreciation of ₹ against JPY by 5% (March 31, 2021 - 5%)*	0.9	0.8

\* Holding all other variables constant

### Capital management

#### (a) Risk management

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

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

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

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

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

#### (b) Dividend

The Company has not paid dividend for the year ended March 31, 2022 and March 31, 2021. Further the Board of Directors did not recommend dividend subsequent to the year ended March 31, 2022.

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

### I Relationship

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

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## D. Associates

### Entities having significant influence over the Company

Hitachi Global Life Solution Inc.

### Subsidiaries of entities having significant influence over the Company

Arcelik Hitachi Home Appliances (Thailand) Ltd. (formerly known as Hitachi Consumer Products (Thailand) Ltd.) (Till June 30, 2021)

Arcelik Hitachi Home Appliances Sales (Singapore) Pte Ltd (formerly known as Hitachi Home Electronics Asia (S) Pte. Ltd.) (Till June 30, 2021)

Hitachi High Technologies Hong Kong Ltd.

Hitachi High-Technologies Corporation

Hitachi Hirel Power Electronics Pvt. Ltd.

Hitachi India Pvt. Ltd.

Hitachi Metals Singapore Pte Ltd.

Hitachi Sales Middle East Fze

Hitachi Payment Services Pvt. Ltd

Hitachi Systems Micro Clinic Pvt Ltd.

Hitachi Astemo Chennai Private Limited (formerly known as Hitachi Automotive System (India) Pvt. Limited)

Hitachi Astemo Gurugram Powertrain Systems Pvt. Ltd.

Hitachi Energy India Limited

Hitachi Koki India Ltd

Tata Hitachi Construction Machinery Company Pvt. Ltd.

## E. Key Managerial Personnel

Mr. Gurmeet Singh (Chairman and Managing Director)

Mr. Shinichi Iizuka (Non-executive non-independent Director)

Mr. Yoshikazu Ishihara (Non-executive non-independent Director)

Mr. Mukesh Patel (Independent Director)

Mr. Ashok Balwani (Independent Director)

Ms. Indira Parikh (Independent Director) (upto March 31, 2022)

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

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

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

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

Sr. No.	Transactions	₹ in million											
		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 March 31, 2021	For the year ended March 31, 2021
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021		
<b>A</b>	<b>Transaction during the year</b>												
1	Purchase of raw material												
	Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	1,977.0	1,145.3	-	-	-	-	-	-
	Johnson Controls-Hitachi Components (Thailand) Co. Ltd.	-	-	557.4	639.6	-	-	-	-	-	-	-	-
	Hitachi High-Technologies Corporation	-	-	-	-	-	-	-	-	-	1.3	-	-
	Hitachi High Technologies Hong Kong Ltd.	-	-	-	-	-	-	-	-	-	0.3	-	-
	Johnson Controls India Pvt. Ltd.	-	-	122.0	-	-	-	-	-	-	-	-	-
	Others	-	-	56.0	38.7	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	<b>735.4</b>	<b>678.3</b>	<b>1,977.0</b>	<b>1,145.3</b>	-	-	-	<b>1.6</b>	-	-
<b>2</b>	<b>Purchase of stock-in-trade</b>												
	Arcelik Hitachi Home Appliances (Thailand) Ltd. (formerly known as Hitachi Consumer Products (Thailand) Ltd.) #	-	-	-	-	-	-	-	3.3	421.4	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	74.9	74.5	-	-	-	-	-	-	-	-
	Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd	-	-	-	-	757.5	358.5	-	-	-	-	-	-
	Johnson Controls-Hitachi Wanbao Air Conditioning Systems ( Shanghai) Co.Ltd	-	-	16.4	8.1	-	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Wanbao Air Conditioning Guangzhou Co. Ltd., China	-	-	40.4	50.5	-	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Wuhu Co. Ltd., China	-	-	30.1	9.9	-	-	-	-	-	-	-	-
	Hitachi Global Life Solution Inc.	-	-	-	-	-	-	-	0.6	0.4	-	-	-
	Others	-	-	2.0	12.7	-	-	-	0.1	-	-	-	-
	<b>Total</b>	-	-	<b>163.8</b>	<b>155.7</b>	<b>757.5</b>	<b>358.5</b>	-	<b>4.0</b>	<b>421.8</b>	-	-	-
<b>3</b>	<b>Technical know-how fees (capitalised)</b>												
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	-	7.0	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	<b>7.0</b>	-	-	-	-	-	-	-	-
<b>4</b>	<b>Liabilities no longer required written back</b>												
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	0.9	8.5	-	-	-	-	-	-	-	-
	Hitachi Payment Services Pvt. Ltd	-	-	-	-	-	-	-	0.1	-	-	-	-
	Others*	-	-	0.0	-	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	<b>0.9</b>	<b>8.5</b>	-	-	-	<b>0.1</b>	-	-	-	-

