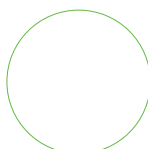


EXPERT COOLING SOLUTIONS FOR A SUSTAINABLE WORLD



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To get this report online and for any other information, log on to www.jci-hitachi.in

Forward-looking statements

In this annual report, we have disclosed forward-looking information to enable investors comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically produce/publish, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements would be fully realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. If known or unknown risks or uncertainties materialise, or if underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Gurmeet Singh

Chairman & Managing Director

Franz Cerwinka

Director

Yoshikazu Ishihara

Director

Ashok Balwani

Independent Director

Indira Parikh

Independent Director

Mukesh Patel

Independent Director

CHIEF FINANCIAL OFFICER

Rishi Mehta

COMPANY SECRETARY

Parag Dave

AUDITORS

Price Waterhouse &
Co. Chartered Accountants LLP
Ahmedabad

REGISTERED OFFICE

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

WORKS

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

REGISTRARS & SHARE TRANSFER AGENT

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

MESSAGE FROM CHAIRMAN AND MANAGING DIRECTOR



“ With a vision to increase its market share in HVAC industry, the Company also invested significantly in marketing and promotions of the air conditioning products. With an aim to enhance its reach in the Tier II, Tier III cities and South India markets ”

Dear Stakeholders,

Heartiest Greetings to all of you!

As the Chairman and Managing Director of Johnson Controls–Hitachi Air Conditioning India Ltd. (JCH-IN), this is my first letter addressing you all. At the onset, I would like to thank you all for your undeterred support and faith in us. Financial Year 18 had a mix basket of offering for us. We undertook a number of decisive changes in terms of internal organizational restructuring as well as in the Board composition. Here I would like to express our sincere appreciation to our Independent Directors and Executive Directors for their continued support, inspiration and contribution made during their tenure towards development and progress of the Company. And, we welcome on Board Yoshikazu Ishihara, who brings with him an extensive repertoire of knowledge and international experience as a senior professional in business as well as legal field.

Consolidated Financial Performance

Financial Year 18 was an extraordinary year for JCH-IN in terms of an all-round performance, despite major economic reforms like demonetization and GST, which threatened to upend the Indian economy, coupled with poor investments in the manufacturing and construction

sectors. For the year under review, the Company reported a total operating income of ₹ 2,258 Crores, representing growth of 8% over Financial Year 17 on a like-to-like basis. Our operating profit for the year grew 18% to ₹ 206 Crores. So, both revenue and profit grew hand-in-hand indicating robust growth. Successful execution of our strategies during Financial Year 18 resulted into a strong growth of the order book by nearly 6%. Building on these strategies coupled with their successful execution, is expected to drive the business in the days ahead and will also enable us achieve our medium-term sales growth target of 4-6%.

Boosting growth in core business

Financial Year 18 was also an eventful year for the HVAC industry. During the year, air conditioning market witnessed a steady growth despite the double impact of two major economic demonetization i.e. GST and demonetisation. This growth was primarily driven by change in the consumer perception towards the air conditioning products, rising disposable income, and the soaring intensity of Indian summers. Besides this improvement in energy efficiency and easy finance options also played a pivotal role in the growth of HVAC industry. Hitachi witnessed more than 24% year-on-year growth (y-o-y) in Room Air Conditioner whereas industry growth was an impressive 7%.

Our commercial business, despite the direct impact of GST and demonetization, also witnessed a remarkable growth in Financial Year 18. Our PAC business registered a significant growth of around 18% during the fiscal under review. This was enabled majorly by the Company's channel expansion policies and business extraction strategies.

In our Set Free-VRF air conditioning business, we introduced a new variant this year called the Set-Free Sigma series which offers enhanced technology, is highly energy-efficient, provides better flexibility of operations and is eco-friendly refrigerant based. Thus, the introduction of the new product line not only helped the Company achieve a growth of 8% (HP basis) but also helped in widening its product offerings to the Indian consumers.

The impact of GST and demonetization was majorly borne by the chiller business segment, making the Company suffer significantly due to canceled orders and reduced influx of new orders. Finally, with the improvement in economic conditions owing to the disruptions caused by the implementation of GST tapering off, the chiller business is expected to gain traction again. And, we hope it will be back on its growth track soon.

