

22nd August, 2023

To

BSE Limited,
25th Floor,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai: 400 001

National Stock Exchange,
Exchange Plaza,
5th Floor, Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra(E),
Mumbai: 400051

Dear Sir,

Sub: Annual Report for the Financial year 2022-23

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith Annual Report for the financial year 2022-23 along with Notice of AGM to be held on 14th September, 2023.

For Johnson Controls-Hitachi Air Conditioning India Limited

**Parag Dave
Company Secretary**

—

Be one

with the new air



Annual Report 2022-2023

Johnson Controls-Hitachi Air Conditioning India Limited



HITACHI
Air conditioning solutions

Read through the Report

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Corporate Information

Board of Directors

Nobuyuki Tao

Chairman
(w.e.f. 30th June, 2023)

Ashok Balwani

Independent Director

Gurmeet Singh

Chairman & Managing Director
(Up to 30th June, 2023)

Sanjay Sudhakaran

Managing Director
(w.e.f. 1st July, 2023)

Mukesh Patel

Independent Director

Shinichi Iizuka

Director
(Up to 26th May, 2022)

Yoshikazu Ishihara

Director

Shalini Kamath

Independent Director

Tatsuya Sugawara

Director
(From 26th May, 2022 to 30th June, 2023)

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

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd. 506-508, Amarnath
Business Center-1 (ABC-1), Off C G Road,
Ahmedabad - 380 006, Gujarat



About the Company

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

Johnson Controls–Hitachi Air Conditioning is a joint venture of Johnson Controls, US and Hitachi Global Life Solutions, Japan. Through this joint venture, we have combined the rich heritage and innovative technology of Hitachi with the industry-leading expertise and global network of Johnson Controls. The partnership is aimed at addressing the cooling and heating needs faster, smarter and much more efficiently than ever before across the globe. Our customers will stand to benefit from our fully equipped design and development centres, where our researchers work tirelessly to provide innovative solutions and quality products that are designed to meet every expectation.

Johnson Controls–Hitachi Air Conditioning has global presence. Your Company “Johnson Controls–Hitachi Air Conditioning India Limited” is a subsidiary of this Global Joint Venture.

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



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Our Vision

A safe, comfortable and sustainable world.

Our Values

Integrity First

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

Purpose-Led

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

Customer-Driven

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

Future-Focused

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

One Team

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

A Message from the Managing Director

Dear Valued Shareholders,

I hope this message finds you in good health and high spirits. I am honored to address you as the newly appointed Managing Director of Johnson Controls-Hitachi Air Conditioning India Limited. As I embark on this journey, I would like to extend my heartfelt gratitude for the warm welcome I have received from the entire JCH India team and from each of our stakeholders.

I am well aware that JCH India has faced its share of challenges in recent times, resulting in financial losses. However, I firmly believe that challenges provide us with an opportunity to re-invent ourselves for the future. They provide us with a chance to reassess our strategies, innovate, and emerge stronger than ever. The road ahead might not be easy, but I am committed to leading our team with dedication, transparency, and a clear vision success.

It is during these very moments of adversity that a company's true resilience and potential are revealed. I have full confidence in the capabilities of our talented team and our collective ability to turn this situation around.

We have already begun implementing a comprehensive plan to address the root causes of our current situation. We are carefully reviewing our operations, exploring opportunities for cost optimization, evaluating our market positioning, and realigning our strategies to ensure that we are well-positioned for success. This process will guide us towards a comprehensive revitalization strategy that aligns with our core values and strengths. Our commitment to excellence remains unshaken, and we are taking every necessary step to emerge from this challenge even stronger than before.

Transparency will be a cornerstone of our approach. We will keep you informed about our progress every step of the way. By addressing challenges head-on and fostering open communication, we can collectively work towards achieving our shared goals. I understand the responsibility that comes with the role of Managing Director, and I am fully committed to delivering on



your trust. This is not a new situation, neither for the organization nor for me. We have done it in the past, and I am confident that together with our dedicated employees, leadership team, and your continued support, we will be able to navigate through these challenging times and pave the way for brighter days ahead.

Our commitment to innovation, energy-efficient and smart products, customer satisfaction, and ethical business practices will continue to guide us as we navigate this journey. We are confident that our dedication to these principles will help us turn the corner and create sustainable value for all stakeholders.

I invite you to join me in embracing this transformative journey. Your input and insights are invaluable to me, and I encourage you to share your thoughts as we work together to rebuild and revitalize JCH India. We are not just striving for recovery; we are aiming for growth, sustainability, and a return to profitability.

Thank you for your trust, your patience, and your partnership. Together, we will create a future that reflects the true potential of Johnson Controls-Hitachi in India.

Looking forward to the journey ahead.

Warm regards,

Sanjay Sudhakaran
Managing Director



Ushering in an era of **new air**

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Hitachi is dedicated to excellence. We are a company that strives to craft an experience novel to the HVAC industry, giving our market something new to look forward to.

Steeped in the rich culture from our land of origin, and engineered with the same Japanese technology that contributes to setting the industry's standards – our solution is more than just a product. It's an emotion, an expression of our scientifically-backed features, latest technologies and a duality design philosophy that come together to redefine the way we perceive air conditioning.

Presenting **new air**.

An integral part of our company's mission and vision that perfectly captures the Hitachi spirit of uncompromising expertise in every solution we deliver. As a company with three decades of expertise in conditioning air, this is our commitment to upholding its quality through our products whose new features, technologies and designs create a new level of comfort and aesthetics that ultimately inspires an emotional connect with our customers by meeting their varied requirements and improving their living experience.

New is the innovation we offer our market in terms of our features and technologies. It's the comprehensiveness of our package that has smart, IoT-enabled indoor units, outdoor units, and remotes. All this in a single solution rooted in innovation and technology that enables improved air quality in the environment, energy savings, and a product that cleans itself while also looking after the air around you.

Encompassing our range of pioneering offerings, **new air** is the extraordinary that we imbibe in every one of our products. It is our universe of complex systems created to cool, heat, and function in order to deliver efficiency to spaces. **new air** is how we connect with people, embrace their emotions, simplify their lives.

new air is Hitachi.

So, enter a realm beyond the expected. Welcome to the **new** world of Hitachi's **air** – a harmony of our innovation and timeless Japanese tradition.

A Heritage of Innovations

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

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

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

A Presence You Can Depend On

Johnson Controls-Hitachi Air Conditioning India Limited is a renowned entity in Air Conditioning Sector having its Manufacturing unit in Kadi, Dist. Mehsana, Gujarat. It has established a strong, nationwide network - 4 regional offices, 15 branch offices and 4 Engineering Excellence Centers. With the vision of reaching closer to its customers, the company has built a multifaceted, composite, robust, dependable, and extensive distribution network. The company has 600 plus exclusive sales and service partners, approx. 100 exclusive showrooms, approx. 10,000 sales points and more than 1,500 other service points including multi-brand sales & service partners and authorised service partners. To serve its customers even better, Johnson Controls-Hitachi Air

Conditioning India Limited Company operates a 24x7 customer care centre, which provides prompt resolutions to customers' concerns across India. The company has invested its efforts to amplify and strengthen its presence across the varied topographies of India and is working towards expanding the reach of the company.

Always Customer-First

Maintaining our unwavering commitment to superior customer care, our company has remained steadfast in prioritizing exemplary service throughout the past year. Customer satisfaction remains at the core of our strategic vision, and we have undertaken a range of initiatives to further enhance our after-sales service experience. Strengthening our service capabilities, service network has been expanded with the addition of 35 authorized service partners, improving response times and extending our reach.

Embracing digital transformation, we have made notable strides in optimizing key service processes, notably through significant enhancements to our customer service & technician app. This enhanced app empowers our customers with a seamless and intuitive platform for registering and tracking service requests, ensuring faster complaint resolution and improved overall convenience.

Additionally, we have integrated popular communication channels, such as WhatsApp Chat bot, to facilitate efficient and streamlined interactions. Furthermore, we have introduced online options for Annual Maintenance Contract renewals and purchases, as well as digital payment facilities and electronic documentation for enhanced convenience and efficiency.

Company is offering 'Care+ HITACHI Extended Warranty program' to our valued retail customers to avail the opportunity to extend their standard warranty up to 5 years, thereby assuring trouble-free operations.

The Innovations in air:Our Products

At Johnson Controls-Hitachi Air Conditioning India Limited, we understand our consumers and their constant search for evolution, embracing change, and upgrades. We understand the power of air and its ability to elevate the environment of one's business and home. With its unparalleled Japanese heritage, the company aligns its endeavors to match the ever-evolving requirements of consumers and creates cutting-edge products that upgrade the indoor environment with perfect air conditioning. This is why we have come up with the new air—the harmony of Hitachi's innovation and classic Japanese tradition.

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The company manufactures a wide range of air conditioning solutions under the brand name 'Hitachi Cooling & Heating India'. From Room Air Conditioners (Split and Window ACs) to Commercial Air Conditioners (VRF Systems, Ductable, and Ductless ACs, Cassette ACs, and Chillers), the company continuously works towards developing and providing the best solutions to our customers. The company is also into the trading of refrigerators.

Air Conditioning Solutions for Residential Spaces

Catering to a wide audience, the company has curated a robust portfolio of residential air conditioning solutions. It offers a wide range of 30+ models and 100+ SKUs in the Room AC category, packed with innovative and futuristic technologies and features. The year started with the shift of models towards green ozone-friendly refrigerant R32 for the summer season. Apart from the iconic wave

design and fusion line, the inverter product line-up was loaded with path-breaking technologies in different models like Ambience light, FrostWash, air Technologies (Surround air, Odour-free air, Clean air, Fresh air & Silent air), Xpandable, penta sensor, airCloud Home, hot & cold, iSee, iSense, and much more. Shizuka – an inverter window AC, was launched last year. It has been upgraded with a twin-rotary compressor, a noise-free start-up, silent operation up to 44 dB, and comes with Hitachi's prior Xpandable technology.

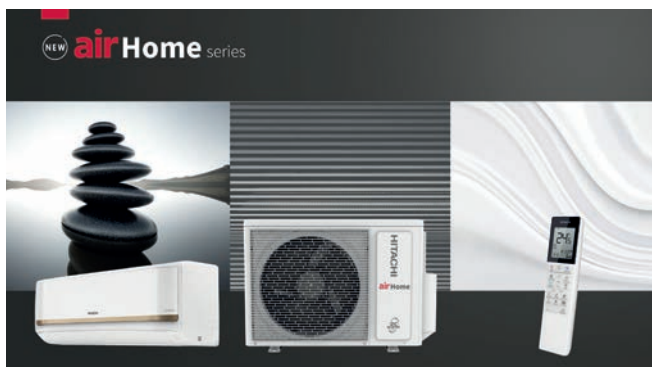
Hitachi always believes in taking the initiative and thus introduced future-ready models starting in March 2022 to comply with the new star rating criteria w.e.f. July 2022.

The company launched a whole new range of split air conditioners under 'airHome' – both inverter and fixed-speed categories. For the first time in years, we have launched a whole package of indoor units, outdoor units, and remote control units as airHome.

For the first time in years, we bring you a newly launched package of indoor, outdoor, and remote control units—airHome—that have been designed to meet the top customer needs of cool, clean, and energy-efficient living.

The new signature airHome series of air conditioners has been curated from a duality design philosophy of complementing contrasting elements to offer perfect architecture. Inspired by the duality design, the new indoor unit has a dual surface finish, a dual-panel look, and dual gold and dual platinum colors. Setting the highest standards of air conditioner design in living spaces, the company offers a curvier design with an iconic wave design in all indoor, outdoor, and remote, with a long-lasting star white color with UV coating for a long-lasting finish, and much more. This unique piece of art can turn a house with four walls into a home with a happy living space.

The new airHome series has been crafted with the top customer needs in mind, such as cool, clean, and energy savings. It is power-packed with aspirational technology that makes indoor living more convenient. Our most popular technology, FrostWash, automatically cleans the indoor unit AC coil with just a press of a button and makes it new for the next usage. The technology freezes the entrapped dust, melts it, and cleans it to offer fresh air every time. It maintains the cooling performance of the machine and removes mold, bacteria, and dust from the AC coil. The AC is further cleaned every time after usage with the unique soft-dry technology. Taking it a



step further in air purification, Hitachi launched AQtiv-Ion, a built-in ionizer that releases negatively charged particles that bind themselves with pollutants floating inside the room, causing them to deactivate.



Our most popular technology, FrostWash, revolutionizes the way we clean indoor AC units. With the press of a button, FrostWash freezes, melts, and cleans entrapped dust to offer fresh air every time.



The AC offers surround cooling that reaches a distance of up to 24 m to cover long spaces uniformly. Now the air reaches you even when you are far away from the air conditioner. Hitachi's prior technology has been enhanced as Xpandable*, a smarter machine that self-expands or self-adjusts as per the need. It works best for tropical temperature needs and ever-changing room requirements to expand or adjust as per the number of people inside the room, ambient temperature, or load conditions. It works better in humid zones such as Mumbai or Kolkata and decreases the humidity inside the room faster. The Xpandable* gets its smartness from Hitachi's Hexa sensor technology, which senses comfort needs and protects the machine equally. To add to the crown, Hitachi has airCloud Home, a wi-fi-enabled AC series. The airCloud Home series not only has voice-enabled as an added advantage but also has Smart-Fence, which geolocates you and switches on or off the machine as you arrive or leave the room. Now, you can connect and monitor your air conditioner anytime, from anywhere.

Inspired by the ever-changing seasons, Hitachi's first-ever Ambience Light is a super exciting product range. The Ambience Light is an immersive display on the AC that allows consumers to tune in perfectly to their desired temperature and comfort level. With the Ambience Light feature, consumers can easily know their surrounding ambience, ranging from cold to comfort to warm. This feature has three specific colors: cool blue for a cool

ambience, comfort green for a comfort ambience, and warm red for a warm ambience. Ambience lighting offers ultimate flexibility and comfort for consumers to easily set their preferred ambience with just one glance.

The new remote control is not just an aspirational design with its unique wave curve but also comes with brand-new features. It has night-glow buttons for easy access to buttons in the dark, colorful buttons to reach the most sought-after technology or feature, can work up to 11 m range, and easy UX. The My Mode button on the remote makes it personal for the user with three personalized options with different settings options to make it a user preference and hassle-free to turn on AC. Now, the AC will remember your preferred AC settings with My Mode. The new outdoor unit, with its iconic wave curve and global design, offers more than ever safety and efficiency features to rise above the market and perform at its best.

Air Conditioning Solutions for Commercial Spaces

The rising demand for Air Conditioners from increasing construction activities at airports, metros, and commercial buildings, increasing government spending on public infrastructure, and technological advancements are creating opportunities for the growth of the VRF air conditioner Market in India.

The company has a wide range of VRF air conditioning systems that cater to commercial, light-commercial, and residential air-conditioning needs. SET FREE Σ , a superior VRF system, has very good acceptability in the Indian market. It has a single base module of up to 24 HP and a module combination of up to 96 HP. The VRF SET FREE Σ series is built-in with all inverter compressors designed with high-efficiency DC inverter compressors having precise frequency control in the range of 0.1 Hz increments with 110 steps. Besides precision compressor control, a Σ shape heat exchanger, a dual fan for increasing air volume rate, and a new bell-mouth fan housing design, all electrical & electronic components are well integrated with a precise microprocessor and together act as energy enhancers & allow Σ range to achieve best-in-class efficiency even at partial load conditions and works up to 52°C ambient temperature.

Looking at the increasing demand for VRF systems in premium households and light commercial complexes, the company launched SET FREE mini in 2020. It is a compact, power-packed VRF system and a perfect solution for small spaces and premium homes. With SET FREE mini, customers have the added advantage of choosing from a basket of eight different types of indoor units and five different types of controllers. The outdoor unit capacity ranges from 3 HP to 7 HP, and its compact size offers a space-saving advantage over traditional one-to-one split ACs with multiple outdoor units catering to similar requirements. Moreover, this new range of

SET FREE mini's outdoor units also has a feature to connect indoor units up to 130% and more of ODU capacity on a case-by-case basis using diversity and usage patterns.

Leading innovation in products from the front, the company introduced SideSmart™ in 2021 with a leading-edge design and technology. It is an exclusive solution that offers cutting-edge performance, equaling large top-flow units with slim outdoor units that can fit anywhere. With SideSmart™, Hitachi has the pride of owning the world's first Side Flow ODU with a base module capacity of up to 18 HP. SideSmart™ is the world's first side-flow VRF ODU with a modular design that can connect up to 72 HP. With its easy-to-maintain and award-winning design engineering and aesthetics, the slim outdoor unit can easily fit inside dense spaces such as balconies, which offers more space utility to customers.

The product has been recognized for its design excellence across the globe and has received international product design awards, including the iF Design Award 2020 in the Product category, the Good Design Award 2020, and the Red Dot Best of the Best Product Design 2021.



SideSmart™ is a game-changer in the world of VRF ODUs with its modular design and ability to connect up to 72 HP. Its award-winning design and slim profile make it an easy fit for balconies and other dense spaces, providing customers with greater space utility. It has been recognized globally for its design excellence, winning prestigious awards such as the iF Design Award 2020, the Good Design Award 2020, and the Red Dot Best of the Best Product Design 2021.

Although the Indian VRF air conditioner market is highly competitive and fragmented with international and unorganized market participants, growth in several construction projects across metro and tier-2 cities is likely to increase the demand for VRF air conditioners in the country in the coming years.

In Light Commercial Packaged air conditioners, the company offers Toushi & Eco Ductable air conditioners, Flexi Split ACs, concealed ACs and inverter & fixed speed cassette ACs. Flexi Split is another innovative solution where one outdoor unit can be connected with options of indoor units, including ductables, Hi Wall, and cassette types, as per the architectural and interior requirements.

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

Hitachi Refrigerators

The company's refrigerator lineup utilizes cutting-edge scientific designs to manufacture refrigerators that prevent the loss of amino acids and other essential vitamins in food. Presently, the company provides double-door, French-door, and six-door refrigerators in India. Our refrigerator lineup is full of other innovative features, like precise temperature control, uniform cooling and freezing, ample storage space in both the freezer and vegetable compartments, and a Refrigerator-Freezer Convertible Flexi option.

Room Air Conditioners

----- airHome - Split AC Inverter Series -----



Yoshi | よし



iZen | 怡然



iKasu | いかす



Tousei* | 闘士



Kiyora | 清ら / Shizen | 自然

Hot & Cold Series

----- airHome - Split AC Fixed Speed Series -----



Senpai | 先輩



Logicool Pro



Tousei | 闘士

----- Window AC Series -----



Remote Control



Kaze Plus | 風
(Fixed Speed AC)



Shizuka | 静か
(Inverter AC)

VRF System

Outdoor Unit



SET FREE Σ



air365 SideSmart™



SET FREE mini

Indoor Unit



Silent-Ionic™
4-way Cassette type



4-way Cassette
type



4-way compact
Cassette type



2-way Cassette
type



1-way Cassette
type



Hi Wall



Floor/Ceiling convertible



In-the-ceiling

Controller



Advanced colored wired
remote controller



airCloud
Pro



Wireless
remote control



Touch screen
wired control



Advanced wired
remote control



Central station
mini

Package Air Conditioners

Ductable air conditioner



Toushi/Eco

Ductless air conditioner



Flexi split AC



Concealed split AC



Cassette AC

Chillers



Water cooled
screw chiller



Air cooled
screw chiller



Direct drive
centrifugal chiller

Refrigerators



Side by
Side series



4 Door
French bottom
Freezer series



4 Door
French bottom
Freezer series



Top Freezer
big 2 series



3 Door
French bottom
Freezer series



2 Door
French bottom
Freezer series

Brand Presence Across Channels

Hitachi, renowned for its innovative approach to meeting customer needs, has once again surpassed expectations with the launch of its revolutionary airHome series. This cutting-edge product line showcases state-of-the-art technology, advanced features, and an elegant design, epitomizing a new level of innovation in the air conditioning market.

The airHome series offers a wide range of benefits, including exceptional cooling performance, energy efficiency, and clean air. This comprehensive package includes not only a completely redesigned product but also incorporates new design elements, advanced technology, unparalleled comfort, and an array of enticing features. With a focus on enhancing brand awareness and building stronger connections with customers, Hitachi has meticulously considered every aspect of the customer journey.

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The Grand Launch

Celebrating the introduction of the revolutionary new airHome series, Hitachi organized a remarkable event on February 22nd, 2023. Attended by 350 channel partners and generating significant media coverage, the event achieved an impressive 7.8 Million impressions on digital platforms. Channel partners were immersed in a captivating product presentation on a massive 270-degree, 100-foot-wide screen, featuring engaging videos to provide a deeper understanding of the unique features of the airHome series.

In a departure from traditional product displays, Hitachi designed three immersive experience zones during the launch event. These experiential zones showcased the groundbreaking FrostWash technology, the remarkable 24-hour-long air throw, and the practical applications of the product design infused with Japanese aesthetics. These interactive zones allowed attendees to engage directly with the technology, gaining a profound appreciation of its capabilities and proving to be a highlight of the event for all.







Putting it on the air

The airHome series is a game-changer in the world of air conditioning, offering a unique package solution that sets new standards in design and functionality. With its modern and innovative features and a reputation grounded in legacy, the airHome series represents a revolutionary way to experience air—the new air. The new air represents a perfect balance between Hitachi’s innovation, global architecture, and the traditions of our country of origin. It is where cutting-edge functions meet people’s needs and emotions.

Directed by acclaimed filmmaker Laszlo Kadar, the television commercial evoked strong emotions by showcasing the seamless integration of Hitachi technology into everyday life. The television commercial was aired during high-viewership IPL matches, resulting in 58% increase in reach and wider visibility.

3rd Umpire takes on Social Media

Recognizing the heightened interest in cricket during the summer season, Hitachi designed a marketing campaign centered around the sport, specifically the Indian Premier League (IPL). The television commercial and digital campaign, titled "3rd Umpire," was released during IPL matches, captivating viewers with a unique blend of storytelling, lifestyle integration, and innovative technology.

The "3rd Umpire" campaign, presented as a five-episode series on YouTube, explored the mysteries surrounding the role of the 3rd umpire in cricket matches and the reason behind their "work from home" setup. The campaign gained significant traction on social media, with over 80 Million views and counting. To cater to the South Indian region, the campaign was also dubbed in Tamil, Malayalam, and Telugu, further enhancing its reach.



Giving new air a Home

To cultivate brand affinity in the retail space, Hitachi introduced brand-new point-of-sale materials and sales collateral, coinciding with the inauguration of 12 exclusive brand stores throughout the year. These stores featured a distinctive stand design that effectively highlighted the unique qualities of each product and provided visitors with comprehensive information to choose the perfect solution for their needs.

Sales Collaterals

In terms of marketing collaterals, Hitachi adopted a fresh and premium look to reflect the new airHome series. The room air conditioner brochure effectively conveyed the product's story through captivating graphics, showcasing the technology and product lineup in a mesmerizing manner. In addition to the brochure, a compact handbook was created for the sales team, providing quick access to product information. Individual leaflets were also launched for the entire product lineup, ensuring easy access to specific information.

This year, Hitachi further expanded its digital presence by creating captivating brand and product creatives. Additionally, the brand extended support to channel partners on social media, developing creative posts to enhance awareness and engagement. Other digital initiatives included campaigns on e-commerce platforms, search engines, and OTT platforms during the IPL, as well as banner advertisements on various websites, blogs, news, and entertainment sites, ensuring a widespread online presence.

Brochures and Leaflets

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RAC_CTB & Brochure



RAC_B2B Leaflet



Toughi+ Leaflet



Yoshi and iZen Leaflet

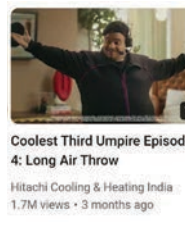
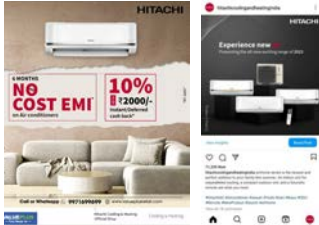


air365 SideSmart™



VRF SET FREE Σ Brochure

Digital Creatives



Channel Partner Creatives



Search Display Creatives



Giving Back to Society

Johnson Controls-Hitachi Air Conditioning India Limited is dedicated to making a positive impact on the world by constantly innovating and initiating projects for the greater good. Our mission is the foundation of our work, and our projects aim to create a better future by promoting accessible, comprehensive education, improving healthcare, and supporting environmental sustainability.

Some of our CSR initiatives are as follows.

Empowering Healthcare

Augmentation of Primary Health Center of Karan Nagar

Provision of an ambulance, one specialist doctor, nurse and medicines to the underprivileged people to cater for tertiary care of the nearly 40,000 populace of 12 villages in the precincts of JCH-IN plant in Kadi. (Project ongoing since 2017).

Sanitary Napkin Project

The JCH-IN plant is situated in close proximity to several villages with a significant population of females aged between 10-49 in the ovulation stage. After an assessment conducted by local health workers, it was discovered that due to extreme poverty, lack of literacy, and tradition, approximately 8,000 females in the area do not use sanitary napkins. The absence of this basic hygiene practice among rural poor females can lead to various health concerns. To address this issue, the JCH-IN CSR initiative established a sanitary napkin unit, operated by trained local rural women, that provides up to 8 free sanitary napkins per month to the identified area's needy female population. This initiative will continue in the CSR FY 22-23, requiring raw materials and machine maintenance. By providing free sanitary napkins, the project aims to improve the health of rural women and empower them.

Rural health workers, school teachers, and primary health centers will help distribute the napkins.

Upskilling the Community

Skill Development Project (Kadi)

Skilling unemployed school/college dropout youth from villages adjoining the JCH-IN Plant for repair and maintenance of Room Air Conditioners. JCH-IN has provided the equipment, tool kit, instructors, and other required peripherals for conducting this course successfully. Twelve batches have been completed and more than 425 youth from the underprivileged communities of the nearby villages have been skilled since 2017. In the CSR year 2022-23 a total of four batches are planned (up to 20 students per batch).

Skill Development Project -Andhra Pradesh (AP)

JCH-IN has extended its support in the form of CSR initiatives to replicate a similar model of skilling rural youth in Andhra Pradesh, a nascent state in Southern India with vast rural areas. Two Skill Development Centers (SDCs) were established at ITI Vijayawada and Kakinada in 2018, and eight batches were completed, skilling over 250 students. In 2019-20, three additional centers were started at Tirupati, Anantpur, and Bobbili, and more than 200 students were certified. When the SDCs were closed during the pandemic, over 1000 students were trained online. The CSR program plans to continue batches at all five centers, with up to 20 students per batch from April 22 to May 23. This initiative will continue to provide valuable opportunities for rural youth to acquire skills that can lead to employment and upward mobility.



Board of Directors



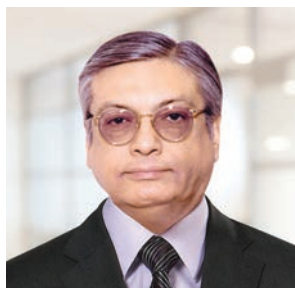
Nobuyuki Tao
Chairman
(w.e.f. 30th June, 2023)



Sanjay Sudhakaran
Managing Director
(w.e.f. 1st July, 2023)



Yoshikazu Ishihara
Director



Ashok Balwani
Independent Director



Mukesh Patel
Independent Director



Shalini Kamath
Independent Director



Gurmeet Singh
Chairman & Managing Director
(Up to 30th June, 2023)



Shinichi Iizuka
Director
(Up to 26th May, 2022)



Tatsuya Sugawara
Director
(From 26th May, 2022 to 30th May, 2023)

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Members,

Your Directors hereby present the Thirty Eighth Annual Report and the Audited Financial Statements, for the year ended March 31, 2023.

Financial Highlights

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

Particulars	(₹ in Million)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	23844	21590
Other Income	120	81
Total Revenue	23964	21671
(Loss) / Profit before finance cost, depreciation and tax	(68)	1046
Finance Cost	75	91
Depreciation and amortization expenses	753	721
(Loss) / Profit before exceptional Items and tax	(896)	233
Exceptional Items	156	7
(Loss) / Profit before Tax	(1052)	226
Tax expense	(231)	65
(Loss) / Profit for the year	(821)	161

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Dividend

Considering losses during the year, your Directors do not recommend dividend for the year ended March 31, 2023.