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

Sr. No.	Transactions	₹ in million											
		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	March 31, 2021
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021		
<b>5</b>	<b>Sale of products</b>												
	Johnson Controls India Private Limited	-	-	226.9	-	-	-	-	-	-	-	-	-
	Arcelik Hitachi Home Appliances Sales (Singapore) Pte Ltd (formerly known as Hitachi Home Electronics Asia (S) Pte. Ltd.) #	-	-	-	-	-	-	28.1	81.6	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	-	219.8	307.3	-	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Trading (Hong Kong) Limited	-	-	130.7	-	-	-	-	-	-	-	-	-
	Highly Electrical Appliances India Private Limited.	-	-	-	-	-	0.7	-	-	-	-	-	-
	Hitachi Payment Services Pvt. Ltd	-	-	-	-	-	-	5.8	35.5	-	-	-	-
	York International (SA) Inc.	-	-	11.2	129.3	-	-	-	-	-	-	-	-
	Others	-	-	9.2	22.8	-	-	0.3	0.3	-	-	-	-
	<b>Total</b>	-	-	<b>597.8</b>	<b>459.4</b>	-	<b>0.7</b>	<b>34.2</b>	<b>117.4</b>	-	-	-	-
<b>6</b>	<b>Sale of services</b>												
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	368.7	513.0	-	-	-	-	-	-	-	-
	Hitachi Payment Services Pvt. Ltd @	-	-	-	-	-	-	0.0	5.5	-	-	-	-
	Hitachi Hirel Power Electronics Pvt. Ltd.	-	-	-	-	-	-	1.2	1.3	-	-	-	-
	Hitachi Astemo Chennai Private Limited (formerly known as Hitachi Automotive System (India) Pvt. Limited)	-	-	-	-	-	-	0.7	0.8	-	-	-	-
	Hitachi Astemo Gurugram Powertrain Systems Pvt. Ltd.	-	-	-	-	-	-	0.5	-	-	-	-	-
	Others	-	-	0.1	0.1	-	-	0.4	0.3	-	-	-	-
	<b>Total</b>	-	-	<b>368.8</b>	<b>513.1</b>	-	-	<b>2.8</b>	<b>7.9</b>	-	-	-	-
<b>7</b>	<b>Other Income (Facility charges)</b>												
	Johnson Controls India Pvt. Ltd.	-	-	7.9	-	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	<b>7.9</b>	-	-	-	-	-	-	-	-	-
<b>8</b>	<b>Advertisement, Salary &amp; Other Expense recovery</b>												
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	84.8	63.9	-	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	-	12.8	-	-	-	-	-	-	-	-	-
	Johnson Controls Hitachi Air Conditioning Europe Sas, France	-	-	-	27.2	-	-	-	-	-	-	-	-
	Others	-	-	0.4	6.2	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	<b>98.0</b>	<b>97.3</b>	-	-	-	-	-	-	-	-

