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Air is life

Creating air for a better today,
and tomorrow.

Annual Report 2019-20

Johnson Controls-Hitachi Air Conditioning India Limited



HITACHI
Air conditioning solutions

Read through the Report

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Corporate Information

Board of Directors

Gurmeet Singh
Chairman & Managing Director

Shinichi Iizuka
Director

Yoshikazu Ishihara
Director

Ashok Balwani
Independent Director

Indira Parikh
Independent Director

Mukesh Patel
Independent Director

Chief Financial Officer

Rishi Mehta

Company Secretary

Parag Dave

Auditors

Price Waterhouse & Co.
Chartered Accountants LLP
Ahmedabad

Registered Office

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

Works

Hitachi Complex, Karannagar - 382 715
Kadi, Dist. : Mehsana, Gujarat

Registrars & Share Transfer Agent

Link Intime India Pvt Limited
506-508, Amarnath Business
Centre-1 (ABC-1),
Besides Gala Business Centre
Near St. Xavier's College Corner
Off C G Road, Ahmedabad - 380 006
Gujarat



air, it's a wonderful thing

With the impetus of enhancing and endowing the lives of our numerous customers spread across innumerable regions, Johnson Controls-Hitachi is the organization where we are committed towards providing product of the goodwill, leading technologies and maximum corporate value that we have garnered over the years. We help people find the best possible air-conditioning solution, meeting their expectations, through the design, engineering and manufacturing of reliable, efficient and high quality cooling & heating air conditioning systems. With the strategic core of "Living Harmony" we want to create a world where people live in harmony with themselves and the environment that surrounds them. That is why, we at Johnson Controls-Hitachi Air Conditioning India Limited believe in extending to you a living experience of "air," which is harmonious and wonderful in nature.

#airislife

Our Vision

A safe, comfortable and sustainable world.

Our Values

INTEGRITY FIRST

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

PURPOSE LED

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

CUSTOMER DRIVEN

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

FUTURE FOCUSED

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

ONE TEAM

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

About Us

With Johnson Controls – Hitachi Air Conditioning, you can address all your air-conditioning needs faster, smarter and more efficiently than ever before. We have combined the rich heritage and innovative technology of Hitachi with the industry leading expertise and global network of Johnson Controls, so our customers can benefit from the best of both companies.

Johnson Controls – Hitachi Air Conditioning is a joint venture company of Johnson Controls, USA and Hitachi Appliances, Japan.

Johnson Controls – Hitachi Air Conditioning Company has global presence, out of which “Johnson Controls-Hitachi Air Conditioning India Limited” is its Indian unit.

At Johnson Controls-Hitachi we manufacture a wide range of products, from room air-conditioners (Split & Window ACs) to commercial air-conditioners including VRF Systems, Ductable air-conditioners, Chillers and Telecom air-conditioners under the brand name of 'Hitachi Cooling & Heating'. The company also deals with the trading of Refrigerators and Air Purifiers.

Company's headquarter is situated in Ahmedabad, Gujarat with its manufacturing plant in Kadi, Gujarat. Company has a total installation capacity of 9,00,000 Room Air conditioners per annum (in a single shift). In addition to that, the company also has the capacity to manufacture 1,20,000 tons of Ductable units, 9,000 VRFs ODU's and 300 Chillers Units per annum. Johnson Controls-Hitachi Air Conditioning India Limited is amongst the top air-conditioning companies in India. It has a strong nationwide network consisting of 5 regional offices and 21 Branch offices.

We are passionate about exceeding expectations of our customers, and we look forward to bringing innovative HVAC solutions to them.





JCH-IN's rich heritage

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

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

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

Multi-faceted and composite, we enjoy a robust, solid and extensive distribution network that comprises of 290 plus exclusive sales and service dealers, 70 plus Hitachi exclusive showrooms, over 10,000 sales points and over 1400 other service points including multi brand S&S and Authorized Service Partners. We have been fruitful in our efforts to consolidate and amplify our presence across the varied topographies of India and have accelerated further, the reach of our Company. In order to serve our customers even better, Johnson Controls-Hitachi Air Conditioning India Limited has company owned and operated, 24x7 customer care centers, which provide prompt resolutions to customers concerns across India.



A renowned presence



Awards won

Winning accolades and achieving coveted awards is no new feat for Hitachi. During the year under review we upgraded our B2B service infrastructure for enhancing Key Customers After Sales Services experience.



Restructuring was done, interactions were personalized and improvement in customer experience was made priority for everyone and as a result one of India's leading private sector bank recognized Hitachi as its Platinum Service Partner. Hitachi not only outperformed by meeting the service score criterion defined for Platinum Category but also set a record by delivering 95percent on-time call closure against a target of 85percent. This achievement becomes much more significant as in the platinum category, Hitachi was the only Company from Indian HVAC industry, which has received this status setting a benchmark for HVAC industry



Chairman & Managing Director's Message

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Due to the Covid-19 pandemic, we introspect and find ourselves conditioning our ways for a more sustainable and safe future. With constant innovation, creativity, a focused approach and dedicated teamwork, JCH-IN will emerge as the leading AC player with sustained profitable growth, once again.

Dear Shareholders,

Heartiest Greetings to all of you!

I hope you all are healthy and safe.

As the Chairman and Managing Director of Johnson Controls-Hitachi Air Conditioning India Ltd. (JCH-IN), I express my deep gratitude to you for your undeterred support over the years.

After two challenging years, this year started on a positive note and HVAC industry witnessed favorable conditions. During the year HVAC industry witnessed a cusp of evolution, primarily driven by technology and modernization. Disruptions across the value chain, including manufacturing, procurement, distribution, marketing and advertising derived this evolution. Nation-wide heatwave and delayed monsoon helped the industry in reviving after a long wait. Southern and Central parts of the country witnessed highest traction followed by North India. Tier 2 and 3 markets largely contributed to this spike. There was enhanced demand from Tier 4 & 5 as well.

The measures introduced by the government such as National Policy on Electronics (NPE), Make in India, Digital India, and the increase in basic customs duty (BCD) on indoor and outdoor unit of split air conditioners etc. indicated the government's focus on boosting manufacturing in the country.

With all these factors, HVAC industry could perform good business during April 2019 to Feb 2020. During this period, JCH-IN also registered a growth of 19% in RAC segment, along with 34% growth in inverter AC segment, which was higher than industry's growth.

With emergence of COVID-19 pandemic and nationwide lockdown in March 2020, entire nation was at home and all economic activities were stooped. Due to lockdown, HVAC industry faced a major loss during peak business period starting March. This loss was so deep that entire industry could not sustain its growth and lost its sales volume against last year. JCH-IN could manage marginal growth in volume over last year majorly impacted by the sales lost during lockdown towards the end of March 2020.

During the year, company continued to focus on providing air conditioning solutions based on inherent need of Indian consumers. With the transcending trend towards inverter ACs, all 5 Star ACs in the new line-up were Expandable Inverter ACs which were designed specially to perform in extremely hot conditions of the northern plains and extremely humid conditions of the coastal areas. In room air conditioners, 35% lineup was 5 star and 72% lineup were inverter ACs. In order to bridge the gap of accessibility of RAC in Tier-II and Tier-III towns, the company also introduced new models designed specially to cater the needs of first time and mid segment AC buyers.

In commercial AC segment, SET FREE VRF Sigma series performed exceptionally well. Company secured multiple big projects during the year and registered 34% growth during Apr-2019 to Feb-2020. This year JCH-IN also introduced airCloud Pro in Indian Market which help our customer in accessing and controlling entire VRF system centrally. It gives smart phone alerts, helps in trouble shooting and flexible user management for entire VRF air conditioning system.

In order to stay ahead of others, major investments were done in manufacturing and R&D facilities. Inauguration of Global Development Center (GDC) was one of the biggest steps towards globalizing its product development process. Global Development Center, which is spread across 12000 square meters and equipped with state-of-the-art research and testing facilities, will play a significant role in the brand's India growth story. GDC has more than 120 engineers. Which comprises of approximately 40 of company's experienced engineers, relocated from other locations in India while a further 80 are new hires. The overall headcount is expected to grow to 150 in the near future. Global Development Center is already working and expected to dramatically increase the company's product development capabilities, particularly in commercial package air conditioning and residential air conditioning systems.

For promotion of such strong product line-up, various marketing activities were executed. Johnson Controls-Hitachi Air Conditioning India Limited in its new line-up focusses on improving indoor air experience for its consumers. With the benefits of providing an air which is clean, fresh, silent, odour-less and surrounds you, we introduced 'Hitachi air' concept for a perfectly balanced and harmonious indoor air

experience. This campaign was promoted heavily through digital and outdoor advertising. Print campaign and Retail promotions were executed to support trade partners and increase brand consideration among consumers.

Being a socially responsible brand, company strongly believe in its responsibility to give back to society. During the year, CSR team worked on various projects which includes Primary Health Center at Karannagar which worked for the first rung medical care of approximately 40,000 rural and partially impoverished population in the hinterland of Gujarat. Under its Sanitation Project, JCH-IN constructed more than 700 toilets and its Skill Development Project trained over 450 school dropouts including girls. Approximately 40% students got the jobs after completing the course from Skill Development Centers. During the year lot of work has happened in education and digital education field as well.

Way Forward:

Post Covid period, consumer behavior, their lifestyle and priorities are going to be different. Their perspective towards personal hygiene, staying indoors and air-conditioning product is expected to changed. With a clear vision to remain relevant and become more valuable brand, company is geared up and working on various initiatives. To meet needs of mid and first time AC buyer segment, company is constantly working on new product development which are based on consumer insights. During New Normal, e-commerce and online is going to play an important role, so business practices need to be actioned accordingly.

Due to Covid-19, we all need to be little more careful and patient. We should continue working towards our personal and professional goals. I am sure, with innovation, creativity, focused approach and teamwork, company will emerge as a leading AC player with sustained profitable growth.

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

We are committed to deliver the best value to all of you. I wish all of you the best of health and prosperity in the year ahead.



Gurmeet Singh
Chairman and Managing Director

Global Development Center



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We at Johnson Controls-Hitachi Air Conditioning, always strives to deliver in the best way to its customers. We are committed to globalizing its product development process in order to leverage its global talent pool and deliver products answering the diverse needs of different markets. To meet the same Johnson Controls-Hitachi Air Conditioning inaugurated new Global Development Center (GDC) in Kadi, Gujarat (India) on 4th Oct 2019. Johnson Controls-Hitachi Air Conditioning has invested \$ 20 Million (nearly INR 140 Crore) to set up the Global Development Center in Kadi, Gujarat, which will play a significant role in the brand's India growth story. The new Global Development Center, is already working and expected to significantly increase the company's product development capabilities, particularly in commercial package air conditioning and residential air conditioning systems. It is equipped with state-of-the-art research and testing facilities including a reliability lab and semi-anechoic lab to maximize the potential of the local engineering talent. The facility is located adjacent to the Johnson Controls-Hitachi Air Conditioning India factory in Kadi, Gujarat to maximize synergy with the manufacturing teams, and is spread across 12000 square meters. The GDC will also support the brand in exporting its products from India to other countries.

This new Global Development Center will further help us integrate our technology, resources, expertise and talent pool to develop latest technology cooling solutions across the globe. With this center we are reducing distances globally and strengthening the company's core. It will help us fuel the rapid growth of the brand in India as well"

Today GDC has more than 120 engineers. Which comprises of Approximately 40 of company's experienced engineers, relocated from other locations in India while a further 80 are new hires. The overall headcount is expected to grow to 150 in the near future.

Core areas of focus for the new Global Development Center are to develop residential and packaged air conditioner products for the Middle East, Southeast Asia and EU markets. In addition, a range of skills related to user experience, industrial design, simulation, controls, design quality, project management, and engineering information systems are being established at the new center. Furthermore, the Global Product Development operating model demands strong collaboration between the new Global Development Center and our development teams in other countries which will serve to rapidly build skills and experience in the teams.

This new center is the company's fourth Global Development Center, took its place within the Global Product Development organization alongside two centers in Japan and one in China. A robust exchange program for engineers is already in place to ensure collaboration and the sharing of best practices across the world.

GDC inauguration by
Shri Vijaybhai Rupani, Hon'ble Chief Minister of Gujarat,
Shri Nitinbhai Patel, Hon'ble Deputy Chief Minister of Gujarat,
Mr. Franz Cerwinka, Chief Executive Officer,
Johnson Controls-Hitachi Air Conditioning and
Mr. Gurmeet Singh, Managing Director,
Johnson Controls-Hitachi Air Conditioning India Ltd.



Lighting of the lamp



Press Conference



Inaugural Address by Shri Vijaybhai Rupani, Hon'ble Chief Minister, Gujarat



Visiting GDC facility



Visiting GDC facility

Product Portfolio

At Johnson Controls-Hitachi, it is our constant endeavor to give the best to our customers. We offer a range of products, which can address their holistic air conditioning requirements. In line with this thought, approx. 69% of our entire lineup is with inverter technology and our entire 5 star and 4 star split AC range is inverter type only. With 96 SKUs, including new additions of 1.25 TR models and Takeshi ACs with powerful 15 mt. long airflow, Hitachi's new lineup focusses on comfort and automation along with improving indoor air experience for our customers. Development of energy efficient solution is a well deliberated and conscious strategy for the company and in order to deliver that, our Inverter ACs are loaded with iconic features and technologies.

08 For commercial spaces, Hitachi introduced its revolutionary VRF range called SET FREE Sigma series, which are widely accepted by the Indian market. Looking at the latent wish of top end residential customers, high end cafes, restaurants etc. Hitachi has introduced a new range of products called SET FREE mini. SET FREE mini works on variable refrigerant flow principle and offers completely new experience for premium homes and spaces wherein the customer will have an advantage of choosing from a huge basket of eight different types of Indoor units, five types of controller and space saving by having a compact ODU ranging from 3 HP to 7 HP capacity.

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

Residential Cooling Solution



Kashikoi Expandable Inverter AC



Takeshi Fixed Speed AC



Toushi Inverter AC



Sugoi Inverter AC



Zunoh Fixed Speed AC



Ace Inverter AC



Merai Inverter AC



Logicool Inverter/Fixed Speed AC



Summer QC AC



Kaze Plus AC

Commercial Cooling & Heating Solution



SET FREE Sigma (Top Flow)



SET FREE mini (Front Flow)



SET FREE Front Flow



Cassette AC



Water Cooled Screw Chiller



Air Cooled Screw Chiller



Direct Drive Centrifugal Chiller



Ductable Air Conditioners

Home Appliances Solution



Side by Side Series



Top Freezer Series: Big French Series



Bottom Freezer Series



Top Freezer Series: New Stylish Line Series



Air Purifiers

Marketing Initiatives



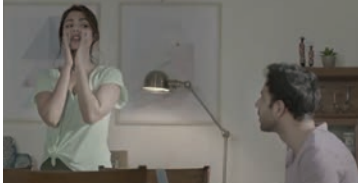
Innovation is at the centre of everything we do at JCH-IN. Our sole purpose is not just to sell the products to the consumers but give them an outstanding experience by creating a marketing model that focuses on providing solutions.

Being a consumer centric brand, we understand the importance of air in our lives. Air surrounds us, continuously energises, cools or warms us. It can be unpredictable and sometimes challenging, but when air is in harmony with us, everything seems much easier. At JCH-IN, it is our vision to create air that makes life better. With our expertise, we have conditioned the unpredictable air and offered the perfect 'Hitachi air' experience to our customers, which is balanced, harmonious and pleasant. An offering like no other, Hitachi air is a combination of Fresh air, Clean air, Odour-free air, Surround air and Silent air. Hitachi air ensures a perfectly balanced indoor living environment by conditioning the air through its five innovative technologies.

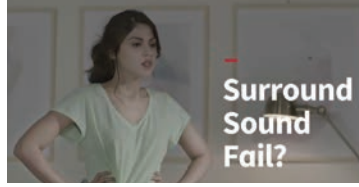


The Company launched a Campaign called "Hitachi air, feel it to believe it in 2019, which was promoted heavily on various mediums including digital, print, outdoor and retail. Special focus was given on digital media and outdoor to get better brand recall amongst the target group. Our team developed 5 interesting Videos to promote Fresh air, Clean air, Odour-free air, Surround air and Silent air as a concept and 5 technology videos to explain its benefits. These videos helped our brand to promote the concept of Hitachi air widely. Print and retail promotion was targeted towards increasing customers attention towards our brand and its products. Our key focus was on promoting product features and technology which benefits the customers. These combinations of activities helped us in promoting our products in a better manner. Company plans to improve customers' buying experience at retail outlets and various measures are being considered for next year.

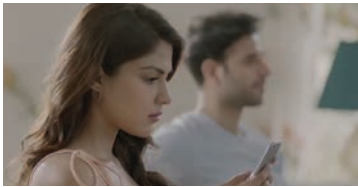
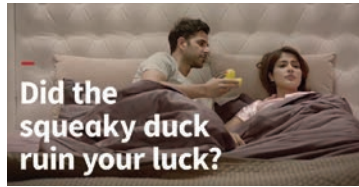
Digital Film : Product Feature



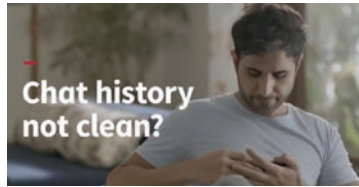
Surround air



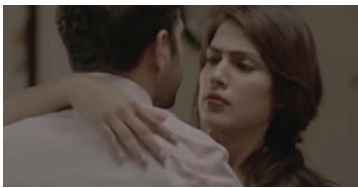
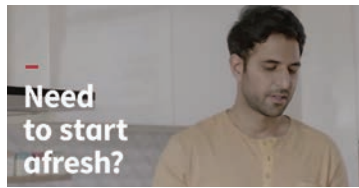
Silent air



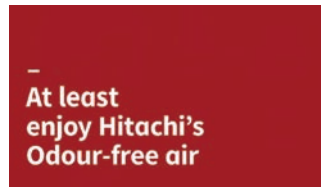
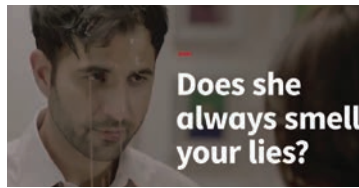
Clean air



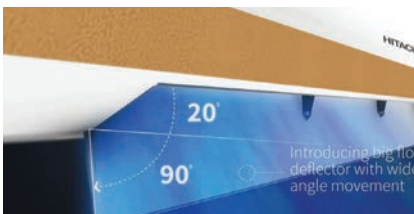
Fresh air



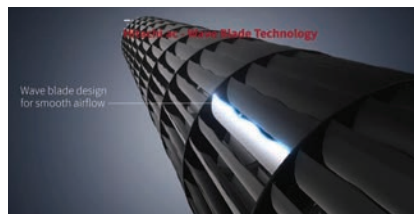
Odour-free air



Technology Film



Surround Air



Silent Air



Clean Air



Fresh Air



Odour Air



Newspaper and Magazine Ads



B2C Newspaper Ad



B2C Newspaper Ad



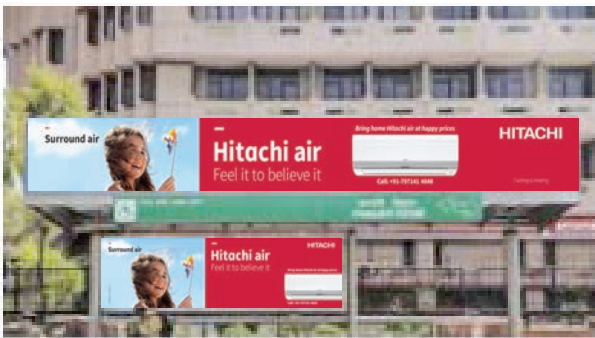
B2C Magazine Ad



B2B Magazine Ad

OOH Campaign and Website Redesigning

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OOH Campaign



Website Redesigning

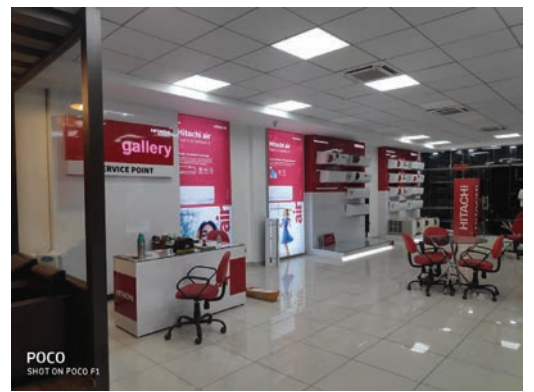
Retail Branding



Branding Activation at Hyderabad Airport Conveyor Belt



Inauguration of New Brand Store



Implementation of New Brand Creatives at Store

Making a difference

At Johnson Controls–Hitachi Air Conditioning India Limited, the CSR activities that are to be included in the Corporate Social Responsibility Policy of the Company are recommended and monitored by the CSR Committee. This committee comprises of our Chairman & Managing Director – Mr. Gurmeet Singh Sethi, Director Mr. Yoshikazu Ishihara and our Independent Director, Mr. Ashok Balwani. Some of our CSR initiatives undertaken during the year are as follows

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

Health Project

Primary Health Centre – Karannagar

Johnson Controls–Hitachi Air Conditioning India Ltd (JCH-IN), as part of its CSR initiative has been providing services of 2 medical specialists, a paramedic and 24x7 kitted ambulance to Primary Health Centre (PHC) Karannagar in the precinct of JCH-IN factory and Head Office, since 2017. PHC Karannagar, a very basic tertiary care unit caters to the first rung medical care of approximately 40000 rural and partially impoverished population in the hinterland of Gujarat.