Industry Outlook

As India's population continues to grow and its economy undergoes a transformation, the Air Conditioning industry has emerged as one of the high potential industries in the country. Changing lifestyles of Indian consumers have created a growing need for accessible and convenient products that improve comfort level of customers. Rising GDP, growing per capita income, increased affordability due to easy availability of finance and growing e-commerce sector are some of the factors driving Indian Air Conditioning industry's growth.

Industry is working on product innovation to meet the demand for energy saving products. Additionally, due to the highly competitive market environment, manufacturers are working to provide features such as seamless Wi-Fi connectivity and Inverter type Air Conditioners at affordable rates, which are expected to drive growth in the Indian Air Conditioning market in the coming years.

Climate change has had an unrelenting effect on India. In last few years, in the northern regions of the country, temperatures passed the 50 degrees Celsius mark several times. Temperatures in the

Indian summer over the last decade or so have repeatedly broken heat records, and there is no sign of respite from heat waves in the foreseeable future, making air conditioners an increasingly important fixture in Indian homes.

Increasing demand for Air Conditioners, along with a fairly low penetration rate, has left the Indian air conditioning market with plenty of room to grow. Since October 2020, the Indian government has banned imports of ready-to-install air conditioners, providing a boost to manufacturing in India. Air Conditioning Brands are focusing on expanding their delivery and service centers along with launching products with innovative features, including power-saving and auto-clean features.

As per research reports, Indian Air Conditioning market is projected to grow at a CAGR of 10-12% approximately in medium to long term.

During 2022-23, the demand for Room Air conditioners was impacted as disruptions in global supply chain continued. Cost pressures in terms of high commodity prices, costlier crude and depreciation in Indian Rupee as against USD resulted in negative margins.

Business Overview

During the year, revenue of the Company has increased from ₹ 21671 Million to ₹ 23964 Million i.e. 10.6%. However, the

Company incurred losses of ₹ 896 Million as against profits of ₹ 233 million last year.

Despite the growth in revenue, Company incurred losses as stiff competition in the market prevented Company from passing on the commodity inflation to the market. During the year, Company has also incurred significant costs on restructuring its manpower resulting in one time payout which will have a payback in future leading to better operational efficiencies.

Sales of the Company at the onset of summer of 2023 (Feb-Mar) have been impacted due to intermittent rains in North region, which represents a significant portion of your company's projected sales.

During the year 2021-22, the company had embarked on a journey to develop a completely new range of Air Conditioners to establish a contemporary and unique position. The product launch was delayed due to unforeseen challenges on development side resulting in loss of sales in Q4 of 2022-23.

Going forward, we have built gross margin improvement work streams wherein our focus is not only on short term measures but we are also updating our long terms strategies to regain the pre-pandemic momentum and improve gross margins.

The Company is re-calibrating product and channel mix for improving margins while optimizing product portfolio in an endeavor to achieve profitable growth going forward. Further, the cost structures are being optimized through part commonization, localization in line with 'Make in India' policy, product innovation, and creative ideation to support the growth going forward.

Company is closely watching all macro and micro economic elements including inflation which may dampen demand. Your Company has been deploying mitigation strategies to counter the headwinds and accelerate the path of recovery.

Room Air Conditioners

Amongst Room Air Conditioners, the Split Air Conditioner segment is expected to sustain its growth trajectory in the coming years, driven by factors such as rising urbanization, growing disposable incomes, heightened awareness of air quality, noise reduction and energy efficiency. The adoption of inverter technology is one of the industry's significant trends, offering superior energy efficiency and reduced electricity bills. Indian government's initiatives to promote energy-efficient appliances, such as the Bureau of Energy Efficiency's (BEE) star rating system for ACs, have also contributed to the industry's expansion by boosting demand for higher-rated energy-efficient ACs.

The company introduced future-ready inverter models starting from March 2022 to comply with the new star rating criteria with effect from July 2022.

With a decent product range and a special focus on channel management, despite various market challenges, the company managed to register ~20% growth in the Inverter Split AC range and ~9% growth in split AC over last year in value terms. In Window AC series company registered ~15% growth over last year by value. Overall company registered ~ 10% value growth over last year in Residential AC segment.

Your Company is offering new models, features, technology regularly and creating better air-conditioning experience for our

esteemed customers who are looking for new & superior products coupled with technologically advanced features. During the year, we launched our campaign "new air" thereby positioning our brand as an aspirational premium brand.

Commercial Air Conditioners

Variable Refrigerant Flow (VRF)

An increasing demand for air conditioners from rising construction activities at airports, metros, and commercial buildings, increasing government spending on public infrastructure, and technological advancements are creating opportunities for the growth of VRF Air Conditioning Market in India.

As a segment, company considers VRF as a high potential product. Your company has a wide range of VRF air conditioning systems, which cater to Commercial, light-commercial and residential air-conditioning needs. With a wide range of VRF ODU series and multiple IDU options, Company aims to achieve a technological edge over its competitors. Your company was able to register a growth of ~44% over the last year in value terms. The new product lineup that was introduced in the last few years have registered good growth in categories like supermarkets, premium light commercial complexes, High end residences, hospitals, hotels etc.

Although, the India VRF Air Conditioner market is highly competitive with international and local brands jostling for space, growth in several construction projects across metro & tier-2 cities, is likely to increase the demand for VRF air conditioners in the country in the coming years.

Light Commercial Air Conditioners

In the commercial Air Conditioner range, apart from VRF, company offers wide range of light commercial air conditioning products which includes ductable type, Concealed type, Flexi Split type and Cassette type Air Conditioners. Most of these models are pre-charged with environment friendly refrigerants like R32 and R410 which has low GWP. Also, majority of these product come with multi circuit option for better partial load.

The company has a strong channel presence nationwide and further planning to enhance it going forward. Company has registered 37% value growth in the light commercial segment.

Looking at the improvement in living standards of Indian consumers, recovery of organized commercial segment, push from Government for energy-efficient products and growth of hypermarkets, malls, hospitals etc., the light Commercial Air Conditioners category is poised to grow. The company is expecting a further increase in demand and growth of the overall commercial chain, which in turn is expected to boost the sale of light commercial AC category in the coming period.

International Sales

The Company has faced challenges in its export business due to the global economic scenarios and the impact of the pandemic. However, it has taken steps to mitigate these challenges and continue its operations in various countries.

In the SAARC countries (Nepal, Bhutan, Bangladesh, Sri Lanka, and Maldives), the Company has already established direct business

operations. Additionally, it is implementing an expansion plan by partnering with new channel partners in these territories. This approach aims to strengthen the Company's presence and increase its market share in the SAARC region. While strategizing mid-long term growth plans in these countries, due consideration is given to the geopolitical challenges, economic conditions to protect company's interest parallelly.

Further, the Company also exports its products to Indonesia, Vietnam, Middle East and Africa while partnering with associate group companies.

Risks, Concerns and Challenges

Seasonality Risk

Being an Air Conditioning product company, dependency of business is more seasonal in nature and hence any unfavorable and unforeseen situations like pandemic and weather events like intermittent rains, wide-range temperature fluctuations etc. may impact company's business. To mitigate this risk of loss of opportunity or excess inventory, the company has put in place a demand and supply planning process that allows it to stay nimble and react to seasonal variations.

Technology Changes

With globalization and post pandemic experience, consumer preferences have drastically changed. Consumers are expecting new products to come with smart and futuristic features. Being a consumer-focused company, we keep the pace with technological changes and frequent upgrades. To mitigate this risk, the company has put in place a robust product development process that develops a 3-year roadmap of new products and upgrades combining customer insights, smart technologies, and regulatory requirements.

Raw Material price fluctuations

The company, always focuses on providing world class quality product to its customers and to do so, we engage in sourcing key components from reliable global sources. Due to raw material cost fluctuations the cost of components changes drastically, and the supply chain also gets impacted. Fluctuation in raw material cost may put strain on company's profitability. To mitigate this risk, the company has actively engaged in developing a network of local vendors and dual sourcing for key components.

Government Policies

Government is actively working on implementing various new initiatives and policies. The company's core product businesses is highly dependent on Government policies related to energy efficiency standards, Environmental regulations, manufacturing standards, non-tariff barriers, incentives, anti dumping duties and taxes etc. Such policies may impact product and its prices directly or indirectly and may impact the company's business. To mitigate this risk, the company remains alert and updated about all such policies and keep taking required actions when needed.

Human Resources

We believe that meaning at work is created when people relate to the purpose of the organisation, feel connected to their leaders

and colleagues and have a sense of belonging. Our focus is on providing our people a work environment that welcomes diversity, nurtures positive relationships, provides challenging work assignments and provides opportunities based on meritocracy for people to grow and build their careers with us, in line with their aspirations.

Human Capital

As on March 31, 2023 the total strength of employees (Staff and Operators) of the Company was 1361. Our people play a pivotal role in realising the Company's vision and business objectives, and help in building a better society.

Talent Acquisition

Our human assets play a key role in seamless operations in today's ever-evolving business environment. We have a platform that nurtures and rewards hardworking, sincere, honest, and dedicated individuals. Every person we employ adds value to the organisation. It is our endeavour, as an organisation, to provide the right atmosphere and an enabling environment to realise one's potential and take the organisation to the next level. We are committed to creating opportunities at all levels for people to give expression to their creative instincts and unleash their potential.

Diversity and Inclusion

We are committed to fostering a more diverse, inclusive and unified culture that is representative of our employees, our customers and society in which we live.

The company is committed to offering open opportunities to female candidates. When it comes to advancing professional careers and embracing different dimensions of diversity, eliminating unconscious biases is pivotal. It builds a workplace culture that respects the unique perspectives, needs, and potential of all the employees.

The company has taken serious steps to increase the percentage of women in the workforce from 8 % to 11.3%. We have put in place several initiatives to promote gender diversity. In past few years, the Company's efforts have been directed towards strengthening and promoting gender diversity at the workplace. We welcome participation from women and our practices are curated to support gender inclusion at all levels. Compensation standards and structures are solely based on education, talent and experience of employees. Few initiatives include; ensuring consideration of female candidates during the hiring process, identification of High Potential females who can take up higher responsibilities and promoting them to higher grade. We have Implemented progressive policies, practices, benefits and support to improve practices and policies to remove barriers, enable inclusion and realise equity. We selected a pool of 25 Mid Career females for Women Leadership Potential & Impact Program. This program empowered the females to enhance leadership skills to address issues faced by women at work and in business.

Talent Management

Building a strong future-ready talent pool and robust leadership succession pipeline continue to be priority areas for us in Talent Management. We continue to give prominence to identifying

and developing our high potential employees across every line of business and have steered towards more holistic and comprehensive approach. Through our Organisation Talent Review process, we have identified members from the middle and senior management to create a strong succession plan. Further, in this dynamic environment where the new-age skills are emerging in areas of IOT, Data analytics, automation (Robotic Process Automation, automatic dashboards etc.), the talent pool is continuously adjusted to embrace this changing skill needed to promote innovation in our products and processes.

Organisation Transformation

This year, to synergize & integrate businesses we have re-aligned our Field structure. Consolidation of functions and roles have been carried out thereby enhancing business efficiencies in Field.

To strengthen Plant operations, we implemented APU (Autonomous Production Unit) / APZ (Autonomous Production Zone) across the plant. For this, the plant is divided in 5 APUs and various APZs under each APU. These APUs and their respective APZs will function as “One team” to drive operation excellence through problem solving while focusing on Safety, Quality, Delivery, Cost and Employee engagement.

Employee Wellness and Engagement

Our endeavour is to provide a happy, vibrant and engaging work environment. Revitalising a culture of connect and camaraderie has been yet another area of significant attention for us. Our leaders and managers across levels are also deeply involved in identifying and implementing actions towards enhancing employee engagement, the results of our employee engagement survey “YOUR VOICE” is serving as input for this. We are also reinforcing the importance of health and wellbeing through wellness programs and initiatives.

Internal Control and Systems

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

Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013, Members of the Company, at the Annual General Meeting held on 15th September 2021, appointed M/s. Price Waterhouse & Co. Chartered Accountants LLP (Firm Registration No. 304026E / E300009) as Auditors of the Company to hold office from the conclusion of Annual General Meeting held on 15th September, 2021 till the conclusion of the sixth consecutive Annual General Meeting.

Directors’ Responsibility Statement

Your Directors confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- b) Such accounting policies selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) Annual accounts have been prepared on a going concern basis;
- e) Internal financial controls which are to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
- f) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Change in Board of Directors

Since April 1, 2022, there were following changes in the Board of Directors of the Company:

1. Appointment of Ms. Shalini Kamath as an Independent Director with effect from April 1, 2022.
2. Appointment of Mr. Tatsuya Sugawara as a Director of the Company with effect from May 26, 2022.
3. Cessation of Mr. Shinichi Iizuka as a Director of the Company with effect from May 26, 2022.
4. Cessation of Mr. Gurmeet Singh as Managing Director as well as Director of the Company with effect from closing hours as on June 30, 2023.
5. Appointment of Mr. Sanjay Sudhakaran as Director as well as Managing Director of the Company with effect from July 1, 2023.
6. Cessation of Mr. Tatsuya Sugawara as a Director of the Company with effect from June 30, 2023.
7. Appointment of Mr. Nobuyuki Tao as a Director of the Company with effect from June 30, 2023.

Performance Evaluation

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

The Board has also carried out annual evaluation of the performance of individual Directors, who were evaluated considering levels of their engagement and contribution, safeguarding the interests of

the Company and its minority shareholders, etc. The performance evaluation of the Chairman and the Non-Independent Directors were carried out by the Independent Directors at their separate meeting.

Details of Establishment of Vigil Mechanism

The Company has established a Vigil Mechanism process as an extension of the Company's Code of Conduct whereby an

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

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

Name of Director and Key Managerial Personnel (KMP)	Designation	% increase in remuneration of director and KMP*	Ratio of the remuneration of director to the median remuneration of the employees of the Company for the financial year
Mr. Gurmeet Singh	Chairman and Managing Director	4.9%	22.4:1
Mr. Shinichi Iizuka	Director	NA	NA
Mr. Yoshikazu Ishihara	Director	NA	NA
Mr. Tatsuya Sugawara	Director	NA	NA
Mr. Ashok Balwani	Independent Director	NA	NA
Mr. Mukesh Patel	Independent Director	NA	NA
Ms. Shalini Kamath	Independent Director	NA	NA
Mr. Rishi Mehta	Chief Financial Officer	20.3%	9.2:1
Mr. Parag Dave	Company Secretary	9.6%	2.2:1

Comparison of remuneration against Company's performance

- Increase in remuneration of each KMP	As mentioned in above table
- Increase in total remuneration of all KMP	Total remuneration of KMP increased by 8.9%
Percentage increase in the median remuneration of employees in the financial year	7.2%
No. of permanent employees on the rolls of Company	1361
Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	- Average % increase in the salaries of employees other than the managerial personnel 10.71% - Total remuneration of KMP increased by 8.9%

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

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

Risk Management System

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

Risks are identified and then classified into different categories such as Strategic, Operational, and Business risk. Then score based on level and significance of risk is given and subsequently risk mitigation steps are taken. ERM cover various functional risks including Cyber securities related risks.

As required under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, Board has formed a Risk Management to discuss the critical and vital risks.

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 26, 2022, 4th August, 2022, 19th October, 2022 and 25th January, 2023.

2. Members of the Audit Committee were:
 - a. Mr. Mukesh Patel – Chairman
 - b. Mr. Ashok Balwani – Member
 - c. Mr. Gurmeet Singh – Member
3. The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.
4. Details of the CSR amount spent for the year 2022-23 is attached as **Annexure-A**. Details about the Policy on Corporate Social Responsibility (CSR) and projects to be implemented by the Company for the year 2023-24, 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/cms/materials/e0779a7474.pdf>
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/cms/materials/858c85c293.pdf>
6. No commission was paid to Directors of the Company, so no disclosure is required to be made under Section 197(14).
7. The Draft Annual Return in form MGT-7 as provided under sub-Section (3) of section 92 has been placed on the website of the Company and Weblink is as under: <https://buy.hitachiaircon.in/cms/materials/baab76c33b.pdf>
8. No loan was granted by the Company to any person to purchase or subscribe to fully paid-up shares of the Company.
9. Details of the significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor, including:

Sr. Ratio No.	As at March 31, 2023	As at March 31, 2022	% Variance	Reason for Variance*
1 Current Ratio	1.3	1.4	-8%	
2 Debt-Equity Ratio	0.3	0.2	93%	The variance is primarily on account of increase in current borrowings by Rs. 1,000.2 million during the year ended March 31, 2023.
3 Debt Service Coverage Ratio	(0.7)	2.9	-125%	Refer Explanation
4 Return on Equity (ROE)(%)	-11.7%	2.2%	-633%	Refer Explanation
5 Inventory Turnover Ratio	2.7	2.3	20%	
6 Trade receivables turnover ratio	8.1	7.9	2%	
7 Trade payables turnover ratio	3.4	3.6	-4%	
8 Net capital turnover ratio	8.1	5.6	44%	The variance is primarily on account of overall reduction in working capital as at March 31, 2023 which is consequent to increase in current borrowings.
9 Net profit ratio(%)	-3.4%	0.7%	-561%	Refer Explanation
10 Return on capital employed (ROCE)(%)	-12.1%	3.8%	-418%	Refer Explanation
11 Return on investments(%)	3.7%	2.5%	48%	The variance is primarily on account of increase in interest rates in respect of deposits placed with bank during the year ended March 31, 2023.
12 Operating Profit Margin (%) (before exceptional items)	-0.3%	4.84%	-105.9%	Cost inflation in H1 could not be recovered fully in pricing

Explanation: The variance is primarily on account of loss during the year ended March 31, 2023. The said loss is mainly on account of increase in commodity prices during the year ended March 31, 2023 which is not fully compensated by increase in sale prices of products. Further, the Company has incurred the expenditure towards termination benefits paid/payable to the employees in the current year. For detailed information please refer Note 43 of Notes forming part of the Financial Statements.

10. Secretarial Audit Report: Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Report of the Secretarial Auditors is annexed as **Annexure-B**.
11. There is no material fraud reported by Auditors under Section 143(12) of the Companies Act, 2013 during the year under review.
12. Particulars of loans, investments or guarantees under section 186: Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered under Section 186. Company has not made any investment in securities of other Body Corporate. Company has given guarantee of ₹ 75 Million against the credit facilities availed by dealers.

13. There is no subsidiary and/or joint venture of the Company. Further, there is no associate Company in which Company has a significant influence. Therefore, no disclosure in this regard is required in Form AOC 1.
14. There is no Company which has become or ceased to be its subsidiary, joint venture or associate Company during the year.
15. During the year, Company has not accepted deposits covered under Chapter V.
16. There is no qualification, reservation or adverse remark or disclaimer made by the Auditors in their report.
17. There is no qualification, reservation or adverse remark or disclaimer made by the Company Secretaries in practice in their Secretarial Audit Report.
18. There is no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
19. Details of complaints relating to sexual harassment during the year under review:
Number of complaints pending as on March 31, 2022: Nil
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, 2023: Nil
20. The information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules'), forms part of this Report. However, as per second proviso to Section 136(1) of the Act and second proviso of Rule 5(3) of the Rules, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2) of the Rules. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.
21. Related party transactions under Section 188(1): All transactions entered by the Company with related parties during the year under review were in ordinary course of business and on an arm's length basis. There were no material Related Party Transactions (RPTs) undertaken by the Company during the year that require shareholders' approval under Section 188 of the Act. Therefore, the disclosure in Form AOC-2 under Section 134(3)(h) of the Companies Act, 2013 is not applicable.
Policy on dealing with Related Party Transactions has been disclosed on Company's website and a weblink is as under:
<https://buy.hitachiaircon.in/cms/materials/1bbefe4542.pdf>
22. Revision in Accounts or Board's Report: There are no revisions made in the Accounts or Board's Report.
23. Issue of Equity Shares with differential rights: There was no Equity Share issued with differential voting rights during the year under review.
24. Issue of Sweat Equity Shares: There was no issue of Sweat Equity Share during the year under review.
25. 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.
26. 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.
27. Dividend Distribution Policy has been disclosed on Company's website and a weblink is as under:
<https://buy.hitachiaircon.in/cms/materials/9de980b488.pdf>
28. Company has complied with Secretarial Standards applicable to Company.
29. 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 are attached in **Annexure C**.

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ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Place : Karan Nagar, Kadi
Date : July 26, 2023

Nobuyuki Tao
Chairman

Annexure A

CSR activities for Financial Year 2022-23

1. Brief outline on CSR Policy of the Company.

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

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

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

2. Composition of CSR Committee:

Sr	Name of Director	Designation Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Gurmeet Singh	Chairman of the Committee (Chairman & Managing Director of the Company)	4	4
2	Mr. Yoshikazu Ishihara	Member of the Committee (Director of the Company)	4	4
3	Mr. Ashok Balwani*	Member of the Committee (Independent Director)	4	1
4	Ms. Shalini Kamath**	Member of the Committee (Independent Director)	4	3

*Upto May 26, 2022

** From May 26, 2022

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

CSR Committee: <https://buy.hitachiaircon.in/cms/materials/5d7d98a0ad.pdf>

CSR Policy: <https://buy.hitachiaircon.in/cms/materials/d86a33aa94.pdf>

CSR Projects approved by Board: <https://buy.hitachiaircon.in/cms/materials/8f5a837324.pdf>

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

Not applicable

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

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

6. Average net profit of the Company as per section 135(5): ₹ 651.7 Million

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 13.0 Million
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. : Nil
 (c) Amount required to be set off for the financial year, if any: ₹ 2.2 Million
 (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 10.8 Million

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

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

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

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

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	State	District	Amount spent for the project (₹ in Million)	Mode of implementation - Direct (Yes / No)	Name	CSR Regn. No.
1	Physical Health Center - Karannagar Village	Health	Yes	Gujarat	Mehsana	1.0	Yes	Not Applicable	Not Applicable
2	Vocational Training – ITI, Kadi	Skill Develop-ment	Yes	Gujarat	Mehsana	0.7	Yes	Not Applicable	Not Applicable
3	Vocational Training – ITI, Telangana	Skill Develop-ment	No	Telangana	Hyderabad	3.7	Yes	Not Applicable	Not Applicable
4	Distribution of Sanitary Napkins – Villages nearby Plants	Health	Yes	Gujarat	Mehsana	5.3	Yes	Not Applicable	Not Applicable
Total						10.7			

- (d) Amount spent in Administrative overheads: ₹ 0.5 Million
 (e) Amount spent on Impact Assessment, if applicable: Not applicable

(f) **Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 11.2 Million**

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

Sr.	Particular	Amount (₹ in Million)
(i)	Two percent of average net profit of the Company as per section 135(5) (after deducting amount available for set off of previous year)	10.8
(ii)	Total amount spent for the Financial Year	11.2
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.4
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

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

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

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

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

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

- Date of creation or acquisition of the capital asset(s): Not applicable
- Amount of CSR spent for creation or acquisition of capital asset: Not applicable
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.:
Not applicable
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
Not applicable

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

Not applicable.

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

For Johnson Controls-Hitachi Air Conditioning India Limited

Gurmeet Singh
Chairman & Managing Director
(Chairman CSR Committee)

Rishi Mehta
Chief Financial Officer

Annexure - B

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2023

[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,
9th Floor, Abhijeet-1,
Mithakhali Six Roads,
Ahmedabad – 380 006

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

Based on our verification of the Johnson Controls - Hitachi Air Conditioning India Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "the company", having its Registered Office at "9th Floor, Abhijeet-1, Mithakhali Six Roads, Ahmedabad – 380 006 for the financial year ended on March 31, 2023 according to the provisions of:

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

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

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

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

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

We further report that

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

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

There were no dissenting views on any matter.

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

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

1. The 37th Annual General Meeting of the members of the Company was held on September 14, 2022 through VC/OAVM in terms of MCA General Circular nos. 14/2020 Dated April 8, 2020, 17/2020 Dated April 13, 2020, 20/2020 Dated May 5, 2020, 02/2021 Dated January 13, 2021 and 02/2022 Dated May 5, 2022.
2. The Board of Directors of the Company at its meeting held on May 26, 2022 had recommended to the members through Postal Ballot to confirm the appointment of Ms. Shalini Kalsi Kamath as an Independent Director of the Company for a period April 1, 2022 to September 30, 2026 and also for the appointment of Mr. Tatsuya Sugawara as Director of the Company with effect from May 26, 2022.

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

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

Place: Ahmedabad
Date: July 26, 2023

Peer Review: 579/2019
UDIN: F002047E000678910

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

Annexure: "A"

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

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

1. Maintenance of Secretarial Record is the responsibility of the management of the company. Our responsibility is to express an opinion on Secretarial Records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards, is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

FOR M C Gupta & Co,

Company Secretaries
UCN: S1986GJ003400

Maresh C Gupta

Proprietor
FCS: 2047 (CP: 1028)
Peer Review: 579/2019
UDIN: F002047E000678910

Place: Ahmedabad

Date: July 26, 2023

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:

1. In process of manufacturing, we are using PNG (Piped natural gas) as a primary fuel for various applications of heating. We have Installed FUEL CATALYST in PNG line which will help us to improve the efficiency of PNG, results in fuel saving by 5% ~12% along with reduction in Air Pollution and improve in equipment life. By doing this we will be able to save 16.7 KSCM.
2. A part of BMS, we have installed Air Conditioning monitoring device for PAC Air conditioners of office area. In Phase 1, we are going to manage switching off of air conditioning in planned manner to avoid wastage of usage in non-office hours as well as on holidays. By doing this, we estimate to save of 67 K-Kwh in a year. In terms of INR it will be around 5 Lacs.
3. By switching from manual to automatic lux based system in Plant Street Lighting, we will be able to save energy upto 6750 Kwh per annum as a result of reduction in lighting requirements.

Research, Development and Technology Absorption

Development of air Home Inverter Series

Development of Expandable plus Inverter Series incorporated with Global Architecture (Hi wall Indoor, Side Flow Outdoor & Remote Handset and Footprint). The whole product range is offered with R32 Refrigerant which is having low Global Warming Potential (GWP). For the first time all the 3 Star & 5 Star product series launched with Expandable plus feature as well as 5 Fan Speed feature. Longest air throw in their class up to 24 meters along with capability of withstanding at Severe Voltage Condition (130V ~ 265V).

Development of air Home Non-Inverter Series

Development of Non-Inverter Series incorporated with Global Architecture (Hi wall Indoor, Side Flow Outdoor & Remote Handset

and Footprint. The new R32 product range has an enhanced Indian Seasonal Energy Efficiency Ratio (ISEER) of 8.5% Vs previous R32 baseline meeting upgraded BEE star rating applicable from 1st July 2022. For the first time all the product series launched with Ambience light, DC Motor technology on Indoor, Optional Wi-fi & 5 Fan Speed selection feature. Superior design to handle extreme heat load during peak summer by 35% faster Cooling against Conventional Air-Conditioner.

Features

The Indoor unit of Star White color has Ultraviolet (UV) paint coating that repels dust and preserves the white color. Easily detachable front panel for easy access to clean the Air-Conditioner filter as well as better serviceability. Introduction of features like Active Ion exemplify our commitment to promote and produce good health centric products. The new air Home Inverter series is equipped with features like Ice Clean and Soft dry which helps to keep cleanliness in conditioned space. Hexa Sensor technology was introduced in Inverter series to enhance precision in cooling performance along with 3M anti-corrosive coating at outdoor heat exchanger for longer life span. To fulfill current market requirement new series has been developed with features such as Dual deflector, 4Way swing which helps in better circulation of air in room. along with My mode function for personalized Cooling.

New Remote Controller is unique in its segment as it is designed in Tile key arrangement with a display & customer friendly UI/UX with improved ergonomics. It comes with long transmission distance for better reach and operability of the air-conditioner. Also, it has new and unique service architecture which aims to help the service personnel at large i.e. now service personnel don't need to open the indoor unit for optional service settings which improves workability and can easily do the required settings in few moments by remote controller.

Foreign exchange earnings and outgo

Details of foreign exchange earnings and outgo are as under:

Total foreign exchange earned by the Company during the year under review was ₹ 1289.7 Million, as compared to ₹ 1275.7 Million during the previous year.

Total foreign exchange outflow during the year under review was ₹ 9922 Million, as against ₹ 8626 Million during the previous year.

REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy on Code of Corporate Governance

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

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

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

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

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

II. Board of Directors, Committees and Remuneration of Directors

Board of Directors

Present strength of the Board of Directors of your Company is six members. The composition of the Board is in conformity with Regulation 17(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015. The Board of Company has optimum combination of Non-independent and Independent Directors. As on March 31, 2023, 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	-	2
Mr. Yoshikazu Ishihara	Promoter / Non-Executive	1	-	1
Mr. Tatsuya Sugawara [#]	Promoter / Non-Executive	1	-	-
Mr. Ashok Balwani	Independent	1	-	1
Mr. Mukesh Patel	Independent	4	4	3
Ms. Shalini Kamath	Independent	3	-	3
Mr. Shinichi Iizuka [§]	Promoter / Non-Executive	1	-	-

*Includes only Audit Committee and Stakeholders Relationship Committee.