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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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, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
9	<b>Commission</b>										
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	3.7	-	-	-	-	-	-	-	-
	Hitachi Sales Middle East Fze	-	-	-	-	-	0.1	-	-	-	-
	<b>Total</b>	-	<b>3.7</b>	-	-	-	<b>0.1</b>	-	-	-	-
10	<b>Key management personnel compensation</b>										
	Mr. Gurmeet Singh	-	-	-	-	-	-	-	-	30.4	21.7
	- Short term employee benefits	-	-	-	-	-	-	-	-	1.0	1.4
	- Post employment benefits	-	-	-	-	-	-	-	-	-	-
	Directors sitting fees	-	-	-	-	-	-	-	-	0.8	0.8
	Mr. Mukesh Patel	-	-	-	-	-	-	-	-	0.9	0.8
	Mr. Ashok Balwani	-	-	-	-	-	-	-	-	0.8	0.8
	Ms. Indira Parikh	-	-	-	-	-	-	-	-	0.8	0.8
	<b>Total</b>	-	-	-	-	-	-	-	-	<b>33.9</b>	<b>25.5</b>
11	<b>Royalty</b>										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	147.1	186.8	-	-	-	-	-	-	-
	Hitachi Global Life Solution Inc.	-	-	-	-	-	183.2	133.9	-	-	-
	Others	-	0.2	-	-	-	-	-	-	-	-
	<b>Total</b>	-	<b>147.3</b>	<b>186.8</b>	-	-	<b>183.2</b>	<b>133.9</b>	-	-	-
12	<b>Purchase of capital goods</b>										
	Tyco Fire & Security India Private Limited	-	2.3	0.1	-	-	-	-	-	-	-
	Johnson Controls, Inc., USA	-	-	55.7	-	-	-	-	-	-	-
	Hitachi Hirel Power Electronics Pvt. Ltd.	-	-	-	-	-	0.7	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	5.3	-	-	-	-	-	-	-	-
	Johnson Controls India Private Limited	-	33.6	3.6	-	-	-	-	-	-	-
	<b>Total</b>	-	<b>41.2</b>	<b>59.4</b>	-	-	<b>0.7</b>	-	-	-	-
13	<b>Reimbursement of salaries &amp; other expenses</b>										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	25.4	30.7	-	-	-	-	-	-	-
	Johnson Controls, Inc., USA	-	19.7	43.8	-	-	-	-	-	-	-
	Hitachi Global Life Solution Inc.	-	-	-	-	-	6.9	7.7	-	-	-
	Others	-	3.0	4.0	-	-	-	-	-	-	-
	<b>Total</b>	-	<b>48.1</b>	<b>78.5</b>	-	-	<b>6.9</b>	<b>7.7</b>	-	-	-
14	<b>Proceeds from Loan</b>										
	Rola Star Pvt. Limited, India	-	30.0	-	-	-	-	-	-	-	-
	<b>Total</b>	-	<b>30.0</b>	-	-	-	-	-	-	-	-
15	<b>Repayment of Loan</b>										
	Rola Star Pvt. Limited, India	-	30.0	-	-	-	-	-	-	-	-
	<b>Total</b>	-	<b>30.0</b>	-	-	-	-	-	-	-	-
16	<b>Interest on Loan</b>										
	Rola Star Pvt. Limited, India	-	0.2	-	-	-	-	-	-	-	-
	<b>Total</b>	-	<b>0.2</b>	-	-	-	-	-	-	-	-

₹ in million



# Notes forming part of the Financial Statements

for the year ended March 31, 2022

Sr. No.	Transactions	₹ in million											
		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	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021		
17	<b>Repair &amp; Maintenance Expenses</b>												
	Johnson Controls India Pvt. Ltd.	-	-	1.3	-	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	<b>1.3</b>	-	-	-	-	-	-	-	-	-
	<b>(B) Balance at year end</b>												
	<b>Receivable</b>												
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	37.2	55.7	-	-	-	-	-	-	-	-
	Arcelik Hitachi Home Appliances (Thailand) Ltd. (formerly known as Hitachi Consumer Products (Thailand) Ltd.) #	-	-	-	-	-	-	-	-	15.4	-	-	-
	Johnson Controls-Hitachi Air Conditioning (S) Pte Ltd	-	-	12.9	16.4	-	-	-	-	-	-	-	-
	Hitachi Payment Services Pvt. Ltd*	-	-	-	-	-	-	0.0	23.8	-	-	-	-
	York International (SA) Inc.	-	-	0.3	23.2	-	-	-	-	-	-	-	-
	Arcelik Hitachi Home Appliances Sales (Singapore) Pte Ltd (formerly known as Hitachi Home Electronics Asia (S) Pte. Ltd.) #	-	-	-	-	-	-	-	-	15.6	-	-	-
	Others	-	-	4.6	10.3	0.1	-	0.7	0.6	-	-	-	-
	<b>Total Amount Payable</b>	-	-	<b>55.0</b>	<b>105.6</b>	<b>0.1</b>	-	<b>0.7</b>	<b>55.4</b>	-	-	-	-
	Arcelik Hitachi Home Appliances (Thailand) Ltd. (formerly known as Hitachi Consumer Products (Thailand) Ltd.) #	-	-	-	-	-	-	-	-	209.9	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	108.2	202.0	-	-	-	-	-	-	-	-
	Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	1,107.7	546.3	-	-	-	-	-	-
	Johnson Controls, Inc., USA	-	-	56.7	-	-	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Components (Thailand) Co. Ltd., Thailand	-	-	175.3	247.3	-	-	-	-	-	-	-	-
	Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd., China	-	-	-	-	11.5	155.0	-	-	-	-	-	-
	Hitachi Global Life Solution Inc	-	-	-	-	-	-	99.8	80.8	-	-	-	-
	Others	-	-	34.8	37.5	-	-	-	-	-	-	-	-
	<b>Total Amount</b>	-	-	<b>375.0</b>	<b>486.8</b>	<b>1,119.2</b>	<b>701.3</b>	<b>99.8</b>	<b>290.7</b>	-	-	-	-

\* Amounts to ₹ 31,544 at March 31, 2022

@ Amounts to ₹ 27,325 at March 31, 2022

# Transactions for year ended March 31, 2022 disclosed are upto June 30, 2021 (i.e. till the date parties are considered related) and disclosure of receivable/ payable balances are as per the relationship status as at year-end.