The augmentation of the PHC through the CSR initiative has provided medical succor to the marginalized population. With the advent of COVID-19 pandemic in India and its spread to Gujarat, the PHC Karannagar medical apparatus set up by the CSR of JCH-IN was completely reoriented to strive indefatigably to propagate preventive measures and educate the villagers about the basic tenets of sanitization, social distancing and strengthening immunity.

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

Sanitation Project

JCH-IN HO & Plant are located in the rural hinterland of Gujarat. Most of the villages in the area are deficient of sufficient hygiene and sanitation facilities. Lack of toilets was identified as one of the critical needs to ensure uplifting of hygiene of the entire area. With this as a core objective JCH-IN constructed about 700 toilets for the impoverished households making a 10 kms radius around the Plant ODF zone. Of these 700 toilets 195 toilets were constructed in FY 20.

This CSR initiative improved the hygiene and sanitation standards of the area in line with the Swachh Bharat Abhiyaan (Clean India Mission) by the Government of India.

Skill development Project (AC Repair & Maintenance)

Under Skill India initiative JCH-IN in collaboration with Industrial Training Institutes (ITI), Government of Gujarat (Kadi) and Government of Andhra Pradesh (Vijayawada ,Kakinada ,Anathpur, Tirupati and Bobbili), is conducting skill building courses in AC Repair and Maintenance for rural and underprivileged youth and helping them to gain suitable employment. The ITIs have been provided equipment, tool kit, instructors, and other required peripherals for conducting the course successfully. Skill Development Centers have trained over 450 school dropouts including girls, from villages in Air Conditioner repairing skills. Approximately 40% students got the jobs after completing the course.

Skill Development of Construction Workers

This CSR year JCH-IN undertook a new initiative to train construction workers (electricians) working on construction sites . In collaboration with Invired Foundation 100 electricians were trained on various skills to ensure safety, quality and low wastage in electrical work, especially in air conditioner installation. This project was carried out on site of buildings under construction in Mumbai and Aurangabad. The feedback from the safety department of the builders on the quality of training and its effect on electrical fitments was very encouraging. The curriculum for the 30 days training was been approved by National Skill Qualification Framework (NSQF). The certification was issued under the National Skill Certification Program by CSDCI.

Education Project

The infrastructure of most of the primary schools located in the vicinity of JCH-IN plant & HO are in a dilapidated state and woefully inadequate due to very old vintage. This has caused students to undertake their studies in an uncondusive environment. Under the Education Project JCH-IN constructed 6 fully equipped classrooms and girls toilet for Irana primary school. This CSR initiative was crucial in ensuring children returned back to school

Digital education Project to make education interesting and concepts clear to the young minds, JCH-IN under digitization of education project provided projectors embedded with local school curriculum in an innovative audio-visual format, making learning more engaging. Three primary schools at Karannagar, Budasan and Achrasan were give 2 projectors each. The projectors are ruggedized, easy to use with connectivity to all devices and have integral battery power. The curriculum was vetted by the Principals of the schools. The teachers were imparted training on using the projectors. This medium of education has proved hugely popular and has enabled reduction of student attrition.

Sponsorship to Para Athletes

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

Board of Directors



Gurmeet Singh

Chairman and
Managing Director



Shinichi Iizuka

Director



Yoshikazu Ishihara

Director



Ashok Balwani

Independent Director



Prof. Indira J Parikh

Independent Director



Mukesh Patel

Independent Director

Awards



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



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

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



ISO 14001- 2015 Environment Management System (EMS) Certified



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



ISO 9001:2015 Quality Management Systems

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Members,

Your Directors hereby present the Thirty Fifth Annual Report and the Audited Financial Statements, for the year ended March 31, 2020.

Financial Highlights

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

	(₹ in Million)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations (gross)	21,973.7	22,413.0
Other Income	81.5	154.2
Total Revenue	22,055.2	22,567.2
Profit before finance cost, depreciation and tax	1,796.2	1,792.2
Finance Cost	50.2	26.9
Depreciation and amortization expenses	562.9	441.6
Profit before Tax	1183.1	1,323.7
Tax expense	347.8	464.3
Profit for the year	835.3	859.4

Dividend

Considering the business impact of Covid-19 and to conserve cash for working capital for the year 2020-21, your Directors do not recommend a dividend for the year ended March 31, 2020.

Company Overview

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

The Company possesses a wide distribution network with 5 regional offices, 21 branch offices and more than 10,000 sales points. After sales services network comprises of more than 1,400 service providing partners.

Industry Structure and Developments

After two challenging years, this year started on a positive note and industry gained robust growth in revenue and profitability.

In 2019, nation-wide heatwave and delayed monsoon helped the industry in reviving after a long wait. Southern and Central parts of the country witnessed highest traction followed by North India. Tier 2 and 3 markets largely contributed to this spike. There was enhanced demand from Tier 4 & 5 markets as well.

Other key growth drivers were, surging purchasing power of people, increase in construction activities and government initiatives aimed at improving energy efficiency as well as enormous production of energy at domiciles from renewable sources. Increasing number of high-rise buildings, spread of hypermarkets, shopping complexes and malls in small towns and smart city projects further fueled this growth. Wider digital reach and growth of online sales channels in India also contributed to the growth of this category. As per GFK Nielsen data, AC category witnessed 43 percent growth through online sales channels during Jan-2019 to May-2019 which is expected to grow further in the upcoming years.

In spite of having a great year for the industry, the lockdown in March 2020, brought the industry to a standstill and right from consumer demand to supply chain, managing inventory, and logistics, both residential and commercial air conditioning segments experienced the worst shockwave. The nation-wide lockdown severely impacted the revenue resulting in a 2 percent drop over last year. The global pandemic also presented a variety of challenges and opportunities resulting in the emergence of new trends throughout the industry.

Business Overview

During the period from Apr-2019 to Feb-2020, company's residential air conditioner business outperformed over industry and registered 19 percent growth in units over the corresponding last year. Split AC segment grew by 21 percent whereas Industry growth was 15 percent. Company's Inverter AC segment did extremely well and registered the growth of 34 percent against the industry growth of 29 percent during Apr-2019 to Feb-2020. Nation-wide shutdown amid Pandemic COVID 19 hit RAC business adversely and March registered a big sales loss & eventually company could not register growth on full year terms. In commercial air conditioners, VRF grew by 34 percent which was again higher than the market segment growth. Packaged air conditioner and telecom air conditioners business witnessed decline. In the export business, company started direct business operations in Africa and South Asian countries with the help of newly formed international sales department. Overall Company managed to achieve business of last year but could not register any growth due to major sales loss happened in the month of March 2020, amid COVID-19.

Room Air Conditioners

During last few years residential air conditioner segment has been witnessing a continual shift towards inverter air conditioners, which contributed to over 50 percent of the industry's split air conditioner sales. A key factor behind this was the merger of energy rating for fixed and inverter compressors since Jan 2018 and the decreasing price differential between fixed and inverter ACs. Overall growth of Room air conditioners in India is driven by key factors like higher disposable incomes, increasing electrification, changing weather conditions, growing urbanization, year-round AC usage trends, easy access to financing schemes, changing life style etc. With Northern India, as a biggest demand driver in the market, this segment is witnessing higher adoption of superior technology and power efficient range of air conditioners.

Being a consumer centric brand, JCH-IN understands inherent need of Indian consumers and it is its endeavor to provide them with expert air conditioning solutions. Company's new lineup focuses on improving the indoor air experience at its best. With benefits of providing air which is clean, fresh, silent, odour-free and surround, Hitachi Cooling & Heating introduced "Hitachi air" concept to promote its residential Air-conditioning solutions. Hitachi offered wide range of Inverter Air Conditioners to cater various needs of customers. With 96 SKUs, (which includes Split ACs and Window ACs), 35 percent line up was 5 star and 69 percent line-up was inverter ACs. Hitachi has been the front runner and flag bearer of Energy Efficient Room Air Conditioners in India. With 6.1 ISEER, Hitachi's Kashikoi 5100X+ (1.0 TR, 5 Star) became India's best in class Energy Efficient Split Air Conditioner. With our various initiatives such as enhanced product portfolio, Inverter push, sales channel network's strength, efficient supply chain, improved after sales service and innovative marketing strategies, we have been growing quarter over quarter for the first 3 quarters of the year with 36 percent growth in inverter AC segment and 17 percent growth as total Room AC segment until Qtr ending 31st Dec 2019. We also registered 37 percent growth in Jan & Feb months of qtr 4. March month is very significant month for Room AC business and we de-grew heavily in March 20 due to COVID 19, global pandemic

& could not register any growth for the year. Company registered 6 percent growth in Inverter Split AC segment during the year under review, which was in line with industry inverter AC sales growth. The company has expanded its retail outlet presence and is now available at more than 10000 sales points.

In the coming year, clean air & fresh air demand is likely to increase for better indoor air environment and remote access & control of AC shall be need of modern customers to match their lifestyle.

Commercial Air Conditioners

According to various independent research agencies reports, India's Commercial HVAC market is expected to reach INR 45,000 Crore by 2024, registering a CAGR of 7 per cent during the forecast period. This growth is expected due to rise in infrastructure development like commercial buildings, Hotels, industries, hospitals, data centers, and educational Institutes etc. Government's focus on development of smart cities and other infrastructure spending is also driving the growth of the Indian Commercial HVAC market. All these developmental activities are paving the way for the growth of commercial air conditioners.

Variable Refrigerant Flow (VRF)

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

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

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

Being a customer focused company, JCH-IN has understood the latent wish of high-end residential customers, high-end cafes, restaurants etc. and has introduced a new range of product

called SET FREE mini. SET FREE mini is a unique product designed globally but keeping India's climatic conditions in mind. SET FREE mini works on variable refrigerant flow principle and offers completely new experience for the premium homes & spaces wherein customer will have an added advantage of choosing from a basket of eight different types of Indoor units and five different types of controllers. Outdoor capacity ranges from 3 HP to 7 HP. Its compact size offers space saving advantage against traditional one to one split AC catering to the similar requirement. Over and above, this new range of mini ODU also has a feature to connect 130 percent of IDU capacity using cooling load diversity of usage pattern.

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

During the period, VRF registered growth of 10 percent and order situation has improved significantly with high growth in order booking.

For the large building complexes, company offers high capacity chillers - air cooled & water-cooled screw chillers along with high efficient centrifugal chillers range option are being offered.

Light commercial Air conditioners

Apart from VRF, Company offers large range of Packaged Air Conditioners with green refrigerant & multi circuit option for better part load operation and redundancy. In package AC segment, company is having relatively high market share with strong channel network. Company also offers one to one cassette ACs including inverter models for showrooms, restaurants, residences etc. During the period from Apr-2019 to Feb-2020, Cassette AC business registered a growth of 11 percent over last year whereas PAC declined marginally.

Looking at the positive change in living standards along with rapid growth of the organized commercial sector characterized by the rising number of hypermarkets, supermarket and offices etc., 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 coming period.

Application-Based Air Conditioners – Telecom Air Conditioners

The company continues to dominate this segment being the single largest air conditioning solution provider for cooling requirement in Telecom Towers. However, stiff competition and stressed margins in telecom industry has led to lower or marginal investments in Capex based infrastructure. This trend in telecom Industry has severely impacted this segment of our business. The latest EY report illustrates the future growth of telecom tower sector – driven by 5G and IoT business. While demand for services continues to spike, given India's dependence on wireless traffic amid the pandemic there is increased pressure on cellular infrastructure. We

are hopeful that with the revival of telecom industry, our revenue from this segment will increase in near future.

Exports

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

This year we have started our direct business operations in Africa and South Asian countries with the help of newly formed International sales department of JCH-IN.

On Global map, today we are present in ME, Africa, South East Asia and South Asia region with our made in India product line up. The Company expects to increase its exports business in the coming years with much stabilized government policies after recovering from COVID-19 pandemic, which has heavily impacted the global business.

Home Appliances

In the Home Appliance segment, company deals in premium range of refrigerators and air purifiers. The company has seen a surge in demand of these appliances.

Penetration of refrigerators in India is currently around 33%, hence there is sufficient head room for growth. The Indian refrigerators market is categorized into two product type i.e. Direct Cool and Frost Free. Direct Cool refrigerators dominate the market with almost 75% share however the popularity of Frost Free & French Door Bottom refrigerators is growing, especially among urban households.

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

The new launch of four door bottom freezer which is available in glass black color with the capacity of 638 ltrs and is equipped with convertible feature, automatic ice maker, vacuum compartment and a plethora of other unique features has given more option to Indian customers.

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

Growing awareness around indoor environment hygiene and air purification has pushed air purifiers in the 'must have' list of home appliances. Now during COVID-19 lockdown when customers are restricted to visit outside, the purity of fresh indoor air is top priority. Air purifiers are emerging as a big wellness trend. Air Purifiers are preferred in select cities and Hitachi ensures its availability in all such markets, which are growing but at moderate speed.

Service

Good Customer Care has always remained key focus at Hitachi. The Company aims to offer best in class products along with utmost priority to customer care and after sales service.

Customer Satisfaction has always been a crucial part of Company's strategy at Hitachi. The Company continuously invests in training of human resources and upgradation of their technical skills to ensure better services. For this purpose company has invested and has 4 EECs (Engineering Excellence Centers) in all four regions of India (North, South, East and West), wherein we impart both classroom and hands on training, so that we can improve technical skills of Hitachi Staff and also of our Service partners so to provide best customer care services at all times.

During the year under review we upgraded our B2B service infrastructure for enhancing After Sales Services experience of our Key Customers. Dedicated team was formed to ensure swift resolution to our key customers' concerns by establishing proactive interaction channels. Interactions were personalized and entire team was trained with right skill. Continuing to prioritize improvement in customer experience has resulted in prestigious recognition by one of India's leading private sector bank as its Platinum Service Partner. Hitachi not only outperformed by meeting the service score criterion defined for Platinum Category but also set a record by delivering 95 percent on-time call closure against a target of 85 percent. This achievement becomes much more significant as in the platinum category, Hitachi was the only Company from Indian HVAC industry, which has received this status, thus setting a benchmark for HVAC industry.

Industry Outlook

- With prestigious government initiatives and efforts to make India a global innovation hub, there is a huge potential for the industry to grow in premium room Air Conditioning and VRF segment with disruptive technologies
- Growing demand for data centers, large warehouses and more robust Infrastructure in the country is expected to surge the demand of commercial air conditioning business and will accelerate the growth
- In the wake of ongoing pandemic, suspension of construction activities has caused project delays and reduced spending on upcoming HVAC projects
- In the RAC segment, while there will be certain pull towards the online channel in near future as people might avoid stepping out of their homes to choose products but offline channel still has a strong role to play.
- The nation-wide shutdown has had a significant impact on the after sales and servicing of HVAC products. After sales, service in the world of physical distancing demands for a host of stringent preventive measures to keep customers and employees safe.
- Once the construction and infrastructure sector will be on track, deeper penetration of Smart city projects, High-Rise Buildings, Shopping Complexes, Malls, Hypermarkets in Tier 2 cities and small towns can take air conditioning and cooling products to the next level of growth and innovation.

- As the consumer has now greater respect for sustainability, there is a huge opportunity for companies who have large line-up of energy efficient and sustainable products.
- With high demand for thermal comfort and healthy indoor environment as more people are now staying at home, Room Air Conditioners category will become a champion segment. Growth of e-commerce retail portals and increasing nos. of organized retail formats in Tier II and III towns will further shape up the success roadmap of this segment.
- There is a huge demand for smart, safe and intelligent HVAC systems in the commercial air-conditioning segment to cater the changing needs of the new world order.

Risks, Concerns and Challenges

Uncertain period of Pandemic

Until a vaccine is found, COVID-19 Pandemic period is uncertain and its impact will continue to affect the Business and Economy.

While work from home may increase the demand in residential Air Conditioning by a notch or two, the companies are planning to cut down their office spaces affecting demand of commercial air conditioning. Commercial air conditioning demand is likely to be subdued in next few quarters due to travel restrictions and reduced stepping out of home approach owing to general fear of exposure to Corona virus. Hospitality and Real Estate Sector will also be badly impacted.

Supply Chain and Raw Material procurement

The pandemic has badly hit the global supply chain. This disturbance has also paved the way for maximum indigenization of raw materials. The company is working on various disruptive technologies and processes to avoid any supply chain disturbance and promote domestic manufacturing in the country.

Consumer demand

The pandemic has certainly impacted the overall consumption trend and consumer spending. Discretionary spending has been hit hard as the entire country is sitting at home. Consumers can't go out and spend like they used to. Even after the lifting of lockdown, consumer will be in a reactive mood, pushing sales of selective categories. For individuals, a healthy, safe and comfortable environment will become the top-most priority. Spending will go up in these areas boosting demand for air conditioners as well.

Superior and Safe after Sales Service

Managing consumer complaints and service calls within the stipulated time is going to be a big challenge for brands. Companies need to maintain a very high level of hygiene and safety protocol as service engineers will be required to visit consumer's home to resolve service queries. Appropriate training and equipping service team with high standard PPE kits will be of high priority before efficient redressal of consumer queries and complaints without posing any risk of virus spread.

Labour shortage

Labour shortage is going to be a big challenge for manufacturing as a majority of migrant labours have returned to their hometowns

amid the lockdown enforced in the country. Availability of service technicians has been a challenge.

Technological development

COVID-19 is leading the industry towards a new era of smarter technologies and automation. Post COVID-19 world will demand for sustainable, energy efficient and safe HVAC technologies. It is imperative for the industry to stay updated with the state-of-the-art technologies in order to deliver latest and upgraded products to the customers.

Human Resources

The Company's Human Resources main responsibility is to attract, secure, motivate, guide, and develop employees whose talents and desires are compatible with the operating needs and future goals of the company. The policies of the company are employee friendly with each employee given equal opportunity to grow. With the everchanging market scenario, the company is inculcating various HR initiatives and nurturing the skills to keep the workforce market ready and energised to achieve the common goals.

Human Capital

As on March 31, 2020 the total strength of employees (Staff and Operators) of the Company was 1494. The Company's emphasis always has been in attracting the best talent aboard to enhance the already existing plethora of talent force. The Company believes in having a balance of experience and youth, this kind of vibrant and diverse workforce would bring in new ideas and thought processes. There has been a gradual addition of high potential talent from premier institutions in the form of Graduate Engineer Trainees and Management Trainees.

Talent Acquisition

JCH-IN's talent acquisition strategy is to hire the right competencies required by the business at the right time, a judicious mix of lateral hires and trainees. JCH-IN has also been recruiting Graduates Engineer Trainees & Management Trainees. We have been successful in building the team for "Global Development Centre of India" by hiring, placing, engaging young & dynamic engineers from diverse work fields & skill sets and giving them opportunities for working on Global assignments.

Diversity and Inclusion

The Company believes in having a diverse workforce in all functions and teams across the organisation.

JCH-IN employed 300 Nos Female operators to work at the shop floor. Even before they were on-boarded they were given necessary training in the form of both class room & on-the-job training. By this initiative JCH-IN has not only created opportunity of livelihood but has also empowered the lives of women of the nearby villages & thereby contributed towards upliftment of the society. The Company has a WISE (Women's Interaction, Support and Engagement) Forum which periodically conducts meetings, 1 on 1 sessions to understand and resolve the grievances. International Women's Day 2020 was celebrated on the theme of #Eachforequal#. The day was celebrated by making posters with the views on this campaign.