From May 26, 2022

§ upto May 26, 2022

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	Non-Executive Director
	The Sandesh Limited	Independent Director
	Force Motors Limited	Independent Director
Ms. Shalini Kamath	Abbott India Ltd.	Independent Director
	Borosil Renewables Ltd.	Independent Director

Skills/expertise/competence of the Board

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

Skills	Mr. Gurmeet Singh	Mr. Yoshikazu Ishihara	Mr. Tatsuya Sugawara	Mr. Ashok Balwani	Mr. Mukesh Patel	Ms. Shalini Kamath
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/55568b8171.pdf>

Attendance of Board Meeting and Annual General Meeting

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

During the year from April 1, 2022 to March 31, 2023, 4 (Four) Board Meetings were held, i.e., on May 26, 2022, August 4, 2022, October 19, 2022, and January 25, 2023. The last Annual General Meeting (AGM) was held on September 14, 2022. 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. Yoshikazu Ishihara	4	Present
Mr. Tatsuya Sugawara [@]	4	Present
Mr. Ashok Balwani	4	Present
Mr. Mukesh Patel	4	Present
Ms. Shalini Kamath	4	Present
Mr. Shinichi Iizuka [§]	1	Not applicable

[@] From May 26, 2022

[§] Upto May 26, 2022

Number of Shares held by Non-Executive Directors

Details of Number of Shares held by Non-executive Directors in their own name or in the name of other persons on beneficial basis as on March 31, 2023 are as under:

Name of Director	No of Shares held
Mr. Yoshikazu Ishihara	Nil
Mr. Tatsuya Sugawara	Nil
Mr. Ashok Balwani	Nil
Mr. Mukesh Patel	1,500
Ms. Shalini Kamath	Nil
Mr. Shinichi Iizuka [§]	Nil

[§] upto May 26, 2022

Inter-se relationship between Directors

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

Audit Committee

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

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

Members of the Audit Committee as on March 31, 2023 are as under:

Mr. Mukesh Patel – Chairman

Mr. Ashok Balwani – Member

Mr. Gurmeet Singh – Member

During the year from April 1, 2022 to March 31, 2023, 4 (Four) Audit committee meetings were held, i.e., on May 26, 2022, August 4, 2022, October 19, 2022 and January 25, 2023. Attendances of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	4
Mr. Ashok Balwani	4
Ms. Shalini Kamath	4

Nomination and Remuneration Committee

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

Members of the Nomination and Remuneration Committee as on March 31, 2023 are as under:

Mr. Mukesh Patel – Chairman

Mr. Ashok Balwani – Member

Mr. Tatsuya Sugawara[#] – Member

Mr. Shinichi Iizuka[§] – Member

[#] From May 26, 2022

[§] upto May 26, 2022

During the year under review, 2 (Two) Nomination and Remuneration Committee Meeting were held, i.e., on May 26, 2022 and January 18, 2023. Attendance of the members at this meeting was as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	2
Mr. Ashok Balwani	2
Mr. Tatsuya Sugawara [#]	1
Mr. Shinichi Iizuka [§]	1

[#] From May 26, 2022

[§] upto May 26, 2022

Terms of Appointment / Remuneration

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

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

Independent Directors are paid sitting fees of ₹ 100,000 for attending Board meeting, ₹ 80,000 for attending Audit Committee Meeting, ₹ 75,000 for attending CSR Committee meeting, ₹ 20,000 for attending Nomination and Remuneration Committee Meeting, ₹ 75,000 for attending Risk Management Committee, ₹ 75,000 for attending ESG Committee Meeting and ₹ 75,000 for attending Stakeholders Relationship Committee Meeting.

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

							(₹ in Million)
Name of Director	Salary	Perquisites	Performance linked Incentives*	Retirement benefits	Sitting Fees	Total Remuneration	
Mr. Gurmeet Singh	28.4	1.1	1.2	2.3	Nil	32.9	
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	1.1	1.1	
Mr. Ashok Balwani	Nil	Nil	Nil	Nil	1.0	1.0	
Ms. Indira Parikh	Nil	Nil	Nil	Nil	0.9	0.9	

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

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

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

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

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

Stakeholders Relationship Committee

Stakeholders Relationship Committee consisted of following members as on March 31, 2023:

Mr. Yoshikazu Ishihara – Member

Mr. Gurmeet Singh – Member

Mr. Mukesh Patel – Chairman

During the year under review, 4 (Four) Stakeholders Relationship Committee Meetings were held, i.e., on May 26, 2022, August 4, 2022, October 19, 2022 and January 25, 2023.

Attendance of the members at this meeting was as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	3
Mr. Gurmeet Singh	3
Mr. Yoshikazu Ishihara	2

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

Number of pending complaints as on April 1, 2022	Nil
Number of complaints received	3
Number of complaints redressed	3
Number of pending complaints as on March 31, 2023	Nil

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

Risk Management Committee

Risk Management Committee consisted of following members as on March 31, 2023:

Mr. Gurmeet Singh – Chairman

Mr. Yoshikazu Ishihara – Member

Mr. Ashok Balwani – Member

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

During the year from April 1, 2022 to March 31, 2023, 3 (Three) Risk Management Committee meetings were held, i.e., on September 7, 2022, February 14, 2023 and March 24, 2023. Attendances of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Gurmeet Singh	3
Mr. Ashok Balwani	3
Mr. Yoshikazu Ishihara	3

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

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

III. Other disclosures

Statutory Disclosures

There were no materially significant related party transactions that may have potential conflict with the interests of

Company at large. Policy on dealing with Related Party Transactions has been disclosed on Company's website and a weblink is as under: <https://buy.hitachiaircon.in/cms/materials/1bbefe4542.pdf>

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

Commodity price risk/foreign exchange risk and hedging activities

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

The details of foreign exchange exposures as on March 31, 2023 are disclosed in Notes to the financial statements.

Performance evaluation criteria for independent directors

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

Credit rating

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

No preferential allotment or qualified institutions placement

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

Total Fees paid to Auditors

Company has paid total fees of ₹ 4.5 million (excluding reimbursement of expenses) during the year to Statutory Auditors.

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

Number of complaints pending as at beginning of the year (April 1, 2022)	Nil
Number of complaints received during the year	1
Number of complaints disposed of during the financial year	1
Number of complaints pending as at the end of the year (March 31, 2023)	Nil

Vigil mechanism (Whistle Blower Policy)

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

The Company has a robust Vigil mechanism and that no personnel was denied access to the audit Committee.

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

Material related party transactions:

The transactions with related parties have prior approval of the Audit Committee (Omnibus approval) in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).

Others:

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

Information relating to last three Annual General Meetings

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

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

Special resolutions passed:

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

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

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

Special resolutions passed:

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

Date and Time: September 14, 2022, 10.00 a.m

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

No Special Resolution passed at the AGM

Information relating to Special Resolution passed last year through Postal Ballot

Date: June 27, 2022

Voting Pattern:

Person who conducted the postal ballot exercise: Tejal Shah & Associates were Scrutinizers of Postal Ballot.

Special resolution passed through postal ballot: Appointment of Ms. Shalini Kamath as an Independent Director of the Company from April 1, 2022 to September 30, 2026.

Voting Pattern: Total 143 Shareholders holding 2,36,34,013 shares voted out of which 135 shareholders holding 3,06,33,886 voted in favour of the resolution.

Procedure for postal ballot:

The Notice of Postal Ballot dated May 26, 2022 along with the statement under Section 102 of the Companies Act, 2013 was sent electronically by email to the members whose names appeared in the register of members/ list of beneficial owners as received from National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The facility of E-voting remained open from 9.00 a.m. Saturday on, May 28, 2022 and ended at 5.00 p.m. on Sunday, June 26, 2022.

Means of communication

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

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

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

General Shareholder Information

Ensuing Annual General Meeting

Day and Date	Time	Venue
Thursday, September 14, 2023	10.00 a.m.	Video Conferencing / Other audio video means

Financial year: From April 1, 2022 to March 31, 2023.

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 2023-24 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 (Rs)		SENSEX		Company's Share Price quoted at NSE (Rs)		NIFTY	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
Apr-2022	2,270.95	1,790.00	60,845.10	56,009.07	2,271.00	1,776.05	18114.65	16824.7
May-2022	1,982.55	1,700.00	57,184.21	52,632.48	1,981.35	1,705.00	17132.85	15735.75
Jun-2022	1,807.00	1,458.30	56,432.65	50,921.22	1,805.80	1,475.05	16793.85	15183.40
Jul-2022	1,673.95	1,442.60	57,619.27	52,094.25	1,671.60	1,445.00	17172.80	15511.05
Aug-2022	1,620.00	1,464.05	60,411.20	57,367.47	1,600.00	1,460.00	17992.20	17154.80
Sep-2022	1,647.00	1,377.30	60,676.12	56,147.23	1,714.00	1,375.00	18096.15	16747.70
Oct-2022	1,449.90	1,154.00	60,786.70	56,683.40	1,450.00	1,169.00	18022.80	16855.55
Nov-2022	1,255.00	1,060.95	63,303.01	60,425.47	1,254.30	1,062.80	18816.05	17959.20
Dec-2022	1,210.85	1,085.00	63,583.07	59,754.10	1,212.75	1,084.55	18887.60	18778.20
Jan-2023	1,175.00	1,052.70	61,343.96	58,699.20	1,178.30	1,050.00	18251.95	17405.55
Feb-2023	1,315.00	1,051.00	61,682.25	58,795.97	1,310.70	1,055.05	18134.75	17255.20
Mar-2023	1,261.15	1,005.10	60,498.48	57,084.91	1,259.90	1,005.40	17799.95	16828.35

The Equity Shares of the Company were not delisted or suspended during the year ended March 31, 2023.

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, 2023

Category	No. of Shares Held	% of Shareholding
Promoters' Holding	2,01,90,529	74.25
Non-Promoters' Holding	29,23,794	10.75
Mutual Funds	1,07,043	0.39
Alternate Investment Funds	275	0.00
Foreign Portfolio Investors	357	0.00
Financial Institutions/ Banks		
Insurance Companies		
Trust	596	0.00
IEPF	1,61,990	0.60
NBFC	1,500	0.01
Bodies Corporate	2,25,284	0.83
HUF	1,26,247	0.46
Limited Liability Partnership	7,582	0.03
NRIs	1,55,455	0.57
Clearing Member	2,325	0.01
Individuals	30,79,762	11.33
Total	2,71,90,884	100.00

Distribution of shareholding as on March 31, 2023

Shares Balance	No. of Holders	% of Holders	No. of Shares	% of Shares
1-500	35758	97.9779	1719764	6.3248
501-1000	431	1.181	318944	1.1730
1001-2000	154	0.422	227846	0.8379
2001-3000	47	0.1288	118120	0.4344
3001-4000	19	0.0521	68232	0.2509
4001-5000	15	0.0411	71405	0.2626
5001-10000	31	0.0849	219913	0.8088
10001 and above	41	0.1123	24446660	89.9076
Total	36,496	100	27190884	100

Dematerialization of shares and liquidity

The Company's shares are available for dematerialization on both the depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). As on March 31, 2023, 26,970,012 (99.19%) shares of the Company were in Dematerialized form. Demat ISIN No. of the Equity Shares of the Company is: INE782A01015.

Outstanding Financial Instruments which have an impact on Equity

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

Plant Location

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

Addresses for Correspondence

Company:

Johnson Controls-Hitachi Air Conditioning India Limited.

9th Floor, Abhijeet-1, Mithakhali Six Roads, Ahmedabad: 380 006 Ph.: 079-26402024

Registrars and Share Transfer Agent:

Link Intime India Pvt. Ltd

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

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

Declaration under Code of Conduct:

To the Shareholders of

Johnson Controls-Hitachi Air Conditioning India Limited

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

For Johnson Controls-Hitachi Air Conditioning India Limited

Gurmeet Singh

Chairman and Managing Director

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

We have examined the compliance of the conditions of Corporate Governance by Johnson Controls-Hitachi Air Conditioning India Limited ("the Company"), for the year ended on March 31, 2023, as stipulated in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause and applicable Regulations. It is neither an audit nor an expression of the 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 and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) 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 M. C. Gupta & Co.
Company Secretaries
UCN: S1986GJ003400

Mahesh C Gupta
Proprietor
FCS: 2047 (CP: 1028)
Peer Review: 579/2019
UDIN: F002047E000678899

Place: Ahmedabad

Date: July 26, 2023

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURE

I. Details of the Company

1	Corporate Identity Number (CIN) of the Listed Entity	L29300GJ1984PLC007470
2	Name of the Listed Entity	Johnson Controls-Hitachi Air Conditioning India Limited (referred as 'JCH-IN' or 'the Company')
3	Year of incorporation	1984
4	Registered Office address	9th Floor, Abhijeet-1, Mithakhali Six Roads, Ahmedabad: 380006, Gujarat
5	Corporate address	Hitachi Complex, Village Karan Nagar, Taluka Kadi - 384 440, Dist. Mehsana, Gujarat
6	E-mail	hitachi@jci-hitachi.com
7	Telephone	079-26402024
8	Website	https://www.hitachiaircon.com/in/about
9	Financial year for which reporting is being done	April 1, 2022 to March 31, 2023
10	Name of the Stock Exchange(s) where shares are listed	BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)
11	Paid-up Capital	₹ 271.9 Million
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Roopesh Jain – DVP – Legal & Secretarial Ph. 079-26402024 Mail: hitachi@jci-hitachi.com
13	Reporting boundary	Disclosures made in this report are on a standalone basis. As JCH-IN is a part of Johnson Controls, Inc., USA (JCI Group), several sustainability related policies framed by JCI Group have been adopted by us.

II. Products/services

14 Details of business activities (accounting for 90% of the turnover)

Sr	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacture of Air Conditioners	Manufacturing and Trading (including after sales Services) of Air conditioners for residential and commercial use.	97

15 Products/Services sold by the entity (accounting for 90% of the entity's Turnover)

Sr	Product/Service	NIC Code	% of Total Turnover contributed
1	JCH-IN is engaged in the manufacturing and trading of Air conditioners under the brand name Hitachi. Company is also engaged in providing after sales services of the products so manufactured and sold by it.	28192	97

III. Operations

16 Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices			Total
		(Regional Offices)	Branch Offices	Engineering Excellence Center	
National	1	4	18	4	27
International	Nil	Nil	Nil	Nil	Nil

17 Markets served by the entity**a. Number of locations**

Locations	Number
National (Number of States)	28 States and 8 Union territories
International (No. of Countries)	15

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Export contribution in total turnover is 5%.

c. A brief on types of customers:

1. Individual Customers (B2C).
2. Corporate customers (B2B) including Shops, Offices, Corporate Buildings, Builders, Banks, Telecom Infra Companies, Hospitals, Malls, etc.
3. Public Sector undertakings, Government/Semi Government offices, etc.

IV. Employees**18 Details as at the end of Financial Year:****a. Employees and workers (including differently abled):**

Sr.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	746	662	89%	84	11%
2.	Other than Permanent (E)	1052	978	93%	74	7%
3.	Total employees (D+ E)	1798	1640	91.2%	158	8.8%
WORKERS						
4.	Permanent (F)	615	615	100%	0%	0%
5.	Other than Permanent (G)	1111	901	81%	210	19%
6.	Total workers (F + G)	1726	1516	88%	210	12%

b. Differently abled Employees and workers:

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	3	3	100%	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D + E)	3	3	100%	-	-
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	8	8	100%	-	-
5.	Other than permanent (G)	-	-	-	-	-
6.	Total differently abled workers (F + G)	8	8	100%	-	-

19 Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	6	1	17%
Key Management Personnel*	2	0	Nil

*Other than member of Board of Directors

20 Turnover rate for permanent employees and workers

	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	22.8%	25%	23.1%	17%	24%	17%	12%	15%	12%
Permanent Workers	0.81%	-	0.81%	0.33%	-	0.33%	-	-	-

V. Holding, Subsidiary and Associate Companies (including joint ventures)
21 Details as at the end of March 31, 2023:

Sr.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding / Subsidiary / Associate / Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility and Sustainability initiatives of the listed entity? (Yes / No)
1	JCHAC India Holdco Ltd.	Holding Company	74.25%	No

VI. CSR details
22 CSR details

- (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes
- (ii) Turnover: ₹ 23964 Million
- (iii) Net worth (in ₹): ₹ 6592 Million

VII. Transparency and Disclosures Compliances
23 Complaints / grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC)

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	Nil	Nil	Nil	Nil	Nil	Nil
		http://www.johnsoncontrolsintegrityhelpline.com/					
Investors (other than shareholder)		There is no Investor other than shareholder					
Shareholders	Yes	3	Nil	-	1	Nil	-
		https://buy.hitachiaircon.in/content/investors					
Employees and workers	Yes	25	8	-	20	1	-
		http://www.johnsoncontrolsintegrityhelpline.com/					
Customers Service	Yes	734,278	2,573	Complaints received in Customer Care Centre	524,641	5,304	Complaints received in Customer Care Centre
		https://www.hitachiaircon.com/in/contact-us					
Value Chain Partners	Yes	Nil	Nil	-	Nil	Nil	-
		http://www.johnsoncontrolsintegrityhelpline.com/					

24 Overview of the entity's material responsible business conduct issues

Sr.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Power consumption - Star rating	Opportunity	With state of the art design and development capabilities, Company can produce energy efficient products	-	Positive Energy efficient products are increasingly being preferred by consumers
2	Power consumption - Star rating	Risk	Government continues to revise rating parameters (Energy Efficiency Ratio) upwards	Company has adequate research and development capabilities to cater to technological upgradation requirements	Negative Cost implications in terms of continuous design and development and technological upgradation requirements
3	Low Penetration	Opportunity	India has a tropical climate and with rising temperatures, without air conditioning, there are productivity losses	-	Positive With increase in sales, it will generate more revenue for the company
4	Use of Refrigerants Gases	Risk	Certain refrigerants used are identified as Ozone Depleting	Company is continuously working on developing products which use non-ODS refrigerants	Negative There are technological upgradation costs and also non-ODS refrigerants are costlier
46	5 Responsibility / obligations under various environmental laws	Risk	Air Conditioners and Refrigerators become E-Waste at the end of their useful life. Also, Plastic used for packaging purposes need to be recycled under Extended producer Responsibility obligations Water usage at the manufacturing site Generation of Hazardous waste during manufacturing process	Engaging with Producer Responsibility Organisations (PRO) / Recyclers for collection and channelization of E-waste / Plastic Waste Implementation of Water Conservation initiatives ZERO landfill	Negative Recycling costs Infrastructure Development costs Disposal Costs
6	Automation of processes	Opportunity	In various processes, automation reduces errors and helps in accuracy of data and process.	Considering the cost and benefit analysis and payback period, Company continues to make investments in Automation of process.	Positive
7	Health and Safety	Risk	Company is providing training to employees and workers for Health and Safety which helps in reducing accidents.	Company has framed policies for Health and Safety which are to be complied with by all employees including workers. Relevant insurance has also been taken by Company	Negative Requires incurring costs on regular and continuous monitoring of compliance of Health and Safety related norms framed by Company.

Sr.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
8	Human capital	Opportunity	Human assets play a key role in seamless driving of operations in today's ever-evolving business environment.	Company's focus is on providing its people a work environment that welcomes diversity, nurtures positive relationships, provides challenging work assignments and provides opportunities based on meritocracy for people to grow and build their careers with Company, in line with their aspirations.	Positive
9	Customer Satisfaction towards products quality	Opportunity	Changing lifestyles of Indian consumers have created a growing need for accessible and convenient products that improve comfort level of customers. Increased affordability, a focus on energy efficiency, digital penetration, and rising aspirations are driving Indian Air Conditioning industry's growth.	Company is continuously working on product innovation to meet the demand for better quality, feature rich and energy efficient products.	Positive
10	DE&I	Opportunity	Diversity, Equity and Inclusion empowers every employee to take an active role in creating a culture that values uniqueness, celebrates creativity and drives innovation.	Company's inclusive culture drives the right mindsets and behaviors, unlock engagement, accelerate productivity and foster innovation, leading to exceptional outcomes.	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Following nine (9) principles are prescribed under 'The National Guidelines for Responsible Business Conduct (NGRBC)' by the Ministry of Corporate Affairs:

Principle 1	Ethics	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
Principle 2	Safe and sustainable Products	Businesses should provide goods and services in a manner that is sustainable and safe
Principle 3	Human Resources	Businesses should respect and promote the well-being of all employees, including those in their value chains
Principle 4	Stakeholder concerns	Businesses should respect the interests of and be responsive towards all its stakeholders
Principle 5	Human rights	Businesses should respect and promote human rights
Principle 6	Environment	Businesses should respect, protect and make efforts to restore the environment
Principle 7	Transparency in business influencing public	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
Principle 8	Business growth and development	Businesses should promote inclusive growth and equitable development
Principle 9	Consumer engagement	Businesses should engage with and provide value to their consumers in a responsible manner

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity’s policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/ No)	All policies have been approved by Board.								
c. Web Link of the Policies, if available	Policies are available on: https://buy.hitachiaircon.in/content/investors								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Various SOPs are in place to comply with Principles for responsible business conduct.								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes								
4. Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Policies are in line with global / local standards and practices such as ISO 9001, ISO 14001, OHSAS 45001, NABL accreditation, BIS Certifications, etc.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	<ul style="list-style-type: none"> - To participate and contribute in initiatives of Parent Company (JCI) towards reduction of Carbon emissions. - Reduction of Energy consumption in operations – continuous process - Producing Energy efficient products –continuous process - Under its DE&I initiative - To increase participation of women in business operations. - To continue to contribute towards Social welfare measures (CSR). 								
6. Performance of the entity against the specific commitments, goals and targets alongwith reasons in case the same are not met.	<ul style="list-style-type: none"> - Company has transitioned the Inverter Room AC models to low GWP R32 refrigerant, and now most of the Room AC range is offered in R32. - Under DE&I initiative, in Financial year 2022-23, 11.3% are female employees were employed as against 9.2% in 2021-22. - Amount of ₹ 11.2 Million spent towards Corporate Social Responsibility. 								
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility and sustainability report, highlighting ESG related challenges, targets and achievements	<p>Sustainability creates long term benefits to Customers, Vendors, Employees, Investors and Society at large. Sustainable way of doing business has become our priority. We always think of augmenting the experience of all our stakeholders including Consumers, Channel Partners, Vendors, Service Providers and Employees in dealings with us and/or while using our products and/or services. We have taken various sustainability initiatives so as to contribute for a better world.</p> <p>We follow Environment related regulations in true letter and spirit. In January, 2021, (our Parent Company) announced ambitious new sustainability commitments that outline JCI’s priority to make positive changes in reducing JCI’s environmental footprint. Building on JCI’s history of sustainability leadership, JCI is committed to achieve net zero carbon emissions before 2040 and JCI has announced science-based targets for 2030, which we are following. JCI is elevating sustainability as a key performance metric for preferred suppliers while also launching a supplier cohort training initiative to cut supplier emissions.</p> <p>To give back to society, there are several projects on which Company is spending as per its Corporate Social Responsibility (CSR) obligation which includes, Health, Sanitation, Education, Vocational training, etc. and the Company will continue to spend on Corporate Social Responsibility in coming years also.</p> <p>Under Diversity, Equity and Inclusion (DE&I) Program, we are committed to shape a diverse and inclusive team that will help us to continue to attract the best talent and drive best in-class performance of our offerings. We are committed to increase the representation of women employees in coming years.</p> <p>Sustainability is a journey not a goal. Though, we still have a lot to do in coming years, this is not new for us. We trust that sustainability is where we came from. We are firmly committed to continue building a world that’s safe, comfortable and sustainable.</p>								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Managing Director								
9. Does the entity have a specified Committee of the Board / Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. Board has formed an ESG Committee to make decision on sustainability related issues.								

10. Details of Review of NGRBCs by the Company:

Subject for review	Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	As a practice, BRSR policies of the Company are reviewed periodically or on need basis by department heads, business heads and executive directors. During this assessment, the efficacy of the policies are reviewed and necessary changes, if required, to policies and procedures are implemented.																	
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	Company is in compliance with the extant regulations as applicable.																	

	P1	P2	P3	P4	P5	P6	P7	P8	P9
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	As of now, the processes and compliances are subject to review by internal auditors, HR, Legal and Compliance functions.								

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated: Not applicable.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programs on any of the Principles during the financial year:

Segment	Total number of training and awareness program held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by the awareness Program
Board of Directors (Non-Independent Directors)	5	<ul style="list-style-type: none"> Code of Conduct Anti-bribery and anti-corruption Prevention of Sexual Harassment Diversity, Equity and inclusion Health and Safety 	100%
Key Managerial Personnel	5	<ul style="list-style-type: none"> Code of Conduct Anti-bribery and anti-corruption Prevention of Sexual Harassment Diversity, Equity and inclusion Health and Safety 	100%
Employees other than Board of Directors and KMPs	5	<ul style="list-style-type: none"> Code of Conduct Anti-bribery and anti-corruption Prevention of Sexual Harassment Diversity, Equity and inclusion Health and Safety 	100%
Workers	3	<ul style="list-style-type: none"> Code of Conduct Prevention of Sexual Harassment Health and Safety 	100%

2. Details of fines / penalties / punishment / award / compounding fees / settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators / law enforcement agencies / judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

	Monetary		Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
	NGRBC Principle	Name of the Regu-latory/ enforce-ment agencies/ judicial institutions			
Penalty/ Fine					
Settlement		No such incident			
Compounding Fee					
Non-Monetary					
Imprisonment					
Punishment		No such incident			

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Not applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes.

According to Ethics policy followed by Company, the Value of keeping Integrity First strengthens Company's reputation as a trustworthy and reliable business partner. Company does not believe in "buying" business, nor dealing with those who encourage or tolerate corrupt practices. Corruption harms communities, distorts the marketplace and makes it harder for everyone to do business. Regardless of local customs or the practices of other companies, the Company resists corruption in all its forms. Company avoids even the appearance of acting improperly, whether dealing with government officials or private enterprise.

Company vigorously opposes bribery and other forms of corruption by:

- Never offering, promising or giving anything of value to a government official or anyone else in order to gain a business advantage.
- Refusing to accept bribes or kickbacks and notifying the Compliance Department if they are offered.
- Keeping accurate and complete records so that all payments are honestly detailed and Company funds are not used for unlawful purposes.
- Conducting appropriate due diligence on all its high risk third-party service providers / consultants.
- Not using an agent or other third party to make improper payments that Company would not make itself.
- Following Third Party Travel, Gifts and Entertainment Policy and Anti-Corruption Policy diligently.
- Reporting any concern about a potentially improper payment.

Website link: <https://buy.hitachiaircon.in/cms/materials/0b0376ec04.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directors / KMPs / Employees / Workers	No such incident	No such incident

6. Details of complaints with regard to conflict of interest:

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Number of complaints received in relation to issues of Conflict of Interest of the Directors / KMPs	No such incident	No such incident

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not applicable.

Leadership Indicators

1. Awareness program conducted for value chain partners on any of the Principles during the financial year:

Channel Partners and Vendors are made aware of the Company's Ethics Policy and Integrity Helpline through agreements, due diligence processes and mandatory declarations.

Said Ethics policy is placed in public domain and is accessible to all value chain partners. Link for the same is <https://buy.hitachiaircon.in/cms/materials/0b0376ec04.pdf>

For raising their concerns or whistle blower complaints Company provides various options to its Value Chain Partners viz, through Vigil Mechanism <https://buy.hitachiaircon.in/cms/materials/c8d657bdb1.pdf> and also through its global integrity helpline <http://www.johnsoncontrolsintegrityhelpline.com/>, besides the option for reaching out to Procurement, Manufacturing and Sales leadership.

Total number of programs held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programs
		Nil

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes.

A conflict of interest exists whenever social or family relationships, activities outside of work, financial investments or other personal interests are at risk of interfering with our ability to make unbiased decisions on behalf of the Company. Board Members must be careful to avoid even the appearance of a conflict of interest.

On annual basis, each Board Member of the Company submits an Annual declaration with the Company in this regard.