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Notes:

- (i) There are no allowances on account for impaired receivables in relation to any outstanding balances, and no expense have been recognised in respect of impaired receivables due from related parties.
- (ii) Key management personnel compensation does not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.
- (iii) The transactions with related parties have prior approval of the Audit Committee (Omnibus approval) in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). The approval of Shareholders in respect of transaction with Highly Electrical Appliances India Private Limited as required in SEBI LODR (being material transaction) will be obtained at the ensuing Annual General Meeting.
- (iv) Remuneration paid during the year to Chairman and Managing Director is in accordance with the special resolution approved at Shareholders' meeting on September 15, 2020 and September 15, 2021 as per requirements of Section 197 read with Schedule V.

## III. Terms and Conditions

All transactions were made on normal commercial terms and condition.

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

## Note 40: Segment Reporting

### A. Description

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

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

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

### B. Information about reportable segment

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

₹ in million

	2021-22			2020-21		
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total
<b>Segment Revenue</b>						
External Sales	21,190.0	702.1	21,892.1	15,952.4	650.3	16,602.7
Less: Inter - Segment Sales	-	301.7	301.7	-	137.3	137.3
<b>Total Revenue from operations</b>	<b>21,190.0</b>	<b>400.4</b>	<b>21,590.4</b>	<b>15,952.4</b>	<b>513.0</b>	<b>16,465.4</b>
<b>Segment Results</b>						
Earnings before Interest and Tax and Exceptional items	232.4	92.1	324.5	413.3	85.5	498.8
Less: Exceptional items	7.4	-	7.4	(71.1)	-	(71.1)
Less: Interest expense	91.4	-	91.4	135.6	-	135.6
<b>Profit before tax</b>	<b>133.6</b>	<b>92.1</b>	<b>225.7</b>	<b>348.8</b>	<b>85.5</b>	<b>434.3</b>
<b>Segment Assets</b>	<b>15,874.5</b>	<b>1,434.0</b>	<b>17,308.5</b>	<b>13,377.0</b>	<b>1523.6</b>	<b>14,900.6</b>
Unallocated corporate assets	-	-	630.6	-	-	1,525.6
<b>Total Segment assets</b>	<b>15,874.5</b>	<b>1,434.0</b>	<b>17,939.1</b>	<b>13,377.0</b>	<b>1523.6</b>	<b>16,426.2</b>
<b>Segment Liabilities</b>	<b>10,349.5</b>	<b>176.4</b>	<b>10,525.9</b>	<b>8,986.9</b>	<b>164.5</b>	<b>9,151.4</b>
Unallocated corporate liabilities	-	-	14.5	-	-	56.3
<b>Total Segment Liabilities</b>	<b>10,349.5</b>	<b>176.4</b>	<b>10,540.4</b>	<b>8,986.9</b>	<b>164.5</b>	<b>9,207.7</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 40: Segment Reporting (Contd...)

### C. Geographic information

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

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

₹ in million

	2021-22			2020-21		
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total
<b>Segment revenue</b>						
India	20,373.2	333.4	20,706.6	15,236.2	137.3	15,373.5
Outside India	816.8	368.7	1,185.5	716.2	513.0	1,229.2
<b>Total</b>	<b>21,190.0</b>	<b>702.1</b>	<b>21,892.1</b>	<b>15,952.4</b>	<b>650.3</b>	<b>16,602.7</b>
Less: Inter Segment Revenue	-	(301.7)	(301.7)	-	(137.3)	(137.3)
<b>Total segment revenue from operations</b>	<b>21,190.0</b>	<b>400.4</b>	<b>21,590.4</b>	<b>15,952.4</b>	<b>513.0</b>	<b>16,465.4</b>

### D. Non-current segment asset

₹ in million

	2021-22	2020-21
India	4,447.8	4,818.5
Outside India	-	-
<b>Total Non-current Segment assets</b>	<b>4,447.8</b>	<b>4,818.5</b>

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

## Note 41: Revenue from contracts with customers

### Reconciliation of revenue recognised with contract price:

₹ in million

	Year ended March 31, 2022	Year ended March 31, 2021
<b>Contract Price</b>	22,717.7	17,455.3
Adjustment for:		
Incentives and performance bonus	(1,127.3)	(989.9)
<b>Revenue recognised</b>	<b>21,590.4</b>	<b>16,465.4</b>