Talent Development

The Company is dedicated to develop the competencies and skillsets of its workforce.

"LEAP" – Learn Engage Apply Perform program was imparted to transform sales managers into effective business leaders by conducting various face to face training and post training implementation through coaching calls and to achieve overall performance enhancement and productivity improvement. CRUSADE training program was launched to have a structured on the job training and upskilling for sales demonstrators based at retail stores on continuous basis, by internal field sales coaches. Ability to Execute (A2E) a program on Organisational Health Behaviours was held for the Leadership Management Group to inculcate & drive these Health Behaviours within their teams & thereby across the organisation. Professional Development Program (PDP) a 3 day program in collaboration with Nirma University was held, this program was purely focused on increasing functional capabilities of the participants, to enhance the current standards & develop managerial abilities.

JCH-IN considers human resources to be its most valuable asset. The Company credits its growth and success to the dedication, loyalty and hard work of its skilled employees, at all levels. To continuously drive employee motivation, the Company ensures to offer a work environment that promotes creativity, teamwork, merit, ambition and learning.

Internal Control and Systems

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

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

Auditors

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

Directors' Responsibility Statement

Your Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- Such accounting policies selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of

the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- 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, following change was there in Board of Directors:

1. Mr. Franz Cerwinka has resigned as a Director with effect from May 08, 2019.
2. Mr. Shinichi Iizuka has been appointed as a Director with effect from May 08, 2019.
3. Mr. Gurmeet Singh was re-appointed as Chairman and Managing Director for further period of three years with effect from February 01, 2020

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.

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

Name of Director and Key Managerial Personnel (KMP)	Designation	% increase in remuneration of director and KMP	Ratio of the remuneration of director to the median remuneration of the employees of the Company for the financial year
Mr. Gurmeet Singh	Chairman and Managing Director	2.5%	16.6 : 1
Mr. Shinichi Iizuka	Director	NA	NA
Mr. Yoshikazu Ishihara	Director	NA	NA
Mr. Ashok Balwani	Independent Director	NA	0.6 : 1
Mr. Mukesh Patel	Independent Director	NA	0.5 : 1
Ms. Indira Parikh	Independent Director	NA	0.5 : 1
Mr. Rishi Mehta	Chief Financial Officer	1.3%	7 : 1
Mr. Parag Dave	Company Secretary	12%	2.3 : 1

Comparison of remuneration against Company's performance

- Increase in remuneration of each KMP	As mentioned in above table
- Increase in total remuneration of all KMP	Total remuneration of KMP decreased by 3.5%
Percentage increase in the median remuneration of employees in the financial year	11%
No. of permanent employees on the rolls of Company	1494
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 13% - Average % decrease in the managerial remuneration 3.5%

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

Risk Management System

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

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

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

Internal Financial Control

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

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

Other Disclosures

1. Number of meetings of the Board: Four meetings of the Board of Directors of the Company were held during the year under review on May 16, 2019, August 14, 2019, October 24, 2019 and February 06, 2020.
2. Members of the Audit Committee are as under:
 - a. Mr. Mukesh Patel – Chairman
 - b. Mr. Ashok Balwani – Member
 - c. Ms. Indira Parikh – Member
3. The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.
4. Details about the Policy on Corporate Social Responsibility (CSR) and projects implemented by the Company during the year under review, as required under Section 134(3)(o), 135(2) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 has been placed on the website of the Company and Weblink is as under:
<https://buy.hitachiaircon.in/content/investors>
5. Formal Appointment and Evaluation Policy of the Board of Directors and Senior Management of the Company which has been formulated and recommended by Nomination and Remuneration Committee and adopted by Board of Directors covering appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) has been placed on the website of the Company and Weblink is as under:
<https://buy.hitachiaircon.in/content/investors>

6. No commission paid to any Director of the Company, so no disclosure is required to be made under Section 197(14).
7. The details forming part of the extract of the Annual Return in form MGT 9 as provided under sub-Section (3) of section 92 is annexed as Annexure A.
8. No loan was granted by the Company to any person to purchase or subscribe to fully paid-up shares of the Company.
9. Details of the significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefore, including:

Financial Ratios	2019-20	2018-19	Change %
(i) Debtors Turnover	6.32	5.23	20.77%
(ii) Inventory Turnover	2.17	2.89	-24.95%
(iii) Interest Coverage Ratio *	36.15	66.62	-45.74%
(iv) Current Ratio	1.39	1.34	3.73%
(v) Debt Equity Ratio *	0.23 : 1	0.31 : 1	-34.7%
(vi) Operating Profit Margin (%)	8.26%	8.00%	3.28%
(vii) Net Profit Margin (%)	3.84%	3.83%	0.13%
(viii) Return on Net worth	12.24%	14.02%	-12.70%

* Explanations:

- Inventory turnover ratio is lower due to drop in sales in last week of Mar20 due to lock down.
 - Interest coverage ratio is lower due to lower profit compared to Fy19 and higher borrowing during Fy20.
 - Debt equity has improved compared to last year due to higher Total equity mainly out of profits earned during FY20 and there is reduction in borrowing by ₹ 309 M.
10. In restructuring activity, Company has paid termination benefits of ₹ 57.6 million to employees who resigned during the year. (to be moved to other disclosures)
 11. Secretarial Audit Report: Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Report of the Secretarial Auditors is annexed as Annexure B.
 12. There is no fraud reported by Auditors under Section 143(12) of the Companies Act, 2013 during the year under review.
 13. Particulars of loans, investments or guarantees under section 186: Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered under Section 186. Company has not made any investment in securities of other Body Corporate. Company has given guarantee of ₹ 150 Million against the credit facilities availed by dealers.
 14. There is no subsidiary, associate and joint venture Company, so no disclosure is required on the performance and financial position of each of the subsidiaries, associates and joint venture companies in Form AOC 1.

15. There is no Company which has become or ceased to be its subsidiary, joint venture or associate Company during the year.
16. During the year, Company has not accepted deposits covered under Chapter V.
17. There is no qualification, reservation or adverse remark or disclaimer made by the Auditors in their report.
18. There is no qualification, reservation or adverse remark or disclaimer made by the Company Secretaries in practice in their Secretarial Audit Report.
19. There is no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
20. Details of complaints relating to sexual harassment during the year under review:
Number of complaints received during the year: 1
Number of complaints disposed of during the financial year: 1
Number of complaints pending as on 31st March, 2020: 0
21. Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, relating to Conservation of energy, technology absorption and foreign exchange earnings and outgo is given as Annexure C to this report.
22. Statement showing particulars of employees under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached separately with this Annual Report.
23. Contract or arrangement under Section 188(1): There were no contracts or arrangements entered by the party falling under Section 188(1). Particulars of contracts or arrangements with related parties are provided in Form AOC 2 as Annexure D.
24. Policy on dealing with Related Party Transactions has been disclosed on Company's website and a weblink is as under:
<https://buy.hitachiircon.in/content/investors>
25. Revision in Accounts or Board's Report: There are no revisions made in the Accounts or Board's Report.
26. Issue of Equity Shares with differential rights: There was no Equity Share issued with differential voting rights during the year under review.
27. Issue of Sweat Equity Shares: There was no issue of Sweat Equity Share during the year under review.
28. Employee Stock Option and Employee Stock Purchase Schemes: No Employee Stock Option and Employee Stock Purchase Schemes were launched by the Company during the year under review.
29. Disclosure under Regulation 34(3) read with Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015:
a. The Equity Shares of the Company are not delisted or suspended during the year under review.
b. Equity Shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited.
c. Annual listing fees have been paid to both the stock exchanges mentioned above.
30. Dividend Distribution Policy is given as Annexure E to this report.
31. Company has complied with Secretarial Standards applicable to Company.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Place : Delhi
Date : June 23, 2020

Gurmeet Singh
Chairman & Managing Director

Annexure - A

FORM NO. MGT - 9

Extract of Annual return

As on the financial year ended March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1	Sales and service of Air conditioners	28192	94%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Shareholding**

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters & Promoters Group									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	20190529	-	20190529	74.25	20190529	-	20190529	74.25	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	20190529	-	20190529	74.25	20190529	-	20190529	74.25	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	20190529	-	20190529	74.25	20190529	-	20190529	74.25	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds/ UTI	2940640	100	2940740	10.82	3617516	-	3617516	13.30	2.49
b) Banks / FI	2390	100	2490	0.01	1314	100	1414	0.01	-
c) Central Govt.	121280	-	121280	0.45	129320	-	129320	0.48	0.03
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	1012910	800	1013710	3.73	515087	-	515087	1.89	-1.83
g) Alternate Investment Funds / Foreign Portfolio Investors	380709	-	380709	1.40	489813	-	489813	1.80	0.40
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Foreign Portfolio Investors)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	4486473	1000	4487473	16.52	4457929	1000	4458929	16.41	-0.11
2. Non Institutions									
a) Bodies Corporate	379150	-	379150	1.39	211498	-	211498	0.78	-0.62
i) Indian									
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Share-holders holding nominal share capital upto ₹ 1 lac	367515	-	367515	1.35	349233	-	349233	1.28	-0.07
ii) Individual Share-holders holding nominal share capital in excess of ₹ 1 lac	1314814	316526	1631340	6.00	1238312	285526	1523838	5.60	-0.40
c) Others (NRI)	60237	-	60237	0.22	64192	-	64192	0.24	0.01
d) Others (Trust / HUF)	103184	-	103184	0.38	98444	-	98444	0.36	-0.02
Sub-Total (B)(2)	2224900	316526	2541426	9.35	1961679	285526	2247205	8.26	-1.08
Total Shareholding of Public (B) = (B)(1)+(B)(2)	6682829	317526	7000355	25.75	6714729	285626	7000355	25.75	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	26873358	317526	27190884	100.00	26905258	285626	27190884	100.00	-

ii) Shareholding of promoters

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

iii) Change in Promoters' Shareholding:

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

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

Sr	Name of Shareholder	Date	Increase / Decrease No of Shares	No of Shares	Reasons for increase / decrease	% of total shares of the Company
1	Aditya Birla Sun Life Trustee Pvt. Ltd.	At the beginning of the year		1260009		4.63
		1-Apr-19				
		29-Sep-19	8189	1268198	Transfer	4.66
		At the end of the year		1268198		4.66
2	Aditya Birla Sun Life Trustee Pvt. Ltd	At the beginning of the year		843023		3.10
		At the end of the year		843023		3.10
3	Bajaj Allianz Life Insurance Company Ltd.	At the beginning of the year		607680	Transfer	2.23
		7-Apr-19	7000	614680	Transfer	2.26
		14-Apr-19	-25000	589680	Transfer	2.17
		5-May-19	-4000	585680	Transfer	2.15
		12-May-19	-15000	570680	Transfer	2.10
		26-May-19	2000	572680	Transfer	2.11
		2-Jun-19	10000	582680	Transfer	2.14
		7-Jul-19	4000	586680	Transfer	2.16
		4-Aug-19	1915	588595	Transfer	2.16
		11-Aug-19	85	588680	Transfer	2.16
		25-Aug-19	-30000	558680	Transfer	2.05
		8-Sep-19	1000	559680	Transfer	2.06
		29-Sep-19	6000	565680	Transfer	2.08
	30-Sep-19	2500	568180	Transfer	2.09	
	6-Oct-19	8000	576180	Transfer	2.12	
	20-Oct-19	-29506	546674	Transfer	2.01	
	3-Nov-19	3800	550474	Transfer	2.02	

Sr	Name of Shareholder	Date	Increase / Decrease No of Shares	No of Shares	Reasons for increase / decrease	% of total shares of the Company
		10-Nov-19	6000	556474	Transfer	2.05
		15-Dec-19	2800	559274	Transfer	2.06
		22-Dec-19	-7500	551774	Transfer	2.03
		29-Dec-19	-50000	501774	Transfer	1.85
		31-Dec-19	1000	502774	Transfer	1.85
		5-Jan-20	3000	505774	Transfer	1.86
		12-Jan-20	-50000	455774	Transfer	1.68
		26-Jan-20	-21000	434774	Transfer	1.60
		2-Feb-20	-10000	424774	Transfer	1.56
		9-Feb-20	-15000	409774	Transfer	1.51
		16-Feb-20	-19135	390639	Transfer	1.44
		1-Mar-20	-20000	370639	Transfer	1.36
		8-Mar-20	-324	370315	Transfer	1.36
		15-Mar-20	12299	382614	Transfer	1.41
		22-Mar-20	-13032	369582	Transfer	1.36
		29-Mar-20	-1837	367745	Transfer	1.35
	At the end of the year	31-Mar-20		367745	Transfer	1.35
4	Canara HSBC Oriental Bank Of Commerce Life Insurance Company Ltd	At the beginning of the year		405230		1.49
		1-Apr-19		405230		1.49
		14-Apr-19	552	405782	Transfer	1.49
		28-Apr-19	-2325	403457	Transfer	1.48
		5-May-19	85	403542	Transfer	1.48
		19-May-19	450	403992	Transfer	1.49
		26-May-19	2413	406405	Transfer	1.49
		2-Jun-19	-12788	393617	Transfer	1.45
		23-Jun-19	1003	394620	Transfer	1.45
		11-Aug-19	876	395496	Transfer	1.45
		18-Aug-19	709	396205	Transfer	1.46
		25-Aug-19	-750	395455	Transfer	1.45
		1-Sep-19	-34194	361261	Transfer	1.33
		29-Sep-19	-1141	360120	Transfer	1.32
		30-Sep-19	-2800	357320	Transfer	1.31
		6-Oct-19	-3287	354033	Transfer	1.30
		20-Oct-19	-39356	314677	Transfer	1.16
		10-Nov-19	-11134	303543	Transfer	1.12
		17-Nov-19	-380	303163	Transfer	1.11
		15-Dec-19	-384	302779	Transfer	1.11
		22-Dec-19	-1114	301665	Transfer	1.11
		29-Dec-19	-7275	294390	Transfer	1.08
		31-Dec-19	-4357	290033	Transfer	1.07
		5-Jan-20	-3843	286190	Transfer	1.05
		12-Jan-20	-100469	185721	Transfer	0.68
		19-Jan-20	-54619	131102	Transfer	0.48
		9-Feb-20	-2735	128367	Transfer	0.47
	At the end of the year	31-Mar-20	2732	131099	Transfer	0.48

Sr	Name of Shareholder		Date	Increase / Decrease No of Shares	No of Shares	Reasons for increase / decrease	% of total shares of the Company
5	Reliance Capital Trustee Co. Ltd	At the beginning of the year	1-Apr-19		211344		
			25-Aug-19	48440	259784	Transfer	0.96
			1-Sep-19	37883	297667	Transfer	1.09
			8-Sep-19	16500	314167	Transfer	1.16
			6-Oct-19	2000	316167	Transfer	1.16
			13-Oct-19	802	316969	Transfer	1.17
			31-Dec-19	-316969	0	Transfer	0.00
6	Aditya Birla Sun Life Trustee Private Limited	At the beginning of the year	1-Apr-19		194109		0.71
			21-Jul-19	5576	199685	Transfer	0.73
			4-Aug-19	6445	206130	Transfer	0.76
			11-Aug-19	723	206853	Transfer	0.76
			1-Mar-20	1161	208014	Transfer	0.77
			22-Mar-20	4915	212929	Transfer	0.78
		At the end of the year	31-Mar-20		212929		0.78
7	Sundaram India Premier Fund	At the beginning of the year	1-Apr-19		110382		0.41
			14-Apr-19	25992	136374	Transfer	0.50
			21-Apr-19	8995	145369	Transfer	0.53
			28-Apr-19	0	145369	Transfer	0.53
			5-May-19	6985	152354	Transfer	0.56
			12-May-19	35750	188104	Transfer	0.69
		At the end of the year	31-Mar-20		188104		0.69
8	Aditya Birla Sun Life Trustee Private Limited	At the beginning of the year	1-Apr-19		98976		0.36
			26-May-19	-9258	89718	Transfer	0.33
			22-Sep-19	-11981	77737	Transfer	0.29
			02-Feb-20	-6466	71271	Transfer	0.02
			09-Feb-20	-10	71261	Transfer	0.00
					At the end of the year	31-Mar-20	
9	Kotak Mahindra (International) Limited	At the beginning of the year	1-Apr-19		96711		0.36
			19-May-19	-20000	76711	Transfer	0.28
						31-Mar-20	
10	Blue Daimond Properties Pvt.Ltd.	At the beginning of the year	1-Apr-19		94491		0.35
						31-Mar-20	
11	Akash Bhanshali	At the beginning of the year	26-May-19		85,258		0.31
						31-Mar-20	
12	Sundaram Mutual Fund		20-Oct-19		78244		0.29
			27-Oct-19	64163	142407	Transfer	0.52
			15-Dec-19	17210	159617	Transfer	0.59
			1-Mar-20	-1617	158000	Transfer	0.58
		At the end of the year	31-Mar-20		158000		0.58
13	L And T Mutual Fund Trustee Ltd		29-Dec-19		367000		1.35
			22-Mar-20	29488	396488		1.46
						31-Mar-20	
14	Tata Multicap Fund		26-Jan-20		90000		0.33
						31-Mar-20	

vi) Shareholding of Directors and Key Managerial Personnel

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

V. INDEBTEDNESS

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

(₹ In Million)

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	1896.20	-	1896.20
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	1896.20	-	1896.20
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-	309.0	-	309.0
Net Change	-	309.0	-	309.0
Indebtedness at the end of the financial year				
i) Principal Amount	-	1587.2	-	1587.2
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	0.0	1587.2	0.0	1587.2

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VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In Million)

Sr. No.	Particulars of Remuneration	Mr. Gurmeet Singh Chairman and Managing Director	Total Amount
1	Gross Salary		
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	17.6	17.6
(b)	Value of perquisites under Section 17(2) Income Tax Act, 1961	0.1	0.1
(c)	Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2	Stock Options	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify...	-	-
5	Others, please specify- Retirement benefits	1.2	1.2
	Total (A)	18.9	18.9

B. Remuneration to other Directors:
1. Independent Directors

(₹ In Million)

Sr. No	Particulars of Remuneration	Name of Director			Total Amount
		Mr. Ashok Balwani	Ms. Indira Parikh	Mr. Mukesh Patel	
1	Fee for attending Board/ Committee Meetings	0.6	0.7	0.6	1.9
2	Commission	-	-	-	-
3	Others, please Specify	-	-	-	-
	Total (1)				1.9

2. Other Non-Executive Directors

Sr. No.	Particulars of Remuneration	Mr. Franz Cerwinka	Mr. Shinichi Iizuka	Mr. Yoshikazu Ishihara	Total Amount
1	Fee for attending Board /Committee Meetings	-	-	-	-
2	Commission	-	-	-	-
3	Others, please Specify	-	-	-	-
	Total (2)				-
	Total (B)=(1+2)				1.9
	Total Managerial Remuneration (Excluding Sitting Fees)				18.9
	Overall Ceiling as per the Act (11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)				134.3

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Rishi Mehta Chief Financial Officer	Mr. Parag Dave Company Secretary	
1	Gross Salary			
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	7.7	2.6	10.3
b)	Value of perquisites under Section 17(2) Income Tax Act, 1961	0.0	0.0	0.0
c)	Profit in lieu of salary under Section 17(3) Income Tax Act, 1961			
2	Stock Options			
3	Sweat Equity			
4	Commission - as % of profit - others, specify.... Retirement benefits			
5	Others, please specify	0.3	0.1	0.4

VII. Material Penalties / Punishments / Compounding of Offences

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

Annexure - B

Form No. MR-3**SECRETARIAL AUDIT REPORT**

For the Financial Year ended 31st March, 2020

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

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

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

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Based on our verification of the Johnson Controls - Hitachi Air Conditioning India Limited's (Formerly Known as Hitachi Home and Life Solutions (India) Limited) books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by “the company”, having its Registered Office at “9th Floor, Abhijeet-1, Mithakhali Six Roads, Ahmedabad – 380 006 for the financial year ended on 31st March, 2020 according to the provisions of:

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

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the Audit Period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the Company during the Audit Period)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the Audit Period)

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

- (a) E-waste Management Rules, 2012

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

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

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

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

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were usually sent seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

There were no dissenting views on any matter.