Besides this, the Ethics Policy / Code of Conduct requires all employees including Board members to disclose their Conflict of Interest for a perspective transaction. In case, it is found that any person has failed to disclose his conflict of interest, strict disciplinary action is taken against him irrespective of his position / hierarchy

JCI (Our Parent Company) has featured amongst World's most ethical companies for 16 consecutive years and we follow all the ethical policies, processes and code of conduct in line with global policies.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year	Details of improvements in environmental and social impacts
R & D	60%	59.7%	Migration to R32 refrigerant for RAC, Digital Manuals, Future ready for Energy rating enhancements
Capex	Nil	Nil	-

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

No. However, majority of the materials sourced are complying with RoHS requirements. Company is purchasing Plastic packaging materials as per norms prescribed under the extant Plastic Waste (Management and Handling) Rules.

b. If yes, what percentage of inputs were sourced sustainably?

Not Applicable

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

- a. Plastic waste: Company is complying with extant Plastic Waste (Management and Handling) Rules including using minimum micron Plastic. Company is also complying with Extended Producer Responsibility requirements under said Rules. Besides, company is exploring use of compostable and other non-polluting plastics for packaging purposes. The plastic parts which are part of product are channelized as E-waste and are recycled in an Environment Friendly manner.
- b. E-Waste: Company has made arrangements to channelize end of life products through registered Recyclers.
- c. Hazardous Waste: Company is complying with the norms and ensuring that there is Zero Landfill

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes.

E-Waste: Extended Producer Responsibility (EPR) is applicable to the Company's products - Air Conditioners and Refrigerators. Waste collection plan of the Company are in line with the EPR plan submitted with Central Pollution Control Board.

Plastic Waste: EPR is applicable to plastic packaging. Company complies with EPR requirement under Plastic Waste Management Rules in line with EPR plan submitted with Central Pollution Control Board.

Leadership Indicators**1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

No

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the life Cycle Perspective / Assessment was conducted	Whether conducted by independent External agency (Yes / No)	Results communicated in public domain (Yes / No) If yes, provide the web-link
Not applicable					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product/ Service	Description of risk / concern	Action taken
Air Conditioners	HCFC (Refrigerant) Gas used in the Air Conditioners	Using different Refrigerant Earlier we were manufacturing several products which used the refrigeration R22 which was an ODS and had a high GWP. Now, we have shifted to R32 technology and majority of our products are using R410A and R32, both of which have low GWP than R22. We are in the process to shift all our new production to Green Refrigerants in FY 2023-24
Air Conditioners and Refrigerators	At end of their useful life, both are categorized as E-waste. Also, the plastic used in the packaging is also an environmental concern	We are complying with Extended Producer Responsibility regulations for both E-waste and plastic waste

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
	Nil	Nil

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2022-23 Current Financial Year			FY 2021-22		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastic (Including packaging)	Not reclaimed	Nil	Nil	Nil	Nil	Nil
E-Waste	Not reclaimed	6254.35 MT	Nil	Nil	3541.80 MT	Nil
Hazardous Waste	Not reclaimed	Nil	Nil	Nil	Nil	Nil
Other Waste	Not reclaimed	Nil	Nil	Nil	Nil	Nil

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Nil	

Considering the nature of product, it is not feasible and practical to reclaim back the product and packaging material. We ensure that our spare parts are freely available and also the products are compatible with parts used by other companies.

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	662	662	100%	662	100%	-	-	-	-	-	-
Female	84	84	100%	84	100%	84	100%	-	-	49	58%
Total	746	746	100%	746	100%	84	100%	-	-	49	58%
Other than Permanent employees											
Male	978	978	100%	978	100%	-	-	-	-	-	-
Female	74	74	100%	74	100%	74	100%	-	-	13	18%
Total	1052	1052	100%	1052	100%	74	100%	-	-	13	18%

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity benefits		Day Care Facilities	
	Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)	
Permanent workers											
Male	615	615	100%	615	100%	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	615	615	100%	615	100%	-	-	-	-	-	-
Other than Permanent workers											
Male	901	901	100%	901	100%	-	-	-	-	-	-
Female	210	210	100%	210	100%	210	100%	-	-	210	100%
Total	1,111	1,111	100%	1,111	100%	210	100%	-	-	210	100%

2. Details of retirement benefits, for Current FY and Previous Financial Year

Benefits	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	No of employees covered as a % of total employees	No of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/NA)	No of employees covered as a % of total employees	No of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/NA)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	0%	0.3%	Y	0%	0.3%	Y
Others – please specify	-	-	-	-	-	-

3. Accessibility of workplaces : Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Company has provided Lift Facilities and ramps at its Works & Head office at Kadi to make it accessible for differently abled employees and workers. Majority of our branches / sales offices are in business centres which have elevators and ramps and are accessible for differently-abled employees. Company continues to identify areas to improve accessibility of its work places for Disabled people.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes. As per our ethics policy, we base employment decisions on qualifications, aspirations and performance, never on prejudice or bias. Giving everyone a fair chance is the right thing to do. We won't tolerate discrimination on the basis of race, color, religion, national origin, gender, pregnancy, age, disability, sexual orientation, gender identity, marital status, military service or any other status protected by law. Through its Diversity, Equity and Inclusion (DE&I) initiative, the company has the goal to enhance the employability of people with disabilities. Weblink to policy - <https://buy.hitachiaircon.in/cms/materials/0b0376ec04.pdf>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	NA	NA	NA	NA
Female	100%	100%	NA	NA
Total	-	-	-	-

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief

Yes

The Integrity Helpline is a tool that allows people (including employees and Workers) to report concerns anonymously, if they choose. Once a person reports a concern, he or she can correspond anonymously with the assigned investigator through the Helpline. This open line of communication during the investigation often helps speed up the investigation process and makes it more thorough.

The Integrity Helpline allows reporters to receive email notifications as the investigations team looks into the concern. Reporters choosing to receive notifications will be asked to provide an email address to receive communications. An independent third party protects the identity of the email address provided, and does not share the address with Johnson Controls. Also identities of reporters are kept strictly confidential and there is a strict 'No Retaliation Policy' with respect to concerns raised in good faith.

Categories	Mechanism
Permanent Workers	Anyone including employees and workers both permanent and contractual can report an incident via the Integrity Helpline online link or by calling the Integrity Helpline local number. Integrity Helpline - http://www.johnsoncontrolsintegrityhelpline.com/ Contact Nos.: 000-800-100-7127, 033-7127-9005 For workers, suggestion boxes are also placed at various convenient places.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total employees / workers in respective category (A)	No of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	746	-	-	802	-	-
Male	662	-	-	728	-	-
Female	84	-	-	74	-	-
Total Permanent Workers	615	615	100%	625	625	100%
Male	615	615	100%	625	625	100%
Female	-	-	-	-	-	-

8. Details of training given to employees and workers

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	On Health and safety measures	On Skill upgradation	Total (D)	On Health and safety measures	On Skill upgradation
Employees						
Male	662	662	662	728	728	728
Female	84	84	84	74	74	74
Total	746	746	746	802	802	802
Workers						
Male	615	615	615	625	625	625
Female	-	-	-	-	-	-
Total	615	615	615	625	625	625

9. Details of performance and career development reviews of employees and worker

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	662	662	100%	728	728	100%
Female	84	84	100%	74	74	100%
Workers						
Male	615	615	100%	625	625	100%
Female	-	-	-	-	-	-

10. Health and safety management system:**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Yes.

JCH-IN has implemented Occupational Health & Safety Management System which is being managed and supervised by EHS Team.

The H&S Management system covers following areas of work.

- Workplace Monitoring
- Workplace Safety Management
- Industrial Hygiene study
- Health & Safety Campaigns
- Fire Safety Management
- Periodic Occupational Health Testing/ Check-Ups.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Each process / operation taking place in JCH-IN Plant is assessed with respect to Health & Safety through various Risk Assessment methodologies and tools. Risk Assessment of respective processes is reviewed at least once in an year and also as and when any changes or any incident happens in that particular process.

Moreover, for new equipment installation / process change or any additional work other than routine work there is a system of MOC (Management of Change) in which process is reviewed by EHS Team and CFT (Cross Functional Team) thoroughly for any EHS related aspects, if any, before commencing such installation / process / activity or implementing any change.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

JCH-IN does have various methods to record / report work related hazards which covers bottom level worker to top leaders of the organization.

For Example:

- EHS suggestion box
- QR Code system for reporting unsafe condition and unsafe act.
- Safety Workshops
- Daily EHS Safety Patrol
- Weekly Safety Gemba Walk led by Plant Manager, HODs and Section Managers
- Circulation of safety related messages on Whats App groups "Safety Warriors"
- Elimination of Identified Hazard: Once Hazard is identified it is communicated to concerned department and is thereafter monitored for timely closure by EHS through regular 1:1 follow ups, through emails and during PCC review meetings.
- Integrity Helpline

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes. Healthcare services are made available to all workers and employees both permanent and contractual in factory during working hours irrespective of nature of health concern. All Employees and Workers both permanent and contractual are covered under ESI and/or Group Medclaim / Personal Accident Policies.

11. Details of safety related incidents, in the following format:

Safety Incident / Number	Category	FY 2022-23	FY 2021-22
		Current Financial Year	Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	0.37	0.65
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	4	4
No. of fatalities	Employees	Nil	Nil
	Workers	Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	Nil	Nil

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Following measures have already been implemented and being followed.

1. Compliance to Global and regional EHS policy
2. PPE rules and availability of standard PPEs to every worker/employee on FOC basis
3. Worker/Employee trainings and awareness programs
4. Daily EHS safety patrol and weekly Safety Gemba walk led by Plant Manager, HODs and other section managers.
5. Hazard Identification & Risk Assessment system and timely closure of Identified hazards
6. Safety Suggestions system
7. Regular Safety Workshops
8. EHS related event celebrations. i.e. National Safety Week, Zero Harm Week etc.
9. Periodic EHS committee meetings
10. Change management – MOC
11. Reward and Recognition system
12. Safety incident reporting to management and sharing lessons learnt from safety incidents occurring in other JCI locations and happening in external world with workers, employees and after sales service providing vendors

13. Number of Complaints on the following made by employees and workers

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health Safety	Nil	Nil	Nil	Nil	Nil	Nil

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditioners	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions Details required from EHS

It's a continuous process.

Leadership Indicators**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

Employee: Yes, In the event of accidental death of an employee, the family gets an amount equal to 3 times his/her gross annual salary. For death due to any other reason, the family gets an amount equal to 2 times his/her gross annual salary.

Workers: Yes, In the event of accidental death of a worker, the family gets an amount equal to 3 times his/her gross annual salary. For death due to any other reason, the family gets an amount equal to 2 times his/her gross annual salary.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

As per the prevailing processes adopted by the company, the invoices of manpower suppliers and of those service providers which provide labour services at our facilities, are processed only after they submit proof of having deposited their statutory dues viz., PF and ESI etc. In various other cases, declarations are sought. The agreements with all the vendors obligate them to deposit statutory dues.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees / workers		No. of employees / workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No. Company do not have a formal program of such a nature.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Not assessed
Working Conditions	Not assessed

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**Essential Indicators****1. Describe the processes for identifying key stakeholder groups of the entity.**

The company has identified following groups as key stakeholders through a stakeholder mapping exercise:

- Shareholders including Promoters
- Customers
- Dealers / Sales Channel partners.
- Service Franchisees / After Sales Service providing partners
- Raw material Suppliers
- Employees including contract workers
- Financial Institutions
- Other service providers
- Government

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Email, SMS, Newspaper, Website	Ongoing	Feedback and Product Offerings
Dealers / Channel partners	No	Email, SMS, Pamphlets, Community Meetings, Website, Personal visits	Ongoing	Resolving concerns, Budget and Targets
Service Franchisees	No	Email, SMS, Pamphlets, Personal visits	Ongoing	Resolving concerns, Budget and Targets
Suppliers	No	Email, SMS, Community Meetings,	Ongoing	Resolving concerns, Quality controls, Price Negotiations
Shareholders	No	Email, SMS, Newspaper, Website	Ongoing	Notice of General Meetings, E-voting instructions, Financials and Annual Report
Employees	No	Email, SMS, Meetings, Notice Board, Website, Intranet	Ongoing	Regular communication through various modes

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Process owners like HR Head, Manufacturing Head, Operations Head, Legal Head and CFO take part in Audit Committee Meetings and Board Meetings and provide feedback to the Board on matters of concern with respect to economic, social and environmental matters.

For social matters, CSR team periodically engages with natives of nearby villages through their respective village heads with respect to their requirements and issues faced by them and based on their analysis of such issues and requirements, CSR Team makes suggestions to Board for undertaking CSR activities.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

After consultation with stakeholders in the vicinity of company’s manufacturing unit, Company has received following inputs:

- a. Lack of specialist medical facilities for villagers.
- b. Women hygiene issues explained by ASHA workers.
- c. Inputs on facilities at schools by village panchayats and primary school principals.
- d. Input from local authorities about employment.

These consultations were used to plan CSR activities.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

After receipt of inputs as mentioned in above clause 2, Company has projected CSR activities with the approval of CSR Committee and Board of Directors:

- a. For lack of specialist medical facilities for villagers, Company has provided medical specialist to local PHC along with ambulance.
- b. With respect to Women hygiene input by ASHA workers Company has started sanitary napkin unit to provide free sanitary napkins to around 8000 rural girls and women.
- c. After receipt of inputs by village panchayats and primary school principals Company has constructed new fully furnished classrooms for primary schools.
- d. With respect to input from local authorities about employment, Company has entered into MOU with local ITI for training school / college dropout youth in AC repair and maintenance.

PRINCIPLE 5 Businesses should respect and promote human rights**Essential Indicators**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. of Employees / workers covered (B)	% (B / A)	Total (C)	No. of Employees / workers covered (D)	% (D / C)
Employees						
Permanent	746	746	100%	802	802	100%
Other than permanent	1,052	-	-	1,366	-	-
Total employees	1,798	746	41.5%	2,168	802	37.0%
Workers						
Permanent	615	615	100%	625	625	100%
Other than permanent	1,111	1,111	100%	1,444	1,444	100%
Total workers	1,726	1,726	100%	2,069	2,069	100%

2. Details of minimum wages paid to employees and workers in the following format:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	%(B/A)	No. (C)	%(C/A)		No. (E)	%(E/D)	No. (F)	%(F/D)
Employees										
Permanent	746	-	-	746	100%	802	-	-	802	100%
Male	662	-	-	662	100%	728	-	-	728	100%
Female	84	-	-	84	100%	74	-	-	74	100%
Other than permanent	1,052	-	-	1,052	100%	1,366	-	-	1,366	100%
Male	978	-	-	978	100%	1,252	-	-	1,252	100%
Female	74	-	-	74	100%	114	-	-	114	100%
Workers										
Permanent	615	-	-	615	100%	625	-	-	625	100%
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Other than permanent	1,111	-	-	1,111	100%	1,444	-	-	1,444	100%
Male	901	-	-	901	100%	1,224	-	-	1,224	100%
Female	210	-	-	210	100%	220	-	-	220	100%

3. Details of remuneration/salary/wages, in the following format

	Male		Female	
	Number	Median (Monthly) remuneration / salary / wages of respective category (in ₹ Million)	Number	Median remuneration / salary / wages of respective category (in ₹ Million)
Board of Directors (BoD)	1	2.7	-	-
KMP	2	0.7	-	-
Employees other than BoD and KMP	659	0.2	84	0.1
Workers	615	0.04	-	-

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the Ethics Policy and the Integrity Helpline addresses this aspect. 'Speak Up' campaigns and communications are made to encourage employees / stakeholders to report concerns regarding human rights. Besides, such concerns can also be reported to respective supervisors, HR and Legal.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Johnson Controls, Company's parent entity, continually strives to uphold human rights principles throughout its operations worldwide. A Human Rights Policy is in place. Supervisors are responsible for helping their team members comply with this policy.

Employees are expected to comply with the policy, and submit their questions or concerns to supervisory staff or to members of HR and Legal.

Employees are also encouraged to raise any issues and concerns through Integrity Helpline for investigation at: www.johnsoncontrolsintegrityhelpline.com. To give confidence, employees/workers also have the options to raise concerns anonymously.

6. Number of Complaints on the following made by employees and workers

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual harassment	1	0		1	0	
Discrimination at workplace	1	0	-	-	-	-
Child labor	-	-	-	-	-	-
Forced labor / involuntary labor	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Company has a strict 'No Retaliation' policy for concerns raised in good faith. Confidentiality of concerns raised is maintained and anonymity is respected. 'Speak Up' culture is promoted across the organisation to report matters of concern.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. In all the agreements with third parties, there are clauses relating to compliance with Ethics Policy of the Company which need to be agreed by the other Party. Upholding of Human Rights is one of the basic tenets of our Ethics Policy

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labor	No assessment was carried out in manufacturing plant and/or any office on Child Labour, Sexual Harassment, Discrimination, Wages etc. either on its own or through any third party. However, in JCH-IN there is Zero tolerance towards any such kind of issues. JCH-IN strictly adheres to Ethics Policy which gives mandatory guidelines for welfare and upholding of human rights of its workers and employees.
Forced / involuntary labor	
Sexual harassment	
Discrimination at workplace	
Wages	
Others - Social Security, Medical Facilities, Non-monetary Benefits to employees / workers	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not Applicable

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

There was no such instance.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

As such no due diligence was carried out by any third party. There are internal controls to ensure that no human rights violations happen in the organisation and of contractual staff who works outside the company's premises

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, it is accessible. We continue to work and improve the accessibility.

4. Details on assessment of value chain partners

In Agreement with Value Chain partners, the clauses regarding below points are covered. However, assessment of value chain partners has not been done.

	% of value chain partners (by value of business done with such partners) that were assessed
Child labor	-
Forced / involuntary labor	-
Sexual harassment	-
Discrimination at workplace	-
Wages	-
Others - please specify	-

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above

Not applicable as no assessment Value Chain Partners on such parameters was done.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment**Essential Indicators****1. Details of total energy consumption (in Gigajoules) and energy intensity :**

	FY 2022-23 Current Financial Year (In Gigajoules)	FY 2021-22 Previous Financial Year (In Gigajoules)
Total electricity consumption (A)	69,626	63,321
Total fuel consumption (B)	21,375	19,520
Energy consumption through other sources (C)	-	-
Total energy consumption (A+B+C)	91,001	82,841
Energy intensity per rupee of turnover (Total energy consumption / turnover in rupees)	3.79*10 ⁻⁶	2.92 X 10 ⁻⁶

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No. We are not Designated Consumer under Performance, Achieve and Trade Scheme.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Water withdrawal by source (in Kiloliters)		
(i) Surface water	NA	NA
(ii) Groundwater	83,326	21,935
(iii) Third party water	NA	56,578
(iv) Seawater / desalinated water	NA	NA
(v) Others	NA	NA
Total volume of Water withdrawal (in Kilolitres)	83,326	78,513
Total volume of water consumption (in Kilolitres)	83,326	78,513
Water intensity per rupee of turnover (Water consumed / turnover)	3.40 X 10 ⁻⁵	3.62 X 10 ⁻⁶

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

The water drawn is used for industrial and domestic purposes. After usage, the water is treated in ETP/STP and such treated water is used for Gardening to ensure that there is no external discharge. It is ensured that no quantity of water is allowed to run off outside factory premises or discharged in streams.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
NOx	mg/Nm ³	11	13
Sox	mg/Nm ³	7	8
Particulate matter (PM)	mg/Nm ³	55	62
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others - please specify	NA	NA	NA

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Total scope 1 emissions (Break-up of the GHG GH into CO ₂ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tons of CO ₂ equivalent	28617	28080
Total scope 2 emissions (Break-up of the GHG GH into CO ₂ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tons of CO ₂ equivalent	8515	7350
Total Scope 1 and Scope 2 emissions per rupee of turnover		1.55x10 ⁻⁶	1.63x10 ⁻⁶

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

It is important to conserve energy to reduce GHG emissions. JCH-IN is continuously working on energy conservation projects. JCH-IN team have constituted Energy Conservation Team at plant level in which Environment (EHS), Utility, Maintenance & Continuous Improvement (CI) team is taken as permanent members while operators of different operations have been taken as non-permanent members. In total every year JCH-IN team conducts almost 7-10 different energy conservation projects which contributes to Electricity, Fuel savings. We also identify opportunities to convert / shift our energy requirements from fossil fuel to renewable energy sources. As of today, 56.76% of our energy requirements for production purposes are met through renewable sources.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 Current Financial Year (in MT)	FY 2021-22 Previous Financial Year (in MT)
Total Waste generated (in metric tons)		
Plastic waste (Pre Consumer) (A)	120.35	148.51
E-Waste (Pre Consumer) (B)	73.86	46.48
Construction and demolition waste (C)	Nil	Nil
Battery waste (D)	Nil	Nil
Radioactive waste (E)	Nil	Nil
Other Hazardous waste. Please specify, if any (G)		
Used Oil	2.31	6.93
Discarded Container	5.61	12.07
ETP Sludge	0.23	1.60
Waste Paint	0.69	0.86
Other non-hazardous waste generated (H) please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	Nil	Nil
Total (A+B+C+D+E+F+G+H)	203.05	216.45
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)		
Category of waste		
(i) Recycled		
Plastic Waste	1174.02*	148.51
Electronic Waste	6254.35*	3541.80*
(ii) Re-used	5.61	12.07
(iii) Other recovery options	0.23	1.60
Total	6260.19	3555.47
For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)		
Category of waste		
(i) Incineration	0.69	0.86
(ii) Landfilling	0.00	0.00
(iii) Other disposal operations	-	-
Total	0.69	0.86

*includes EPR obligations

JCH-IN is under an obligation (Extended Producer Responsibility Obligation) to channelize E-waste, generated by its customers owing to use of Room Air Conditioners and Refrigerators sold by it, towards environment friendly recycling. JCH-IN engages Recyclers / PRO's (Producer Responsibility Organisation) to ensure recycling of E-waste in an environment friendly manner. Similarly, beginning financial year 2022-23, JCH-IN is under an obligation to channelize Plastic Waste generated due to plastic material used in packaging and sold in the market.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

JCH-IN ensures that all kind of waste generated during the production process is disposed of in an environment friendly manner. The disposal of all kinds of wastes happens through recyclers and waste processors authorised by Pollution Control Board and/or other authorities as applicable.

JCH-IN ensures compliance with RoHS provisions to limit the use of hazardous substances in its products. It obtains certifications / test reports to this effect from all its vendors supplying raw material / components to be used in its products.

All kinds of waste is segregated at source and disposed off with the help of vendors specializing in the processing / recycling of the respective category of waste.

JCH-IN has adopted Waste Minimization Program which commences from reduction / prevention at Source, Reuse / Recycle, Energy Recovery, Treatment & Disposal. By adopting this methodology we have ensured ZERO WASTE TO THE LANDFILL and ensured minimal generation of waste which is required to be disposed off directly without being reused / recycled / used for energy recovery.

Communications to this effect are regularly made by EHS function to all the employees and workers from time to time to reinforce these practices at shop floor as well as in office areas. They are also encouraged to share ideas for conservation of environment.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Sr.	Location of operations / offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not applicable			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA notification No.	Date	Whether conducted by independent external agency (Yes / No)	remove results communicated in public domain (Yes / No)	Relevant web link
Not applicable					

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes

Sr.	Specify the law / regulation /guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any,
Not applicable				

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23 Current Financial Year (In Gigajoules)	FY 2021-22 Previous Financial Year (In Gigajoules)
From renewable sources		
Total electricity consumption (A)	26,009	26,366
Total Fuel consumption(B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	26,009	26,366
From non-renewable sources		
Total electricity consumption (D)	43,617	36,955
Total Fuel consumption (E)	21,375	19,520
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	64,992	56,475

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Provide the following details related to water discharged:

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
(i) To Surface water		
- No treatment	NA	NA
- With treatment - Please specify level of treatment		
(ii) To Groundwater	NA	NA
- No treatment		
- With treatment - Please specify level of treatment		
(iii) To Seawater	NA	NA
- No treatment		
- With treatment - Please specify level of treatment		
(iv) Sent to third-parties	NA	NA
- No treatment		
- With treatment - Please specify level of treatment		
(v) Others	NA	NA
- No treatment		
- With treatment - Please specify level of treatment		
Total water discharged (in Kiloliters)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

NO

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

Not applicable. Neither our factory nor any of our offices withdraw, consume and discharge water in areas of water stress (areas which are categorized as Critical or Over Exploited by CGWB)

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Total scope 3 emissions (breakup of the GHG into CO ₂ , CH ₂ , N ₂ O, HFCs, PFCs, SF ₆ I have, NF ₃ , if available)	Metric tons of CO ₂ equivalent	-	-
Total scope 3 emissions per rupee of turnover	Metric tons of CO ₂ equivalent	-	-
Total scope 3 emission intensity (optional) - the relevant metric may be selected by the entity	Metric tons of CO ₂ equivalent	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No assessment has been carried out.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not applicable as none of the offices operate or operations are carried out in any ecologically sensitive areas

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr.	Initiative undertaken	Details of the initiative (web link, if any, may be provided along with summary)	Outcome of the initiative
1	Installation of Fuel Catalyst PNG Line	In process of manufacturing, Company use PNG (Piped natural gas) as a primary fuel for various applications of heating. Company has Installed FUEL CATALYST in PNG line which will help to improve the efficiency of PNG	Fuel saving by 5% ~12% along with reduction in Air Pollution and improvement in equipment life.
2	A part of BMS, Company has installed Air Conditioning monitoring device for PAC Air conditioners of office area	In phase 1 Company is going to manage switching of air conditioning in planned manner to avoid wastage of usage in non-office hours as well as on holidays	By doing this there will be around 67 K-Kwh savings in a year.
3	Installation of automatic lux based switching system in Plant Street Lighting.	This initiative will result in electricity savings due to reduction in lighting requirements	Company will save 6750 Kwh per annum.
4	Migration to R32 refrigerant for Room Air conditioner	This year Company has transitioned the Inverter RAC models to low GWP R32 refrigerant, and now most of the RAC range is offered in R32	The new R32 Inverter split range has an enhanced ISEER of 7% average Vs previous R410A baseline

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Johnson Controls Group is having Disaster Management Plan which is applicable to all subsidiaries.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Not applicable

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

No. Company is in process to assess the value chain partners with respect to environmental impacts.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

JCH-IN has Four affiliations with trade and Industry Chambers / Associations.

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

Sr.	Name of the Trade and Industry chambers / associations	Reach of Trade and Industry chambers/associations (State/National)
1	CEAMA	National
2	RAMA	National
3	CII	National
4	Gujarat Chamber of Commerce	State

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
There is no adverse order received from regulatory authorities with regard to any anti-competitive conduct.		

Leadership Indicators**1. Details of public policy positions advocated by the entity:**

Sr	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of review by Board (Annually / Half yearly / Quarterly / Others - please specify)	Web link, if available
No public policy is advocated by entity					

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development**Essential Indicators****1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year**

Name of brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes / No)	Relevant Web-link
No Social Impact Assessment of Projects undertaken by Company are done during the financial year					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Sr.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
There is no project for rehabilitation and resettlement undertaken by Company						

3. Describe the mechanisms to receive and redress grievances of the community.

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CSR Team has direct contact with all stakeholders in areas where CSR projects are being undertaken. Contact with village committees, PHC authorities, skill building trainers enables grievance, if any, to be noted and addressed.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directly sourced from MSMEs / Small producers	22%	28.5%
Sourced directly from within the district and neighboring districts	17%	21%

Leadership Indicators**1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
Nil	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Sr.	State	Aspirational District	Amount spent (In ₹)
Nil			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No

(b) From which marginalized /vulnerable groups do you procure?

Nil

(c) What percentage of total procurement (by value) does it constitute?

Nil

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Sr.	Intellectual Property based on traditional knowledge	Owned / Acquired (Yes / No)	Benefit shared (Yes / No)	Basis of calculating benefit share
		Nil		

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved

Name of authority	Brief of the Case	Corrective action taken
	Nil	

6. Details of beneficiaries of CSR Projects

Sr.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Augmentation of Primary Health Center -Karannagar	50000	100%
2	Sanitary napkin project	5000	100%
3	Skill development Construction workers (Electricians)	411	100%
4	Skill development Electricians- Kadi	80	100%
5	Skill development Electricians- AP	164	100%

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Consumers can submit their complaint through Phone on Call center, Whats App, Chat bot, letter, E-mail, Company's Application (Hitachi Customer Care App) etc.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and / or safe disposal	100%

3. Number of consumer complaints in respect of the following:

	FY 2022-23 Current Financial Year		Remarks	FY 2021-22 Previous Financial Year		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	-	-	Nil	-	-
Advertising	Nil	-	-	Nil	-	-
Delivery of essential services	Nil	-	-	Nil	-	-
Restrictive Trade Practices	Nil	-	-	Nil	-	-
Unfair Trade Practices	Nil	-	-	Nil	-	-
Other (Consumers)	117	305	Includes pending cases of previous years	66	257	Includes pending cases of previous years

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls		Nil
Forced recalls		Nil

5. Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes. <https://www.johnsoncontrols.com/cyber-solutions/practices>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

No such incident happened.