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

₹ in million

	2021-22			2020-21		
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total
<b>Major Products /service lines</b>						
Room air conditioners	14,694.4	-	14,694.4	10,954.1	-	10,954.1
Commercial air conditioners	3,510.4	-	3,510.4	2,188.8	-	2,188.8
Home appliances	560.1	-	560.1	775.8	-	775.8
Service Income	766.7	368.7	1,135.4	777.1	513.0	1,290.1
Others	1,658.4	31.7	1,690.1	1,256.6	-	1,256.6
<b>Total</b>	<b>21,190.0</b>	<b>400.4</b>	<b>21,590.4</b>	<b>15,952.4</b>	<b>513.0</b>	<b>16,465.4</b>
<b>Timing of revenue recognition</b>						
Goods / Services Transferred at a point of time	20,575.3	31.7	20,607.0	15,297.1	-	15,297.1
Service transferred over time	614.7	368.7	983.4	655.3	513.0	1,168.3
<b>Total</b>	<b>21,190.0</b>	<b>400.4</b>	<b>21,590.4</b>	<b>15,952.4</b>	<b>513.0</b>	<b>16,465.4</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

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

### Information about Contract assets and Contract Liabilities

	Contract assets	Contract liabilities
<b>As at April 1, 2020</b>	<b>111.9</b>	<b>288.2</b>
Revenue recognised that was included in the contract liability balance at the beginning of the period		183.8
Increases due to cash received, excluding amounts recognised as revenue during the period		164.2
Transfers from contract assets recognised at the beginning of the period to receivables	74.2	
Increases as a result of changes in the measure of progress	42.0	
<b>As at March 31, 2021</b>	<b>79.7</b>	<b>268.6</b>
Revenue recognised that was included in the contract liability balance at the beginning of the period		240.1
Increases due to cash received, excluding amounts recognised as revenue during the period		246.2
Transfers from contract assets recognised at the beginning of the period to receivables	55.2	
Increases as a result of changes in the measure of progress	4.2	
<b>As at March 31, 2022</b>	<b>28.7</b>	<b>274.7</b>

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### Unsatisfied performance obligation

	As at March 31, 2022	As at March 31, 2021
Aggregate amount of the transaction price allocated to construction contracts that are partially unsatisfied as at reporting date	22.1	243.1
Revenue recognised from performance obligation unsatisfied in previous period	35.4	33.5

Management expects that 100% (March 31, 2021: 40%) of transaction price allocated to the unsatisfied contracts as on March 31, 2022 will be recognised as revenue during the next reporting period 2022-23.

## Note 42: Exceptional Items

During the financial year 2021-22, there was a fire at one of the Company's warehouse and due to this, there was a loss of inventory amounting to ₹ 56.7 million. Based on the communication from the surveyor (on behalf of the insurance company), the management believes that recovery from insurance company is certain and accordingly, has recognised estimated insurance claim receivable of ₹ 49.3 million.

	₹ in million
	Year ended March 31, 2022
Loss of inventory (including GST)	56.7
Insurance Claim	49.3
<b>Revenue recognised</b>	<b>7.4</b>

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

## Note 43: Impact due to Covid-19 pandemic

The Company's management has assessed the impact of COVID -19 pandemic on the operations of the Company and considering the current situation, concluded that it does not expect to have significant impact on the operations and the financial position of the Company.

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 44: Additional regulatory information

### (a) Analytical ratios:

Sr. No.	Ratio	Numerator	Denominator	Refer footnote	As at March 31, 2022	As at March 31, 2021	% Variance	Reason for Variance*
1	Current Ratio	Current Assets	Current Liabilities		1.4	1.5	-4%	
2	Debt-Equity Ratio	Total Debt	Total Equity		0.2	0.1	23%	
3	Debt Service Coverage Ratio	Earnings available for debt service	Total Debt Service Costs		3.1	3.9	-21%	
4	Return on Equity (ROE) (%)	Net Profits after taxes	Average total Equity		2.2%	4.7%	-53%	The variance is primarily on account of reduction in net profit after taxes due to increase in material and freight cost during the year ended March 31, 2022.
5	Inventory Turnover Ratio	Cost of goods sold	Average Inventory	I	2.3	1.8	26%	There was significant increase in revenue of the Company and consequently, there was higher inventory turnover during the year ended March 31, 2022.
6	Trade receivables turnover ratio	Net Credit Sales	Average Accounts Receivable	II	7.9	8.2	-3%	
7	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	III	3.6	3.1	13%	
8	Net capital turnover ratio	Net Sales	Working Capital		5.6	4.6	23%	
9	Net profit ratio(%)	Net Profits after taxes	Total Income		0.7%	2.0%	-63%	The variance is primarily on account of increase in material and freight cost compared to revenue during the year ended March 31, 2022.
10	Return on capital employed (ROCE)(%)	Earning before interest and taxes	Capital Employed	IV	4.3%	7.9%	-46%	There was reduction in overall gross profit margins during the year ended March 31, 2022 on account of disproportionate increase in material and freight cost compared to revenue during the year. Accordingly, the return on capital employed has declined during the year ended March 31, 2022.
11	Return on investments (%)	Interest and rent income(net)	Average investment		8.1%	9.9%	-18%	

\* As per Para 6(L)(xiv) of the General Instructions for Preparation of the Balance Sheet under Division II of the Schedule III of the Act, the Company is required to provide explanation for changes in the ratio by more than 25% as compared to the preceding year.