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

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

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

Mahesh C Gupta

Proprietor

Date: 23rd June, 2020

Place: Ahmedabad

FCS: 2047 (CP: 1028)

UDIN: F002047B000389225

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

Annexure: “A”

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

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

1. Maintenance of Secretarial Record is the responsibility of the management of the company. Our responsibility is to express an opinion on Secretarial Records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
1. In the situation of COVID-19 pandemic and resultant lockdown, we have conducted the Secretarial Audit based upon the online documents/ information provided by and discussion with the management without personal visit to the Company’s premises.
4. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
5. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards, is the responsibly of the management. Our examination was limited to the verification of the procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

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

Mahesh C Gupta

Proprietor

Date: 23rd June, 2020

Place: Ahmedabad

FCS: 2047 (CP: 1028)

UDIN: F002047B000389225

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

Conservation of Energy (Total 311 K-KWH / Year & 70 K- SCM / Year)

1. Nitrogen consumption reduced in various processes by optimizing working pressure requirement.
2. Improvement in specific power consumption of compressed air by using IE-4 energy efficient compressor motor and pressure optimization as per requirement.
3. Increase in Paint shop conveyer speed from 5.5 meters per minute to 6.0 meters per minute. 6.0
4. In IDU Leak testing chamber, increased IDU capacity from 2 to 4 coils per chamber. In process of Coil brazing, speed of conveyer increased to reduce Coil brazing cycle time.

Research, development and Technology Absorption

- 1) WAC INVERTER in 1.5 TR Category: Company developed first Hitachi Window Inverter Air conditioner for Domestic Indian Market in 1.5 TR Category. Window Inverter category is different from Conventional Window Air Conditioner in terms of Power saving to customers and its smooth operation. Inverter Technology is growing faster in India as

a policy thrust by BEE (Bureau of Energy Efficiency) so that customers get benefit of power saving. Hitachi Window Air Conditioner with Inverter Technology also will help customers in power consumption and will work up to 52°C ambient temperature. WAC Inverter is also equipped with safety sensors.

- 2) Wi-Fi Technology for Domestic Market: This year JCH developed Wi-Fi feature for Air Conditioners. This feature has been developed in Inverter Air conditioner models across all JCH entities globally. This feature enables operating Air conditioner remotely through Android/iOS Smartphone application. With this feature, customer can access Air Conditioner from anywhere, anytime to control the temperature without physical presence as well as check Air conditioner usage and schedule maintenance alerts.
- 3) 0.8 TR Category – New Segment: This year Company developed 0.8 TR conventional type Air Conditioner which is smallest in this category. This model targets requirement of customers who are looking for low cost Air Conditioners for their smaller size room. The cost of this model is lower than 1.0 TR category model with same airflow as 1.0 TR.

Foreign exchange earnings and outgo

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

Annexure D

Form No. AOC-2

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

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

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

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

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

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

Annexure E

Dividend Distribution Policy

Introduction

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

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

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

Circumstances under which the shareholders may expect dividend:

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

Circumstances under which the shareholders may not expect dividend:

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

Financial parameters that shall be considered while declaring dividend:

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

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

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

Policy as to how the retained earnings shall be utilized:

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

REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy on Code of Corporate Governance

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

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

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

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

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

II. Board of Directors, Committees and Remuneration of Directors

Board of Directors

Present strength of the Board of Directors of your Company is six members. The composition of the Board is in conformity with Regulation 17(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015. The Board of Company has optimum combination of Non-independent and Independent Directors. As on March 31, 2020, Board of the Company consists of one (1) Executive Director (Chairman and Managing Director), two (2) Non-executive Directors and three (3) Independent Directors (Including one (1) woman Director).

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

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

*Includes only Audit Committee and Stakeholders Relationship Committee.

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

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

Skills/expertise/competence of the board of directors

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

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

Certification regarding Directors

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

Independent Directors

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

No Independent Director has resigned during the year.

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

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

<https://buy.hitachiircon.in/cms/materials/471982ba6d.pdf>

Attendance of Board Meeting and Annual General Meeting

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

During the year from April 01, 2019 to March 31, 2020, 4 (Four) Board Meetings were held i.e. on May 16, 2019, August 14, 2019, October 24, 2019 and February 06, 2020. The last Annual General Meeting (AGM) was held on August 14, 2019. The attendance of Directors at these Board Meetings and the last AGM were as under:

Name of Director	Board Meetings	Annual General Meeting
Mr. Gurmeet Singh	4	Present
Mr. Franz Cerwinka*	-	-
Mr. Shinichi Iizuka*	4	Present
Mr. Yoshikazu Ishihara	3	Absent
Mr. Ashok Balwani	4	Present
Ms. Indira Parikh	3	Present
Mr. Mukesh Patel	3	Present

*Mr. Franz Cerwinka has resigned with effect from May 08, 2019

*Mr. Shinichi Iizuka has been appointed with effect from May 08, 2019

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, 2020 are as under:

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

Inter-se relationship between Directors

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

Audit Committee

Audit Committee comprises of three members, all being Non-executive Independent Directors.

Audit Committee is empowered to exercises its role, responsibilities and powers as prescribed in Regulation 18(3) Part C of schedule 2 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and Section 177A of the Companies Act, 2013.

Members of the Audit Committee as on March 31, 2020 are as under:

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

During the year from April 01, 2019 to March 31, 2020 4 (Four) Audit committee meetings were held i.e. on May 16, 2019, August 14, 2019, October 24, 2019 and February 06, 2020. Attendances of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	3
Mr. Ashok Balwani	4
Ms. Indira Parikh	3

Nomination and Remuneration Committee

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

Members of the Nomination and Remuneration Committee as on March 31, 2020 are as under:

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

During the year under review, 1 (One) Nomination and Remuneration Committee Meetings was held i.e. on February 06, 2020. Attendance of the members at the meetings were as under:

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

Terms of Appointment / Remuneration

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

Independent Directors are paid sitting fees of ₹ 80,000 for attending Board meeting, ₹ 80,000 for attending Audit Committee Meeting, ₹ 60,000 for attending CSR Committee

meeting, ₹ 20,000 for attending Nomination and Remuneration Committee Meeting, ₹ 20,000 for attending Executive Committee Meeting and ₹ 30,000 for attending Stakeholders Relationship Committee Meeting.

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

							(Rs in Million)
Name of Director	Salary	Perquisites	Performance linked Incentives	Retirement benefits	Sitting Fees	Total Remuneration	
Mr. Gurmeet Singh	15.8	0.1	1.8	1.2	Nil	18.9	
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	0.6	0.6	
Mr. Ashok Balwani	Nil	Nil	Nil	Nil	0.7	0.7	
Ms. Indira Parikh	Nil	Nil	Nil	Nil	0.6	0.6	

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

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

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

Stakeholders Relationship Committee

Stakeholders Relationship Committee consisted of following members as on March 31, 2020:

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

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

Number of pending complaints as on April 01, 2019	Nil
Number of complaints received	4
Number of complaints redressed	3
Number of pending complaints as on March 31, 2020	1

None of the complaints and share transfers are pending for a period exceeding one month except one (1) complaint which is pending due to technical reason.

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

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

III. Other disclosures

Statutory Disclosures

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

<https://buy.hitachiircon.in/content/investors>
(Tab: Policy on Related Party Transactions.)

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

Commodity price risk/foreign exchange risk and hedging activities

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

The details of foreign exchange exposures as on March 31, 2020 are disclosed in Notes to the financial statements.

Performance evaluation criteria for independent directors

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

Credit rating

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

No preferential allotment or qualified institutions placement

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

Total Fees paid to Auditors

Company has paid total fees of ₹ 5.5 million (excluding reimbursement of expenses) during the year to Statutory Auditors and total fees of ₹ 0.3 million to entities in the network firm/network entity of which the statutory auditor is a part.

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

Number of complaints received during the year	: 1
Number of complaints disposed of during the financial year	: 1
Number of complaints pending as on March 31, 2020	: 0

Whistle Blower Policy

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

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

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

Others:

- There are no non-compliance of requirement under sub para (2) to (10) of Schedule V(C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- There are no shares in demat suspense account / unclaimed suspense account, accordingly no disclosure is required under Schedule V(F) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Company has not adopted non-mandatory requirements as prescribed under Schedule II(E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Information relating to last three Annual General Meetings

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

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

Special resolutions passed:

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

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

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

Special resolutions passed:

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

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:

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

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

Means of communication

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

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

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

General Shareholder Information

Ensuing Annual General Meeting

Day and Date	Time	Venue
Tuesday September 15, 2020,	9.30 a.m.	Video Conferencing

Financial year: From April 01, 2019 to March 31, 2020

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 2020-21 to the Stock Exchanges.

Market Price Data

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

	Company's Share Price quoted at BSE		SENSEX		Company's Share Price quoted at NSE		NIFTY	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
April-2019	2,151.00	1,800.00	39,487.45	38,460.25	2,099.90	1,830.00	11,856.15	11,549.10
May-2019	1,932.00	1,698.10	40,124.96	36,956.10	1,949.95	1,690.00	12,041.15	11,108.30
June-2019	1,884.00	1,630.00	40,312.07	38,870.96	1,871.10	1,622.35	12,103.05	11,625.10
July-2019	1,798.95	1,512.40	40,032.41	37,128.26	1,791.95	1,508.05	11,981.75	10,999.40
August-2019	1,696.90	1,475.00	37,807.55	36,102.35	1,690.00	1,470.00	11,181.45	10,637.15
September-2019	1,994.00	1,567.05	39,441.12	35,987.80	1,997.00	1,565.00	11,694.85	10,670.25
October- 2019	2,175.00	1,842.00	40,392.22	37,415.83	2,174.90	1,835.05	11,945.00	11,090.15
November-2019	2,153.60	1,890.00	41,163.79	40,014.23	2,155.00	1,876.05	12,158.80	11,802.65
December-2019	2,142.70	1,830.00	41,809.96	40,135.37	2,138.95	1,835.05	12,293.90	11,832.30
January-2020	2,497.25	1,875.00	42,273.87	40,476.55	2,495.00	1,869.70	12,430.50	11,929.60
February-2020	3,048.00	2,308.05	41,709.30	38,219.97	3,049.00	2,274.20	12,246.70	11,175.05
March-2020	3,375.00	1,660.00	39,083.17	25,638.90	3,484.40	1,811.05	11,433.00	7,511.10

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The Equity Shares of the Company are not delisted or suspended during the year ended March 31, 2020.

Registrars and Share Transfer Agent

Link Intime India Pvt. Ltd.

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

Share Transfer System

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

Shareholding Pattern as on March 31, 2020

Category	No. of Shares Held	% of Shareholding
Promoters' Holding	20,190,529	74.25
Non-Promoters' Holding		
Mutual Funds	3,617,516	13.30
Foreign Portfolio Investors	266,529	0.98
Financial Institutions/ Banks	1,414	0.01
Insurance Companies	515,087	1.89
Central Government (IEPF)	121,280	0.45
Bodies Corporate	204,555	0.75
NRIs	64,192	0.24
Individuals	2,209,782	8.13
Total	27,190,884	100.00

Distribution of shareholding as on March 31, 2020

Shares Balance	No. of Holders	% of Holders	No. of Shares	% of Shares
1-500	14900	94.14	1074781	3.95
501-1000	322	2.07	242463	0.89
1001-2000	124	0.80	181210	0.67
2001-3000	35	0.23	89028	0.33
3001-4000	16	0.10	56938	0.21
4001-5000	16	0.10	74065	0.27
5001-10000	35	0.23	274610	1.01
10001 and above	50	0.33	25197789	92.67
Total	15,042	100.00	27,190,884	100.00

Dematerialization of shares and liquidity

The Company's shares are available for dematerialisation on both the depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). As on March 31, 2020, 26,905,258 (98.95%) shares of the Company were in Dematerialised form. Demat ISIN No. of the Equity Shares of the Company: INE782A01015.

Outstanding Financial Instruments which have an impact on Equity

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

Plant Location

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

Addresses for Correspondence

Company:

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

9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380 006

Ph.: 079-26402024

Registrars and Share Transfer Agent:

Link Intime India Pvt. Ltd

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

Ph.: 079-26465186 E-mail: ahmedabad@linkintime.co.in

Declaration under Code of Conduct

To the Shareholders of

Johnson Controls-Hitachi Air Conditioning India Limited

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

For Johnson Controls-Hitachi Air Conditioning India Limited

Sd/-

Gurmeet Singh

Chairman and Managing Director

Auditors' Certificate regarding compliance of conditions of Corporate Governance

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

We have examined the compliance of conditions of Corporate Governance by **Johnson Controls-Hitachi Air Conditioning India Limited**, for the year ended March 31, 2020 as stipulated in Regulations 17, 17A 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (collectively referred to as "SEBI Listing Regulations, 2015").

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

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

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

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

Sachin Parekh

Partner

Membership Number: 107038

UDIN: 20107038AAAABM9097

Place: Mumbai

Date: June 23, 2020

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L29300GJ1984PLC007470
2.	Name of the Company	Johnson Controls-Hitachi Air Conditioning India Limited (Formerly known as Hitachi Home & Life Solutions (India) Limited)
3.	Registered address	9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380006
4.	Website	https://www.hitachiaircon.in/
5.	E-mail id	parag.dave@jci-hitachi.com
6.	Financial Year reported	April 01, 2019 to March 31, 2020
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	5 Regional Offices, 21 Branch Offices, 4 Engineering Excellence Centre, 4 Regional Service Offices
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)	21,973.7 Million
3.	Total profit after taxes (INR)	835.3 Million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) of current year	2.69%
5.	List of activities in which expenditure in 4 above has been incurred	5

SECTION C: OTHER DETAILS

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

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

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

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

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

- Not applicable

3. Governance related to BR

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

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

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

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

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

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

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

Principle 2

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

- a. Room Air Conditioners.
- b. Packaged Air Conditioners.
- c. VRF and Chillers.

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

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

During the financial year 2019-20, one complaint was received from an employee regarding disciplinary transactional matter.

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

- a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
 - Company is committed and focused towards reduction of energy, water and other utilities consumption by utilizing optimum resources as per the prescribed norms by regulatory authorities / bodies.
 - We carried out geo hydrological study at our site as a part of CGWA guidelines and as per the outcome of the study we have constructed 6 nos. of recharge wells in company premises for recharge of ground water during monsoon season.
 - We have installed and commissioned Effluent Treatment Plant having capacity of 100 KLD with provision of Primary Secondary and Tertiary treatment facilities to improve quality of treated water.
 - We have installed and commissioned Sewage Treatment Plant having capacity of 250 KLD with provision of MBBR technology to improve quality of treated water.
 - For pre-treatment process in our paint shop we have started using sludge free chemical for reduction of hazardous waste. Hence, we have reduced the requirement of landfilling of sludge generated.
- b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
 - Government of India (Bureau of Energy Efficiency, Ministry of Power) introduced the Standards

and Labelling Program in May 2006. Under this program the manufacturers are required to disclose a label showing how much electricity the appliance will consume during operations. Energy Efficiency is indicated by Number of 'Stars'. More Stars indicates more energy efficient appliance. Company's products are available in the range of 2 Star to 5 Star. Company focuses on promoting and developing energy efficient products. During previous year more than 50% of Company's models were 4 star and 5 star rated models.

- We have replaced conventional lights with LED lights at manufacturing facility to reduce electricity consumption.
- We are utilizing treated water from Waste Water Treatment Plant in gardening inside company premises to avoid fresh water consumption for green belt development inside company premises.
- We have started using RO Plant reject water in washroom flush to reduce the requirement of fresh water consumption.

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

- a) If yes, what percentage of your inputs was sourced sustainably?
 - Sustainability agenda is extended to suppliers through the Supplier Code to which all suppliers have been made aware. It lays down the requirements on various aspects of sustainability such as legal compliance, bribery and corruption, human rights, health and safety and environment protection. The Company sources its materials through suppliers and vendors who are compliant with applicable regulatory requirements.
 - Supplier selection, assessment and evaluation process includes elements of sustainability. This includes self-assessments by suppliers, risk assessments by the Company and external audits by third party.

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

- Material from third party suppliers is sourced locally from within the boundary of India. Out of this some are sourced from local and small producers. Several local and small producers are attached to the Company.
- Company has developed many local producers within 50 kms radius of the company. Having mutual beneficial relationship with the Company these associated local producers have also grown and established themselves fruitfully and has increased the ratio of local employment.

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

- The company is committed to increase waste efficiency through the ISO 14001 certification. Waste is segregated into hazardous and non-hazardous waste and managed through a waste management system
- Hazardous waste is sent to GPCB authorized hazardous waste processors recyclers or to GPCB / CPCB Authorized TSDF (transportation, storage and disposal facilities) for disposal.

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

Principle 3

1.	Please indicate the Total number of employees:		
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.		
3.	Please indicate the Number of permanent women employees.		
4.	Please indicate the Number of permanent employees with disabilities		
5.	Do you have an employee association that is recognized by management?		
6.	What percentage of your permanent employees is members of this recognized employee association?		
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.		
No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
a.	Child labour/forced labour/involuntary labour	Nil	Nil
b.	Sexual harassment	1	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?		
No.		Skill upgradation	Safety
a.	Permanent Employees	12%	3%
b.	Permanent Women Employees	-	-
c.	Casual/Temporary/Contractual Employees	5.5%	100%
d.	Employees with Disabilities		

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Principle 4

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

Yes

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

Yes, the company has identified the marginalized stakeholders.

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

The company provides free of cost training in its state of the art training facilities to mechanics, repairers and technicians employed by dealers, which community, the company has identified as disadvantaged, vulnerable and marginalised.

Adopting a win-win approach for its business, customers, dealers such trainings not only help trainees to learn skills which are helpful in their future employability and entrepreneurship but also help company to provide quality after sales services at affordable cost.

Principle 5

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

Policy is extended to the Group, Suppliers and Contractors.

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

No complaint has been received in the past financial year.

Principle 6

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

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

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

- Yes. The Company is committed towards a sustainable global environment by encouraging use of R410 & R32 refrigerant which is an eco-friendly gas. Hence preventing ozone layer depletion.
- Rain water harvesting project has been installed to promote recharging of ground water during rainy season.

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

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

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

- The Company has not applied for any projects under the Clean Development Mechanism. However, the Company has been active in reducing its waste in all its operating sites by implementing measures to minimize waste.
- Additionally, we have also implemented organic convertor, where all food and organic wastes are converted to compost and used for gardening.
- Company has upgraded its waste water treatment plant to improve the treatment and increasing the treatment capacity.

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

- The Company is continually developing products leading to energy efficiency and enhancement of eco-friendly products like usage of R410A & R32 refrigerant.

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

- Yes. The emissions/waste generated by the Company for the Financial Year 2019-20 are within permissible limits given by CPCB / SPCB.
- Analysis of treated effluent is carried out by NABL accredited and GPCB approved schedule-II laboratory.

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

- As on 31 March, 2020, there is no pending show cause or legal notice received from CPCB or SPCB.

Principle 7

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

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

- 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.

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

Yes. Company is actively involved and advocated through the above organizations on Energy Security and industry developments.

Principle 8

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)
1	PHC Karan Nagar Project - / Two specialist doctors / Medicines/ Para medic staff /Ambulance Driver	1,367,761
2	Vocational Training – ITI Kadi Project	606,802
3	Vocational Training- AC Repairing & Maintenance – Andhra Pradesh	3,754,068
4	Vocational Training- AC Repairing & Maintenance – Maharashtra	1,300,000
5	Sanitation Project	5955691
6	Construction of Primary School Project (Irana, Gujarat)	8,758,720
7	Sponsorship to Para athletes (10 Para athletes)	4,643,356
Total		26,386,398

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

All Program are in house by the company directly.

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

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

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

Please see point no. 1 above.

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

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

Principle 9

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

During the year 2019-20, 0.5% complaints are pending at the end of financial year. Out of these 0.04% complaints received during last five days of the financial year.