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Details of Products and services can be accessed from following Website: <https://www.hitachiaircon.com/in/about>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Company provides manual with its products to inform and educate consumer about safe and responsible usage of its products. Company has also uploaded such manuals on its website.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Consumers can reach out to Company through any of the modes provided to contact its Customer Care Centre in case of any risk of disruption / discontinuation of its products or services.

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4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.

Yes, the Products contain other than mandatory informations as well such as installation and maintenance manuals.

Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

No

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

There was no data breaches instance during the year.

b. Percentage of data breaches involving personally identifiable information of customers

Not applicable

Independent Auditor’s Report

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

Report on the Audit of the Financial Statements

Opinion

- 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, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
- 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, 2023, and total comprehensive loss (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key audit matters

- Key audit matters are those matters that, in our professional judgement, 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
<p>Assessment of Provision for warranty costs</p> <p>(Refer to Note 1 (r) and Note 35 to the financial statements)</p> <p>The Company provides warranty on sale of air conditioners and refrigerators to customers and recognizes provision for expected costs to fulfil the warranty obligation over the period of the warranty which ranges between 1 to 10 years.</p> <p>In accordance with the requirements of Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, the provision towards warranty obligation is estimated by the Company, primarily considering factors such as historical trend, average historical failure rate, estimation of expected pattern of future claims and estimated replacement cost. In the case of certain components covered under warranty, management’s internal technical experts are involved in the estimation of the probable outflow during the period of warranty.</p> <p>The estimation of warranty costs involves significant management judgements and estimates as described above, and the amount is significant to the financial statements. Accordingly, this has been considered as a key audit matter.</p>	<p>We performed procedures including the following:</p> <ul style="list-style-type: none"> Understood, evaluated and tested the design and operating effectiveness of the controls over estimation of provision for warranty costs and related disclosures. Understood the warranty terms offered by the Company on sale of products. Assessed management’s estimation process by performing a historical trend analysis for warranty costs accruals made in prior years. Evaluated the method used by management in making the accounting estimate by verifying various input factors such 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 including testing of completeness, arithmetical accuracy and validity of the data used in the warranty calculations. Verified the computation for determining the present value in the case of warranty for periods exceeding one year including assessment of assumptions involved in the computation. 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’s assessment of provision for warranty costs and the related disclosures.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of recoverability of Deferred Tax Assets</p> <p>(Refer Note 1 (f) and Note 9 to the financial statements.)</p> <p>The Company has recognised deferred tax assets amounting to Rs. 422.7 million as at March 31, 2023 on business losses, unabsorbed depreciation and other temporary differences. The deferred tax assets are recognised as it is considered recoverable based on the Company's projected future taxable income, in accordance with Indian Accounting Standard 12 - 'Income Taxes'.</p> <p>We have considered this as a key audit matter due to uncertainties and significant judgment required by the Management in preparation of projected future taxable income considering the future business plan and underlying assumptions such as sales growth rate, estimate of gross margin, etc.</p>	<p>We performed procedures including the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated and tested the design and operating effectiveness of relevant controls relating to recognition and assessment of recoverability of deferred tax assets. • Assessed the appropriateness of the Company's accounting policy in respect of recognizing deferred tax assets on business losses, unabsorbed depreciation and temporary differences. • Verified the calculation of net deferred tax asset recognised as at the year-end. • Evaluated the judgements and assumptions made by the Management in determining the projected future taxable income for reasonableness. • Checked the mathematical accuracy of the underlying calculations of the projections. • Performed sensitivity analyses on the projected future taxable profits by varying key assumptions, within reasonably foreseeable range. • Reviewed the adequacy of disclosures made in the financial statements with regard to deferred taxes. <p>Based on the above procedures performed by us, the Management's assessment of recoverability of deferred tax assets was considered to be reasonable.</p>

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

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

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted

in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee

that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

13. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
14. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our

information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33(a) to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2023 for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.
- iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the Notes forming part of financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 43(g) to the financial statements);
- (b) The management has represented that, to the best of its knowledge and belief, as disclosed

in the Notes forming part of financial statements, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 43(g) to the financial statements); and

- (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - v. The Company has not declared or paid any dividend during the year.
 - vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.
15. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also, refer Note 39 (II)(iii) to the financial statements.

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

Sachin Parekh
Partner
Membership Number: 107038
UDIN: 23107038BGUQSL1374

Place: Kadi, Gujarat
Date: May 23, 2023

Annexure A to Independent Auditor's Report

Referred to in paragraph 14(f) of the Independent Auditor's Report of even date to the members of Johnson Controls-Hitachi Air Conditioning India Limited on the financial statements for the year ended March 31, 2023

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, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

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

reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

Place: Kadi, Gujarat
Date: May 23, 2023

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

Sachin Parekh
Partner
Membership Number: 107038
UDIN: 23107038BGUQSL1374

Annexure B to Independent Auditor’s Report

Referred to in paragraph 13 of the Independent Auditors’ Report of even date to the members of Johnson Controls-Hitachi Air Conditioning India Limited on the financial statements as of and for the year ended March 31, 2023

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.
- (B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) The Property, Plant and Equipment of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3 – Property, Plant and Equipment, and Note 6 – Investment Property to the financial statements, are held in the name of the Company, except for the following:

Description of property	Gross carrying value (Rs. In Million)	Held in the name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in the name of the Company
Factory Land (portion of land admeasuring 981 sq. mtrs)	2.6	Laxmiben Maheshbhai Desai, Namrata Maheshbhai Desai, Neel Maheshbhai Desai, Nupur Maheshbhai Desai, Nachiket Maheshbhai Desai	No	December 2008	As per the information and explanation provided by the management, the erstwhile owners of the property has filed a case challenging old sale deed. The matter is under adjudication before the Taluka Court, Kadi. The title deed will be updated on completion of the adjudication process.
Factory Land (portion of land admeasuring 6,763 sq. mtrs)	14.2	Hitachi Home & Life Solutions India Ltd. (erstwhile name of the Company)	No	August 2009	The property was acquired before the name change of the Company and accordingly, it is held in the erstwhile name of the Company. As per the information and explanation provided by the Management, the Company has filed an application with concerned government authority for name change.
Office Building	5.9	Hitachi Home & Life Solutions India Ltd. (erstwhile name of the Company)	No	March 2016	As per the information and explanation provided by the Management, the property was acquired before the name change of the Company and accordingly, it is held in the erstwhile name of the Company. As informed, the Company will initiate the change in the revenue records upon receiving clarity on the procedural aspects.

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

- (d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

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- ii. (a) The physical verification of inventory excluding stocks with third parties has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
 - (b) During the year, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions on the basis of security of current assets and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.
 - iii. (a) The Company has granted unsecured loans to its 218 employees during the year. The Company has not made investments in, nor granted any other loans or advances in nature of loans, secured or unsecured, or provided any guarantees or security to companies, firms, Limited Liability Partnerships or other parties during the year.
 - (b) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
 - (c) In respect of the loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.
 - (d) In respect of the loans, there is no amount which is overdue for more than ninety days.
 - (e) There were no loans which fell due during the year and were renewed or extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans.
 - (f) The loans granted during the year had stipulated the scheduled repayment of principal and payment of interest and the same were not repayable on demand. There were no loans or advance in nature of loans granted during the year to promoters or related parties.
 - iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of the loans or investments made, or guarantees or security provided by it. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act.
 - v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
 - vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
 - vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of goods and services tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, income tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Also, refer note 33(a) (3) to the financial statements regarding management's assessment on certain matters relating to provident fund.

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues referred to in sub-clause (a) as at March 31, 2023 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Gross Amount (Rs. in million)	Amount paid under protest (Rs. in million)	Net unpaid 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	0.9	-	0.9	FY 2008-09 and 2010-11	Commissioner (Appeals)
Sales Tax Acts (Central & States)	Sales tax/value added tax including Interest and Penalty as applicable	2.9	-	2.9	FY 2002-03 to 2003-04	Hon'ble Supreme Court of India
		367.5	-	367.5	FY 2007-08 to 2013-14	Hon'ble High Court of Jammu and Kashmir
		14.2	1.8	12.4	FY 2000-01 and 2007-08 to 2009-10	Appellate Tribunal
		678.1	22.6	655.5	FY 2006-07 to 2017-18	Upto Commissioner (Appeals)
The Finance Act, 1994 (Service Tax)	Service tax including Interest and Penalty as applicable	95.5	11.7	83.8	FY 2004-05, 2005-06 and 2009-10 to 2014-15	The Custom, Excise and Service Tax Appellate Tribunal
		31.9	1.2	30.7	FY 2016-17 and 2017-18	Commissioner (Appeals)
Goods and Services Tax Act, 2017	Goods and Services Tax including interest and penalty as applicable	1.3	-	1.3	FY 2019-20	Assessing Officer
		1.9	0.2	1.7	FY 2017-18 and 2018-19	Joint Commissioner
		0.4	-	0.4	FY 2017-18	Commissioner (Appeals), Central Goods and Services Tax
The Income Tax Act, 1961*	Income Tax including Interest and Penalty as applicable	48.7	-	48.7	AY 2006-07 and 2008-09 to 2010-11	Hon'ble High Court of Gujarat
		33.3	-	33.3	AY 2003-04 to 2006-07	Commissioner of Income Tax (Appeals)

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

- viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions, which are not recorded in the books of accounts, that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. (a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- (c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year. Accordingly, the reporting under clause 3(ix)(e) of the Order is not applicable to the Company.

- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year. Accordingly, the reporting under clause 3(ix)(f) of the Order is not applicable to the Company.
- x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting under this clause.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.
- xiv. (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditor for the period under audit have been considered by us.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial or housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations provided by the management of the Company, the Group, as defined in the Core Investment Companies (Reserve Bank) Directions, does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has incurred cash losses of Rs. 334.2 million in the financial year and had not incurred cash losses in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause 3(xviii) of the Order is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 43(a) to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however,



state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

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

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

Sachin Parekh
Partner
Membership Number: 107038
UDIN: 23107038BGUQSL1374

Place: Kadi, Gujarat
Date: May 23, 2023

Balance Sheet

as at March 31, 2023

₹ in million

	Note No.	As at March 31, 2023	As at March 31, 2022
A ASSETS			
I Non-current assets			
(a) Property, Plant and Equipment	3	3,335.4	3,174.3
(b) Right-of-use-assets	4	428.2	613.6
(c) Capital work-in-progress	5	110.9	83.4
(d) Investment property	6	8.9	9.1
(e) Other Intangible assets	7 (a)	50.7	114.1
(f) Intangible assets under development	7 (b)	4.1	4.5
(g) Financial assets			
(i) Loans	8 (a)	2.6	2.0
(ii) Other financial assets	8 (b)	39.8	54.3
(h) Deferred tax assets (net)	9	422.7	162.2
(i) Non current tax assets (net)	10	137.5	125.6
(j) Other non-current assets	11	355.8	448.8
Total Non-current assets		4,896.6	4,791.9
II Current assets			
(a) Inventories	12	8,685.5	8,218.4
(b) Financial assets			
(i) Trade receivables	13 (a)	3,211.8	4,113.0
(ii) Cash and cash equivalents	13 (b)	219.7	304.5
(iii) Bank balances other than (ii) above	13 (c)	1.5	2.2
(iv) Loans	13 (d)	8.5	12.0
(v) Other financial assets	13 (e)	6.9	92.4
(c) Contract assets	14	43.2	28.7
(d) Other current assets	15	812.2	376.0
Total Current assets		12,989.3	13,147.2
TOTAL ASSETS (I+II)		17,885.9	17,939.1
B EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	16	271.9	271.9
(b) Other equity	17	6,319.8	7,126.8
Total equity		6,591.7	7,398.7
LIABILITIES			
II Non-current liabilities			
(a) Financial Liabilities			
Lease liabilities		370.0	423.4
(b) Other non-current liabilities	18	155.2	132.1
(c) Provisions	19	726.1	676.0
Total non-current liabilities		1,251.3	1,231.5
III Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20 (a)	1,430.3	430.1
(ii) Lease liabilities		129.9	271.1
(iii) Trade payables			
(a) total outstanding dues of micro and small enterprises	20 (b)	851.1	915.8
(b) total outstanding dues of creditors other than (iii)(a) above	20 (b)	6,235.4	6,293.9
(iv) Other financial liabilities			
(a) total outstanding dues of micro and small enterprises	20 (c)	2.1	1.1
(b) total outstanding dues other than (iv)(a) above	20 (c)	273.5	210.0
(b) Contract liabilities	21	425.0	274.7
(c) Provisions	22	196.1	172.9
(d) Current tax liabilities (net)	23	-	12.5
(e) Other current liabilities	24	499.5	726.8
Total Current liabilities		10,042.9	9,308.9
TOTAL EQUITY AND LIABILITIES (I+II+III)		17,885.9	17,939.1

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

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No. 304026E/E300009

Sachin Parekh

Partner

Membership No.: 107038

Place: Kadi

Date: May 23, 2023

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

Chairman & Managing Director

DIN : 06938403

Place: Kadi

Rishi Mehta

Chief Financial Officer

Place: Kadi

Date: May 23, 2023

Yoshikazu Ishihara

Director

DIN : 07998690

Place: Kadi

Parag Dave

Company Secretary

Membership No.: 12626

Place: Kadi

Date: May 23, 2023

Statement of Profit and Loss

for the year ended March 31, 2023

₹ in million

	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
I INCOME			
(a) Revenue from Operations	25	23,844.4	21,590.4
(b) Other income	26	119.8	80.6
Total income		23,964.2	21,671.0
II EXPENSES			
(a) Cost of materials consumed		14,653.3	12,581.1
(b) Purchase of Stock-in-trade		2,953.8	3,234.8
(c) Changes in inventories of finished goods, Stock-in-trade and work-in-progress	27	274.0	(756.3)
(d) Employee benefit expense	28	1,836.3	1,773.6
(e) Finance costs	29	75.3	91.4
(f) Depreciation and amortisation expense	30	752.6	721.3
(g) Other expenses	31	4,315.2	3,792.0
Total expenses		24,860.5	21,437.9
III (Loss) / Profit before exceptional Items and tax (I-II)		(896.3)	233.1
IV Exceptional Items (net)	42	155.6	7.4
V (Loss) / Profit before tax (III-IV)		(1,051.9)	225.7
VI Tax expense			
(a) Current tax (net)	32	18.7	85.2
(b) Tax in respect of earlier year		16.2	(8.1)
(c) Deferred tax charge/ (credit)	32	(265.4)	(12.6)
Total tax expense		(230.5)	64.5
VII (Loss) / Profit for the year (V-VI)		(821.4)	161.2
VIII Other comprehensive Income			
Items that will not be reclassified to profit or loss			
(i) Re-measurements of post-employment benefit obligations- gain/ (loss)	36	19.3	25.4
(ii) Income tax relating to above item		(4.9)	(6.4)
Other comprehensive Income for the year, net of tax		14.4	19.0
IX Total comprehensive (loss) / income for the year (VII+VIII)		(807.0)	180.2
X (Loss) / earnings per share - Basic and Diluted [face value ₹ 10 each] in ₹	44	(30.2)	5.9

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

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

For and on behalf of the Board of Directors

Sachin Parekh
Partner
Membership No.: 107038

Place: Kadi
Date: May 23, 2023

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

Rishi Mehta
Chief Financial Officer
Place: Kadi
Date: May 23, 2023

Yoshikazu Ishihara
Director
DIN : 07998690
Place: Kadi

Parag Dave
Company Secretary
Membership No.: 12626
Place: Kadi
Date: May 23, 2023

Statement of Cash Flows

for the year ended March 31, 2023

₹ in million

	Year ended March 31, 2023	Year ended March 31, 2022
(A) Cash flows from operating activities		
(Loss) / profit before tax	(1,051.9)	225.7
Adjustment for :		
Depreciation and amortisation expense	752.6	721.3
Loss on sale of property, plant and equipment (net)	7.2	2.6
Liabilities no longer required written back	(27.8)	(14.9)
Finance costs	75.3	91.4
Unrealised foreign exchange (gain) / loss (net) at year end	(13.3)	11.5
Provision for doubtful debts and bad debts written off	(1.9)	3.9
Lease rent income	(2.9)	(3.2)
Interest income	(30.7)	(5.8)
Exceptional Items (Expense)	155.6	7.4
Rent concession income	-	(1.5)
Government Grants	(18.8)	(11.4)
Operating (loss) / profit before working capital changes	(156.6)	1,027.0
Changes in working capital:		
Adjustment for:		
(Increase) in inventories	(467.1)	(1,220.1)
Decrease / (Increase) in trade receivables	930.8	(1,458.2)
Decrease in other financial assets / Contract assets	30.3	38.5
(Increase) / Decrease in other current assets	(424.3)	32.5
(Decrease) / Increase in current liabilities	(225.4)	1,121.3
Increase in other provision	83.5	26.7
Cash (used in) from operations	(228.8)	(432.3)
Income tax paid (net of refunds)	(44.3)	(117.0)
Net cash (used in) operating activities before exceptional items	(273.1)	(549.3)
Outflow for termination benefits	(100.1)	-
Proceeds of Insurance Claim	64.9	-
Net cash (outflow) from operating activities (A)	(308.3)	(549.3)
(B) Cash flows from investing activities		
Purchase of Property, Plant and Equipment (including capital work in progress and capital advance)	(480.0)	(485.9)
Proceeds from sale of Property, Plant and Equipment	15.1	13.2
Investment in bank deposits (net)	-	2.6
Lease rent income	2.9	3.2
Interest received	30.7	7.0
Net cash (outflow) from investing activities (B)	(431.3)	(459.9)

Statement of Cash Flows

for the year ended March 31, 2023

₹ in million

	Year ended March 31, 2023	Year ended March 31, 2022
(C) Cash flows from financing activities		
Proceeds from short-term borrowings (net)	1,000.2	430.1
Principal Payment of lease liabilities	(279.2)	(253.3)
Interest paid on lease liabilities	(46.7)	(65.1)
Payment of finance cost	(19.5)	(18.3)
Net cash inflow from financing activities (C)	654.8	93.4
Net (Decrease) in cash and cash equivalents (A+B+C)	(84.8)	(915.8)
Add : Cash and cash equivalents at the beginning of the year	304.5	1,220.3
Cash and cash equivalents at the end of the year [Refer Note 13(b)]	219.7	304.5
(D) Non- Cash financing and investing activities		
Acquisition of right-of-use-assets	94.2	61.3

- 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 ₹ 11.2 million (March 31, 2022 - ₹ 19.3 million) being cash flows towards Corporate social responsibility initiatives. [Refer Note 31(b)]

c) Net debt reconciliation - Working Capital loans

₹ in million

	Year ended March 31, 2023 Working Capital loans	Year ended March 31, 2022 Working Capital loans
Net Debt at the beginning of the year	430.1	-
Cash Inflow / (Outflow)	1,000.2	430.1
Finance costs	19.5	18.3
Finance cost paid	(19.5)	(18.3)
Net Debt at the closing of the year	1,430.3	430.1

d) Net debt reconciliation - Lease obligations

₹ in million

	Year ended March 31, 2023 Leases obligations	Year ended March 31, 2022 Leases obligations
Net Debt at the beginning of the year	694.5	890.1
Debt recognised during the year	94.2	61.3
Debt derecognised during the year	(9.6)	(2.1)
Cash Inflow / (Outflow)	(279.2)	(253.3)
Rent concession	-	(1.5)
Finance costs	46.7	65.1
Finance cost paid	(46.7)	(65.1)
Net Debt at the closing of the year	499.9	694.5

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

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

For and on behalf of the Board of Directors

Sachin Parekh
Partner
Membership No.: 107038

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

Yoshikazu Ishihara
Director
DIN : 07998690
Place: Kadi

Place: Kadi
Date: May 23, 2023

Rishi Mehta
Chief Financial Officer
Place: Kadi
Date: May 23, 2023

Parag Dave
Company Secretary
Membership No.: 12626
Place: Kadi
Date: May 23, 2023

Statement of Changes in Equity

for the year ended March 31, 2023

A. Equity share capital

₹ in million

	Note No.	Equity share capital
Balance as at April 1, 2021		271.9
Changes in equity share capital		-
Balance as at March 31, 2022	16	271.9
Changes in equity share capital		-
Balance as at March 31, 2023	16	271.9

B. Other equity

₹ in million

	Note No.	Reserves and Surplus				Total
		Capital reserve	Securities premium	General reserve	Retained earnings	
Balance as at April 1, 2021		0.7	895.4	229.8	5,820.7	6,946.6
Profit for the year		-	-	-	161.2	161.2
Other comprehensive income for the year, (net of income tax)		-	-	-	19.0	19.0
Total comprehensive income for the year		-	-	-	180.2	180.2
Balance as at March 31, 2022	17	0.7	895.4	229.8	6,000.9	7,126.8
Loss for the year		-	-	-	(821.4)	(821.4)
Other comprehensive income for the year, (net of income tax)		-	-	-	14.4	14.4
Total comprehensive loss for the year		-	-	-	(807.0)	(807.0)
Balance as at March 31, 2023	17	0.7	895.4	229.8	5,193.9	6,319.8

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

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

For and on behalf of the Board of Directors

Sachin Parekh
Partner
Membership No.: 107038

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

Yoshikazu Ishihara
Director
DIN : 07998690
Place: Kadi

Place: Kadi
Date: May 23, 2023

Rishi Mehta
Chief Financial Officer
Place: Kadi
Date: May 23, 2023

Parag Dave
Company Secretary
Membership No.: 12626
Place: Kadi
Date: May 23, 2023

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Background

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

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

The Ministry of Corporate Affairs had vide notification dated March 23, 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective April 1, 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New and amended standards issued but not effective

The Ministry of Corporate Affairs has vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 which amends certain accounting standards, and are effective 1 April 2023.

The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the Company’s accounting policy already complies with the now mandatory treatment.

(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.

Notes forming part of the Financial Statements

for the year ended March 31, 2023

(b) Segment reporting

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

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

(c) Foreign currency transactions and translations

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(d) Revenue recognition

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price allocated to that performance obligation. The transaction price of goods sold or services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as a part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognised only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved. The Company collects Goods and Services Tax on behalf of the Government and, therefore, it is

not an economic benefit flowing to the Company. Hence, it is excluded from revenue. No element of significant financing is deemed present as the sales are made with a credit term, which is consistent with market practice.

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 i.e. satisfaction of the performance obligation. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Sale of Service:

Sale of services includes following:-

1. Revenue from Annual Maintenance Contracts (AMCs) is recognised over the period of respective contract on a straight line basis.
2. Revenue from Design and development services is recognised over the period of time on cost plus mark-up basis.
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

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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 for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

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

Current income tax

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

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

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, if any, only if it is probable that future taxable income will be available to utilise those temporary differences and losses.

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 amounts due from customers for goods sold or services performed in the ordinary course of business and reflects the Company's unconditional right to consideration (i.e., payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

(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 nature of inventory, technical obsolescence, ageing, liquidation plan, 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.

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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. At initial recognition, the Company measures a financial asset (excluding trade receivables which do not contain a significant financing component) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent Measurement

After initial recognition, financial assets are measured at:

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

Debt instruments:

Debt instruments are subsequently measured at amortized cost, fair value through other comprehensive income ('FVOCI') or fair value through Profit and Loss ('FVTPL') till de-recognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument 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 instrument 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:

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

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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

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

Derecognition of financial assets:

A financial asset is derecognized only when:

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

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

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

Income recognition:

Interest income:

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

(ii) Financial liabilities:

Initial recognition and measurement:

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

Subsequent measurement:

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

Derecognition

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

(iii) Derivative financial instruments:

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

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

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

(k) Offsetting financial instruments

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

(l) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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 property, plant and equipment is provided on a pro-rata basis on the straight line method over the following useful lives based on management technical estimate:

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

* Based on Single Shift.

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

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 / furniture and fittings / office equipment which the Company expects to sell at the end of 5/7 years from the date of acquisition.

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

(m) Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company,

is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

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

(n) Intangible assets

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

(i) Amortisation methods and periods

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

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

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

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

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

(ii) Research and development cost

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

- It is technically feasible to complete the intangible asset so that it will be available for use or sale.
- There is an intention to complete the asset
- There is an ability to use or sale the asset
- The asset will generate future economic benefits

Notes forming part of the Financial Statements

for the year ended March 31, 2023

- 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 property, plant and equipment are accumulated and shown as capital work in progress and not depreciated until such assets are ready for commercial use.

(q) Borrowings costs

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

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

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

(r) Provisions and contingencies

Provisions

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

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

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

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

Contingencies

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

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

Environmental Obligation

E-Waste (Management) Rules, 2016, as amended, requires the Company to complete the Extended Producer Responsibility targets measured based on sales made in the preceding 10th year, if it is a participant in the market during a financial year. Accordingly, the obligating event for e-waste obligation arises only if the Company participate in the markets in those years.

(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

Notes forming part of the Financial Statements

for the year ended March 31, 2023

wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long-term employee benefits

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

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

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

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

Defined benefit plans

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They

are included in retained earnings in the Statement of changes in equity and in the balance sheet.

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

Defined contribution plans

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

(t) Leases

As a lessee

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

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

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

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

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

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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
- any initial direct 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 buildings (office and warehouses) 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.

Critical judgements in determining the lease term

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

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

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

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

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

(v) Rounding of amounts

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

Note 2: Critical estimates and judgements

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

The areas involving critical estimates or judgements are:

1. Estimation of provision for warranty claims (note – 1(r) and 35)
2. Recoverability of Deferred Tax Asset (note – 1(f) and 9)
3. Inventory obsolescence (note – 1(i) and 12)
4. Contingent liabilities (note – 1(r) and 33)
5. Lease term (note – 1(t) and 4)
6. Estimation of defined benefit obligation (note – 1(s) and 36)
7. Estimated useful life of property, plant & equipment and intangible assets (note – 1 (l), 1(m), 1(n), 3, 6 and 7)
8. Impairment of trade receivables (note – 1(j) and 13(a))

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, 2023

	₹ in million									
	Freehold land	Leasehold Improvements	Building & Road	Plant and Equipment	Furniture and fixtures	Vehicles	Office equipment	Electrical Installations	Computers	Total
I. Gross carrying amount										
Balance as at April 1, 2021	228.3	29.3	931.9	3,130.3	143.2	127.7	126.7	388.3	91.7	5,197.4
Additions	-	-	3.6	153.7	1.0	51.8	7.8	4.3	1.5	223.7
Disposals	-	(0.1)	-	(55.3)	(1.3)	(32.8)	(2.7)	(0.4)	(4.1)	(96.7)
Transfer from Investment Property	-	-	2.7	-	-	-	-	-	-	2.7
Balance as at March 31, 2022	228.3	29.2	938.2	3,228.7	142.9	146.7	131.8	392.2	89.1	5,327.1
II. Accumulated depreciation										
Balance as at April 1, 2021	-	22.2	117.0	1,321.6	70.2	53.2	72.0	144.5	70.0	1,870.7
For the year	-	2.8	33.0	209.3	17.7	23.2	19.0	48.7	8.0	361.7
Disposals	-	(0.1)	-	(53.5)	(1.0)	(19.7)	(2.3)	(0.3)	(3.7)	(80.6)
Transfer from Investment Property	-	-	1.0	-	-	-	-	-	-	1.0
Balance as at March 31, 2022	-	24.9	151.0	1,477.4	86.9	56.7	88.7	192.9	74.3	2,152.8
Net carrying amount as at March 31, 2022 (I-II)	228.3	4.3	787.2	1,751.3	56.0	90.0	43.1	199.3	14.8	3,174.3
	Freehold land	Leasehold Improvements	Building & Road	Plant and Equipment	Furniture and fixtures	Vehicles	Office equipment	Electrical Installations	Computers	Total
I. Gross carrying amount										
Balance as at April 1, 2022	228.3	29.2	938.2	3,228.7	142.9	146.7	131.8	392.2	89.1	5,327.1
Additions	-	-	0.4	569.0	2.5	19.2	4.9	2.3	-	598.3
Disposals	-	(1.1)	(1.8)	(13.4)	(2.9)	(32.4)	(5.9)	(0.3)	(3.6)	(61.4)
Balance as at March 31, 2023	228.3	28.1	936.8	3,784.3	142.5	133.5	130.8	394.2	85.5	5,864.0
II. Accumulated depreciation										
Balance as at April 1, 2022	-	24.9	151.0	1,477.4	86.9	56.7	88.7	192.9	74.3	2,152.8
For the year	-	2.1	33.0	274.1	14.3	23.9	16.2	45.3	6.0	414.9
Disposals	-	(1.0)	(0.7)	(7.4)	(2.4)	(18.7)	(5.4)	(0.2)	(3.3)	(39.1)
Balance as at March 31, 2023	-	26.0	183.3	1,744.1	98.8	61.9	99.5	238.0	77.0	2,528.6
Net carrying amount as at March 31, 2023 (I-II)	228.3	2.1	753.5	2,040.2	43.7	71.6	31.3	156.2	8.5	3,335.4

Notes :

- Refer Note 33(b) for disclosure of capital commitments in respect of acquisition of property, plant and equipment.
- No borrowing costs have been capitalised during the year ended March 31, 2023 and in the previous year ended March 31, 2022.
- No proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder.
- The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

Notes forming part of the Financial Statements

for the year ended March 31, 2023

e. i) Refer table below for details of immovable property whose Title deeds were not held in the name of the Company as on March 31, 2022

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

e. ii) Refer table below for details of immovable property whose Title deeds are not held in the name of the Company as on March 31, 2023

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value (₹ in million)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company
Property, plant and equipment	Factory Land (portion of land admeasuring 981 sq. mts.)	2.6	Laxmiben Maheshbhai Desai, Namrata Maheshbhai Desai, Neel Maheshbhai Desai, Niupur Maheshbhai Desai and Nachiket Maheshbhai Desai	No	December-08	The erstwhile owners of the property has filed a case challenging old sale deed. The matter is under adjudication before the Taluka Court, Kadi. The title deed will be updated on completion of the adjudication process.
Property, plant and equipment	Factory Land (portion of land admeasuring 6763 sq. mts.)	14.2	Hitachi Home & Life Solutions India Ltd.(HHLI) (erstwhile name of the company)	No	August-09	The property was acquired before the name change of the Company and accordingly, it is held in the erstwhile name of the Company. The Company has filed an application with concerned government authority for name change.
Investment Property	Office building	5.9	Hitachi Home & Life Solutions India Ltd.(HHLI) (erstwhile name of the company)	No	March-16	The property was acquired before the name change of the Company and accordingly, it is held in the erstwhile name of the Company. The Company will initiate the change in the revenue records upon receiving clarity on the procedural aspect.