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 44: Additional regulatory information (Contd...)

- I Average Inventory = Average of closing inventory at end of each quarter.
- II Average Accounts Receivable = Average of accounts receivable at end of each quarter.
- III Average Trade Payables = Average of trade payables at end of each quarter.
- IV Capital Employed = Total Equity + Long term debt

### (b) Details of crypto currency or virtual currency

The Company has not invested or traded in Crypto Currency or Virtual Currency during the year ended March 31, 2022 and March 31, 2021.

### (c) Compliance with approved scheme of arrangements

The Company has not entered into any scheme of arrangement in terms of sections 230 to 237 of the Companies Act, 2013.

### (d) Undisclosed income

During the year ended March 31, 2022 and March 31, 2021, the Company has not surrendered or disclosed as income any transactions not recorded in the books of accounts in the course of tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

### (e) Loans or advances to specified persons

The Company has not granted any loans or advances in nature of loans to promoters/directors/KMPs/Related parties (as defined under the Companies Act, 2013) for the year ended March 31, 2022 and March 31, 2021.

### (f) Compliance with numbers of layers of companies

The Company is in compliance with the number of layers of companies in accordance with clause 87 of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 during the year ended March 31, 2022 and March 31, 2021.

### (g) Utilisation of borrowed funds and share premium

During the year ended March 31, 2022 and March 31, 2021, the Company has not advanced or loaned or invested funds (either borrowed funds or share premium or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

- i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.”

During the year ended March 31, 2022 and March 31, 2021, the Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- ii) provide any guarantee, security, or the like on behalf of the ultimate beneficiaries.

### (h) Relationship with struck off companies

The Company does not have any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 during the year ended March 31, 2022 and March 31, 2021.

# Notes forming part of the Financial Statements

for the year ended March 31, 2022

## Note 45: Earnings per share

	As at March 31, 2022	As at March 31, 2021
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in million)	161.2	331.0
Weighted average number of Equity shares outstanding during the financial year (Nos.)	27,190,884	27,190,884
Nominal face value of an Equity share (in ₹)	10.0	10.0
Basic and diluted earnings per share (in ₹)	<b>5.9</b>	<b>12.2</b>

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

		₹ in million	
	Purpose	As at March 31, 2022	As at March 31, 2021
Corporate guarantees given to bank against the credit facilities availed by dealers	To partially address dealers working capital requirement	75.0	75.0

## Note 47: Events occurring after reporting period

The Company evaluated subsequent events through May 26, 2022, the date the financial statements were available for issuance, and determined that there were no additional material subsequent events requiring disclosure.

The accompanying Notes form an integral part of the Financial Statements.  
As per our report of even date

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

**Sachin Parekh**  
Partner  
Membership No.: 107038

Place: Kadi  
Date: May 26, 2022

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

**Gurmeet Singh**  
Chairman & Managing Director  
DIN : 06938403  
Place: Kadi

**Rishi Mehta**  
Chief Financial Officer  
Place: Kadi  
Date: May 26, 2022

**Yoshikazu Ishihara**  
Director  
DIN : 07998690  
Place: Tokyo

**Parag Dave**  
Company Secretary  
Membership No.: 12626  
Place: Kadi  
Date: May 26, 2022

## Johnson Controls-Hitachi Air Conditioning India Limited

### HEAD OFFICE AND WORKS

Hitachi Complex, Karan Nagar, Kadi,  
Dist. Mehsana - 382 727, Gujarat, India.

**Email:** sales@jci-hitachi.com

**Website:** www.hitachiaircon.com/in



Dial-a-Care

**Call:** 079-7141-4848 (L), 756-788-4848 (M)

**E-mail:** customercare@jci-hitachi.com

**Whatsapp:** +91 75678 84848

### REGISTERED OFFICE

9<sup>th</sup> Floor, Abhijeet - I, Mithakhali Six Roads,  
Ahmedabad - 380 006, Gujarat, India.