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

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

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

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

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

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

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

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

Independent Auditor's Report

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

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of Johnson Controls-Hitachi Air Conditioning India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our

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

Emphasis of Matter

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Assessment of Provision for warranty costs and related disclosures	
<p>(Refer to Note 35 to the financial statements)</p> <p>The Company provides warranty on sale of Air Conditioners and Refrigerators to customers and recognizes provision in respect of the costs expected to fulfil the warranty obligation over the period of the warranty which ranges between 1 to 10 years.</p> <p>In accordance with the requirements of Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, the provision towards warranty obligation is estimated by the Company, primarily considering factors such as historical trend, average historical failure rate, estimation of expected pattern of future claims and estimated replacement cost. In the case of 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 involve significant management judgements and estimates as described above, and the amount and disclosures are significant to the financial statements. Accordingly, this has been considered as key audit matter.</p>	<p>We have performed the procedures including the following:</p> <ul style="list-style-type: none"> • Understood, evaluated and tested the design and operating effectiveness of the controls over estimation of warranty costs and related accruals. • Understood the warranty terms offered by the Company on sale of products. • Assessed management's estimation process by performing a look-back analysis for warranty costs accruals made in prior year. • Evaluated the method used by management in making the accounting estimate by verifying various input factors such as historical trend, average historical failure rate, estimation of expected pattern of future claims and estimated replacement cost, and by carrying out discussions with management's internal technical experts. • Verified the computation of provision for warranty costs. • Verified the computation for determining the present value in the case of warranty for periods exceeding one year. • Verified the adequacy of the disclosures in the financial statements. <p>Based on the above audit procedures performed, we did not find any material exceptions with regard to the management assessment of provision for warranty costs and the related disclosures thereof.</p>

Other Information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33(a) to the financial statements.
 - ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2020.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
16. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Sachin Parekh

Partner

Membership Number: 107038

UDIN: 20107038AAAABK4759

Place: Mumbai

Date: June 23, 2020

Annexure A to Independent Auditor's Report

Referred to in paragraph 15(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, 2020

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, 2020 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 Control Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control

over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of our main audit report.

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

Firm Registration Number: 304026E/E-300009

Chartered Accountants

Sachin Parekh

Partner

Membership Number: 107038

UDIN: 20107038AAAABK4759

Place: Mumbai

Date: June 23, 2020

Annexure B to Independent Auditor's Report

Referred to in paragraph 14 of the Independent Auditor's 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, 2020

- 56
- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
 - (c) The title deeds of immovable properties, as disclosed in Note 3 – Property, Plant and Equipment and Note 6 – Investment Property to the financial statements, are held in the name or erstwhile name of the Company.
 - ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
 - iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
 - iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of the loans or investments made, or guarantees or security provided by it. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act.
 - v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act

and the Rules framed there under to the extent notified.

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

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

- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 33(a)(3) to the financial statements regarding management's assessment on certain matters relating to provident fund.

Further, in respect of one registration for the month of March 2020, the Company has paid Goods and Service Tax and filed Form GSTR 3B after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs under the Notification Number 31/2020 – Central Tax dated April 3, 2020 on fulfilment of conditions specified therein.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of excise and value added tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount* (Rs. in million)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty including Interest and Penalty as applicable	9.7	2012-13	The Custom, Excise and Service Tax Appellate Tribunal
		0.9	2008-09 and 2010-11	Commissioner (Appeals)
The Finance Act, 1994 (Service Tax)	Service tax including Interest and Penalty as applicable	130.9	2004-05 to 2013-14	The Custom, Excise and Service Tax Appellate Tribunal
		39.1	July 2012 to March 2016	Commissioner (Appeals)

Name of the statute	Nature of dues	Amount* (Rs. in million)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Acts (Central & States)	Sales tax/value added tax including Interest and Penalty as applicable	2.9	2002-03 to 2003-04	Hon'ble Supreme Court of India
		7.2	2000-01 to 2007-08	Appellate Tribunal
		134.6	2005-06 to 2017-18	Upto Commissioner (Appeals)
The Income Tax Act, 1961**	Income Tax including Interest and Penalty as applicable	49.3	2005-06 to 2006-07	High Court of Gujarat
		39.6	2003-04 to 2006-07	Commissioner of Income Tax (Appeals)

*Net of deposits under protest

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

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank as at the balance sheet date. The Company did not have any outstanding loans or borrowings to any financial institution or Government nor has it issued any debentures as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also, refer paragraph 16 of our main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Sachin Parekh

Partner

Membership Number: 107038

UDIN: 20107038AAAABK4759

Place: Mumbai

Date: June 23, 2020

Balance Sheet

as at March 31, 2020

₹ in million

	Note No.	As at March 31, 2020	As at March 31, 2019
A ASSETS			
I Non-current assets			
(a) Property, Plant and Equipment	3	3,533.7	2,156.6
(b) Right-of-use-assets	4	265.1	-
(c) Capital work-in-progress	5	65.0	941.3
(d) Investment property	6	11.2	12.4
(e) Other Intangible assets	7	197.4	153.3
(f) Financial assets			
(i) Loans	8 (a)	51.1	46.8
(ii) Other financial assets	8 (b)	2.6	2.7
(g) Deferred tax assets (net)	9	142.2	166.0
(h) Non current tax assets (net)	10	161.6	0.4
(i) Other non-current assets	11	306.2	354.4
Total Non-current assets		4,736.1	3,833.9
II Current assets			
(a) Inventories	12	7,274.5	5,554.7
(b) Financial assets			
(i) Trade receivables	13 (a)	2,545.6	4,483.7
(ii) Cash and cash equivalents	13 (b)	176.4	295.5
(iii) Bank balances other than (ii) above	13 (c)	2.9	3.0
(iv) Loans	13 (d)	13.0	10.2
(v) Other financial assets	13 (e)	234.9	124.9
(c) Contract assets	14	111.9	214.9
(d) Other current assets	15	745.4	869.4
Total Current assets		11,104.6	11,556.3
TOTAL ASSETS (I+II)		15,840.7	15,390.2
B EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	16	271.9	271.9
(b) Other equity	17	6,613.3	5,858.0
Total equity		6,885.2	6,129.9
LIABILITIES			
II Non-current liabilities			
(a) Provisions	18	592.0	499.3
(b) Financial Liabilities			
(i) Lease liabilities		233.8	-
(c) Other non-current liabilities	19	144.4	124.1
Total non-current liabilities		970.2	623.4
III Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20 (a)	1,587.2	1,896.2
(ii) Lease liabilities		47.9	-
(iii) Trade payables			
(a) total outstanding dues of micro and small enterprises	20 (b)	314.6	164.1
(b) total outstanding dues of creditors other than (iii)(a) above	20 (b)	5,185.0	5,244.1
(iv) Other financial liabilities	20 (c)	194.4	365.2
(b) Contract liabilities	21	288.2	299.9
(c) Provisions	22	173.0	150.3
(d) Current tax liabilities (net)	23	-	6.0
(e) Other current liabilities	24	195.0	511.1
Total Current liabilities		7,985.3	8,636.9
TOTAL EQUITY AND LIABILITIES (I+II+III)		15,840.7	15,390.2

The accompanying Notes form an integral part of the Financial Statements.
As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No.304026E/E300009

Chartered Accountants

Sachin Parekh

Partner

Membership No.: 107038

Place: Mumbai

Date: June 23, 2020

For and on behalf of the Board of Directors

Gurmeet Singh

Chairman & Managing Director

DIN : 06938403

Place: New Delhi

Rishi Mehta

Chief Financial Officer

Place: Kadi

Date: June 23, 2020

Yoshikazu Ishihara

Director

DIN : 07998690

Place: Tokyo

Parag Dave

Company Secretary

Membership No.: 12626

Place: Kadi

Date: June 23, 2020

Statement of Profit and Loss

for the year ended March 31, 2020

₹ in million

	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
I INCOME			
(a) Revenue from Operations	25	21,973.7	22,413.0
(b) Other income	26	81.5	154.2
Total income		22,055.2	22,567.2
II EXPENSES			
(a) Cost of materials consumed		11,865.9	10,422.7
(b) Purchase of Stock-in-trade		3,777.9	5,040.7
(c) Changes in inventories of finished goods, Stock-in -trade and work-in-progress	27	(1,670.2)	(1,024.5)
(d) Employee benefit expense	28	1,745.4	1,651.5
(e) Finance costs	29	50.2	26.9
(f) Depreciation and amortisation expenses	30	562.9	441.6
(g) Other expenses	31	4,532.5	4,684.6
Total expenses		20,864.6	21,243.5
III Profit before exceptional Items and tax (I-II)		1,190.6	1,323.7
IV Exceptional Items	42	7.5	-
V Profit before tax (III-IV)		1,183.1	1,323.7
VI Tax expense			
(a) Current tax	32	324.0	491.5
(b) Deferred tax charge/ (credit)	32	23.8	(27.2)
Total tax expense		347.8	464.3
VII Profit for the year (V-VI)		835.3	859.4
VIII Other comprehensive Income			
Items that will not be reclassified to profit or loss			
(i) Re-measurements of post-employment benefit obligations- gain/ (loss)		(41.2)	(49.6)
(ii) Income tax relating to above item		10.4	17.3
Other comprehensive Income for the year, net of tax		(30.8)	(32.3)
IX Total comprehensive income for the year (VII+VIII)		804.5	827.1
X Basic and Diluted earnings per share [face value ₹ 10 each] in ₹	46	30.7	31.6

The accompanying Notes form an integral part of the Financial Statements.
As per our report of even date

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

Sachin Parekh
Partner
Membership No.: 107038

Place: Mumbai
Date: June 23, 2020

For and on behalf of the Board of Directors

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

Rishi Mehta
Chief Financial Officer
Place: Kadi
Date: June 23, 2020

Yoshikazu Ishihara
Director
DIN : 07998690
Place: Tokyo

Parag Dave
Company Secretary
Membership No.: 12626
Place: Kadi
Date: June 23, 2020

Statement of Cash Flows

for the year ended March 31, 2020

₹ in million

	Year ended March 31, 2020	Year ended March 31, 2019
(A) Cash flows from operating activities		
Profit before tax	1,183.1	1,323.7
Adjustment for :		
Depreciation and amortisation expense	562.9	441.6
Loss / (gain) on sale / retirement of fixed assets (net)	17.0	(5.0)
Liabilities no longer required written back	(3.1)	(24.5)
Finance costs	50.2	26.9
Unrealised foreign exchange (gain)/loss (net) at year end	2.9	(0.1)
Provision / (Reversal) for doubtful debts	(16.7)	21.7
Bad Debt written off	7.9	11.7
Lease rent income	(3.7)	(3.8)
Interest income	(42.6)	(68.3)
Exceptional Items	7.5	-
Government Grants	(13.9)	(13.3)
Operating profit before working capital changes	1,751.5	1,710.6
Changes in working capital:		
Adjustment for:		
(Increase) in inventories	(1,937.6)	(1,133.7)
Decrease / (Increase) in trade receivables	1,980.6	(355.7)
Decrease / (Increase) in other financial assets / Contract assets	197.9	(128.5)
Decrease / (Increase) in other current assets	80.9	(420.7)
(Decrease) / Increase in current liabilities	(345.5)	67.0
Increase / (Decrease) in other provision	67.9	(35.6)
Cash generated / (used) from operations	1,795.7	(296.6)
Income tax paid (net of refunds)	(480.8)	(513.5)
Net cash from operating activities before exceptional items	1,314.9	(810.1)
Proceeds of Insurance Claim	84.0	-
Net cash inflow / (outflow) from operating activities (A)	1,398.9	(810.1)
(B) Cash flows from investing activities		
Purchase of fixed assets (including capital work in progress and capital advance)	(1,141.0)	(1,079.6)
Proceeds from sales of fixed assets	22.9	57.5
Investment in bank deposits (with maturity more than three months)	0.1	(0.3)
Lease rent income	3.7	3.8
Interest received	42.6	68.3
Net cash outflow from investing activities (B)	(1,071.7)	(950.3)

Statement of Cash Flows

for the year ended March 31, 2020

₹ in million

	Year ended March 31, 2020	Year ended March 31, 2019
(C) Cash flows from financing activities		
Proceeds from / Repayment for short-term borrowings (net)	(309.0)	1,769.6
Principal Payment of lease liabilities	(44.1)	-
Interest paid on lease liabilities	(24.4)	-
Payment of finance cost	(19.5)	(19.2)
Payment of dividend (including dividend distribution tax)	(49.3)	(49.4)
Net cash inflow/(outflow) from financing activities (C)	(446.3)	1,701.0
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(119.1)	(59.4)
Add : Cash and cash equivalents at the beginning of the year	295.5	354.9
Cash and cash equivalents at the end of the year [Refer Note 13(b)]	176.4	295.5
(D) Non- Cash financing and investing activities		
Acquisition of right-of-use-assets	2.0	-

- a) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Ind AS - 7 on Statement of Cash Flows.
- b) Cash flow from Operating activities includes ₹ 28.3 million (March 31, 2019 - ₹ 22.1 million) being cash flows towards Corporate social responsibility initiatives. [Refer Note 31(b)]
- c) **Net debt reconciliation:**

	Year ended March 31, 2020 Leases obligations	Year ended March 31, 2020 Working Capital loans	Year ended March 31, 2019 Working Capital loans
Net Debt at the beginning of the year	-	1,896.2	126.6
Net Debt recognised on adoption of Ind AS 116	325.8	-	-
Cash Inflow / (Outflow)	(44.1)	(309.0)	1,769.6
Finance costs	24.4	19.5	19.2
Finance cost paid	(24.4)	(19.5)	(19.2)
Net Debt at the closing of the year	281.7	1,587.2	1,896.2

The accompanying Notes form an integral part of the Financial Statements.
As per our report of even date

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

Sachin Parekh
Partner
Membership No.: 107038

Place: Mumbai
Date: June 23, 2020

For and on behalf of the Board of Directors

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

Rishi Mehta
Chief Financial Officer
Place: Kadi
Date: June 23, 2020

Yoshikazu Ishihara
Director
DIN : 07998690
Place: Tokyo

Parag Dave
Company Secretary
Membership No.: 12626
Place: Kadi
Date: June 23, 2020

Statement of Changes in Equity

for the year ended March 31, 2020

A. Equity share capital

	Note No.	₹ in million Equity share capital
Balance as at April 1, 2018		271.9
Changes in equity share capital		-
Balance as at March 31, 2019	16	271.9
Changes in equity share capital		-
Balance as at March 31, 2020	16	271.9

B. Other equity

	Note No.	Reserves and Surplus				Total equity
		Capital reserve	Securities premium	General reserve	Retained earnings	
Balance as at April 1, 2018		0.7	895.4	229.8	3,954.2	5,080.1
Profit for the year		-	-	-	859.4	859.4
Other comprehensive income for the year, (net of income tax)		-	-	-	(32.3)	(32.3)
Total comprehensive income for the year		-	-	-	827.1	827.1
Transactions with Owners in their capacity as owners:						
Dividend paid (including dividend distribution tax)		-	-	-	(49.2)	(49.2)
Balance as at March 31, 2019	17	0.7	895.4	229.8	4,732.1	5,858.0
Profit for the year		-	-	-	835.3	835.3
Other comprehensive income for the year, (net of income tax)		-	-	-	(30.8)	(30.8)
Total comprehensive income for the year		-	-	-	804.5	804.5
Transactions with owners in their capacity as owners:						
Dividend paid (including dividend distribution tax)		-	-	-	(49.2)	(49.2)
Balance as at March 31, 2020	17	0.7	895.4	229.8	5,487.4	6,613.3

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

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No.304026E/E300009

Chartered Accountants

Sachin Parekh

Partner

Membership No.: 107038

Place: Mumbai

Date: June 23, 2020

For and on behalf of the Board of Directors

Gurmeet Singh

Chairman & Managing Director

DIN : 06938403

Place: New Delhi

Rishi Mehta

Chief Financial Officer

Place: Kadi

Date: June 23, 2020

Yoshikazu Ishihara

Director

DIN : 07998690

Place: Tokyo

Parag Dave

Company Secretary

Membership No.: 12626

Place: Kadi

Date: June 23, 2020

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Background

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

The Company is engaged in the business of manufacturing, selling and trading of 'Hitachi' brand of Air conditioners, refrigerators, chillers and VRF (variable refrigerant flow) systems, 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 twenty three branches and four regional service centers spread across India. The Company is a public limited company incorporated in India and is listed on the BSE Limited and National Stock Exchange of India Limited.

Note 1: Significant accounting policies

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

(a) Basis of accounting and preparation of financial statements

(i) Compliance with Ind AS

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

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, 2019.

- Ind AS 116 "Leases" (Refer Notes 1(t) and Note 45).
- Uncertainty over income tax treatments, Appendix C to Ind AS 12, Income Taxes. The adoption has no material impact on these financial statements.

(ii) Historical cost convention

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

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

(iii) Current /Non-Current Classification

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

An asset is treated as current when it is:

- a. Expected to be realized or intended to be sold or consumed in the normal operating cycle
- b. Held primarily for the purpose of trading
- c. Expected to be realized within twelve months after the reporting period, or
- d. Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

Operating cycle

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

(b) Segment reporting

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

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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

(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 Maintainance Contracts (AMCs) is recognised over the period of respective contract on a straight line basis.
2. Revenue from Design and development services is recognised over the period of time.
3. Revenue from specific repairs and maintenance (other than AMCs) contracts is recognised at a point in time in accordance with the terms of the contract.

4. Revenue from contract with customer for installation and commissioning of air conditioning system is recognised with reference to stage of completion. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

(e) Government Grants

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

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

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

(f) Income Tax

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

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

Current income tax

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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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.

(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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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 derecognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

Amortised cost:

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

Fair Value Through Other Comprehensive Income (FVOCI):

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

Fair Value Through Profit and Loss (FVTPL):

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

Equity instruments:

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

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

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

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

Impairment of financial assets:

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

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

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

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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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 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,

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

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

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

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

expects to sell at the end of 5/7 years from the date of acquisition. The assets residual values and useful lives are reviewed, and adjusted if appropriate at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of profit and loss within other income.

(m) Investment Property

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

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

(n) Intangible assets

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

(i) Amortisation methods and periods

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

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

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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

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

(s) Employees Benefits

(i) Short-term employee benefits

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

(ii) Long-term employee benefits

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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

(t) Leases

Till 31 March 2019

As a lessee

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

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

As a lessor

Lease income from operating leases where the Company is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase. The respective leased assets are included in the balance sheet based on their nature. Initial direct costs incurred in negotiating and managing an operating lease are added to the cost of the leased asset and recognised as an expense over the term on the same basis as the lease income.

With effect from 1 April 2019

As a lessee

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

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

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

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable

- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

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

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

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

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

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

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.

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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.

Most extension options in leases have not been included in the lease liabilities, because the Company could replace the asset without significant cost or business disruption.

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

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

(v) Rounding of amounts

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

Note 2: Critical estimates and judgements

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

The areas involving critical estimates or judgements are:

- Estimated useful life of property, plant & equipment and intangible assets (note – 1 (l), 1(m), 1(n), 3, 6 and 7)
- Estimation of defined benefit obligation (note – 1(s) and 36)
- Estimation of provision for warranty claims (note – 1(r) and 35)
- Impairment of trade receivables (note – 1(j) and 13(a))
- Recognition of revenue from contracts for installation and commissioning of air conditioning system (note – 41)
- Contingent liabilities (note – 1(r) and 33)
- Current tax expense and payable (note – 1(f) and 32)
- Inventory obsolescence (note – 1(i) and 12)
- Lease term (note – 1(t), 4 and 45)
- Impact assessment due to Covid-19 pandemic (note – 43)

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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 3: Property, plant and equipment

	Freehold land	Leasehold Improvements	Buildings	Plant and Machinery	Furniture and fixtures	Vehicles	Office equipment	Electrical Installations	Computers	Total
₹ in million										
I. Gross carrying amount										
Balance as at April 1, 2018	228.3	21.6	412.8	1,880.3	85.1	125.8	80.0	103.7	104.2	3,041.8
Additions	-	7.7	7.6	208.2	22.3	30.0	18.9	19.4	13.8	327.9
Disposals	-	-	(12.3)	(19.3)	(4.5)	(21.4)	(5.2)	(1.0)	(7.1)	(70.8)
Balance as at March 31, 2019	228.3	29.3	408.1	2,069.2	102.9	134.4	93.7	122.1	110.9	3,298.9
II. Accumulated depreciation										
Balance as at April 1, 2018	-	7.0	36.7	602.0	23.8	36.4	27.0	31.5	55.6	820.0
For the year	-	5.2	17.9	234.2	15.5	22.5	17.7	20.1	22.2	355.3
Disposals	-	-	(1.9)	(7.5)	(2.6)	(11.0)	(4.0)	(0.4)	(5.6)	(33.0)
Balance as at March 31, 2019	-	12.2	52.7	828.7	36.7	47.9	40.7	51.2	72.2	1,142.3
Net carrying amount as at March 31, 2019 (I-II)	228.3	17.1	355.4	1,240.5	66.2	86.5	53.0	70.9	38.7	2,156.6

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

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

Notes:

- Building having gross block of ₹ 7.3 million (excludes self constructed buildings on freehold land) is held in the erstwhile name of the Company. The Company has initiated the process of getting title deeds updated with the present name of the Company viz. Johnson Controls-Hitachi Air Conditioning India Limited.
- 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, 2020 and in the previous year ended March 31, 2019.