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note-4: Right-of-use assets

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

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

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

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

Buildings	₹ in million
I. Gross carrying amount	
Balance as at April 1, 2022	1,169.7
Additions	94.2
Disposals	(241.9)
Balance as at March 31, 2023	1,022.0
II. Accumulated depreciation	
Balance as at April 1, 2022	556.1
For the year	270.8
Disposals	(233.1)
Balance as at March 31, 2023	593.8
Net carrying amount as at March 31, 2023 (I-II)	428.2

(ii) Amounts recognized in Statement of Profit and Loss

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

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Depreciation charge of right-of-use assets	270.8	281.2
Interest expense on lease liability	46.7	65.1
Expense relating to short term leases	128.0	106.7
Expense relating to low value assets	54.6	43.8
Total	500.1	496.8

(iii) Extension and termination options

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

(iv) The total cash outflows for the leases for the year ended March 31, 2023 was ₹ 501.4 million (March 31, 2022 ₹ 489.1 million).

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

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 5: Capital work-in-progress

	₹ in million
Balance as at April 1, 2021	91.4
Additions	215.7
Transfer to Property, plant and equipment	(223.7)
Balance as at March 31, 2022	83.4
Additions	625.8
Transfer to Property, plant and equipment	(598.3)
Balance as at March 31, 2023	110.9

Note: Capital Work-in-progress as at March 31, 2023 and March 31, 2022 mainly comprise of Plant and Equipment.

Ageing of Capital work-in-progress are as under

i) As at March 31, 2022	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	57.4	0.1	25.9	-	83.4

ii) As at March 31, 2023	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	80.5	4.5	-	25.9	110.9

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

i) As at March 31, 2022	Amount in Capital work-in-progress to be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Lab Equipment	25.9	-	-	-	25.9
Set-up for gas storage	5.7	-	-	-	5.7

ii) As at March 31, 2023	Amount in Capital work-in-progress to be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Plant & Equipment for manufacturing of Air Conditioner	44.0	-	-	-	44.0
Lab Equipments	28.7	-	-	-	28.7
Testing Equipments	8.5	-	-	-	8.5
Building work	6.5	-	-	-	6.5
Moulds for Air conditioner	5.6	-	-	-	5.6
Sewage treatment plant and Electrical Installations	1.1	-	-	-	1.1

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 6: Investment property

Investment property comprises of buildings

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
I. Gross carrying amount		
Opening Balance	9.5	12.2
Transfer to Property, plant and equipment	-	(2.7)
Closing Balance	9.5	9.5
II. Accumulated depreciation		
Opening Balance	0.4	1.2
Depreciation charge for the year	0.2	0.2
Transfer to Property, plant and equipment	-	(1.0)
Closing Balance	0.6	0.4
Net carrying amount (I-II)	8.9	9.1

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

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Rental Income	2.9	3.2
Profit from investment property before depreciation	2.9	3.2
Depreciation	0.2	0.2
Profit from investment property	2.7	3.0

(ii) Fair Value

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Investment Property	52.1	47.2

(iii) Estimation of fair value

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

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

(iv) Leasing arrangements

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

(v) Also, refer Note 3(e) in respect of title deed of an office building not held in the name of the Company.

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 7 (a): Other Intangible Assets

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

	₹ in million		
	Software and licenses	Licensed technical Know-how	Total
I. Gross carrying amount			
Balance as at April 1, 2022	270.3	315.1	585.4
Additions	3.3	-	3.3
Disposals	-	-	-
Balance as at March 31, 2023	273.6	315.1	588.7
II. Accumulated amortisation			
Balance as at April 1, 2022	173.0	298.3	471.3
For the year	53.2	13.5	66.7
Disposals	-	-	-
Balance as at March 31, 2023	226.2	311.8	538.0
Net carrying amount as at March 31, 2023 (I-II)	47.4	3.3	50.7

Note 7 (b): Intangible assets under development

	₹ in million	
Balance as at April 1, 2021	3.5	
Additions	81.6	
Transfer to Intangible assets	(80.6)	
Balance as at March 31, 2022	4.5	
Balance as at April 1, 2022	4.5	
Additions	2.9	
Transfer to Intangible assets	(3.3)	
Balance as at March 31, 2023	4.1	

i) Ageing as on March 31, 2022	Amount in intangible assets under development for a period of				Total
	₹ in million				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	2.8	1.7	-	-	4.5

i) Ageing as on March 31, 2023	Amount in intangible assets under development for a period of				Total
	₹ in million				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	2.4	-	1.7	-	4.1

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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

i) As at March 31, 2022					₹ in million
	Amount in intangible assets under development to be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Technical know-how	1.7	-	-	-	1.7

ii) As at March 31, 2023					₹ in million
	Amount in intangible assets under development to be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Technical know-how	1.7	-	-	-	1.7
Software relating to Customer service	1.4	-	-	-	1.4
Software relating to air conditioner	1.0	-	-	-	1.0

Note 8: Non-Current Financial assets

Note 8(a): Loans

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Loans to employees	2.6	2.0
Total	2.6	2.0

Sub-classified as:

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Loans considered good - Secured	-	-
Loans considered good - Unsecured	2.6	2.0
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	2.6	2.0

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

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Unsecured, Considered good		
Security deposits	39.7	54.2
Margin Money Deposits with Bank	0.1	0.1
Total	39.8	54.3

Note: Margin money deposit is pledged with government authorities.

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 9: Deferred tax Assets (net)

₹ in million

	As at March 31, 2023	As at March 31, 2022
The balance comprises temporary differences attributable to:		
Deferred tax assets		
Provision for doubtful debts	6.8	12.5
Provision for compensated absences	29.2	29.0
Provision for litigations	62.2	60.9
Provision for inventory obsolescence	101.2	84.8
Lease Liability	18.0	20.3
Unabsorbed business loss and Depreciation	257.3	-
Other disallowance	0.4	1.2
Total deferred tax assets	475.1	208.7
Deferred tax liability		
Differences in block of fixed assets as per tax books and financial books	(37.1)	(38.2)
Others	(15.3)	(8.3)
Total deferred tax liabilities	(52.4)	(46.5)
Deferred Tax assets (net)	422.7	162.2

Notes:

- (i) Deferred tax assets and deferred tax liabilities have been offset as they relate to same governing taxation law.
- (ii) Based on the future financial projections prepared by the management that involved use of certain key assumptions viz. sales growth rate, estimate of gross margin, etc. it is assessed that the Company will have sufficient future taxable income against which the aforesaid deferred tax assets as at March 31, 2023 will be realised.

Note: Movement in deferred tax assets/liabilities

₹ in million

	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	162.2	149.6
Deferred Tax Assets		
Provision for doubtful debts	(5.7)	(1.6)
Provision for compensated absences	0.2	(9.9)
Provision for litigations	1.3	2.5
Provision for inventory obsolescence	16.4	21.1
Lease Liability (Net of Right of use assets)	(2.3)	6.6
Unabsorbed loss and Depreciation	257.3	-
Other disallowance	(0.8)	1.1
Total	266.4	19.8
Deferred Tax Liabilities		
Differences in block of fixed assets as per tax books and financial books	1.1	(8.1)
Others	(2.1)	0.9
Total	(1.0)	(7.2)
Movement in Deferred tax assets (net) credited / (charged) to Profit or Loss Statement	265.4	12.6
Deferred Tax on Re-measurements of post-employment benefit obligations- charged to OCI	(4.9)	-
Balance at the closing of the year	422.7	162.2

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 10: Non current Tax asset (Net)

	As at March 31, 2023	As at March 31, 2022
Advance income tax (Net of provision for taxation ₹ 2,460.0 million (March 31, 2022: ₹ 2,353.4 million))	137.5	125.6
Total	137.5	125.6

₹ in million

Note 11: Other non-current assets

	As at March 31, 2023	As at March 31, 2022
Capital advances	137.2	203.4
Indirect tax credit receivable / Refund receivable / Tax paid under appeal	218.6	245.4
Total	355.8	448.8

₹ in million

Note 12: Inventories

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

	As at March 31, 2023	As at March 31, 2022
Raw Material (Including goods in transit ₹ 464.8 million (March 31, 2022 ₹ 328.8 million))	3,307.8	2,581.7
Work-in-progress	274.1	200.1
Finished goods (Including goods in transit ₹ 220.4 million (March 31, 2022 ₹ 745.2 million))	3,987.5	4,109.3
Stock-in-trade (Including goods in transit ₹ 73.0 million (March 31, 2022 ₹ 165.7 million))	1,045.5	1,271.7
Stores and spares	70.6	55.5
Total	8,685.5	8,218.4

₹ in million

Amounts recognized in the Statement of profit and loss

Write-downs/write-offs of inventories amounted to ₹ 292.1 million (March 31, 2022 - ₹ 145.5 million) during the year. These were recognized as an expense during the year and included in respective financial statement line items in statement of profit and loss.

Note 13: Current financial assets

Note 13(a): Trade receivables

	As at March 31, 2023	As at March 31, 2022
Trade Receivables - others	3,133.3	4,106.7
Trade Receivables from related parties (Refer Note 39)	105.7	55.8
Less: Allowance for doubtful trade receivables	(27.2)	(49.5)
Total	3,211.8	4,113.0

₹ in million

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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

Sub-classified as:

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Trade receivables considered good - Secured	36.3	34.8
Trade receivables considered good - Unsecured	3,194.4	4,093.8
Trade receivables - credit impaired	8.3	33.9
Total	3,239.0	4,162.5
Less: Allowance for doubtful trade receivables	(27.2)	(49.5)
Total	3,211.8	4,113.0

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

Ageing of trade receivables:

i) As at March 31, 2022									₹ in million
	Unbilled	Not Due	Outstanding for following periods from due date of payment					Total	
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years		
(i) Undisputed Trade receivables – considered good	27.2	3,833.8	170.7	40.5	47.9	5.0	3.5	4,128.6	
(ii) Disputed Trade Receivables – credit impaired	-	-	-	0.8	7.7	11.2	14.2	33.9	
Total	27.2	3,833.8	170.7	41.3	55.6	16.2	17.7	4,162.5	
ii) As at March 31, 2023									₹ in million
	Unbilled	Not Due	Outstanding for following periods from due date of payment					Total	
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years		
(i) Undisputed Trade receivables – considered good	32.0	2,842.6	311.4	5.3	25.3	8.5	5.7	3,230.7	
(ii) Disputed Trade Receivables – credit impaired	-	-	-	0.3	-	4.8	3.2	8.3	
Total	32.0	2,842.6	311.4	5.6	25.3	13.3	8.9	3,239.0	

Note 13(b): Cash and cash equivalents

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Balance with banks :		
In current accounts	69.3	54.7
In cash credit accounts	47.9	148.6
In EEFC accounts	102.5	101.2
Total	219.7	304.5

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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

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

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Unpaid Dividend	1.5	2.0
Fixed deposit with banks*	-	0.2
Total	1.5	2.2

* Earmarked for Import transactions

Note 13(d): Loans

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Loans to employees	8.5	12.0
Total	8.5	12.0

Sub-classified as:

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Loans considered good - Secured	-	-
Loans considered good - Unsecured	8.5	12.0
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	8.5	12.0

Note 13(e): Other current financial assets

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Security deposits	4.9	3.5
Derivative contracts	1.3	10.7
Insurance claim receivables	0.7	49.4
Receivable from Gratuity Fund	-	20.4
Other receivables	-	8.4
Total	6.9	92.4

Note 14: Contract asset

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Receivable towards contracts in progress (Refer Note 41)	43.2	28.7
Total	43.2	28.7

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 15: Other current assets

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Advance to suppliers	35.9	38.1
Prepaid expenses		
- CSR	-	2.2
- Others	97.3	78.4
Surplus in defined benefit plan assets (Refer Note 36)	7.8	20.8
Balances with government authorities:		
- GST (input tax credit)	647.7	158.2
- Others	6.9	48.9
Export incentive receivable	15.0	29.0
Employee Advance	1.6	0.4
Total	812.2	376.0

Note 16: Equity share capital

	As at March 31, 2023		As at March 31, 2022	
	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 (March 31, 2022: 12,967) equity shares of ₹ 10/- each relating to rights issue (2003-04 and 2013-14), which are kept in abeyance since the matter is pending for disposal at City Civil Court, Kolkata.

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

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

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

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

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

	As at March 31, 2023	As at March 31, 2022
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, 2023		As at March 31, 2022	
	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	2,083,861	7.66%	2,451,678	9.02%

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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

(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, 2023.

(vi) Details of Shareholding of Promoters in the Company as at March 31, 2022

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

Details of Shareholding of Promoters in the Company as at March 31, 2023

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

Note 17: Other equity

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
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	6,000.9	5,820.7
Add: (Loss) / Profit for the year	(821.4)	161.2
Items of Other Comprehensive Income (OCI) recognised directly in retained earnings:		
Remeasurement of post employment benefit obligations gain/ (loss), net of taxes	14.4	19.0
Total retained earnings	5,193.9	6,000.9
Total	6,319.8	7,126.8

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. It is to be utilized in accordance with the provisions of the Act.
- (iii) Capital reserve has arisen mainly on account of re-issue of forfeited shares.

Note 18: Other non-current liabilities

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Deferred Government Grant	155.2	132.1
Total	155.2	132.1

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 19: Non Current provisions

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Employee benefit obligations:		
Compensated absences (Refer Note 36)	134.6	152.5
Provision for litigations and probable claims (Refer Note 35)	273.5	268.5
Provision for Warranty (Refer Note 35)	318.0	255.0
Total	726.1	676.0

Note 20: Current financial liabilities

Note 20(a): Current Borrowings

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Unsecured		
Working capital loans from bank (including interest accrued but not due thereon)	1,430.3	430.1
Total	1,430.3	430.1

Notes:

- Rate of interest For the year ended March 31, 2023 range from 4.36% p.a to 8.10% p.a.(March 31, 2022 : 4.0% to 5.0% p.a)
- Amount of ₹ 1,410.0 millions repayable on April 07, 2023 and ₹ 20.0 millions repayable on April 12, 2023 (March 31, 2022 - ₹ 80.0 millions repayable on April 01, 2022 and ₹ 350.0 millions repayable on April 06, 2022)
- The Company did not have borrowings from banks/financial institutions on the basis of security of current assets during the year ended March 31, 2023 and March 31, 2022.
- The Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- There are no charges or satisfactions which were to be registered with the Registrar of Companies during the year ended March 31, 2023 and March 31, 2022.
- As at year end March 31, 2023 and March 31, 2022, the Company has used the borrowings from banks / financial institutions for the purpose for which it was taken.

Note 20(b): Trade payables

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro and small enterprises (Refer below)	851.1	915.8
Total Outstanding dues other than above	6,235.4	6,293.9
Total	7,086.5	7,209.7

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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, 2023	As at March 31, 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	853.2	916.9
Interest thereon due to suppliers registered under the MSMED Act and remaining unpaid as at year end *	0.1	0.0
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	423.2	562.2
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	0.6	0.4
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
Interest accrued and remaining unpaid at the end of each accounting year (Not due)	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	0.7	0.5

*Amounts to ₹ 24,594 at March 31, 2022

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, 2023 is ₹ 0.8 million (March 31, 2022 ₹ 0.4 million).

Ageing schedule for trade payables:

i) As at March 31, 2022				₹ in million			
Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Micro and small enterprises \$ (Undisputed)	-	907.4	8.4	0.0	-	-	915.8
(ii) Others (Undisputed)	1,347.2	4,323.4	619.9	3.2	0.2	-	6,293.9
Total	1,347.2	5,230.8	628.3	3.2	0.2	-	7,209.7

\$ Amounts to ₹ 32,433 for 1-2 years ageing

ii) As at March 31, 2023				₹ in million			
Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Micro and small enterprises (Undisputed)	11.4	827.7	12.0	-	-	-	851.1
(ii) Others (Undisputed)	1,252.7	4,495.9	484.8	2.0	-	-	6,235.4
Total	1,264.1	5,323.6	496.8	2.0	-	-	7,086.5

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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

Note 20(c) Other financial liabilities

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Employee related payables	173.4	133.6
Deposit from dealers and others	36.3	36.5
Payable for capital supplies #	55.1	32.8
Derivative contracts	9.3	6.2
Unclaimed Dividends @	1.5	2.0
Total	275.6	211.1

Includes ₹ 2.1 million (March 31, 2022: 1.1 million) payable to Micro and Small Enterprises.

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

Note 21: Contract Liabilities

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Advance received from customers	335.6	188.0
Deferred Income pertaining to annual maintenance contracts	77.7	81.3
Liabilities for contract in progress	11.7	5.4
Total	425.0	274.7

Note 22: Current provisions

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Provision for compensated absences (Refer Note 36)	20.5	27.6
Provision for Warranty (Refer Note 35)	175.6	145.3
Total	196.1	172.9

Note 23: Current tax Liability (Net)

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Income tax Liability (net of advance tax Nil (March 31, 2022 : ₹ 79.1 million))	-	12.5
Total	-	12.5

Note 24: Other current liabilities

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Statutory dues	451.9	689.5
Deferred Government Grant	30.1	11.6
Refund liability (Payable for Discount to Customers)	17.5	25.7
Total	499.5	726.8

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 25: Revenue from operations

	₹ in million	
	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from contract with customers (Refer Note: 41)		
Sale of Products		
- Manufactured Goods	18,782.0	16,822.6
- Traded Goods	3,436.0	3,357.6
	22,218.0	20,180.2
Sale of services	1,312.5	1,135.4
Other operating revenues		
- Export Incentive	9.7	43.0
- Scrap Sales	304.2	231.8
Total	23,844.4	21,590.4

Note 26: Other Income

	₹ in million	
	Year ended March 31, 2023	Year ended March 31, 2022
Interest income :		
- from banks on term deposits	27.8	5.8
- On Income Tax Refund	0.7	-
- from others	2.2	6.0
Lease rent income	2.9	3.2
Facility charges	12.4	7.9
Government Grants	18.8	11.4
Liabilities no longer required written back	27.8	14.9
Miscellaneous income	27.2	31.4
Total	119.8	80.6

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

	₹ in million	
	Year ended March 31, 2023	Year ended March 31, 2022
Inventories at the end of the year		
Work-in-progress	274.1	200.1
Finished goods	3,987.5	4,109.3
Stock-in-trade	1,045.5	1,271.7
	(A) 5,307.1	5,581.1
Inventories at the beginning of the year		
Work-in-progress	200.1	213.0
Finished goods	4,109.3	3,578.2
Stock-in-trade	1,271.7	1,033.6
	(B) 5,581.1	4,824.8
Total	274.0	(756.3)

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 28: Employee benefit expense

₹ in million

	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and other benefits	1,612.4	1,560.1
Contribution to provident and other funds (Refer Note 36)	127.6	125.3
Workmen and Staff welfare expense	96.3	88.2
Total	1,836.3	1,773.6

Note 29: Finance costs

₹ in million

	Year ended March 31, 2023	Year ended March 31, 2022
Interest Cost on borrowings at amortised cost	15.0	11.0
Interest on delayed payment of Custom Duty	1.7	1.6
Interest on shortfall in payment of advance income tax	2.0	5.2
Interest and finance charges on lease liabilities	46.7	65.1
Interest due and payable towards suppliers registered under MSMED Act	0.8	0.4
Unwinding of interest on provisions	9.1	8.1
Total	75.3	91.4

Note 30: Depreciation and amortization expenses

₹ in million

	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation of property, plant and equipment (Refer Note 3)	414.9	361.7
Depreciation on right of use assets (Refer Note 4)	270.8	281.2
Depreciation on investment property (Refer Note 6)	0.2	0.2
Amortization of intangible assets (Refer Note 7)	66.7	78.2
Total	752.6	721.3

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 31: Other expenses

	₹ in million	
	Year ended March 31, 2023	Year ended March 31, 2022
Consumption of stores and spares	38.2	101.6
Power and fuel	228.3	200.8
Contract labour / staff charges	575.2	496.6
Rent (Refer Note 4 (ii))	182.6	150.5
Repairs and maintenance - Machinery	67.1	57.7
Repairs and maintenance - Others	16.4	20.6
Insurance	87.5	73.7
Repair and installation expenses for service operations	173.4	140.2
Rates and taxes	8.4	18.2
Royalty	374.2	370.0
Advertisement and sales promotion	439.0	251.8
Annual Maintenance Contract (AMC) expenses	328.6	290.5
Freight and forwarding expenses	684.7	689.3
Warranty expenses	543.4	362.3
Legal and professional fees	126.1	157.5
Corporate Social Responsibility expenses [Refer Note 31(b)]	13.4	17.1
Provision for doubtful debts	(1.9)	3.9
Bad Debt written off	20.4	10.5
Less: Provision for doubtful debts utilised	(20.4)	(10.5)
	-	-
Payment to Auditors [Refer Note 31(a)]	4.8	4.7
Net loss on sale of property, plant and equipment	7.2	2.6
Loss on foreign exchange fluctuations (net)	64.2	64.3
Travelling & Conveyance	54.3	33.2
Miscellaneous expenses	300.1	284.9
Total	4,315.2	3,792.0

Note 31(a): Details of payment to auditors

	₹ in million	
	Year ended March 31, 2023	Year ended March 31, 2022
Payments to auditors:		
- As auditors	4.0	4.0
- For other audit services	0.5	0.6
- Reimbursement of expenses	0.3	0.1
Total	4.8	4.7

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 31: Other expenses (Contd...)

Note 31(b): Corporate social responsibility expenses

	₹ in million	
	Year ended March 31, 2023	Year ended March 31, 2022
Nature of CSR activities:		
Promoting education among children	-	6.1
Promotion of healthcare including preventive healthcare	6.3	4.5
Livelihood enhancement projects	4.3	7.8
Amount spent in Administrative overheads	0.6	0.9
Accrual towards unspent obligations in relation to:		
Ongoing projects	-	-
Other than ongoing projects	-	-
Total	11.2	19.3
Gross amount required to be spent by the Company during the year under section 135 of the Act:	13.0	19.7
Amount of expenditure incurred, :		
(i) Construction/acquisition of any asset	-	6.2
(ii) On purposes other than (i) above	11.2	13.1

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Note:

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

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

	₹ in million
Balance excess spent as at April 01, 2021	2.6
Amount required to be spent during the year ended March 31, 2022	19.7
Net amount required to be spent	17.1
Amount spent during the year ended March 31, 2022	19.3
Balance excess spent as at March 31, 2022	2.2
Amount spent during the year ended March 31, 2023	11.2
Total amount of CSR expenditure for the year ended March 31, 2023 *	13.4
Amount required to be spent during the year	13.0

The excess CSR spent of ₹ 2.2 million during the year ended March 31, 2022 was carried forward for set off as per the approval of Board of Directors on May 26, 2022. The Company has adjusted the said excess CSR spend against the CSR obligation for the year ended March 31, 2023.

* The excess CSR spent of ₹ 0.4 million during the year ended March 31, 2023 has not been carried forward by the Company.

Movement of provision in respect of liability incurred towards contractual obligation

	₹ in million
As at April 1, 2021	0.9
Charged to profit or loss	0.9
Amounts used during the year	0.9
As at March 31, 2022	0.9
Charged to profit or loss	0.5
Amounts used during the year	0.9
As at March 31, 2023	0.5

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 32: Current and Deferred Tax

Note 32(a): Movement of Current tax expense

	₹ in million	
	Year ended March 31, 2023	Year ended March 31, 2022
Income tax expense		
Current tax		
Current tax for the year	18.7	85.2
Adjustments for current tax of prior periods	16.2	(8.1)
Total current tax expense	34.9	77.1
Deferred tax		
Decrease / (increase) in deferred tax assets	(266.4)	(19.8)
(Decrease) / increase in deferred tax liabilities	1.0	7.2
Total deferred tax expense/(credit)	(265.4)	(12.6)
Total	(230.5)	64.5

Note 32 (b): Income Tax expenses / (credit) of ₹ 4.9 million [March 31, 2022 - ₹ 6.4 million] has been recognised in other comprehensive income on account of actuarial remeasurements of post employment benefit obligations.

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

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

	₹ in million	
	Year ended March 31, 2023	Year ended March 31, 2022
Profit before tax from continuing operations	(1,051.9)	225.7
Rate of income tax	25.17%	25.17%
Income tax expenses	(264.8)	56.8
Differences due to:		
Expenses not deductible for tax purposes	3.5	5.8
Income exempt from income tax or taxable at concessional rate	(0.2)	(0.3)
Current tax liability in respect of a foreign jurisdiction where tax credit is not available in current year in India due to tax losses.	18.7	-
Tax adjustment of earlier year	16.2	(8.1)
Others	(3.9)	10.3
Expense recognised	(230.5)	64.5

Note 33: Contingent liabilities, contingent assets & commitments

(a) Contingent liabilities

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Legal matters under dispute :		
Service tax	119.3	147.5
Sales tax (Note 4)	210.1	152.3
Income Tax	51.9	-
Excise duty	0.3	30.6
Goods & Services tax	4.4	2.2
Claims against the Company not acknowledged as debts	15.5	13.2
Bonus liability pertaining to financial year 2014-15	5.8	5.8
Total	407.3	351.6

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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

1. Tax 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 these matters, pending resolution of the proceedings with the appellate authorities.

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

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

4. The Company had received a demand (including interest thereon) of ₹ 367.5 million in respect of sales tax matter during the year ended March 31, 2021. The Company has an unadjusted refund receivable amounting to ₹ 113.0 million in respect of assessment years covered under the said matter. Against the said demand, the Company has given Corporate Guarantee to tax authorities amounting to ₹ 103.0 million (March 31, 2022 - ₹ 103.0 million). Based on the assessment performed by Management (including recomputation), the Company has determined the contingent liability of ₹ 15.8 million (net) which is included in 33(a).