**Telephone No.:** +91-79-2640 2024

**CIN No.:** L29300GJ1984PLC007470



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

Join us at:



<https://www.facebook.com/HitachiHomes/>



<https://twitter.com/HitachiHomes>



<https://www.youtube.com/c/HitachiCoolingHeatingIndia>



<https://www.linkedin.com/company/johnson-controls-hitachi-air-conditioning>



Live Chat at [www.hitachiaircon.com/in](http://www.hitachiaircon.com/in)



Hitachi India Customer Care



Customer Care 756788-4848



GO GREEN. We can do more together. Partner with us under the Ministry of Corporate Affairs (MCA) 'Green Initiative in Corporate Governance' by choosing not to receive notices / reports / documents in paper form. When you register to get annual reports and other communications online, you SAVE A TREE. To register your email ID, please send us an email to us at [parag.dave@jci-hitachi.com](mailto:parag.dave@jci-hitachi.com) with your Folio No. / CLID-DPID.



## Johnson Controls-Hitachi Air Conditioning India Limited

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Seventh Annual General Meeting of the members of the Johnson Controls-Hitachi Air Conditioning India Limited will be held on Wednesday, September 14, 2022 at 10.00 a.m. through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2022 and the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Yoshikazu Ishihara (DIN 07998690), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 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 1, 2022 to March 31, 2023, be paid a remuneration of ₹ 1.50 Lacs and reimbursement of actual travel and out-of-pocket expenses.”

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 Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment, modification or re-enactment thereof, approval of the members of the Company be and is hereby accorded to the Material Related Party Transactions, in the nature of purchase of materials, which are in the Ordinary Course of Company’s business and on Arm’s Length basis (“Transactions”), entered into or to be entered into with Highly Electrical Appliances India Pvt. Ltd., for financial year starting from April 1, 2021 till March 31, 2025, upto the aggregate amount of all Transactions during any Financial Year shall not exceed ₹ 400 Crores or 15% of the Turnover of the previous audited financial statements, whichever is higher.”

“RESOLVED FURTHER THAT approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard.”

By Order of the Board of Directors

Place: Karan Nagar, Kadi  
Date: May 26, 2022

**Parag Dave**  
Company Secretary

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

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

**Item No. 3**

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 1, 2022 to March 31, 2023 at a remuneration of ₹ 1.50 Lacs 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 1, 2022 to March 31, 2023.

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. 4**

Regulation 23 of Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements) Regulations, 2015 (LODR) mandates that all ‘material related party transactions’ that a Company enters into with its Related Parties should be approved by the Members of the Company by passing a resolution. Regulation 23 further defines a ‘material related party transaction’ as a transaction(s) to be entered into individually or taken together with previous transactions during a Financial Year, exceeding ten percent of the Annual Consolidated Turnover of the listed entity as per the last Audited Financial Statements of the listed entity.

Approval of the shareholders is being sought to ensure continued operations with Highly Electrical Appliances India Pvt. Ltd. (Highly India) for the period from April 1, 2021 to March 31, 2025 even if the Turnover of the respective previous financial year is less due to Pandemic or any other unforeseeable situation.

**Background of the Transactions:**

Name of Related Party	Highly Electrical Appliances India Pvt. Ltd.
Name of the Director or KMP who is related	Mr. Shinichi Iizuka, Non-Executive Director of Company is a Non-Executive Director of Highly Electrical Appliances India Pvt. Ltd. Mr. Iizuka ceased to be a Director of the Company w.e.f May 26, 2022. He does not hold any share directly or indirectly in either of the Companies.
Nature of Relationship	Highly Electrical Appliances India Pvt. Ltd. a wholly owned subsidiary of Shanghai Highly Electrical Appliances Company Limited in which 75% shares are held by Highly Group of China and 25% shares are held by Johnson Controls-Hitachi Group (of which Group your company is a subsidiary).
Nature, material terms, monetary value and particulars of the contracts or arrangements	Purchase of Compressors from Highly India in the Ordinary Course of business and at Arm’s length basis.  Aggregate amount of all Transactions during any Financial Year shall not exceed ₹ 400 Crores or 15% of the Turnover of the previous audited financial statements, whichever is higher during any financial year from 2020-21 to 2024-25.
Any other information relevant or important for the Members to take a decision on the proposed resolution	All important information forms part of the statement setting out material facts pursuant to Section 102(1) of the Companies Act, 2013 which has been mentioned in the foregoing paragraphs.