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note-4: Leases

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

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

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

Buildings	₹ in million
I. Gross carrying amount	
Recognised as at April 1, 2019 on adoption of Ind AS 116	325.8
Additions during the year	2.0
Balance as at March 31, 2020	327.8
II. Accumulated amortisation	
Balance as at April 1, 2019	-
For the year	62.7
Balance as at March 31, 2020	62.7
Net carrying amount as at March 31, 2020 (I-II)	265.1

(ii) Amounts recognized in Statement of Profit and Loss

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

	₹ in million
Depreciation charge of right-of-use assets	62.7
Interest expense on lease liability	24.4
Expense relating to short term leases	316.4
Expense relating to low value assets	56.7
Total	460.2

(iii) Extension and termination options

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

(iv) Refer Note 6 for disclosure in respect of arrangements where the Company is a Lessor and Note 45 for first time adoption of Ind AS - 116 Leases. The total cash outflows for the leases for the year ended March 31, 2020 was ₹ 409.5 million

Note 5: Capital work-in-progress

	₹ in million
Balance as at March 31, 2019	941.3
Balance as at March 31, 2020	65.0

Note: Capital Work-in-progress as at March 31, 2020 mainly comprise of Plant and machinery and expenditure towards construction of some portion of Building for Design and development services.

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 6: Investment property

Investment property comprises of buildings

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
I. Gross carrying amount		
Opening Balance	13.2	13.2
Transfer to Property, plant and equipment	(1.0)	-
Closing Balance	12.2	13.2
II. Accumulated depreciation		
Opening Balance	0.8	0.5
Depreciation charge for the year	0.2	0.3
Transfer to Property, plant and equipment *	(0.0)	-
Closing Balance	1.0	0.8
Net carrying amount (I-II)	11.2	12.4

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

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

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Rental Income	3.7	3.8
Profit from investment property before depreciation	3.7	3.8
Depreciation	0.2	0.3
Profit from investment property	3.5	3.5

(ii) Fair Value

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Investment Property	40.0	41.2

(iii) Estimation of fair value

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

(iv) Leasing arrangements

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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 7: Intangible Assets

	₹ in million		
	Software and licenses	Licensed technical Know-how	Total
I. Gross carrying amount			
Balance as at April 1, 2018	62.9	352.7	415.6
Additions	35.1	10.8	45.9
Disposals	(29.8)	-	(29.8)
Balance as at March 31, 2019	68.2	363.5	431.7
II. Accumulated amortisation			
Balance as at April 1, 2018	34.6	172.8	207.3
For the year	14.4	71.6	86.0
Disposals	(14.9)	-	(14.9)
Balance as at March 31, 2019	34.1	244.4	278.4
Net carrying amount as at March 31, 2019 (I-II)	34.1	119.1	153.3

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

Note 8: Non-Current Financial assets

Note 8(a): Loans

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Security deposits	49.4	44.4
Loans to employees	1.7	2.4
Total	51.1	46.8

Sub-classified as:

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Loans considered good - Secured	-	-
Loans considered good - Unsecured	51.1	46.8
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	51.1	46.8

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Unsecured, Considered good		
Margin Money Deposits with Bank	2.6	2.7
Total	2.6	2.7

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

Note 9: Deferred tax Assets (net)

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
The balance comprises temporary differences attributable to:		
Deferred tax assets		
Provision for doubtful debts	19.5	32.9
Provision for compensated absences	29.1	38.8
Provision for litigations	40.2	55.8
Provision for inventory obsolescence	64.3	70.3
Lease Liability	4.2	-
Other disallowance	27.3	24.3
Total deferred tax assets	184.6	222.1
Deferred tax liability		
Differences in block of fixed assets as per tax books and financial books	(35.0)	(47.7)
Others	(7.4)	(8.4)
Total deferred tax liabilities	(42.4)	(56.1)
Deferred Tax assets (net)	142.2	166.0

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

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

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	166.0	138.8
Deferred Tax Assets		
Provision for doubtful debts	(13.4)	7.5
Provision for compensated absences	(9.7)	11.0
Provision for litigations	(15.6)	0.1
Provision for inventory obsolescence	(6.0)	(9.0)
Lease Liability (Net of Right of use assets)	4.2	-
Other disallowance	3.0	4.4
Total	(37.5)	14.0
Deferred Tax Liabilities		
Differences in block of fixed assets as per tax books and financial books	12.7	14.5
Others	1.0	(1.3)
Total	13.7	13.2
Movement in Deferred tax assets (net)	(23.8)	27.2
Balance at the closing of the year	142.2	166.0

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 10: Non current Tax asset (Net)

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Advance income tax (Net of provision for taxation ₹ 2,249.9 million (March 31 2019: ₹ 1,465.4 million))	161.6	0.4
Total	161.6	0.4

Note 11: Other non-current assets

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Capital advances	16.3	65.0
Indirect tax credit receivable	235.6	237.8
Tax paid against appeal	54.3	51.6
Total	306.2	354.4

Note 12: Inventories

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

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Raw Material (Including goods in transit ₹ 412.1 million (March 31, 2019 ₹ 363.3 million))	1,597.5	1,568.7
Work-in-progress	152.1	136.1
Finished goods	4,165.3	2,243.6
Stock-in-trade (Including goods in transit ₹ 226.8 million (March 31, 2019 ₹ 229.9 million))	1,231.3	1,498.8
Stores and spares	128.3	107.5
Total	7,274.5	5,554.7

Amounts recognized in the Statement of profit and loss

Write-downs of inventories amounted to ₹ 201.9 million (March 31, 2019 - ₹ 58.1 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.

As part of the Company's internal control procedure in respect of inventory, the management has conducted physical verification of inventory covering all locations and performed procedures to obtain comfort over the quantity and condition of inventories as at March 31, 2020.

Note 13: Current financial assets

Note 13(a): Trade receivables

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Trade Receivables	2,471.7	4,287.5
Receivables from related parties (Refer Note 39)	151.4	290.4
Less: Allowance for doubtful trade receivables	(77.5)	(94.2)
Total	2,545.6	4,483.7

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

Sub-classified as:

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Trade receivables considered good - Secured	30.4	26.7
Trade receivables considered good - Unsecured	2,572.6	4,500.3
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	20.1	50.9
Total	2,623.1	4,577.9
Less: Allowance for doubtful trade receivables	(77.5)	(94.2)
Total	2,545.6	4,483.7

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

Note 13(b): Cash and cash equivalents

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Cash on hand*	0.1	0.0
Balance with banks :		
In current accounts	168.8	272.6
In cash credit accounts	7.5	22.9
Total	176.4	295.5

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

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

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Unpaid Dividend	2.9	3.0
Total	2.9	3.0

Note 13(d): Loans

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Loans to employees	8.2	7.9
Security deposits	4.8	2.3
Total	13.0	10.2

Sub-classified as:

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Loans considered good - Secured	-	-
Loans considered good - Unsecured	13.0	10.2
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	13.0	10.2

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 13(e): Other current financial assets

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Derivative contracts	44.4	4.5
Receivables from related parties (Refer Note 39)	14.3	117.9
Insurance claim receivables *	176.2	2.5
Total	234.9	124.9

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

Note 14: Contract asset

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Unbilled revenue (Refer Note 41)	111.9	214.9
Total	111.9	214.9

Note 15: Other current assets

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Advance to suppliers	36.6	46.8
Prepaid expenses	46.8	37.3
Balances with government authorities:		
- GST (input tax credit)	641.6	721.6
- Others	10.7	47.1
Export incentive receivable	9.4	15.9
Employee Advance	0.3	0.7
Total	745.4	869.4

Note 16: Equity share capital

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of ₹ 10 each	30,000,000	300.0	30,000,000	300.0
Issued, Subscribed and fully paid-up				
Equity shares of ₹ 10 each	27,190,884	271.9	27,190,884	271.9

The above excludes 12,967 (31 March 2019: 47,281) 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.

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

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

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

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
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, 2020		As at March 31, 2019	
	No. of shares	% of holding	No. of shares	% of holding
JCHAC India Holdco Limited	20,189,894	74.25%	20,189,894	74.25%
Aditya Birla Sun Life Trustee Company Pvt Limited	2,463,402	9.06%	2,440,982	8.98%

(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, 2020.

Note 17: Other equity

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Reserves and Surplus		
(a) Securities premium (Note (i) below)	895.4	895.4
(b) General reserve (Note (ii) below)	229.8	229.8
(c) Capital reserve (Note (iii) below)	0.7	0.7
(d) Retained earnings		
Opening Balance	4,732.1	3,954.2
Add: Profit for the year	835.3	859.4
Less: Dividend on equity shares	(40.8)	(40.8)
Less: Dividend Distribution tax	(8.4)	(8.4)
Items of Other Comprehensive Income (OCI) recognised directly in retained earnings:		
Remeasurement of post employment benefit obligations gain/ (loss), net of taxes	(30.8)	(32.3)
Total retained earnings	5,487.4	4,732.1
Total	6,613.3	5,858.0

Notes:

- (i) Securities premium is used to record the premium on issue of shares. It is to be utilized in accordance with the provisions of the Act.
- (ii) General reserve represents amounts appropriated out of retained earnings in accordance with the provisions of the Act.
- (iii) Capital reserve has arisen mainly on account of re-issue of forfeited shares.

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 18: Non Current provisions

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Employee benefit obligations:		
(i) Compensated absences (Refer Note 36)	136.6	115.3
(ii) Gratuity (Refer Note 36)	14.5	3.3
Provision for Litigation (Refer Note 35)	251.6	241.6
Provision for Warranty (Refer Note 35)	189.3	139.1
Total	592.0	499.3

Note 19: Other non-current liabilities

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Deferred Government Grant	144.4	124.1
Total	144.4	124.1

Note 20: Current financial liabilities

Note 20(a): Current Borrowing

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Unsecured		
Working capital loans repayable on demand from bank	1,587.2	1,896.2
Total	1,587.2	1,896.2

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

Note 20(b): Trade payables

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro and small enterprises (Refer below)	314.6	164.1
Total Outstanding dues other than above	5,185.0	5,244.1
Total	5,499.6	5,408.2

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

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

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Principal amount outstanding to suppliers registered under the MSMED Act and remaining unpaid as at year end	314.6	164.1
Interest due on above principal amount payable to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.2	0.8
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	2,617.9	1,797.7
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	3.5	1.4
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	1.4	2.3
Interest accrued and remaining unpaid at the end of each accounting year	1.6	3.1
Further interest remaining due and payable for earlier years	-	0.4

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

Note (b): The amount debited to the Statement of profit and loss for the year ended March 31, 2020 is ₹2 million (March 31, 2019 ₹2.7 million)

Note 20(c) Other financial liabilities

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Employee related payables	105.5	119.9
Deposit from dealers and others	32.1	28.2
Payable for capital supplies	50.8	188.9
Derivative contracts	3.1	25.2
Unclaimed Dividends *	2.9	3.0
Total	194.4	365.2

* 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, 2020	As at March 31, 2019
Advance received from customers	192.6	190.5
Deferred Income pertaining to annual maintenance contracts	79.6	89.1
Liabilities for contract in progress	16.0	20.3
Total	288.2	299.9

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 22: Current provisions

	As at March 31, 2020	As at March 31, 2019
Provision for compensated absences (Refer Note 36)	11.5	21.6
Provision for Warranty (Refer Note 35)	161.5	128.7
Total	173.0	150.3

₹ in million

Note 23: Current tax Liability (Net)

	As at March 31, 2020	As at March 31, 2019
Income tax Liability	-	6.0
Total	-	6.0

₹ in million

Amount as at March 31, 2019 is net of advance tax ₹ 464.9 million.

Note 24: Other current liabilities

	As at March 31, 2020	As at March 31, 2019
Statutory dues	183.7	442.7
Deferred Government Grant	11.3	13.3
Refund liability (Payable for Discount to Customers)	-	55.1
Total	195.0	511.1

₹ in million

Note 25: Revenue from operations

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contract with customers (Refer Note: 41)		
Sale of Products		
- Manufactured Goods	15,459.0	14,716.1
- Traded Goods	4,818.7	6,118.3
	20,277.7	20,834.4
Sales of services	1,523.4	1,396.3
Other operating revenues		
- Export Incentive	22.4	23.1
- Scrap Sales	150.2	153.0
- Commission	-	6.2
Total	21,973.7	22,413.0

₹ in million

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 26: Other Income

	₹ in million	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income :		
- from banks on term deposits	42.6	68.3
- from others	0.9	2.9
Lease rent income	3.7	3.9
Government Grants	13.9	13.3
Miscellaneous income	20.4	65.8
Total	81.5	154.2

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

	₹ in million	
	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the end of the year		
Work-in-progress	152.1	136.1
Finished goods	4,165.3	2,243.6
Stock-in-trade	1,231.3	1,498.8
(A)	5,548.7	3,878.5
Inventories at the beginning of the year		
Work-in-progress	136.1	152.8
Finished goods	2,243.6	1,283.9
Stock-in-trade	1,498.8	1,417.3
(B)	3,878.5	2,854.0
Total	(1,670.2)	(1,024.5)

Note 28: Employee benefit expense

	₹ in million	
	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and other benefits *	1,539.8	1,437.2
Contribution to provident and other funds (Refer Note 36)	103.7	94.6
Workmen and Staff welfare expense	101.9	119.7
Total	1,745.4	1,651.5

* Includes termination benefits of ₹ 57.6 million (March 31, 2019: ₹ Nil) to employees who resigned during the year.

Note 29: Finance costs

	₹ in million	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest Cost on borrowings at amortised cost	17.2	16.5
Interest and finance charges on lease liabilities	24.4	-
Interest due and payable towards suppliers registered under MSMED Act	2.0	2.7
Unwinding of interest on provisions	6.3	7.7
Interest-Others	0.3	-
Total	50.2	26.9

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 30: Depreciation and amortization expenses

	₹ in million	
	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of property, plant and equipment (Refer Note 3)	413.3	355.3
Depreciation on right of use assets (Refer Note 4)	62.7	-
Depreciation on investment property (Refer Note 6)	0.2	0.3
Amortization of intangible assets (Refer Note 7)	86.7	86.0
Total	562.9	441.6

Note 31: Other expenses

	₹ in million	
	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of stores and spares	43.5	50.3
Power and fuel	168.6	95.0
Contract labour / staff charges	543.9	506.7
Rent (Refer Note 4 (ii))	373.1	432.2
Repairs and maintenance - Machinery	51.6	41.5
Repairs and maintenance - Others	32.5	16.9
Insurance	43.9	43.1
Repair and installation expenses for service operations	191.3	216.9
Rates and taxes	17.4	6.3
Royalty	422.3	439.7
Advertisement and sales promotion	460.7	645.2
Annual Maintenance Contract (AMC) expenses	324.3	336.4
Freight and forwarding expenses	699.8	823.6
Warranty expenses	489.2	430.5
Legal and professional fees	138.4	98.6
Corporate Social Responsibility expenses [Refer Note 31(b)]	27.3	23.1
Provision for doubtful debts (reversed)	(16.7)	21.7
Bad Debt written off	7.9	11.7
Payment to Auditors [Refer Note 31(a)]	5.7	5.2
Net loss on sale of fixed assets	17.0	-
Loss on foreign exchange fluctuations (net)	68.2	66.2
Travelling & Conveyance	88.4	116.4
Miscellaneous expenses	334.2	257.4
Total	4,532.5	4,684.6

Note 31(a): Details of payment to auditors

	₹ in million	
	Year ended March 31, 2020	Year ended March 31, 2019
Payments to auditors:		
- As auditors	3.6	3.3
- For other audit services	1.9	1.8
- Reimbursement of expenses	0.2	0.1
Total	5.7	5.2

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 31(b): Corporate social responsibility expenses

	₹ in million	
	Year ended March 31, 2020	Year ended March 31, 2019
(a) Gross amount required to be spent by the Company :	27.1	22.8
(b) Amount spent : *		
(i) Construction/acquisition of any asset	14.7	14.7
(ii) On purposes other than (i) above	12.6	8.4

* The company has paid ₹ 28.3 million (March 31, 2019 - ₹ 22.1 million and balance ₹ 1.0 million is provided at the year end).

Note 32: Current and Deferred Tax

Note 32(a): Movement of Current tax expense

	₹ in million	
	Year ended March 31, 2020	Year ended March 31, 2019
Income tax expense		
Current tax		
Current tax on profits for the year	338.0	488.2
Adjustments for current tax of prior periods	(14.0)	3.3
Total current tax expense	324.0	491.5
Decrease / (increase) in deferred tax assets	37.5	(14.0)
(Decrease) / increase in deferred tax liabilities	(13.7)	(13.2)
Total deferred tax expense/(credit)	23.8	(27.2)
Total	347.8	464.3

Note 32 (b): Income Tax of ₹ 10.4 million (March 31, 2019 - ₹ 17.3 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, 2020	Year ended March 31, 2019
Profit before tax from continuing operations	1,183.1	1,323.7
Rate of income tax	25.168%	34.944%
Income tax expenses	297.8	462.5
Differences due to:		
Expenses not deductible for tax purposes	7.1	8.5
Additional deduction for Research and Development expenses	-	(7.2)
Income exempt from income tax or taxable at concessional rate	(0.3)	(0.4)
Impact of change in tax rate	42.2	-
Others	1.0	0.9
Expense recognised	347.8	464.3

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 33: Contingent liabilities, contingent assets & commitments

(a) Contingent liabilities

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Legal matters under dispute :		
Service tax	176.6	190.5
Sales tax	149.8	97.6
Excise duty	11.7	11.7
Goods & Services tax	0.9	0.9
Guarantees given by the bankers on behalf of the Company	2.2	2.5
Claims against the Company not acknowledged as debts	7.8	7.3
Bonus liability pertaining to financial year 2014-15	5.8	5.8
Total	354.8	316.3

1. Legal matters under dispute:

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

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

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

(b) Capital commitments

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Estimated value of contracts in capital account remaining to be executed and not provided for (net of advances)	93.1	435.5
Total	93.1	435.5

(c) Other commitments

	₹ in million	
	As at March 31, 2020	As at March 31, 2019
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:	47.0	354.3
Total	47.0	354.3

(d) There are no contingent assets recognised as at the year end (March 31, 2019 ₹ Nil)

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 34: Research and Development

The amount of Research and Development expenditure incurred in respect of capital expenditure amounted to Nil (March 31, 2019 ₹ 0.5 million) and in respect of revenue expense amounted to ₹ 95.6 million (March 31, 2019 ₹ 36.6 million). The Research and Development expenditure is incurred in respect of cooling products for comfort and commercial use.

Note 35: Provisions

(i) Information about provisions:

Provision for Warranty

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

Provision for litigations

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

(ii) Movement in provisions:

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

	₹ in million		
	Provision for Warranty	Provision for litigations	Total
As at April 1, 2018	269.6	254.5	524.1
Charged/(credited) to profit or loss	-		
-additional provision recognized	172.2	-	172.2
-unused amounts reversed	(4.3)	(12.9)	(17.2)
-unwinding of discount	7.7	-	7.7
Amounts used during the year	(177.4)	-	(177.4)
As at March 31, 2019	267.8	241.6	509.4
Charged/(credited) to profit or loss			
-additional provision recognized	274.7	31.2	305.9
-unused amounts reversed	(32.2)	(13.8)	(46.0)
-unwinding of discount	6.3	-	6.3
Amounts used during the year	(165.8)	(7.4)	(173.2)
As at March 31, 2020	350.8	251.6	602.4

Note: Provision for warranty during the year and utilization do not include ₹ 246.7 million for the year ended March 31, 2020 (March 31, 2019 - ₹ 262.6 million) contractually payable to dealers and service providers to meet warranty cost.

Note 36: Employee benefit obligations

(a) Compensated absences

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

(b) Post employment obligations

Defined contribution plans

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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

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

₹ in million

	Year ended March 31, 2020	Year ended March 31, 2019
Employer's Contribution to Provident fund	62.5	53.5
Employer's Contribution to Employee State Insurance	2.6	5.7
Employer's Contribution to Superannuation fund	7.3	13.3
Total	72.4	72.5

Note : The above amount does not include administrative charges.