Driving customer and operational excellence

While the sudden economic disruptions majorly impacted the commercial business segment, it was the room air conditioner and VRF business segment that helped the Company register a remarkable growth over the last year. This was majorly possible because of well-planned manufacturing, efficient supply chain management, perfect execution of our strategies and a great teamwork of the other functions.

Manufacturing was one of the major focus areas for the Company in Financial Year 18. We invested in machine automation by implementing robotics into our operating system. Case-in-point: We added pick and place robots in the injection molding machines and CNC pipe bending machines. The Company also launched JCMS (Johnson Control Manufacturing System) program with a motto to become the “Most Operationally Capable Company”.

The Company's focus on retaining human talent was key to its success as it ensured steady growth, timely execution and achievement of organizational goals. We introduced various retention programs that helped in improving the performance of the Company as well as in reducing the attrition effectively. Programs like Diversity & Inclusion, creation of WISE (Women's Interaction, Support and Engagement) forum, NEO (New Employee Orientation) and NEXINT (New Employee Experience Intervention) were rolled out to retain talented employees with high potential.

With a vision to increase its market share in HVAC industry, the Company also invested significantly in marketing and promotions of the air conditioning products. With an aim to enhance its reach in the Tier II, Tier III cities and South India markets, the marketing team undertook various innovative marketing activities which helped the brand reach its target audience. Innovative and multiple communication route coupled with the right kind of media

mix like TV, print, OOH and digital media helped the Company in increasing brand awareness and mindshare.

Apart from the products, the Company also focused on further enhancing its after-sales services. In line with this strategy, we undertook several initiatives during the year to improve the customer satisfaction index. This enabled us achieve a healthy year-on-year growth. Besides the Company-owned Hitachi Customer Services centres, the Company also launched Hitachi I-Care Service App during the year, matching the need of the hour and to communicate faster. This app allows the customer to register their product, take demo, register complaint and track complaint status, thus avoiding lengthy waiting time in undertaking these activities in person. After-sales customer service has been a key differentiator for the Company, but still we would look forward for means and ways to further improve on the same.

During the Financial Year 18, the Company also started a major initiative in vision with the Government's Skill India Project. We inaugurated Engineering Excellence Centres (EECs) in Delhi, Chennai and Mumbai to provide skilled manpower and professionally trained technical resources to employees of JCH-IN and its dealers. These centres will not only generate employability but also aim to provide impressive consumer experience. We are very happy to receive positive responses from our channel partners as well as from the participation from both our Hitachi's Service Team and our Channel Partner's Service Teams. And, we hope that this will bridge the gap that the Indian HVAC industry has been facing till date by generating skilled taskforce and employment avenues for all.

Since the inception of its two EECs in Delhi and Chennai in 2017, and one in Mumbai in 2018, the Company has imparted training to more than 2,500 trainees and has invested more than 39,000 man hours in training. By the next year, the Company

aims to provide technical training to more than 3,000 people.

Road ahead

With the improving economic scenario not only in India but across the globe, we are optimistic that the pro-industry reforms undertaken by the Government and Phased Manufacturing Program (PMP) policy launched in 2018 will boost indigenous manufacturing. Low penetration of RACs, growing middle-class population, increased disposable income (per family) and increasing standards of Bureau of Energy Efficiency (BEE) for energy efficiency in products is expected to further improve the demand for energy-efficient inverter technology air conditioning products.

It is expected that growth in e-retail market, increasing demand and spreading awareness about energy-efficient products from smaller cities coupled with stronger economic conditions will further boost air conditioning business in the coming years.

With an objective of sustained profitable growth, we are more than ever optimistic, confident and determined that JCH-IN will keep investing in innovation and technology in order to provide wider air conditioning solutions, thus staying ahead of the curve.

With this, I would like to thank all the stakeholders of JCH-IN, the employees for their dedication and sincere efforts, our various suppliers and vendors for their timely support, the customers for their trust in our products and our respected shareholders for showing their continuous faith in our business. With all your support and trust, I am confident that we will be able to achieve even greater heights, one that will be a continuous source of pride for us.