(b) Capital commitments

₹ in million

	As at March 31, 2023	As at March 31, 2022
Estimated value of contracts in capital account remaining to be executed and not provided for (net of advances)	282.9	357.2
Total	282.9	357.2

(c) Other commitments

₹ in million

	As at March 31, 2023	As at March 31, 2022
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:	342.5	57.3
Total	342.5	57.3

(d) There are no contingent assets recognised as at the year end (March 31, 2022 ₹ Nil)

Note 34: Research and Development

The amount of Research and Development expenditure incurred in respect of capital expenditure amounted to ₹ Nil (March 31, 2022 ₹ Nil) and in respect of revenue expense amounted to ₹284.6 million (March 31, 2022 ₹ 310.3 million). The Research and Development expenditure is incurred in respect of cooling products for comfort and commercial use.

Note 35: Provisions

(i) Information about provisions:

Provision for Warranty

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

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 35: Provisions (Contd...)

Provision for litigations and probable claims

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

(ii) Movement in provisions:

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

	₹ in million		
	Provision for Warranty	Provision for litigations and probable claims	Total
As at April 1, 2021	380.1	262.2	642.3
Charged/(credited) to profit or loss			
-additional provision recognized	207.5	13.1	220.6
-unused amounts reversed	(23.6)	-	(23.6)
-unwinding of discount	8.1	-	8.1
Amounts used during the year	(171.8)	(6.8)	(178.6)
As at March 31, 2022	400.3	268.5	668.8
Charged/(credited) to profit or loss			
-additional provision recognized	374.1	15.4	389.5
-unused amounts reversed	(34.6)	-	(34.6)
-unwinding of discount	9.1	-	9.1
Amounts used during the year	(255.3)	(10.4)	(265.7)
As at March 31, 2023	493.6	273.5	767.1

Note: Provision for warranty during the year and utilization do not include ₹ 203.9 million for the year ended March 31, 2023 (March 31, 2022 - ₹ 178.4 million) contractually payable to dealers and service providers to meet warranty cost.

Note 36: Employee benefit obligations

(a) Compensated absences

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

(b) Post employment obligations

Defined contribution plans

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

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

	₹ in million	
	Year ended March 31, 2023	Year ended March 31, 2022
Employer's Contribution to Provident fund	79.2	75.8
Employer's Contribution to Employee State Insurance	0.1	0.3
Employer's Contribution to Superannuation fund	10.5	8.4
Total	89.8	84.5

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.

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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

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

	₹ in million		
	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2021	314.7	(312.8)	1.9
Current service cost	36.6	-	36.6
Interest expense/(income)	20.8	(21.1)	(0.3)
Total amount recognized in the Statement of Profit and Loss	57.4	(21.1)	36.3
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / (income)	-	0.3	0.3
(Gain)/loss from change in financial assumptions	(16.1)	-	(16.1)
Experience (gains)/losses	(9.6)	-	(9.6)
Total amount recognized in Other comprehensive income	(25.7)	0.3	(25.4)
Employer contributions		(37.8)	(37.8)
Benefit payments	(16.2)	20.4	4.2
March 31, 2022	330.2	(351.0)	(20.8)
Current service cost	36.0	-	36.0
Interest expense/(income)	23.2	(25.3)	(2.1)
(Gain)/loss on settlement	(0.8)	-	(0.8)
Total amount recognized in the Statement of Profit and Loss	58.4	(25.3)	33.1
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / (income)	-	3.4	3.4
(Gain)/loss from change in financial assumptions	(11.5)	-	(11.5)
Experience (gains)/losses	(11.2)	-	(11.2)
Total amount recognized in Other comprehensive income	(22.7)	3.4	(19.3)
Employer contributions	-	-	-
Benefit payments	(30.7)	29.9	(0.8)
March 31, 2023	335.2	(343.0)	(7.8)

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

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets	(343.0)	(351.0)
Present value of funded obligation	335.2	330.2
Deficit/(Surplus) of gratuity plan	(7.8)	(20.8)

Categories of plan assets are as follows:

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Insurer managed fund	343.0	351.0
Total	343.0	351.0

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	As at March 31, 2023	As at March 31, 2022
Discount rate (p.a.)	7.20%	7.20%
Salary growth rate (p.a.)	7.50%	Operators : 15% for first 2 years, 8% thereafter, Others : 7.5%

Future mortality rates are obtained from relevant table of Indian Assured Lives Mortality (2012-14) Ultimate as at March 31, 2023 and March 31, 2022.

Sensitivity analysis

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

Defined benefit obligation	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Discount rate (Change in assumptions)		
Increase by 1%	304.8	298.5
Decrease by 1%	371.0	367.6
Salary growth rate (Change in assumptions)		
Increase by 1%	370.6	366.9
Decrease by 1%	304.6	298.4

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

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

Risk Exposure

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

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

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

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

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

Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending March 31, 2023 is ₹ 22.3 million, (March 31, 2022 - ₹ 17.3 million).

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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

The weighted average duration of the defined benefit obligation is 14.57 years (March 31, 2022 – 14.53 years). The expected maturity analysis of undiscounted gratuity benefits is as follows:

Duration	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Less than a year	22.3	17.3
Between 1-2 years	19.7	17.1
Between 2-5 years	73.2	76.2
Between 5-10 years	147.3	130.9
Over 10 years	550.5	600.5

Note 37: Fair value measurements

(i) Classification of Financial Instruments

This section mentions the classification of financial instruments as under:

₹ in million

	As at March 31, 2023			As at March 31, 2022		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Trade Receivables	-	-	3,211.8	-	-	4,113.0
Loans to Employees	-	-	11.1	-	-	14.0
Derivative Contracts	1.3	-	-	10.7	-	-
Other receivables	-	-	0.7	-	-	78.2
Margin money deposits	-	-	0.1	-	-	0.1
Security deposits	-	-	44.6	-	-	57.7
Cash and cash equivalents	-	-	219.7	-	-	304.5
Bank balances other than Cash and cash equivalents above	-	-	1.5	-	-	2.2
Total financial assets	1.3	-	3,489.5	10.7	-	4,569.7
Financial liabilities						
Borrowings	-	-	1,430.3	-	-	430.1
Trade payables	-	-	7,086.5	-	-	7,209.7
Deposit from dealers and others	-	-	36.3	-	-	36.5
Payable for capital suppliers	-	-	55.1	-	-	32.8
Unclaimed dividends	-	-	1.5	-	-	2.0
Employee related payables	-	-	173.4	-	-	133.6
Derivative Contracts	9.3	-	-	6.2	-	-
Total financial liabilities	9.3	-	8,783.1	6.2	-	7,844.7

(ii) Fair value hierarchy

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

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

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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

The categories used are as follows:

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

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

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

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

- Measured at FVPL / FVOCI

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

- Measured at amortised cost

The carrying amounts of current financial assets and liabilities are considered to be the same as their fair values due to short-term nature of such balances. Difference between fair value of non-current financial instruments carried at amortised cost and the carrying value is not considered to be material to the financial statement.

(iv) Valuation processes

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

Note 38: Financial risk management and Capital management

Financial risk management

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

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

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

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

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

(A) Credit Risk

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

Trade receivables are derived from revenue earned from customers. Credit risk for trade receivable is managed by the Company through credit approvals, establishing credit limits and periodic monitoring of the creditworthiness of its customers to which the Company grants credit terms in the normal course of business. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Additionally, the Company has granted corporate guarantees to bank against the credit facilities availed by customers amounting to ₹ 75.0 million(March 31, 2022 - ₹ 75.0 million). This is not considered significant component to the overall operations of the Company.

The Company uses the Expected Credit Loss (ECL) model to assess the impairment loss in respect of its financial assets.

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

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 38: Financial risk management and Capital management (Contd...)

when there is no reasonable expectation of recovery. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

While cash and cash equivalents are also subject to the impairment requirements of Ind AS 109, the Company has not identified impairment loss in view of banks having high credit rating. In respect of security deposits and other financial assets, the risk of financial loss on account of credit risk is not expected to be material to the financial statements.

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 ₹276.8 million as of March 31, 2023 (March 31, 2022 - ₹ 161.6 million). None of the other financial instruments of the Company result in material concentration of credit risk.

Financial assets are written off when there is no reasonable expectation of recovery, such as a counter-party failing to engage in a repayment plan with the Company. Where recoveries are made, these are recognised in profit or loss.

Loss allowance as at March 31, 2023 and March 31, 2022 was determined as follows for both trade receivables and contract assets under the simplified approach:

As at March 31, 2022	Not Due / unbilled	Outstanding for following periods from due date of payment					Total	₹ in million
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years		
Gross carrying amount - trade receivables	3,861.0	170.7	41.3	55.6	16.2	17.7	4,162.5	
Gross carrying amount - contract assets	28.7	-	-	-	-	-	28.7	
Total	3,889.7	170.7	41.3	55.6	16.2	17.7	4,191.2	
Expected Loss Rate- Direct	0.1%	1.2%	12.1%	100.0%	100.0%	100.0%		
Expected Loss Rate-Service	0.1%	0.5%	2.9%	14.4%	64.4%	100.0%		
Expected Loss Rate-Dealers	0.0%	0.7%	52.6%	100.0%	100.0%	100.0%		
Expected Loss Rate-Projects	0.0%	0.1%	0.5%	9.1%	74.4%	100.0%		
Expected credit losses- on trade receivables & contract assets	0.7	0.3	0.6	0.3	4.0	0.5	6.4	
Provision due to credit Impaired	-	-	0.8	7.7	11.2	14.2	33.8	
Provisions on basis of forward looking information							9.3	
Total Provision on trade receivables & Contract Assets	0.7	0.3	1.4	8.0	15.2	14.7	49.5	
Carrying amount of trade receivables (net of impairment)	3,889.0	170.4	39.9	47.6	1.0	3.0	4,141.7	

As at March 31, 2023	Not Due / unbilled	Outstanding for following periods from due date of payment					Total	₹ in million
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years		
Gross carrying amount - trade receivables	2,874.6	311.4	5.6	25.3	13.3	8.9	3,239.0	
Gross carrying amount - contract assets	43.2	-	-	-	-	-	43.2	
Total	2,917.8	311.4	5.6	25.3	13.3	8.9	3,282.2	
Expected Loss Rate- Direct	0.1%	3.4%	38.6%	100.0%	100.0%	100.0%		
Expected Loss Rate-Service	0.1%	0.7%	4.2%	23.0%	77.9%	100.0%		
Expected Loss Rate-Dealers	0.0%	2.0%	31.9%	100.0%	100.0%	100.0%		
Expected Loss Rate-Projects	0.2%	0.5%	1.1%	4.2%	66.5%	100.0%		
Expected credit losses- on trade receivables & contract assets	0.9	1.7	1.5	1.1	5.0	5.7	15.9	
Provision due to credit Impaired	-	-	0.3	-	4.8	3.2	8.3	
Provisions on basis of forward looking information							3.0	
Total Provision on trade receivables & Contract Assets	0.9	1.7	1.9	1.1	9.8	8.9	27.2	
Carrying amount of trade receivables (net of impairment)	2,916.9	309.7	3.8	24.2	3.5	-	3,255.0	

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 38: Financial risk management and Capital management (Contd...)

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

₹ in million

Duration	As at March 31, 2023	As at March 31, 2022
Balance at the beginning	49.5	56.1
Impairment loss recognised/(reversed)	(1.9)	3.9
Amounts written off	(20.4)	(10.5)
Balance at the end	27.2	49.5

(B) Management of Liquidity risk

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

The Company has sufficient unutilised unsecured credit facilities amounting to ₹ 3,852.5 million as at March 31, 2023 (March 31, 2022: ₹ 4,880.3 million) from its bankers to address any potential liquidity risk. Further, the Company expects realisation of its current assets including accounts receivables and inventories within twelve months ending March 31, 2024.

Maturities of financial liabilities

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

As at March 31, 2022	Note No.	Carrying amount	Less than 12 months	More than 12 months	Total
₹ in million					
Non derivatives					
Current Borrowings	20 (a)	430.1	430.1	-	430.1
Lease Liabilities		694.5	328.6	584.5	913.1
Trade payables	20 (b)	7,209.7	7,209.7	-	7,209.7
Deposits from dealers and others	20 (c)	36.5	36.5	-	36.5
Payable for capital suppliers	20 (c)	32.8	32.8	-	32.8
Unclaimed dividends	20 (c)	2.0	2.0	-	2.0
Employee related payables	20 (c)	133.6	133.6	-	133.6
Derivatives					
Derivative contracts	20 (c)	6.2	6.2	-	6.2
Total liabilities		8,545.4	8,179.5	584.5	8,764.0

As at March 31, 2023	Note No.	Carrying amount	Less than 12 months	More than 12 months	Total
₹ in million					
Non derivatives					
Current Borrowings	20 (a)	1,430.3	1,430.3	-	1,430.3
Lease Liabilities		499.9	164.3	435.7	600.0
Trade payables	20 (b)	7,086.5	7,086.5	-	7,086.5
Deposits from dealers and others	20 (c)	36.3	36.3	-	36.3
Payable for capital suppliers	20 (c)	55.1	55.1	-	55.1
Unclaimed dividends	20 (c)	1.5	1.5	-	1.5
Employee related payables	20 (c)	173.4	173.4	-	173.4
Derivatives					
Derivative contracts	20 (c)	9.3	9.3	-	9.3
Total liabilities		9,292.3	8,956.7	435.7	9,392.4

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 38: Financial risk management and Capital management (Contd...)

(C) Market Risk

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

Foreign currency risk

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

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

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

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

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

Underlying Currency	₹ in million			
	As at March 31, 2023		As at March 31, 2022	
	USD	JPY	USD	JPY
Assets				
Trade Receivables	121.4	-	85.9	-
Bank Balance in EEFC account	102.5	-	101.2	-
Other financial assets	-	-	8.4	-
	223.9	-	195.5	-
Liabilities				
Trade Payable	2,403.2	57.6	2,506.1	25.4
Other financial liabilities	50.4	-	2.3	-
	2,453.6	57.6	2,508.4	25.4
Derivative to hedge exposure				
Forward contracts (Buy)	1,595.7	-	1,886.2	-

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 or (Increase) / decrease in Loss after tax	
	March 31, 2023	March 31, 2022
USD Sensitivity		
Depreciation of ₹ against USD by 5% (March 31, 2022 - 5%)*	(23.7)	(16.0)
Appreciation of ₹ against USD by 5% (March 31, 2022 - 5%)*	23.7	16.0
JPY Sensitivity		
Depreciation of ₹ against JPY by 5% (March 31, 2022 - 5%)*	(2.2)	(0.9)
Appreciation of ₹ against JPY by 5% (March 31, 2022 - 5%)*	2.2	0.9

* Holding all other variables constant

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 38: Financial risk management and Capital management (Contd...)

Capital management

(a) Risk management

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

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

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

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

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

(b) Dividend

The Company has not paid dividend for the year ended March 31, 2023 and March 31, 2022. Further the Board of Directors did not recommend dividend subsequent to the year ended March 31, 2023.

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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

I Relationship

A. Parties exercising control

Ultimate Parent

Johnson Controls International PLC, Inc., Ireland

Immediate Parent

JCHAC India Holdco Limited, UK

Intermediate Holding Companies

Tyco Fire & Security Finance S.C.A., Luxembourg

Johnson Controls Reorganization Luxembourg SCS, Luxembourg

Johnson Controls International Holdings Ltd., United Kingdom

Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd., United Kingdom

JCHAC Jersey Holding Limited, Jersey

JCHAC UK HoldCo Limited, United Kingdom

B. Parties under common control (Fellow Subsidiaries)

Johnson Controls-Hitachi Components (Thailand) Co. Ltd.

Johnson Controls Hitachi Air Conditioning Malaysia Sdn. Bhd.

Johnson Controls India Pvt. Ltd.

Johnson Controls, Inc., USA

Johnson Controls-Hitachi Air Conditioning Spain, S.A.

Johnson Controls-Hitachi Air Conditioning Wuhu Co. Ltd., China

Johnson Controls Air Conditioning and Refrigeration, Inc (Dubai Branch)

Johnson Control International (L.L.C.),(UAE)

Johnson Controls Air Conditioning And Refrigeration Fze., Dubai

Johnson Controls Hitachi Air Conditioning Europe Sas, France

Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.

Johnson Controls-Hitachi Air Conditioning North America LLC

Johnson Controls-Hitachi Wanbao Air Conditioning System (Shanghai) Co., Ltd.

PT Johnson Controls Hitachi Air Conditioning Indonesia

Johnson Controls-Hitachi Wanbao Air Conditioning Guangzhou Co. Ltd., China

Johnson Controls-Hitachi Air Conditioning Trading (Hong Kong) Limited

Johnson Controls-Hitachi Air Conditioning Taiwan Co. Ltd.

Johnson Controls-Hitachi Wanbao Compressor (Guangzhou) Co.,Ltd, China

Hitachi Johnson Controls Air Conditioning Inc., Japan

York International (SA) Inc, USA

Tyco Fire & Security India Private Limited

Johnson Controls-Hitachi Air Conditioning Spain, S.A.U

C. Associate/Joint Venture in JC Group

Highly Electrical Appliances India Pvt. Ltd.

Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd., China

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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

D. Associates

Entities having significant influence over the Company

Hitachi Limited, Japan
(no transactions during current and previous year)
Hitachi Global Life Solution Inc.

Subsidiaries of entities having significant influence over the Company

Arcelik Hitachi Home Appliances (Thailand) Ltd.
(formerly known as Hitachi Consumer Products (Thailand) Ltd.)
(Till June 30, 2021)
Arcelik Hitachi Home Appliances Sales (Singapore) Pte Ltd
(formerly known as Hitachi Home Electronics Asia (S) Pte. Ltd.)
(Till June 30, 2021)
Hitachi Hirel Power Electronics Pvt. Ltd.
Hitachi India Pvt. Ltd.
Hitachi Metals Singapore Pte Ltd.
Shizuoka Hitachi Co. Ltd.
Hitachi Payment Services Pvt. Ltd
Hitachi Astemo Chennai Private Limited (formerly known as Hitachi Automotive System (India) Pvt. Limited)
Hitachi Astemo Gurugram Powertrain Systems Pvt. Ltd.
Hitachi Energy India Limited
Hitachi Koki India Ltd
Tata Hitachi Construction Machinery Company Pvt. Ltd.
Hitachi Asia Ltd

E. Key Managerial Personnel

Mr. Gurmeet Singh (Chairman and Managing Director)
Mr. Shinichi Iizuka (Non-executive non-independent Director)
(upto May 26, 2022)
Mr. Yoshikazu Ishihara (Non-executive non-independent Director)
Mr. Tatsuya Sugawara (Non-executive non-independent Director)
(w.e.f. May 26, 2022)
Mr. Mukesh Patel (Independent Director)
Mr. Ashok Balwani (Independent Director)
Ms. Indira Parikh (Independent Director) (upto March 31, 2022)
Ms. Shalini Kamath (Independent Director) (w.e.f. April 01, 2022)

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

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

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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 E Above	
		For the year ended March 31, 2023	March 31, 2022	For the year ended March 31, 2023	March 31, 2022	For the year ended March 31, 2023	March 31, 2022	For the year ended March 31, 2023	March 31, 2022	For the year ended March 31, 2023	March 31, 2022	For the year ended March 31, 2023	March 31, 2022
5	Sale of products												
	Johnson Controls India Private Limited	-	226.9	0.1	-	-	-	-	-	-	-	-	-
	Arcelik Hitachi Home Appliances Sales (Singapore) Pte Ltd (formerly known as Hitachi Home Electronics Asia (S) Pte. Ltd.)	-	-	-	-	-	28.1	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	219.8	224.2	-	-	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Trading (Hong Kong) Limited	-	130.7	75.3	-	-	-	-	-	-	-	-	-
	Highly Electrical Appliances India Private Limited.	-	-	-	0.5	-	-	-	-	-	-	-	-
	Hitachi Payment Services Pvt. Ltd	-	-	-	-	13.9	5.8	-	-	-	-	-	-
	York International (SA) Inc.	-	11.2	-	-	-	-	-	-	-	-	-	-
	Hitachi Energy India Limited	-	-	-	-	1.3	-	-	-	-	-	-	-
	Johnson Controls Hitachi Air Conditioning Europe SaaS, France	-	-	1.4	-	-	-	-	-	-	-	-	-
	Others	-	9.2	25.8	-	-	0.3	-	-	-	-	-	-
	Total	-	597.8	326.8	-	0.5	34.2	15.2	0.3	0.6	0.5	0.4	2.8
6	Sale of services												
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	368.7	445.6	-	-	-	-	-	-	-	-	-
	Hitachi Hirel Power Electronics Pvt. Ltd.	-	-	-	-	1.2	1.2	-	-	-	-	-	-
	Hitachi Astemo Chennai Private Limited (formerly known as Hitachi Automotive System (India) Pvt. Limited)	-	-	-	-	3.8	0.7	-	-	-	-	-	-
	Hitachi Astemo Gurugram Powertrain Systems Pvt. Ltd.	-	-	-	-	-	0.5	-	-	-	-	-	-
	Others	-	0.1	0.1	-	-	0.4	-	-	-	-	-	-
	Total	-	368.8	445.7	-	6.0	2.8	6.0	0.4	0.6	0.5	0.4	2.8
7	Other Income (Facility charges)												
	Johnson Controls India Pvt. Ltd.	-	7.9	12.4	-	-	-	-	-	-	-	-	-
	Hitachi Astemo Chennai Private Limited (formerly known as Hitachi Automotive System (India) Pvt. Limited)*	-	-	-	-	-	0.0	-	-	-	-	-	-
	Total	-	7.9	12.4	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Advertisement, Salary & Other Expense recovery												
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	84.8	83.3	-	-	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	12.8	12.6	-	-	-	-	-	-	-	-	-
	Others	-	0.4	1.6	-	-	-	-	-	-	-	-	-
	Total	-	98.0	97.5	-	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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Sr. No.	Transactions	Parties Referred to A Above		Parties Referred to B Above		Parties Referred to C Above		Parties Referred to D Above		Parties Referred to E Above	
		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
		March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023
9	Key management personnel compensation										
	Mr. Gurmeet Singh	-	-	-	-	-	-	-	-	-	-
	- Short-term employee benefits	-	-	-	-	-	-	-	-	-	30.4
	- Post-employment benefits	-	-	-	-	-	-	-	-	-	2.7
	- Long-term employee benefits	-	-	-	-	-	-	-	-	-	0.8
	Directors sitting fees	-	-	-	-	-	-	-	-	-	-
	Mr. Mukesh Patel	-	-	-	-	-	-	-	-	-	1.1
	Mr. Ashok Balwani	-	-	-	-	-	-	-	-	-	1.0
	Ms. Indira Parikh	-	-	-	-	-	-	-	-	-	0.8
	Ms. Shalini Kamath	-	-	-	-	-	-	-	-	-	0.9
	Total	-	-	-	-	-	-	-	-	-	35.9
10	Royalty										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	164.6	-	186.8	-	-	-	-	-	-
	Hitachi Global Life Solution Inc.	-	-	-	-	-	209.6	-	183.2	-	-
	Total	-	164.6	-	186.8	-	209.6	-	183.2	-	-
11	Purchase of capital goods										
	Tyco Fire & Security India Private Limited	-	-	-	0.1	-	-	-	-	-	-
	Johnson Controls, Inc., USA	-	-	-	55.7	-	-	-	-	-	-
	Hitachi Hirel Power Electronics Pvt. Ltd.	-	-	-	-	-	-	-	0.7	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	1.7	-	-	-	-	-	-	-	-
	Johnson Controls India Private Limited	-	0.8	-	3.6	-	-	-	-	-	-
	Shizuoka Hitachi Co. Ltd	-	-	-	-	-	11.9	-	-	-	-
	Total	-	2.5	-	59.4	-	11.9	-	0.7	-	-
12	Reimbursement of salaries & other expenses										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	27.0	-	30.7	-	-	-	-	-	-
	Johnson Controls, Inc., USA	-	90.4	-	43.8	-	-	-	-	-	-
	Hitachi Global Life Solution Inc.	-	-	-	-	-	2.6	-	6.9	-	-
	Others	-	7.7	-	4.0	-	-	-	-	-	-
	Total	-	125.1	-	78.5	-	2.6	-	6.9	-	-
13	Repair & Maintenance Expenses										
	Johnson Controls India Pvt. Ltd.	-	-	-	1.3	-	-	-	-	-	-
	Total	-	1.3	-	1.3	-	-	-	-	-	-
(B)	Balance at year end										
	Receivable										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	50.5	-	37.2	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning (S) Pte Ltd	-	-	-	12.9	-	-	-	-	-	-
	York International (SA) Inc.	-	-	-	0.3	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	46.5	-	-	-	-	-	-	-	-
	Others	-	7.9	-	4.6	-	0.8	-	0.7	-	-
	Total Amount	-	104.9	-	55.0	-	0.1	-	0.7	-	-

₹ in million

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Sr. No.	Sr. 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, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022										
	Payable																				
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	71.2	108.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	936.0	1,107.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Johnson Controls, Inc, USA	-	-	14.2	56.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Components (Thailand) Co. Ltd., Thailand	-	-	-	175.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd., China	-	-	-	-	70.2	11.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Hitachi Global Life Solution Inc	-	-	-	-	-	-	-	85.8	99.8	-	-	-	-	-	-	-	-	-	-	-
	Johnson Controls Hitachi Air Conditioning Malaysia Sdn. Bhd.	-	-	12.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Wuhu Co. Ltd.	-	-	35.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	-	59.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Others	-	-	4.1	34.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Amount	-	-	197.1	375.0	1,006.2	1,119.2	85.8	99.8	-	-	-	-	-	-	-	-	-	-	-	-

#Amounts to ₹ 17,926 at March 31, 2022

*Amounts to ₹ 38,796 at March 31, 2023

Notes:

- (i) There are no allowances on account for impaired receivables in relation to any outstanding balances, and no expense have been recognised in respect of impaired receivables due from related parties.
- (ii) Key management personnel compensation does not include premium paid for group health insurance, as separate premium paid is not available.
- (iii) The Board of Directors have approved the re-appointment of Chairman and Managing Director for the period from February 01, 2023 to October 31, 2025 and related terms and conditions at their meeting on January 25, 2023 and approval of Shareholder's will be sought at the ensuing Shareholder's Meeting. Remuneration paid during the year to Chairman and Managing Director is in accordance with the special resolution approved at Shareholders' meeting on September 15, 2021 as per requirements of Section 197 read with Schedule V and as per aforesaid resolution approved by the Board of Directors.
- (iv) The transactions with related parties have prior approval of the Audit Committee and Shareholders, where applicable, in accordance with the applicable regulations/Act.

III. Terms and Conditions

All transactions were made on normal commercial terms and condition.

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

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 40: Segment Reporting

A. Description

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

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

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

B. Information about reportable segment

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

₹ in million

	2022-23			2021-22		
	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						
Sale of Products and Services	23,398.8	721.6	24,120.4	21,190.0	702.1	21,892.1
Less: Inter - Segment Sales	-	276.0	276.0	-	301.7	301.7
Total Revenue from operations	23,398.8	445.6	23,844.4	21,190.0	400.4	21,590.4
Segment Results						
(Loss) / Earnings before Interest and Tax and Exceptional items	(907.7)	86.7	(821.0)	232.4	92.1	324.5
Less: Exceptional items	155.6	-	155.6	7.4	-	7.4
Less: Interest expense	75.3	-	75.3	91.4	-	91.4
(Loss) / Profit before tax	(1,138.6)	86.7	(1,051.9)	133.6	92.1	225.7
Segment Assets	15,748.1	1,304.6	17,052.7	15,874.5	1,434.0	17,308.5
Unallocated corporate assets	-	-	833.2	-	-	630.6
Total Segment assets	15,748.1	1,304.6	17,885.9	15,874.5	1,434.0	17,939.1
Segment Liabilities	11,149.2	143.5	11,292.7	10,349.5	176.4	10,525.9
Unallocated corporate liabilities	-	-	1.5	-	-	14.5
Total Segment Liabilities	11,149.2	143.5	11,294.2	10,349.5	176.4	10,540.4

C. Geographic information

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

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

₹ in million

	2022-23			2021-22		
	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	22,628.6	276.0	22,904.6	20,373.2	333.4	20,706.6
Outside India	770.2	445.6	1,215.8	816.8	368.7	1,185.5
Total	23,398.8	721.6	24,120.4	21,190.0	702.1	21,892.1
Less: Inter Segment Revenue	-	(276.0)	(276.0)	-	(301.7)	(301.7)
Total segment revenue from operations	23,398.8	445.6	23,844.4	21,190.0	400.4	21,590.4

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 40: Segment Reporting (Contd...)