Defined benefit plans

Gratuity

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

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

₹ in million

	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2018	142.6	(142.6)	-
Current service cost	19.0	-	19.0
Interest expense/(income)	10.7	(11.1)	(0.4)
Total amount recognized in the Statement of Profit and Loss	29.7	(11.1)	18.6
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / (income)	-	4.9	4.9
(Gain)/loss from change in demographic assumptions	(3.1)	-	(3.1)
(Gain)/loss from change in financial assumptions	35.4	-	35.4
Experience (gains)/losses	12.4	-	12.4
Total amount recognized in Other comprehensive income	44.7	4.9	49.6
Employer contributions	-	(66.9)	(66.9)
Benefit payments	(5.4)	7.4	2.0
March 31, 2019	211.6	(208.3)	3.3
Current service cost	27.5	-	27.5
Interest expense/(income)	15.7	(15.9)	(0.2)
Total amount recognized in the Statement of Profit and Loss	43.2	(15.9)	27.3
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / (income)	-	(1.3)	(1.3)
(Gain)/loss from change in demographic assumptions *	0.0	-	0.0
(Gain)/loss from change in financial assumptions	38.3	-	38.3
Experience (gains)/losses	4.1	-	4.1
Total amount recognized in Other comprehensive income	42.4	(1.3)	41.2
Employer contributions	-	(40.0)	(40.0)
Benefit payments	(23.4)	6.1	(17.3)
March 31, 2020	273.9	(259.4)	14.5

* (Gain)/loss from change in demographic assumptions amounts to ₹ 6,010

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

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

₹ in million

	As at March 31, 2020	As at March 31, 2019
Fair value of plan assets	(259.4)	(208.3)
Present value of funded obligation	273.9	211.6
Deficit/(Surplus) of gratuity plan	14.5	3.3

Categories of plan assets are as follows:

₹ in million

	As at March 31, 2020	As at March 31, 2019
Insurer managed fund	259.4	208.3
Total	259.4	208.3

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	As at March 31, 2020	As at March 31, 2019
Discount rate (p.a.)	6.65%	7.65%
Salary growth rate (p.a.)	Operators : 15% for first 4 years, 8% thereafter, Others : 7.5%	Operators : 15% for first 4 years, 8% thereafter, Others : 7.5%

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, 2020	As at March 31, 2019
Discount rate (Change in assumptions)		
Increase by 1%	241.0	189.6
Decrease by 1%	313.4	221.0
Salary growth rate (Change in assumptions)		
Increase by 1%	312.3	237.3
Decrease by 1%	241.2	176.3

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

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

Risk Exposure

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

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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

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

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

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

Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending March 31, 2021 is ₹ 6.4 million, (March 31, 2020 - ₹ 12.6 million)

The weighted average duration of the defined benefit obligation is 16.72 years (March 31, 2019 - 14.52 years). The expected maturity analysis of undiscounted gratuity benefits is as follows:

Duration	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Less than a year	6.4	12.6
Between 1-2 years	6.5	10.9
Between 2-5 years	36.0	27.9
Over 5 years	101.4	91.8

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:

	As at March 31, 2020			As at March 31, 2019		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Trade Receivables	-	-	2,545.6	-	-	4,483.7
Loans to Employees	-	-	9.9	-	-	10.3
Derivative Contracts	44.4	-	-	4.5	-	-
Other receivables	-	-	190.5	-	-	120.4
Margin money deposits	-	-	2.6	-	-	2.7
Security deposits	-	-	54.2	-	-	46.7
Cash and cash equivalents	-	-	176.4	-	-	295.5
Bank balances other than Cash and cash equivalents above	-	-	2.9	-	-	3.0
Total financial assets	44.4	-	2,982.1	4.5	-	4,962.3
Financial liabilities						
Borrowings	-	-	1,587.2	-	-	1,896.2
Trade payables	-	-	5,499.6	-	-	5,408.2
Deposit from dealers and others	-	-	32.1	-	-	28.2
Capital Creditors	-	-	50.8	-	-	188.9
Unclaimed dividends	-	-	2.9	-	-	3.0
Employee related payables	-	-	105.5	-	-	119.9
Derivative Contracts	3.1	-	-	25.2	-	-
Total financial liabilities	3.1	-	7,278.1	25.2	-	7,644.4

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

(ii) Fair value hierarchy

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

- (a) Only derivative contracts are measured at fair value. These derivative contracts are categorised as Level 2 financial instruments.
- (b) Assets and liabilities which are measured at amortised cost for which fair values are disclosed.

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

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

The categories used are as follows:

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

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

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

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

- Measured at FVPL / FVOCI

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

- Measured at amortised cost

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

(iv) Valuation processes

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

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

Financial risk management

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

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

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

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

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

(A) Credit Risk

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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

i) Trade receivables

Trade receivables are derived from revenue earned from customers. Credit risk for trade receivable is managed by the Company through credit approvals, establishing credit limits and periodic monitoring of the creditworthiness of its customers to which the Company grants credit terms in the normal course of business. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Additionally, the Company has granted corporate guarantees to bank against the credit facilities availed by customers amounting to ₹ 150.0 million (March 31, 2019 - ₹ 150.0 million). This is not considered significant component to the overall operations of the Company.

The Company does not have a high concentration of credit risk to a single customer exceeding 10% of company revenue. Single largest customer have the total exposure in receivables of ₹ 309.7 million as of March 31, 2020 (March 31, 2019 - ₹ 237.0 million).

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

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

Duration	₹ in million	
	As at March 31, 2020	As at March 31, 2019
Balance at the beginning	94.2	72.5
Impairment loss recognised/(reversed)	(16.7)	33.4
Amounts written off	-	(11.7)
Balance at the end	77.5	94.2

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

The bank balances and deposits are held with banks having high credit rating. None of the other financial instruments of the Company result in material concentration of credit risk.

(B) Management of Liquidity risk

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

The Company has sufficient unutilised credit facilities amounting to ₹ 1,559.1 million as at March 31, 2020 from its bankers to address any potential liquidity risk arising out of the existing Covid-19 situation, and has obtained additional credit facility amounting to ₹ 1,130.3 million subsequent to the year end. Further, the Company expects realisation of its current assets including accounts receivables and inventories within twelve months ending March 31, 2021.

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

Maturities of financial liabilities

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

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

₹ in million					
As at March 31, 2019	Note No.	Carrying amount	Less than 12 months	More than 12 months	Total
Non derivatives					
Current Borrowings	20 (a)	1,896.2	1,896.2	-	1,896.2
Trade payables	20 (b)	5,408.2	5,408.2	-	5,408.2
Deposits from dealers and others	20 (c)	28.2	28.2	-	28.2
Payable for capital suppliers	20 (c)	188.9	188.9	-	188.9
Unclaimed dividends	20 (c)	3.0	3.0	-	3.0
Employee related payables	20 (c)	119.9	119.9	-	119.9
Derivatives					
Derivative contracts	20 (c)	25.2	25.2	-	25.2
Total liabilities		7,669.6	7,669.6	-	7,669.6

(C) Market Risk

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

Foreign currency risk

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

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

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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

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

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

	₹ in million					
	As at March 31, 2020			As at March 31, 2019		
	USD	JPY	Others	USD	JPY	Others
Assets						
Trade Receivables	185.1	-	-	313.7	-	-
Other financial assets	14.3	-	-	117.9	-	-
	199.4	-	-	431.6	-	-
Liabilities						
Trade Payable	1,935.7	20.0	2.5	1,700.8	20.0	1.9
Other financial liabilities	42.5	-	31.7	-	26.8	-
	1,978.2	20.0	2.5	1,732.5	20.0	28.7
Derivative to hedge exposure						
Forward contracts (Buy)	1,640.4	-	-	1,512.8	-	-

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, 2020	March 31, 2019
USD Sensitivity		
Depreciation of ₹ against USD by 5% (31 March 2019 - 5%)*	(5.2)	6.9
Appreciation of ₹ against USD by 5% (31 March 2019 - 5%)*	5.2	(6.9)
JPY Sensitivity		
Depreciation of ₹ against JPY by 5% (31 March 2019 - 4%)*	(0.6)	(0.5)
Appreciation of ₹ against JPY by 5% (31 March 2019 - 4%)*	0.6	0.5

* Holding all other variables constant

Capital management

(a) Risk management

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

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

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

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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

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

(b) Dividend

	₹ in million	
	March 31, 2020	March 31, 2019
Equity shares		
Final Dividend for the year ended March 31, 2019 - ₹ 1.5 (March 31, 2018 - ₹ 1.5) per fully paid-up share	40.8	40.8
Dividends not recognised at the end of the reporting period		
The Board of Directors did not recommend dividend subsequent to the year ended March 31, 2020. Final dividend of ₹ 1.5 per fully paid-up equity share, recommended subsequent to year ended March 31, 2019, was approved in the annual general meeting held during the year 2019-20.	-	40.8

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

I Relationship

A. Parties exercising control	Ultimate Parent
	Johnson Controls International PLC, Inc., USA (JC)
B. Parties under common control (Fellow Subsidiaries)	Immediate Parent
	JCHAC India Holdco Limited, UK
	Johnson Controls-Hitachi Components (Thailand) Co. Ltd.
	Johnson Controls Hitachi Air Conditioning Malaysia Sdn. Bhd.
	Johnson Control International (L.L.C.), (UAE)
	Johnson Controls India Pvt. Ltd.
	Johnson Controls, Inc., USA
	Johnson Controls Marine And Refrigeration India Limited, India (merged with Johnson Controls India Pvt. Ltd w.e.f. August 24, 2018)
	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 Controls Air Conditioning And Refrigeration Fze., Dubai
	Johnson Controls Hitachi Air Conditioning Europe Sas - (France Branch)
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.
	Johnson Controls-Hitachi Air Conditioning North America LLC
	Johnson Controls-Hitachi Ar Condicionado do Brasil Ltda.
	Johnson Controls-Hitachi Wanbao Air Conditioning System (Shanghai) Co., Ltd.
	PT Johnson Controls Hitachi Air Conditioning Indonesia
	Johnson Controls-Hitachi Wanbao Air Conditioning Guangzhou Co. Ltd., China
	Johnson Controls (S) PTE Ltd., Singapore
	Johnson Controls Technology Company, (USA).
	Johnson Controls GmbH, Switzerland
	Johnson Controls-Hitachi Air Conditioning Technology (Wuxi) Co. Ltd., China
	Johnson Controls-Hitachi Air Conditioning Taiwan Co. Ltd.
	Hitachi Johnson Controls Air Conditioning Inc., Japan
	Rola Star Pvt. Limited, India
	Ruskin Titus India Pvt. Limited, India
	York International (SA) Inc.
	Tyco Fire & Security India Private Limited

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

C. Associate/Joint Venture in JC Group	Highly Electrical Appliances India Pvt. Ltd.
D. Associates	Entities having significant influence over the Company
	Hitachi Global Life Solution Inc. (formerly know as Hitachi Appliances Inc., Japan)
	Subsidiaries of entities having significant influence over the Company
	Hitachi Automotive System (India) Pvt. Limited
	Hitachi Consumer Products (Thailand) Ltd.
	Hitachi High Technologies Hong Kong Ltd.
	Hitachi High- Technologies India Pvt. Ltd.
	Hitachi High-technologies (Shenzhen) Co. Ltd
	Hitachi High-Technologies Corporation
	Hitachi Hirel Power Electronics Pvt. Ltd.
	Hitachi Home Electronics Asia (S) Pte. Ltd.
	Hitachi India Pvt. Ltd.
	Hitachi Koki India Ltd.
	Hitachi Lift India Pvt. Ltd.
	Hitachi Metals (India) Pvt. Limited
	Hitachi Metals Singapore Pte Ltd.
	Hitachi Sales Middle East Fze
	Hitachi Payment Services Pvt. Ltd
	Hitachi Systems Micro Clinic Pvt Ltd.
	Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd., China
	Tata Hitachi Construction Machinery Company Pvt. Ltd.
E. Key Managerial Personnel	Mr. Gurmeet Singh (Chairman and Managing Director)
	Mr. Franz Cerwinka (Non-executive non-independent Director) (upto May 7, 2019)
	Mr. Shinichi Iizuka (Non-executive non-independent Director) (With effect from May 8,2019)
	Mr. Yoshikazu Ishihara (Non-executive non-independent Director)
	Mr. Mukesh Patel (Independent Director)
	Mr. Ashok Balwani (Independent Director)
	Ms. Indira Parikh (Independent Director)

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

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

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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			
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
A	Transaction during the year												
1	Purchase of raw material	-	-	-	-	-	-	-	-	-	-	-	-
	Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	2,145.5	1,625.6	-	-	-	-	-	-
	Johnson Controls-Hitachi Components (Thailand) Co. Ltd.	-	-	834.3	906.8	-	-	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	25.2	62.5	-	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Taiwan Co. Ltd.	-	-	48.1	82.1	-	-	-	-	-	-	-	-
	Hitachi High-Technologies Corporation	-	-	-	-	-	-	63.4	156.0	-	-	-	-
	Others	-	-	6.8	12.6	-	-	2.5	6.3	-	-	-	-
	Total	-	-	914.4	1,064.0	2,145.5	1,625.6	65.9	162.3	-	-	-	-
2	Purchase of stock-in-trade	-	-	-	-	-	-	-	-	-	-	-	-
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	-	-	726.9	895.3	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	32.2	33.4	-	-	-	-	-	-	-	-
	Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd	-	-	-	-	-	-	632.7	320.5	-	-	-	-
	Others	-	-	38.9	19.4	-	-	0.7	0.1	-	-	-	-
	Total	-	-	71.1	52.8	-	-	1,360.3	1,215.9	-	-	-	-
3	Technical know-how fees (capitalised)	-	-	-	-	-	-	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	0.6	10.8	-	-	-	-	-	-	-	-
	Total	-	-	0.6	10.8	-	-	-	-	-	-	-	-
4	Other Income	-	-	-	-	-	-	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	-	10.8	-	-	-	-	-	-	-	-
	Total	-	-	-	10.8	-	-	-	-	-	-	-	-
5	Other Operating Revenue	-	-	-	-	-	-	-	-	-	-	-	-
	Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	-	2.6	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	-	6.3	-	-	-	-	-	-	-	-
	Johnson Controls Air Conditioning and Refrigeration, Inc (Dubai Branch)	-	-	1.1	-	-	-	-	-	-	-	-	-
	Total	-	-	1.1	6.3	2.6	-	-	-	-	-	-	-

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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					
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019				
6	Sale of products	-	-	155.5	96.9	-	-	-	-	-	-	-	-	-	-
	Johnson Controls India Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Hitachi Home Electronics Asia (S) Pte. Ltd.	-	-	-	-	-	-	101.5	73.2	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	-	107.2	-	-	-	-	-	-	-	-	-	-	-
	Johnson Control International (L.L.C.), (UAE)	-	-	66.7	312.9	-	-	-	-	-	-	-	-	-	-
	Others	-	-	5.2	5.0	1.0	-	4.1	4.4	-	-	-	-	-	-
	Total	-	-	334.6	414.8	1.0	-	105.6	77.6	-	-	-	-	-	-
7	Sale of services	-	-	619.0	156.9	-	-	-	-	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Others	-	-	0.1	0.3	0.5	-	14.5	10.4	-	-	-	-	-	-
	Total	-	-	619.1	157.2	0.5	-	14.5	10.4	-	-	-	-	-	-
8	Advertisement, Salary & Other Expense recovery	-	-	67.5	53.8	-	-	-	-	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Others	-	-	0.5	2.5	4.9	-	5.4	-	-	-	-	-	-	-
	Total	-	-	68.0	56.3	4.9	-	5.4	-	-	-	-	-	-	-
9	Proceed from Sale of Fixed asset	-	-	-	33.2	-	-	-	-	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	33.2	-	-	-	-	-	-	-	-	-	-
10	Testing Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	24.5	-	-	-	-	-	-	-	-	-	-	-
	Others	-	-	0.5	-	0.1	-	2.1	-	-	-	-	-	-	-
	Total	-	-	25.0	-	0.1	-	2.1	-	-	-	-	-	-	-
11	Key management personnel compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Short term employee benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Mr. Gurmeet Singh	-	-	-	-	-	-	-	-	-	-	-	-	18.9	18.5
	Directors sitting fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Mr. Mukesh Patel	-	-	-	-	-	-	-	-	-	-	-	-	0.6	0.8
	Mr. Ashok Balwani	-	-	-	-	-	-	-	-	-	-	-	-	0.7	0.8
	Ms. Indira Parikh	-	-	-	-	-	-	-	-	-	-	-	-	0.6	0.8
	Total	-	-	-	-	-	-	-	-	-	-	-	-	20.8	20.9

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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					
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019		
12	Royalty	-	-	233.3	251.4	-	-	-	-	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Hitachi Global Life Solution Inc.	-	-	0.9	2.7	-	-	188.0	185.6	-	-	-	-	-	-
	Others	-	-	234.2	254.1	-	-	188.0	185.6	-	-	-	-	-	-
	Total	-	-	234.2	254.1	-	-	188.0	185.6	-	-	-	-	-	-
13	Purchase of capital goods	-	-	12.1	-	-	-	-	-	-	-	-	-	-	-
	Tyco Fire & Security India Private Limited	-	-	13.6	-	-	-	-	-	-	-	-	-	-	-
	Johnson Controls, Inc., USA	-	-	3.9	18.0	-	-	-	-	-	-	-	-	-	-
	Johnson Controls (S) PTE Ltd., Singapore	-	-	0.2	-	-	-	3.9	-	-	-	-	-	-	-
	Others	-	-	29.8	18.0	-	-	3.9	-	-	-	-	-	-	-
	Total	-	-	29.8	18.0	-	-	3.9	-	-	-	-	-	-	-
14	Reimbursement of salaries & other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Hitachi Global Life Solution Inc.	-	-	-	-	-	-	-	-	-	-	-	5.9	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	3.6	31.1	-	-	-	-	-	-	-	-	-	-
	Johnson Controls Hitachi Air Conditioning Europe Sas - Spain Branch	-	-	13.8	-	-	-	-	-	-	-	-	-	-	-
	Johnson Controls, Inc., USA	-	-	29.2	-	-	-	-	-	-	-	-	-	-	-
	Hitachi Global Life Solution Inc.	-	-	-	-	-	-	6.0	-	-	-	-	-	-	-
	Others	-	-	-	0.5	-	-	2.4	-	-	-	-	-	-	-
	Total	-	-	46.6	31.6	-	-	8.4	5.9	-	-	-	-	-	-
15	Dividend Payment	30.3	30.3	-	-	-	-	-	-	-	-	-	-	-	-
	JCHAC India Holdco Limited, UK	30.3	30.3	-	-	-	-	-	-	-	-	-	-	-	-
	Total	30.3	30.3	-	-	-	-	-	-	-	-	-	-	-	-
(B)	Balance at year end														
	Receivable														
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	70.0	152.7	-	-	-	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning & Refrigeration INC., Dubai	-	-	-	34.1	-	-	-	-	-	-	-	-	-	-
	Johnson Control International (L.L.C.),(UAE)	-	-	-	95.0	-	-	-	-	-	-	-	-	-	-
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	-	-	14.3	117.9	-	-	-	-	-	-
	Johnson Controls (S) PTE Ltd., Singapore	-	-	70.8	-	-	-	-	-	-	-	-	-	-	-
	Others	-	-	6.8	8.6	0.3	-	3.5	-	-	-	-	-	-	-
	Total Amount	-	-	147.6	290.4	0.3	-	17.8	117.9	-	-	-	-	-	-

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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		Parties Referred to	
		For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
	Payable												
	Hitachi Global Life Solution Inc.	-	-	-	-	-	-	-	-	-	-	-	83.6
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	-	-	130.2	-	-	-	-	261.9
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	95.6	108.9	-	-	-	-	-	-	-	-
	Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	682.7	412.3	-	-	-	-	-	-
	Johnson Controls-Hitachi Components (Thailand) Co. Ltd., Thailand	-	-	408.5	153.6	-	-	-	-	-	-	-	-
	Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd., China	-	-	-	-	-	-	-	-	20.9	-	-	151.2
	Others	-	-	52.7	28.6	-	-	-	-	70.5	-	-	17.0
	Total Amount	-	-	556.8	291.1	682.7	412.3	221.6	513.7	221.6	513.7	513.7	513.7

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 exclude provision for gratuity and compensated absences since these are based on actuarial valuation on overall company basis.
- (iii): The Board of Directors have approved the re-appointment of Chairman and Managing Director for the period from February 01, 2020 to January 31, 2023 and related terms and conditions at their meeting on February 6, 2020 and approval of Shareholder's will be sought at the ensuing Annual General Meeting.

III. Terms and Conditions

Transactions relating to dividends were on same terms and conditions that applied to other shareholders. All other transactions were made on normal commercial terms and condition. All outstanding balances are unsecured and will be settled in cash.