Gurmeet Singh

Chairman and Managing Director

Johnson Controls-Hitachi Air Conditioning India Ltd.

ABOUT JOHNSON CONTROLS-HITACHI AIR CONDITIONING INDIA LIMITED



Who we are

Incepted as a joint-venture between two companies, the US-based Johnson Controls and Japan-based Hitachi Appliances, Johnson Controls-Hitachi Air Conditioning India Limited (JCH-IN) is one of the top three players in the Indian air conditioning market today. Established in 1984, the Company has grown from strength to strength over time and today JCH-IN is one of the most respected and largest business entities in the air conditioning products industry in India.

Headquartered in Ahmedabad, Gujarat, the Company has its state-of-the-art manufacturing facility located at Kadi, Mehsana. The Company's manufacturing facility not only boasts of manufacturing a wide range of cooling products from residential to commercial cooling solutions, but is also one of the largest single roof manufacturing facilities in India spread across an area of +1,82,000 sq. m.

Complimented by a wide array of cooling products, the Company aims to become the number one HVAC Company in India by 2021 along with the enhancement of its market share in both B2c and B2B.



Our rich legacy

With more than 100 years of rich culture for both the companies, the unison of innovative technology of Hitachi with the industry-leading expertise and global network of Johnson Controls resulted into Johnson Controls-Hitachi Air Conditioning Company. Its Indian counterpart is Johnson Controls-Hitachi Air Conditioning India Limited. A Company that aims to bring to its customers the most assorted product portfolio in the air conditioning industry.



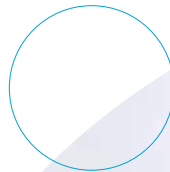
Our vision

A safe, comfortable and sustainable world.



Our mission

Helping our customers win everywhere, everyday





What we do

At JCH -IN we are engaged in the business of [manufacturing] and marketing of a wide range of air conditioning solutions which include products for homes, offices and retail establishments. Backed by innovation and our expertise in supplying high-quality products, our offerings include home, industrial and commercial cooling solutions like commercial air conditioning, residential and conditioning systems, absorption and centrifugal chiller systems and heating & cooling (HVAC) systems among others.

With a strong commitment towards quality, we aim to manufacture cooling solutions that not only meets the needs of our clients but at the same time touches their lives.



Our reach

Supported by a strong and widespread distribution network of more than 9,698 trade partners and retailers, the Company has been successful in enhancing its presence across the all corners of India

Our core values

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

Being purpose-led: We believe in performance and hold ourselves accountable to make the world a better place through the solutions we provide, our engagement in society, our style of doing business, and our commitment to protect people and the environment.

Customer driven: Our customers' satisfaction is our victory. 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 drive us to solve today's challenges while constantly looking for what is next.

One team: We are one team, dedicated to working collaboratively to create the purposeful solutions that drive the future.

This is how we are respected

When you stand for performance and innovation, the world takes notice. This commitment towards excellence and quality has resulted in numerous recognitions, which we have received over the years. To name a few we received Frost & Sullivan-Voice of Customer Awards (Best Brand-Split AC) 2013 & 2014; Frost & Sullivan-Product Leadership- India Air Conditioners Market- 2014; Voice Of Customer Award-2013; The Emerson Cup- For Product Innovation in Air Conditioning- 2016.

Hitachi has also been awarded "Certificate of Merit Award for Product- Room Air Conditioners" under National Energy Conservative Award (NECA) 2016, which is awarded by Bureau of Energy Efficiency (BEE), Ministry of Power. In addition to these, Hitachi is also an ISO certified company. We are ISO 14001- 2015 Environment Management System (EMS) and ISO 9001- 2015 Quality Management System (QMS) Certified company. We also have our own NABL accredited Testing Laboratories.