D. Non-current segment asset

₹ in million

	2022-23	2021-22
India	4,294.0	4,447.8
Outside India	-	-
Total Non-current Segment assets	4,294.0	4,447.8

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, 2023	Year ended March 31, 2022
Contract Price	25,190.5	22,717.7
Adjustment for:		
Incentives and performance bonus	(1,346.1)	(1,127.3)
Revenue recognised	23,844.4	21,590.4

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

	2022-23			2021-22		
	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	16,077.6	-	16,077.6	14,694.4	-	14,694.4
Commercial air conditioners	4,315.8	-	4,315.8	3,510.4	-	3,510.4
Home appliances	387.4	-	387.4	560.1	-	560.1
Service Income	866.9	445.6	1,312.5	766.7	368.7	1,135.4
Others	1,751.1	-	1,751.1	1,658.4	31.7	1,690.1
Total	23,398.8	445.6	23,844.4	21,190.0	400.4	21,590.4
Timing of revenue recognition						
Goods / Services Transferred at a point of time	22,722.8	-	22,722.8	20,575.3	31.7	20,607.0
Service transferred over time	676.0	445.6	1,121.6	614.7	368.7	983.4
	23,398.8	445.6	23,844.4	21,190.0	400.4	21,590.4

Information about Contract assets and Contract Liabilities

	Contract assets	Contract liabilities
As at April 1, 2021	79.7	268.6
Revenue recognised that was included in the contract liability balance at the beginning of the period		240.1
Increases due to cash received, excluding amounts recognised as revenue during the period		246.2
Transfers from contract assets recognised at the beginning of the period to receivables	55.2	
Increases as a result of changes in the measure of progress	4.2	
As at March 31, 2022	28.7	274.7
Revenue recognised that was included in the contract liability balance at the beginning of the period		243.5
Increases due to cash received, excluding amounts recognised as revenue during the period		393.8
Transfers from contract assets recognised at the beginning of the period to receivables	5.0	
Increases as a result of changes in the measure of progress	19.5	
As at March 31, 2023	43.2	425.0

Notes forming part of the Financial Statements

for the year ended March 31, 2023

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

Unsatisfied performance obligation

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
Aggregate amount of the transaction price allocated to construction contracts that are partially unsatisfied as at reporting date	40.7	22.1
Revenue recognised from performance obligation unsatisfied in previous period	10.6	35.4

Management expects that 100% of transaction price allocated to the unsatisfied contracts as on March 31, 2023 will be recognised as revenue during the next reporting period 2023-24.

Note 42: Exceptional Items

	₹ in million	
	As at March 31, 2023	As at March 31, 2022
(i) Loss of inventory (including GST) [Note (1)]	-	56.7
(ii) Insurance claim receivable/received [Note (1)]	(15.6)	(49.3)
	(15.6)	7.4
(iii) Termination benefits [Note (2)]	171.2	-
	155.6	7.4

Notes:

- (1) During the year ended March 31, 2022, there was a fire at one of the Company's warehouse and due to this, there was a loss of inventory. During the year ended March 31, 2022, such loss (net of estimated insurance claim receivable) of ₹ 7.4 million was recognized. Based on the final assessment by Surveyor, an amount of ₹ 15.6 million was recognized as income during the year ended March 31, 2023 towards insurance claim receivable.
- (2) Represents termination benefits paid/ payable to employees pursuant to realignment/ reorganisation in certain functional areas of the Company.

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 43: Additional regulatory information

(a) Ratios:

Sr. No.	Ratio	Numerator	Denominator	Refer note	As at March 31, 2023	As at March 31, 2022	% Variance	Reason for Variance*
1	Current Ratio	Current Assets	Current Liabilities		1.3	1.4	-8%	
2	Debt-Equity Ratio	Total Debt	Total Equity	I	0.3	0.2	93%	The variance is primarily on account of increase in current borrowings by ₹ 1,000.2 million during the year ended March 31, 2023.
3	Debt Service Coverage Ratio	Earnings available for debt service	Total Debt Service Costs	II	(0.7)	2.9	-125%	Refer Explanation 1
4	Return on Equity (ROE) (%)	Net (loss) / Profits after taxes	Average total Equity		-11.7%	2.2%	-633%	Refer Explanation 1
5	Inventory Turnover Ratio	Cost of goods sold	Average Inventory	III	2.7	2.3	20%	
6	Trade receivables turnover ratio	Net Credit Sales	Average Accounts Receivable	IV	8.1	7.9	2%	
7	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	V	3.4	3.6	-4%	
8	Net capital turnover ratio	Revenue from Operations	Working Capital		8.1	5.6	44%	The variance is primarily on account of overall reduction in working capital as at March 31, 2023 which is consequent to increase in current borrowings.
9	Net profit ratio(%)	Net (loss) / Profits after taxes	Total Income		-3.4%	0.7%	-561%	Refer Explanation 1
10	Return on capital employed (ROCE)(%)	(Loss) / Earning before interest and taxes	Capital Employed	VI	-12.1%	3.8%	-418%	Refer Explanation 1
11	Return on investments (%)	Interest and rent income (net)	Average investment	VII	3.7%	2.5%	48%	The variance is primarily on account of increase in interest rates in respect of deposits placed with bank during the year ended March 31, 2023.

* As per Para 6(L)(xiv) of the General Instructions for Preparation of the Balance Sheet under Division II of the Schedule III of the Act, the Company is required to provide explanation for changes in the ratio by more than 25% as compared to the preceding year.

Explanation:

- The variance is primarily on account of loss during the year ended March 31, 2023. The said loss is mainly on account of increase in commodity prices during the year ended March 31, 2023 which is not fully compensated by increase in sale prices of products. Further, the Company has incurred the expenditure towards termination benefits paid/payable to the employee in the current year.

Note:

- Total Debt = Borrowings + Lease liabilities
- Earnings available for debt service = (Loss)/Profit for the year adjusted by Deferred tax charge/(credit), Depreciation and amortisation expense, Finance costs and Loss on sale of property, plant and equipment (net)
- Total Debt Service Costs = Principal Payment of lease liabilities + Interest paid on lease liabilities + Payment of finance cost
- Average Inventory = Average of closing inventory at end of each quarter.
- Average Accounts Receivable = Average of accounts receivable at end of each quarter.
- Average Trade Payables = Average of trade payables at end of each quarter.
- Capital Employed = Total Equity + Total debt + Lease liabilities - Deferred Tax Assets
- Average investment = Weighted Average of Investments in fixed deposits during the year + Average carrying value of Investment Properties

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 43: Additional regulatory information (Contd...)

(b) Details of crypto currency or virtual currency

The Company has not invested or traded in Crypto Currency or Virtual Currency during the year ended March 31, 2023 and March 31, 2022.

(c) Compliance with approved scheme of arrangements

The Company has not entered into any scheme of arrangement in terms of sections 230 to 237 of the Companies Act, 2013.

(d) Undisclosed income

During the year ended March 31, 2023 and March 31, 2022, the Company has not surrendered or disclosed as income any transactions not recorded in the books of accounts in the course of tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(e) Loans or advances to specified persons

The Company has not granted any loans or advances in nature of loans to promoters/directors/KMPs/Related parties (as defined under the Companies Act, 2013) for the year ended March 31, 2023 and March 31, 2022.

(f) Compliance with numbers of layers of companies

The Company does not have investments in any company during the year ended March 31, 2023 and March 31, 2022.

(g) Utilisation of borrowed funds and share premium

During the year ended March 31, 2023 and March 31, 2022, the Company has not advanced or loaned or invested funds (either borrowed funds or share premium or kind of funds) to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

During the year ended March 31, 2023 and March 31, 2022, the Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security, or the like on behalf of the ultimate beneficiaries.

(h) Relationship with struck off companies

Except as disclosed below, the Company does not have any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 during the year ended March 31, 2023.

Sr No.	Name of the struck off Company	Nature of the transaction with struck off Company	Balance outstanding as at March 31, 2023 Receivable/ (Payable)	Relationship with struck off Company, if any, to be disclosed	Balance outstanding as at March 31, 2022 Receivable/ (Payable)	Relationship with Struck off Company, if any, to be disclosed
1	Mantra Impex Pvt Ltd (CIN: U80902TG2004PTC045027)	Advance from customer	(0.1)	NA, not a related party' under section 2(76) of the Companies Act, 2013	(0.1)	NA, not a related party' under section 2(76) of the Companies Act, 2013
2	Four Core Engineering Pvt Ltd (CIN: U31401TN2009PTC072594)	Trade Receivables	0.1	NA, not a related party' under section 2(76) of the Companies Act, 2013	0.1	NA, not a related party' under section 2(76) of the Companies Act, 2013
3	Varunaire Engineers Pvt Ltd* (CIN: U29191DL1991PTC042932)	Advance from customer	(0.0)	NA, not a related party' under section 2(76) of the Companies Act, 2013	(0.0)	NA, not a related party' under section 2(76) of the Companies Act, 2013
4	Genin Pharmaceutical Pvt Ltd (CIN: U51397DL2013PTC252063)	Trade Receivables	-	NA, not a related party' under section 2(76) of the Companies Act, 2013	-	NA, not a related party' under section 2(76) of the Companies Act, 2013

*Amounts to ₹ 370 at March 31, 2023 and ₹ 1,661 at March 31, 2022.

The Company did not have any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 during the year ended March 31, 2022.

Notes forming part of the Financial Statements

for the year ended March 31, 2023

Note 44: Earnings per share

	As at March 31, 2023	As at March 31, 2022
Net (Loss) / Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in million)	(821.4)	161.2
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 ₹)	(30.2)	5.9

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

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

		₹ in million	
	Purpose	As at March 31, 2023	As at March 31, 2022
Corporate guarantees given to bank against the credit facilities availed by dealers	To partially address dealers working capital requirement	75.0	75.0

Note 46: Events occurring after reporting period

The Company evaluated subsequent events through May 23, 2023, the date the financial statements were available for issuance, and determined that there were no additional material subsequent events requiring disclosure.

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

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

Sachin Parekh
Partner
Membership No.: 107038

Place: Kadi
Date: May 23, 2023

For and on behalf of the Board of Directors

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

Rishi Mehta
Chief Financial Officer
Place: Kadi
Date: May 23, 2023

Yoshikazu Ishihara
Director
DIN : 07998690
Place: Kadi

Parag Dave
Company Secretary
Membership No.: 12626
Place: Kadi
Date: May 23, 2023

Johnson Controls-Hitachi Air Conditioning India Limited

HEAD OFFICE AND WORKS

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

Email: sales@jci-hitachi.com

Website: www.hitachiaircon.com/in



Dial-a-Care

Call: 079-7141-4848 (L), 756-788-4848 (M)

E-mail: customercare@jci-hitachi.com

Whatsapp: +91 75678 84848

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

Telephone No.: +91-79-2640 2024

CIN No.: L29300GJ1984PLC007470



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

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Customer Care 756788-4848



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 Eighth Annual General Meeting of the members of the Johnson Controls-Hitachi Air Conditioning India Limited will be held on Thursday, September 14, 2023 at 10.00 a.m. through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2023 and the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Yoshikazu Ishihara (DIN 07998690), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and Rules framed there under and any amendment of such provisions from time to time, M/s. Kiran J Mehta & Co. (FRN - 000025), Cost Accountants, appointed by the Board of Directors of the Company to conduct the Audit of Cost records of the Company for the financial year from April 1, 2023 to March 31, 2024, be paid a remuneration of ₹ 1.50 Lacs and reimbursement of actual travel and out-of-pocket expenses.”

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

“RESOLVED THAT pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 and rules, circulars, orders and notifications issued thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Nobuyuki Tao (DIN 08080705), who was appointed as an Additional Director of the Company by the Board of Directors with effect from June 30, 2023 in terms of Section 161(1) of the Companies Act, 2013 and Article 127 of the Articles of Association of the Company and whose term of office expires at the ensuing Annual General Meeting, be and is hereby appointed as a Director and the period of his office shall be liable to determination by retirement of directors by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Mr. Arpit Kantilal Patel (DIN 01915274) having consented to act as a Director and having submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations, be appointed as an Independent Non-Executive Director of the Company for a term of five consecutive years with effect from October 1, 2023, to September 30, 2028.”

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

“RESOLVED THAT pursuant to 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 Managing Director of the Company for a period from February 1, 2023 to June 30, 2023, being the date of his resignation at the following remuneration and the other terms and conditions as decided by the Board of Directors at its meeting held on Jan 25, 2023:

Remuneration: Not to exceed ₹ 35.0 Million per annum (inclusive of following perquisites).

Perquisites:

Category – A

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

Category – B

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

Apart from the aforesaid remuneration, he will be entitled to reimbursement of all expenses incurred in connection with the business of the company. The appointee shall not be entitled to any sitting fees for Board / Committee meetings.

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

"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."

7. 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 152, 160 and any other applicable provisions of the Companies Act, 2013 and rules, circulars, orders and notifications issued thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sanjay Sudhakaran (DIN 00212610), having consented to act as a Director of the Company, who was appointed as an Additional Director of the Company by the Board of Directors with effect from July 1, 2023 in terms of Section 161(1) of the Companies Act, 2013 and Article 127 of the Articles of Association of the Company and whose term of office expires at the ensuing Annual General Meeting, be and is hereby appointed as a Director and the period of his office shall not be liable to determination by retirement of directors by rotation.

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

"RESOLVED THAT pursuant to the provisions of Section 196 and 197 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the rules notified there under and any further statutory modification(s) thereof from time to time, the approval of the Members of the Company be and is hereby accorded for appointment of Mr. Sanjay Sudhakaran (DIN 00212610) as the Managing Director of the Company for a period of 3 (Three) years with effect from July 1, 2023 on the following terms and conditions :-

1. Tenure of Appointment: July 1, 2023 to June 30, 2026.
2. He shall be in-charge of all day to day affairs of the Company. He shall report to the Board of Directors and shall work subject to the superintendence, control and direction of the Board of Directors and shall perform all such functions as may be delegated to him by the Board of Directors from time to time.
3. The office of the appointee as a Director shall not be liable to retire by rotation.

4. Remuneration:

- a. Salary, allowances, perquisites, incentives and retiral benefits: Not to exceed ₹ 50 Million per annum during his tenure.

Incentives: Performance linked incentives will be paid as per the Compensation Policy of the Company.

Perquisites: The appointee will be entitled to the following perquisites: -

- (i) Rent free furnished accommodation with caretaker.
- (ii) Company maintained Chauffer driven Car.
- (iii) Medical, Personal Accident and/or Term Life Insurance as per rules of the Company.
- (iv) All other perquisites in accordance with the rules of the Company.

Retirement benefits: The appointee will be entitled to following retiral benefits in accordance with the Rules of the Company: -

- (i) Provident Fund
- (ii) Gratuity
- (iii) Leave Encashment

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

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

- d. For the purpose of calculation of maximum remuneration limit as mentioned above

- (i) Only taxable amount of allowances shall be included in the calculation.
- (ii) Perquisites shall be valued as per Income Tax Act, 1961, wherever applicable, and in the absence of any provisions in the said Act, the perquisites shall be valued at actuals.
- (iii) such other allowances, perquisites and benefits as specifically excluded under Income Tax Act, 1961 and Companies Act, 2013 as may be amended from time to time shall not be included in the calculation.

- e. Annual / interim increments will be decided on the basis of performance of the appointee in accordance with performance review process of the Company.

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

The appointment can be terminated by the appointee or by the Company, by giving 1 (One) months' notice in writing

or by payment of a sum equivalent to remuneration for the notice period or proportionate for part thereof in case of shorter notice or on such other terms as may be mutually agreed.

“FURTHER RESOLVED THAT the Board (term “Board” referred hereinafter includes Board of Directors of the Company and Nomination and Remuneration Committee) be and is hereby authorised to vary and / or modify the terms and condition including remuneration, benefits and perquisites payable /

made available to the appointee in such manner as may be agreed upon between the Board and the appointee.”

“FURTHER RESOLVED THAT 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
Date: July 26, 2023

Parag Dave
Company Secretary

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

Notes:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect to the Special business to be transacted at the Meeting is annexed hereto.
2. Members are requested to notify promptly any change in their address to the Company's Registrars and Share Transfer Agent, Link Intime India Pvt. Limited (RTA) at its present address at 506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Near St. Xavier's College Corner, Off C G Road, Ellisbridge, Ahmedabad 380006, Gujarat, India. The members are also requested to send all correspondence relating to Shares, including transfers and transmissions to the Registrars and Share Transfer Agent.
3. Members who have not yet submitted KYC details with RTA are requested to,
 - submit KYC ;
 - register Mail ID;
 - provide Bank details.
4. All members who have not encashed their dividend warrants for the financial years 2015-16, 2016-17, 2017-18 and 2018-19

- are requested to write to the Company's Registrars and Share Transfer Agent.
5. Dividend pertaining to financial years 2009-10 to 2014-15 have already been transferred to Investors Education and Protection Fund. Shares of those shareholders whose Dividend was unpaid for last 7 years, have been transferred to Investors Educations and Protection Fund.
 6. The facility for making nominations is available for members in respect of the shares held by them. Nomination form can be obtained from the Company's Registrars and Share Transfer Agent.
 7. Electronic copy of the Annual Report for the year 2022-23, 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.
- 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 2023-24.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND (PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)

Item No. 2:

Mr. Yoshikazu Ishihara is a Graduate from the University of Southern California and holds Juris Doctor Degree from Emory University School of Law. He is having total experience of over 25 years in the field of Legal.

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

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

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

No. of Shares held in Company: Nil

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

Item No. 3

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, on recommendation of Audit Committee, the Board has considered and approved appointment of M/s. Kiran J Mehta &

Co. (FRN - 000025), Cost Accountants, as Cost Auditors to conduct Audit of Cost records of the Company for the financial year from April 1, 2023 to March 31, 2024 at a remuneration of ₹ 1.50 Lacs and reimbursement of actual travel and out-of-pocket expenses.

Such remuneration has to be ratified by the Shareholders of the Company. Therefore, consent of the Members is sought for passing an Ordinary resolution for ratification of the Remuneration payable to Cost Auditors for the financial year from April 1, 2023 to March 31, 2024.

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

In terms of section 160 of the Companies Act, 2013 and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, at its meeting held on June 30, 2023 and subject to approval of the members at ensuing Annual General Meeting of the Company, appointed Mr. Nobuyuki Tao as an Additional Director of the Company of the Company. The Company has also received Mr. Nobuyuki Tao's consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Mr. Nobuyuki Tao has done Bachelor of Science (General Business) and Master of Business Administration (Finance) (1993 to 1995) from Brigham Young University, Provo, Utah USA.

Mr. Nobuyuki Tao, CFO of Johnson Controls-Hitachi, Japan, is having more than 28 years of experience in various finance roles. In his past assignments, he has worked with Adient GK, Autoliv Electronics, Mitsubishi FusoTruck & Bus Corp, Visteon, Ford Motor ASEAN Operation in various positions viz. Vice President-Finance, Global Director Finance, General Manager Finance, Business / Finance Planner and Financial Analyst.

There is no inter-se relation of Mr. Nobuyuki Tao 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 the Company: Nil.

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

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

Item no. 5

Pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013, and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, at its meeting held on 30th June, 2023, appointed Mr. Arpit Patel as an Independent Director for a period of 5 (Five) years with effect from October 1, 2023 to September 30, 2028. The Company has received a declaration from Mr. Arpit Patel confirming that he meets the criteria of independence under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Company has also received Mr. Arpit Patel's consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Mr. Arpit Patel is a renowned Chartered Accountant. He is a Commerce and Law Graduate and also holds the qualification of Cost and Management Accountant. He carries vast experience in handling assignments ranging from Statutory Audit to Corporate Advisory involving interplay of various laws. He is having more than 35 years of experience practicing as a Partner of reputable Chartered Accountancy firms including 8 years with S R Batliboi & Co. LLP (a member firm of EY Global). During his career, he has held several distinguishable posts including as a member of Corporate Law Committee of ICAI, Delhi, as a member of Research and Publication Committee of WIRC of ICAI and as a Technical Reviewer of financial Statements by ICAI.

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

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

- Arvind Mills Limited: Audit Committee, ESG Committee, Risk Management Committee.
- The Anup Engineering Ltd : Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, CSR Committee.

No. of Shares held in the Company: Nil.

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. 7

In terms of section 160 of the Companies Act, 2013 and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, at its meeting held on June 30, 2023, subject to approval of the members at the ensuing Annual General Meeting of the Company, appointed Mr. Sanjay Sudhakaran as an Additional Director of the Company. Company has also received Mr. Sanjay Sudhakaran's consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

For brief resume of Mr. Sanjay Sudhakaran please refer item no. 8.

There is no inter-se relation of Mr. Sanjay Sudhakaran 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 the Company: Nil.

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. 6 and 8

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the company at its meeting held on January 25, 2023 and subject to approval of the members at ensuing Annual General Meeting, re-appointed Mr. Gurmeet Singh as Managing Director of the Company for the period from February 1, 2023 to October 31, 2025. However, with a view to pursue other interests and to prioritize spending with his family, Mr. Gurmeet Singh has submitted his resignation on June 30, 2023 with a request to relieve him from the closing hours of the day. The Board of Directors of the company at its meeting held on June 30, 2023 had relieved him from his duties as Managing Director. The approval of the members be and is hereby sought by way of Special Resolution

to ratify his re-appointment and the terms and conditions for the period from February 1, 2023 to June 30, 2023, the period for which he actually served the company as Managing Director.

With a view to deal with the vacancy so created and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the company at its meeting held on June 30, 2023 and subject to approval of the members at an ensuing Annual General Meeting by way of Special Resolution, appointed Mr. Sanjay Sudhakaran as Managing Director of the Company for a period of 3 years from July 1, 2023 to June 30, 2026.

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

I. General Information

- a) Nature of Industry: Company is engaged in manufacturing and selling of Air conditioners.
- 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: Following are the details of the Profit before tax of the Company in Last three years:
2020-21: Profit ₹ 1646.5 Million
2021-22: Profit ₹ 225.7 Million
2022-23: Loss ₹ 896.3 Million
- e) Foreign investments or collaborations, if any: Johnson Controls–Hitachi Air conditioning is holding 74.25% of the total paid up share capital as well as Company has entered into Technical Collaboration agreements with Hitachi-Johnson Controls Air Conditioning, Inc. for the products of the Company.

II. Information about the appointee

Sr	Particulars	Mr. Gurmeet Singh	Mr. Sanjay Sudhakaran
a)	Back ground details	<p>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 35 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.</p> <p>He has been associated with Company for almost 16 years in 2 stints. He had initially joined the Company in 2001.</p> <p>There is no inter-se relation of Mr. Gurmeet Singh with any other Director of the Company.</p> <p>Directorship / Membership of Committee of the Board held in other public limited companies in India: None.</p> <p>No. of Shares held in the Company: Nil.</p> <p>None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution.</p>	<p>Mr. Sanjay Sudhakaran is a Bachelor of Engineering (Production Engineering), with more than 25 years of exposure to multiple sectors and cultural settings within organizations such as Schneider Electric, Otis Elevator, United Technologies and Carrier Corporation.</p> <p>Mr. Sanjay started his career in 1993 with Carrier Corporation and was the Regional Director for ASEAN and India when he left in 2011. He also served as the Country Head and Managing Director of Carrier Commercial Refrigeration. He also worked with United Technologies as Managing Director, Buildings and Industrial Solutions, and with Otis Elevator as Senior Director, Asia Pacific, Mergers & Acquisitions, Sales and Marketing before joining Schneider Electric in 2019. Since 2021, Mr. Sudhakaran has been the Managing Director and Chief Executive Officer of Schneider Electric Infrastructure Ltd.</p> <p>He has held multiple P&L and commercial roles, while also having the experience of driving manufacturing related initiatives to drive profitability in businesses he has led. He has extensive experience in driving cost management and has led several productivity initiatives. In his various roles, he has been responsible for Marketing, Sales and service Operations.</p>
b)	Past remuneration, for the year 2022-23	₹ 3.29 Million	Not applicable (New appointment)
c)	Job Profile and his suitability	Appointee shall be in-charge of all day to day functions and shall report to the Board of Directors and shall work subject to the superintendence, control and direction of the Board of Directors and shall perform all such functions as may be delegated to him by the Board of Directors from time to time.	Appointee shall be in-charge of all day to day functions and shall report to the Board of Directors and shall work subject to the superintendence, control and direction of the Board of Directors and shall perform all such functions as may be delegated to him by the Board of Directors from time to time.

Sr	Particulars	Mr. Gurmeet Singh	Mr. Sanjay Sudhakaran
d)	Remuneration proposed to appointee	Remuneration is stated in Resolution.	Remuneration is stated in Resolution.
e)	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	<p>a) With globalisation and liberalisation taking roots in India, the demand for the knowledge and skill in various fields are on the rise and there has been a phenomenal growth in the remuneration package for key positions. The maximum remuneration limit as above is in line with –</p> <p>(i) Remuneration of other heads of Johnson Controls Group companies worldwide handling similar set of responsibilities;</p> <p>(ii) compensation trends in the Indian HVAC industry</p> <p>(iii) responsibilities assigned to Mr. Gurmeet Singh as per the requirements of the company.</p>	<p>a) With globalisation and liberalisation taking roots in India, the demand for the knowledge and skill in various fields are on the rise and there has been a phenomenal growth in the remuneration package for key positions. The maximum remuneration limit as above is in line with –</p> <p>(i) Increments which are likely to be given during remaining tenure of his present term</p> <p>(ii) Remuneration of other heads of Johnson Controls Group companies worldwide handling similar set of responsibilities;</p> <p>(iii) compensation trends in the Indian HVAC industry</p> <p>(iv) responsibilities assigned to Mr. Sanjay Sudhakaran as per the requirements of the company.</p>
f)	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:	Apart from the remuneration, he does not have any pecuniary relationship with the Company or with the managerial personnel or with the other Directors of the Company.	Apart from the remuneration, he does not have any pecuniary relationship with the Company or with the managerial personnel or with the other Directors of the Company.

III. Other Information

Reasons of loss or inadequate profits:

During the year, revenue of the Company has increased from ₹ 21590 Million to ₹ 23964 Million i.e. 10.6%. However, the Company incurred losses of ₹ 896 Million as against profits of ₹ 233 million last year.

Despite the growth in revenue, Company incurred losses as stiff competition in the market prevented Company from passing on the commodity inflation to the market. During the year, Company has also incurred significant costs on restructuring its manpower resulting in one time payout which will have a payback in future leading to better operational efficiencies.

Sales of the Company at the onset of summer of 2023 (Feb-Mar) have been impacted due to intermittent rains in North region, which represents a significant portion of your company's projected sales.

IV. Disclosures

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

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

The Board commends the resolutions for approval of the members.

By Order of the Board of Directors

Place: Karan Nagar, Kadi

Date: July 26, 2023

Johnson Controls-Hitachi Air Conditioning India Limited

Corporate Identification Number (CIN): L29300GJ1984PLC007470

Regd. Office: 9th Floor, Abhijeet-1, Mithakhali Six Roads, Ahmedabad: 380006

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

Parag Dave
Company Secretary

CDSL e-Voting System – For e-voting and Joining Virtual meetings.

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM/EGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM/EGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the EGM/AGM will be provided by CDSL.
3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM/EGM has been uploaded on the website of the Company at <https://buy.hitachiircon.in/content/investors>. The

Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM/EGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. www.evotingindia.com.

7. The AGM/EGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of the above circulars, vide General Circular no. 10/2022 dated 28th December, 2022, Companies whose AGMs are to be held on or before 30.09.2023, are allowed to convene AGM as per General Circular No. 20/2020 dated 5th May, 2020.

THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

1. The voting period begins on 11th September, 2023 at (9.00 am IST) and ends on 13th September, 2023 (5.00 pm IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 7th September, 2023 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
2. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
3. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without

having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

4. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit cdsi website www.cdslindia.com and click on login icon & New System Myeasi Tab. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL Depository	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

5. Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.
 - 1) The shareholders should log on to the e-voting website www.evotingindia.com.
 - 2) Click on "Shareholders" module.
 - 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
 - 4) Next enter the Image Verification as displayed and Click on Login.
 - 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
 - 6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

6. After entering these details appropriately, click on "SUBMIT" tab.
7. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
8. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
9. Click on the EVSN for the relevant Johnson Controls-Hitachi Air Conditioning India Limited on which you choose to vote.
10. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
11. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
12. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
13. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
14. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
15. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

16. There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
17. Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com 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 will be mapped automatically & can be delink in case of any wrong mapping.
 - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; tejalshah.associates@gmail.com and 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.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/ EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile

Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 (seven) days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 (seven) days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.