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 40: Segment Reporting

A. Description

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

Reportable Segments	Operations
Cooling Products for comfort and commercial use	Providing Cooling products for comfort and commercial use in India and outside India and related services.
Design and development services	The Company has started providing Design and development services with effect from October 1, 2018. It provides Design and development services related to Air Conditioning to group company outside India and also, to the Company's segment-Cooling Product for comfort and commercial use.

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

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

	2019-20			2018-19		
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total
Segment Revenue						
External Sales	21,354.8	700.8	22,055.6	22,256.1	209.7	22,465.8
Less : Inter - Segment Sales	-	81.9	81.9	-	52.8	52.8
Total Revenue from operations	21,354.8	618.9	21,973.7	22,256.1	156.9	22,413.0
Segment Results						
Earnings before Interest and Tax and Exceptional items	1137.6	103.2	1240.8	1,324.4	26.2	1,350.6
Less: Exceptional items	7.5	-	7.5	-	-	-
Less: Interest expense	50.2	-	50.2	26.9	-	26.9
Profit before tax	1,079.9	103.2	1,183.1	1,297.5	26.2	1,323.7
Segment Assets	13,733.4	1,618.3	15,351.7	14,230.9	980.9	15,211.8
Unallocated corporate assets	-	-	489.0	-	-	178.4
Total Segment assets	13,733.4	1,618.3	15,840.7	14,230.9	980.9	15,390.2
Segment Liabilities	8,763.2	189.4	8,952.6	9,029.5	224.8	9,254.3
Unallocated corporate liabilities	-	-	2.9	-	-	6.0
Total Segment Liabilities	8,763.2	189.4	8,955.5	9,029.5	224.8	9,260.3

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.

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 40: Segment Reporting (Contd...)

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

₹ in million

	2019-20			2018-19		
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total
Segment revenue						
India	20,763.1	81.9	20,845.0	21,630.9	52.8	21,683.7
Outside India	591.7	618.9	1,210.6	625.2	156.9	782.1
Total	21,354.8	700.8	22,055.6	22,256.1	209.7	22,465.8
Less: Inter Segment Revenue	-	(81.9)	(81.9)	-	(52.8)	(52.8)
Total segment revenue from operations	21,354.8	618.9	21,973.7	22,256.1	156.9	22,413.0

D. Non-current segment asset

₹ in million

	2019-20	2018-19
India	4,540.2	3,618.4
Outside India	-	-
Total Non-current Segment assets	4,540.2	3,618.4

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, 2020	Year ended March 31, 2019
Contract Price	23,508.2	23,960.9
Adjustment for:		
Incentives and performance bonus	(1,534.5)	(1,547.9)
Revenue recognised	21,973.7	22,413.0

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

	2019-20			2018-19		
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total
Major Products /service lines						
Room air conditioners	15,075.4	-	15,075.4	15,305.0	-	15,305.0
Commercial air conditioners	2,651.4	-	2,651.4	2,665.2	-	2,665.2
Home appliances	1,160.5	-	1,160.5	1,469.8	-	1,469.8
Service Income	904.5	618.9	1,523.4	1,239.4	156.9	1,396.3
Others	1,563.0	-	1,563.0	1,576.7	-	1,576.7
Total	21,354.8	618.9	21,973.7	22,256.1	156.9	22,413.0
Timing of revenue recognition						
Goods / Services Transferred at a point of time	20,600.8	-	20,600.8	21,161.3	-	21,161.3
Service transferred over time	754.0	618.9	1,372.9	1,094.8	156.9	1,251.7
	21,354.8	618.9	21,973.7	22,256.1	156.9	22,413.0

Notes forming part of the Financial Statements

for the year ended March 31, 2020

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

Information about Contract assets and Contract Liabilities

	Contract assets	Contract liabilities
As at April 1, 2018	145.3	300.8
Revenue recognised that was included in the contract liability balance at the beginning of the period		231.1
Increases due to cash received, excluding amounts recognised as revenue during the period		230.2
Transfers from contract assets recognised at the beginning of the period to receivables	54.4	
Increases as a result of changes in the measure of progress	124.0	
As at March 31, 2019	214.9	299.9
Revenue recognised that was included in the contract liability balance at the beginning of the period		233.8
Increases due to cash received, excluding amounts recognised as revenue during the period		222.1
Transfers from contract assets recognised at the beginning of the period to receivables	189.8	
Increases as a result of changes in the measure of progress	86.8	
As at March 31, 2020	111.9	288.2

Unsatisfied performance obligation

	As at March 31, 2020	As at March 31, 2019
Aggregate amount of the transaction price allocated to construction contracts that are partially unsatisfied as at reporting date	277.0	474.5
Revenue recognised from performance obligation unsatisfied in previous period	319.7	-

Management expects that 35% of transaction price allocated to the unsatisfied contracts as on March 31, 2020 will be recognised as revenue during the next reporting period 2020-21.

Note 42: Exceptional Items

In the month of August 2019, there was a major fire at one of the Company's warehouse and due to this, there was a loss of inventory amounting to ₹ 263.6 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 insurance claim receivable of ₹ 256.1 million. Further, the Company has received an advance from insurance company and proceeds from scrap sales aggregating to ₹ 84.0 million.

	Year ended March 31, 2020
Loss of inventory	263.6
Insurance Claim	256.1
	7.5

Note 43: Impact due to Covid-19 pandemic

The Company's plant and offices were shutdown from March 25, 2020 consequent to nationwide lockdown announced by Government of India due to COVID-19. Since the easing of restrictions in phased manner the Company's plant and offices have commenced the operations. However, the current situation has impacted the operations of the Company and caused uncertainty. The Company's Management has done an assessment of the situation, including the liquidity position and the recoverability and carrying value of all its assets and liabilities as at March 31, 2020, and concluded that there are no material adjustments required in the financial statements as of March 31, 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainty associated with its nature and duration. The Company will continue to monitor any material changes as the situation evolves.

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 44: Leases

(A) Company as lessee

Certain premises and equipments are obtained on cancellable and non-cancellable operating leases that are renewable either at the option of lessor or lessee, or both. Further, there are no subleases nor any restrictions imposed in lease agreements. Lease rentals debited to Statement of Profit and Loss for the year ended March 31, 2019 was ₹ 432.2 million.

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

	As at March 31, 2020	As at March 31, 2019
Not later than one year	-	34.8
Later than one year but not later than five years	-	104.7
Later than five years	-	-

Note 45: Changes in accounting policies

This note explains the impact of the adoption of Ind AS 116, Leases on the Company's financial statements.

Lessee accounting

A) The Company has adopted Ind AS 116 using the modified retrospective approach from 1 April, 2019. On adoption of Ind AS 116, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 8.25% p.a.

The Company has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Practical Expedients applied on initial application date

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- The Company has utilized the exemptions provided for short-term leases (less than a year) and leases for low value assets.
- Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application.
- The Company has used a single discount rate to a portfolio of leases with reasonably similar characteristics
- The Company has applied practical expedients on not to separate non-lease component from leases on initial application and instead accounts for these as a single lease component.
- The Company has elected not to reassess whether a contract is, or contains a lease at the date of initial application.
- The Company has relied on its previous assessment on whether leases are onerous as an alternative to performing an impairment review.
- Using hindsight in determining the lease term where the contract contains options

B) Reconciliation of lease commitment to lease liability

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Notes forming part of the Financial Statements

for the year ended March 31, 2020

Note 45: Changes in accounting policies (Contd...)

	As at 1 April 2019
Operating lease commitments disclosed as at 31 March 2019	139.5
Discounted using the lessee's incremental borrowing rate at the date of initial application	132.2
(Less): Short term leases not recognized as a liability	(0.4)
(Less): Low-value leases not recognized as a liability	(65.8)
Add Adjustments as a result of a different treatment of extension and termination options	259.8
Lease liability recognized as at 1 April 2019	325.8
Of which are:	
Current lease liabilities	44.1
Non-current lease liabilities	281.7
	325.8

- C) Adjustments recognized in the balance sheet on 1 April 2019 related to right of use assets and lease liabilities amounting to ₹325.8 million
- D) Lessor accounting: The Company did not need to make any adjustments to the accounting for assets held as lessor under operating lease as a result of the adoption of Ind AS 116.

Note 46: Earnings per share

	As at March 31, 2020	As at March 31, 2019
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in million)	835.3	859.4
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 ₹)	30.7	31.6

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

		₹ in million	
	Purpose	As at March 31, 2020	As at March 31, 2019
Corporate guarantees given to bank against the credit facilities availed by dealers	To partially address dealers working capital requirement	150.0	150.0

Note 48: Events occurring after reporting period

The Company evaluated subsequent events through June 23, 2020, the date the financial statements were available for issuance, and determined that there were no additional material subsequent events requiring disclosure.

As per our report of even date

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

Sachin Parekh
Partner
Membership No.: 107038

Place: Mumbai
Date: June 23, 2020

For and on behalf of the Board of Directors

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

Rishi Mehta
Chief Financial Officer
Place: Kadi
Date: June 23, 2020

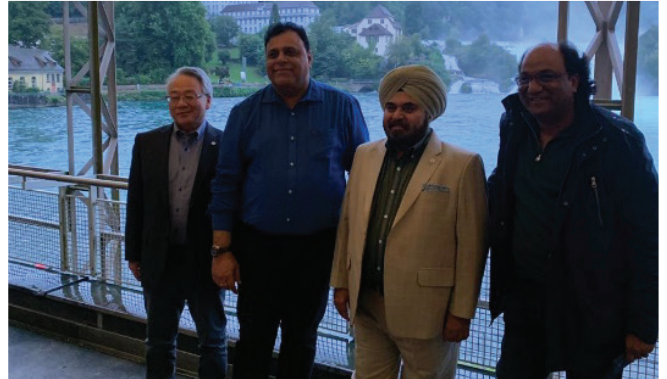
Yoshikazu Ishihara
Director
DIN : 07998690
Place: Tokyo

Parag Dave
Company Secretary
Membership No.: 12626
Place: Kadi
Date: June 23, 2020

Key Events in 2019



Johnson Controls, Inc. Chairman George Oliver and other senior dignitaries from JCI and JCH Worldwide during their visit to Kadi



JCH-IN Trade Partner Incentive Foreign Trip to Switzerland



JCH-IN Trade Partner Incentive Foreign Trip to Bali



Participated in Aquest 2019



Participated in CREDAI MCHI Biznet, Mumbai



Participated in IGBC Hyderabad 2019

Johnson Controls-Hitachi Air Conditioning India Limited

HEAD OFFICE AND WORKS


Hitachi Complex, Karan Nagar, Kadi,
Dist.- Mehsana - 382727, Gujarat, India.



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

REGISTERED OFFICE

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

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

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



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

Johnson Controls-Hitachi Air Conditioning India Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Fifth Annual General Meeting of the members of the Johnson Controls-Hitachi Air Conditioning India Limited will be held on Tuesday, 15th day of September, 2020 at 9.30 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, 2020 and the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shinichi Iizuka (DIN 00266660), 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 01, 2020 to March 31, 2021, be paid a remuneration of ₹ 1.25 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 a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196 and 197 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the rules framed

there under and any further statutory modification(s) thereof, for the time being in force the consent of the members be and is hereby accorded for re-appointment of Mr. Gurmeet Singh (DIN 06938403) as Chairman & Managing Director of the Company for a further period of three years with effect from February 01, 2020 on the terms and conditions of appointment and remuneration as set out in the explanatory statement attached to this notice.”

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

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

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

By Order of the Board of Directors

Place: Karan Nagar, Kadi, Gujarat

Date: June 23, 2020

Johnson Controls-Hitachi Air Conditioning India Limited

Corporate Identification Number (CIN): L29300GJ1984PLC007470

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

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

Parag Dave
Company Secretary

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 01, 2020 to March 31, 2021 at a remuneration of ₹ 1.25 Lacs plus Service Tax and reimbursement of actual travel and out-of-pocket expenses.

Such remuneration has to be ratified by the Shareholders of the Company. Therefore, consent of the Members is sought for passing an Ordinary resolution for ratification of the Remuneration payable to Cost Auditors for the financial year from April 01, 2020 to March 31, 2021.

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

On recommendation of Nomination and Remuneration Committee and subject to the approval of members of the Company, Board of Directors of the Company has re-appointed Mr. Gurmeet Singh as Chairman & Managing Director of the Company for a further period of three years with effect from 1st February, 2020 on the following terms and conditions of re-appointment including remuneration:

Salary:

Not to exceed Rs. 25,000,000 (Rupees Twenty five million) per Annum (inclusive of perquisites as stated under).

Perquisites:Category A:

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

Category B:

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

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

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

In the event of loss, absence or inadequacy of profits of the Company in any financial year during the term of the office of the appointee, subject to the applicable laws and such approvals as may be required under the law, the remuneration as mentioned above shall be paid to him as minimum remuneration.

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

Other Terms:

Subject to the superintendence, control and direction of the Board of Directors, Mr Gurmeet Singh shall manage and conduct the business and affairs of the Company. He shall not be paid any sitting fees for attending meetings of the Board or Committees thereof. He will not be liable to retire by rotation.

Information as required under Section II of the Part II of Schedule V of the Companies Act, 2013**I. General Information**

- a) Nature of Industry: Company is engaged in the business of manufacturing and trading of Window and Split air conditioners of various types, VRF's, Chillers, Refrigerators, Air Purifiers etc. and their accessories and spare parts primarily under the brand name 'Hitachi' and also undertakes after sales services including repair and maintenance of products sold by it.
- b) Date or expected date of commencement of commercial production: Company commenced its business in the year 1985.
- c) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.
- d) Financial performance based on the given indicators: For the year 2019-20, Income was 21973.7 Million and Profit before tax was 1183.1 Million.
- e) Foreign investments or collaborations, if any: Johnson Controls-Hitachi Air conditioning is holding 74.25% of the total paid up share capital. Company has entered into Technical Collaboration agreements with Associate Companies.

II. Information about the appointee

- a) Back ground details: Brief resume of the appointee is provided as part of this notice.
- b) Past remuneration: For the year 2019-20 ₹ 18.9 Million.
- c) Job Profile and his suitability:

Mr. Gurmeet Singh is an Honours Graduate in Physics from the University of Delhi with a Post Graduate Diploma in Management. In his total experience of nearly 32 years, he has worked in various companies and product categories. In his career he has worked in fields of Sales, Marketing, Business Planning, Service and Strategy.
- d) Remuneration proposed to appointee: Remuneration as stated above.

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

The remuneration of the appointee commensurates with the comparative remuneration profile in HVAC Industry, size of the company, profile of the position of the manager requiring overall control of the operations of the company and qualifications and experience of the appointee in the HVAC & Electronics industry.

III. Other Information

Reasons of loss or inadequate profits: Not applicable since, during the year 2019-20, Company has made profit before tax of ₹ 1183.1 Million.

IV. Disclosures

The disclosures of remuneration shall be reported in Corporate Governance Report attached to the Directors' Report.

Except Mr. Gurmeet Singh being appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution.

The above explanatory statement sets out an abstract of material terms and conditions of the appointment and hence the same may be treated as an abstract of memorandum of interest in accordance with Section 190 of the Companies Act, 2013.

The Board recommends the resolution for approval of the members.

By Order of the Board of Directors

Place: Karan Nagar, Kadi, Gujarat
Date: June 23, 2020

Parag Dave
Company Secretary

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

Brief resume of the Directors seeking appointment or re-appointment at this Annual General Meeting (Pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

Mr. Gurmeet Singh

Mr. Gurmeet Singh is an Honors' Graduate in Physics from the University of Delhi with a Post Graduate Diploma in Management. In his total experience of nearly 32 years, he has worked in various companies and product categories. In his career he has worked in fields of Sales, Marketing, Business Planning, Service and Strategy. He has been associated with Company for almost 15 years in 2 stints. He had initially joined the Company in 2001.

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

Directorship / Membership of Committee of the Board held in other public limited companies in India: None.

No. of Shares held in Company: Nil.

Mr. Shinichi Iizuka

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

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

Directorship / Membership of Committee of the Board held in other public limited companies in India: None.

No. of Shares held in Company: Nil.

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. 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 will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
3. 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. 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 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 AGM will be provided by CDSL.

4. The Members can join the 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 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.
5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
6. 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. 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 through VC/OAVM and cast their votes through e-voting.
7. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <https://www.hitachiaircon.in/about>. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
8. The AGM 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.
9. 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.

10. Members who have not yet submitted KYC details with RTA are requested to,
 - submit KYC ;
 - register Mail ID;
 - provide Bank details.
11. All members who have not encashed their dividend warrants for the financial years 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 are requested to write to the Company's Registrars and Share Transfer Agent, for issuance of duplicate dividend warrant(s).
12. Dividend pertaining to financial years 2009-10, 2010-11 and 2011-12 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.
13. 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.
14. Electronic copy of the Annual Report for the year 2019-20, 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.
15. 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 2020-21.

THE INTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

1. The voting period begins on 12th September, 2020 (09.00 am IST) and ends on 14th September, 2020 (05.00 pm IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 8th September, 2020 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. The shareholders should log on to the e-voting website www.evotingindia.com.
4. Click on "Shareholders" module.
5. 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.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from [Login - Myeasi](#) using your login credentials. Once you successfully log-in to CDSL's

EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

8. If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to contact the RTA / Company by email.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction 5.

9. After entering these details appropriately, click on "SUBMIT" tab.
10. 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.
11. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
12. Click on the EVSN for 'Johnson Controls-Hitachi Airconditioning India Limited' on which you choose to vote.
13. 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.
14. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
15. After selecting the appropriate YES/NO option in 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.
16. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
17. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
18. If a demat account holder has forgotten the login password, then he / she can enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
19. Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.
- PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**
- 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 RTA's email id ahmedabad@linkintime.co.in or Company's mail id parag.dave@jci-hitachi.com.
 - For Demat shareholders: please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + Client ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to RTA email id ahmedabad@linkintime.co.in or Company mail id parag.dave@jci-hitachi.com
- INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE EGM/ AGM THROUGH VC/OAVM ARE AS UNDER:**
- Shareholder will be provided with a facility to attend the EGM/AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by

using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

2. Shareholders are encouraged to join the Meeting through Computers / Tablets for better experience.
3. Further shareholders are advised to use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants 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.
5. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address, mentioning their name, DP ID / Client ID number / folio number and mobile number, to reach the Company's email address parag.dave@jci-hitachi.com atleast 7 days in advance before the start of the meeting i.e. by 8th September, 2020 18.00 p.m. IST. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM 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 AGM.
3. If any Votes are cast by a shareholder through the e-voting facility available during the AGM and if the same shareholder has not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer Tejal Shah & Associates at the email id tejalshah.associates@gmail.com and to the Company at the email id 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.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400 013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

Particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2020 Employees employed throughout the year:

Employees employed throughout the year:

Name of the Employee	Designation	Qualification	Age (Yrs)	Experience (Yrs)	Remuneration (₹ in Mn)	Date of commencement of employment	Last Employment held
Mr. Gurmeet Singh	Chairman & Managing Director	Graduate in Physics & PGD in Management	54	32	18.9	08-Feb-2014	Orient Paper And Industries Ltd.
Mr. Vinay Chauhan	Director-GDC	B.E. (Mechanical) PGD in Industrial Engineering	60	35	20.4	06-Dec-1993	Koron Business Systems Ltd.
Mr. Sanjeev Agarwal	Director-Sales	M.A.	57	34	11.9	20-Sep-18	L G Electronics
Mr. Ichio Iwai	Asst. Vice President	Graduate in Politics and Economics	57	34	15.6	06-Oct-2013	Hitachi Consumer Marketing Inc. Japan
Mr. Jitendhar G S	Sr. Vice President	B.Tech	56	29	10.2	13-Mar-2018	EAFT Technologies
Mr. Rishi Mehta	Chief Financial Officer	M.Com, Chartered Accountant	41	18	7.9	08-Jan-2018	Adient India Pvt. Ltd.
Mr. Vikas Verma	Sr. Vice President	B.E.	50	21	7.6	27-Jan-2018	Daikin Air Conditioning India Private Limited
Mr. Rajeshwar Dayal	Vice President-Sales	B.Com. M.B.A.		18	7.2	15-Apr-2002	Philips India Ltd.
Mr. Sanjay Kumar	Vice President-Human resources	B.A, M.B.A.	50	28	7.1	27-Jan-2015	Tafe Motor And Tractors Ltd.
Mr. Shiv Shankar Maurya	Technical Manager	B.TECH.	43	19	6.3	05-Apr-2018	Preva Systems Pvt. Ltd.