BOARD OF DIRECTORS



Mr. Gurmeet Singh
Chairman & Managing Director



Mr. Franz Cerwinka
Director



Mr. Yoshikazu Ishihara
Director



Ms. Indira Parikh
Independent Director



Mr. Mukesh Patel
Independent Director



Mr. Ashok Balwani
Independent Director

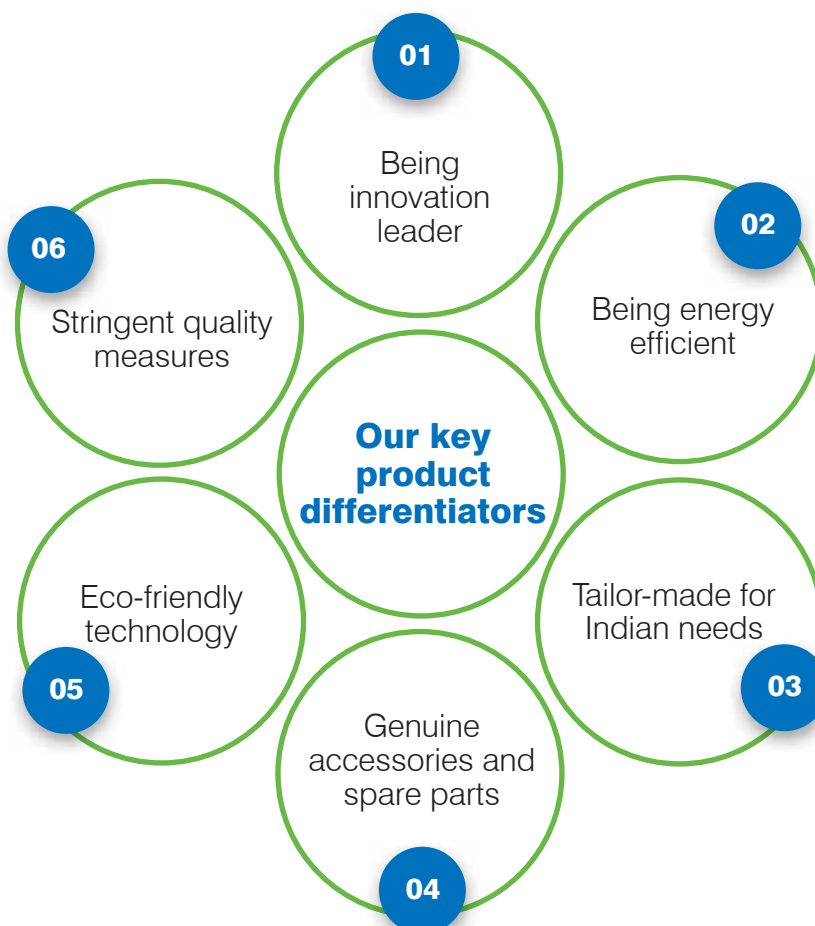
PRODUCT PORTFOLIO

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

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

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

Residential cooling solutions	Commercial cooling solutions	Refrigerator and Airpurifier segment
<ul style="list-style-type: none"> • Inverter Split Air-Conditioners • Fixed Speed Split Air Conditioners • Window Air Conditioners 	<ul style="list-style-type: none"> • Packaged Air Conditioners • Chillers • VRF • Space maker 	<ul style="list-style-type: none"> • Big French Series • French Bottom Freezer Series • Super Big2 Series • Slim Line Refrigerator • Air Purifiers





Kashikoi Expandable Inverter AC Series



Merai Expandable Inverter AC Series



Toushi Expandable Inverter AC



Sugoi Inverter AC



Logicool-i Inverter AC Series



Zunoh Fixed Speed AC Series



Ridaa Fixed Speed AC



iConnect Fixed Speed ACC



Star Sumo Fixed Speed AC



Ace Reidan Hot and Cold Fixed Speed AC



Summer QC



Kaze Reidan Hot & Cold



Set-free Sigma Series (Top Flow)



Set-Free Kyosho Series (Top Flow)



Set-Free Kyosho Series (Front Flow)



4-Way Cassette AC



Water Cooled Chiller



Air Cooled Chiller



Direct Drive Centrifugal Chiller



Takumi Ductable Air Conditioners



Side by Side Series



Top Freezer Series: Big French Series



Bottom Freezer Series



Top Freezer Series: New Stylish Line Series



Air Purifier