1. Highly Group of China is an Independent Business Group of China and there is no direct or indirect relation of Highly Group with Johnson Controls Group and/or Hitachi Group. So, Highly India is a far-off related party of the Company (Johnson Controls-Hitachi Air Conditioning India Limited).
2. Reason / Benefits for transactions with Highly India:
  - a. Highly is engaged in manufacturing of Compressors which is a critical component of an Air conditioner and the cost of compressor is a substantial part of total cost of Air conditioner.
  - b. Johnson Controls-Hitachi entered into this strategic JV with Highly Group since 2016 to reduce its external dependency on suppliers of critical component manufacturer viz., compressor.
  - c. The lead time to procure Compressors from Highly India is comparatively less due to its nearby presence.
  - d. These transactions will help in bringing more flexibility to manufacturing operations.
  - e. Highly India is supplying to other manufacturers as well and the Company purchases compressors in ordinary course of business on at arm’s length price.
  - f. Since 2016 Company has been purchasing compressors from Highly India. However, in no year the value of transaction exceeded the materiality threshold of 10% of Turnover of last audited financials.
  - g. As the year 2020-21 was severely impacted by Covid, the turnover got reduced by more than 25%. However, the company performed much better in the year 2021-22 and grew

in all quarters and turnover exceeded by 31% thereby requiring us to manufacture more products and consequently buy more compressors. Similarly, the Company sensed the opportunity of higher sales in summer season of 2022 on account of no visible covid threat and pent-up demand. While aligning the available production capacity with the stock requirement for April and May-2022 months, the company planned for stock built up to meet the expected demand from the market All this resulted in higher buying of compressors from Highly India and accordingly the transactions amount exceeded the materiality threshold only during February and March-2022.

- h. On anticipating that the total value of company's transactions with Highly India would exceed the materiality threshold, the matter was reported to the Audit Committee and its approval was taken.

- i. Similar situation may arise in future also due to ongoing geo political situation, pandemic and other unforeseeable situations.

Considering the above, transactions with Highly India entered into during financial year 2021-22 and proposed to be entered into during forthcoming financial years (2021-22 to 2024-25) is being recommended by the Audit Committee and Board of Directors of the Company for consideration and approval by the Members.

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

Board herewith recommends the resolution for approval of the members.

By Order of the Board of Directors

Place: Karan Nagar, Kadi  
Date: May 26, 2022

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

**Parag Dave**  
Company Secretary

**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. Yoshikazu Ishihara**

Mr. Yoshikazu Ishihara is a Graduate from the University of Southern California and Juris Doctor Degree from Emory University School of Law. He is having total experience of over 25 years in the field of Legal.

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 15 operating companies across multiple jurisdictions including a number of JVs.

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

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

No. of Shares held in Company: Nil

**Notes:**

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect to the Special business to be transacted at the Meeting is annexed hereto.
2. Members are requested to notify promptly any change in their address to the Company's Registrars and Share Transfer Agent, Link Intime India Pvt. Limited (RTA) at its present address at 506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Near St. Xavier's College Corner, Off C G Road, Ellisbridge, Ahmedabad 380006, Gujarat, India. The members are also requested to send all correspondence relating to Shares, including transfers and transmissions to the Registrars and Share Transfer Agent.
3. Members who have not yet submitted KYC details with RTA are requested to,
  - submit KYC ;
  - register Mail ID;
  - provide Bank details.
4. All members who have not encashed their dividend warrants for the financial years 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 are requested to write to the Company's Registrars and Share Transfer Agent, for issuance of duplicate dividend warrant(s).
5. Dividend pertaining to financial years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 have already been transferred to Investors Education and Protection Fund. Shares of those shareholders whose Dividend was unpaid for last 7 years, have been transferred to Investors Educations and Protection Fund.

6. The facility for making nominations is available for members in respect of the shares held by them. Nomination form can be obtained from the Company's Registrars and Share Transfer Agent.
7. Electronic copy of the Annual Report for the year 2021-22, Notice of the Annual General Meeting of the Company are being sent to all the members whose email IDs are registered with the Company / Depository Participant for communication purposes.
8. The shares of the Company have been listed at BSE Limited and National Stock Exchange of India Limited and Company has paid Listing Fees to the said Stock Exchanges for the year 2022-23.

**CDSL e-Voting System - For e-voting and Joining Virtual meetings.**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM/EGM will thus be held through through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM/EGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the EGM/AGM will be provided by CDSL.
3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM/EGM has been uploaded on the website of the Company at <https://www.hitachiircon.com/in/about>. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM/EGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM/EGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies to conduct their AGMs on or before 31.12.2022, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2022 dated May 5, 2022.

**THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:**

- Step 1 :** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.
- Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.
1. The voting period begins on 11th September, 2022 at (9.00 am IST) and ends on 13th September, 2022 (5.00 pm IST).

- During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 7th September, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
2. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
  3. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

4. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

**Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:**

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers’ website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
6 Individual Shareholders holding securities in demat mode with NSDL Depository	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

5. Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>	
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"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
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"> <li>• 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.</li> </ul>

6. After entering these details appropriately, click on “SUBMIT” tab.
7. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
8. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
9. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
10. 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.
11. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
12. 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.
13. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
14. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
15. 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.
16. There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
17. Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [Parag.dave@jci-hitachi.com](mailto:Parag.dave@jci-hitachi.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/ EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to

use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.