



# Living Harmony

Empowering business  
and enriching life

Annual Report 2018-19

Johnson Controls-Hitachi  
Air Conditioning India Limited



**HITACHI**  
Air conditioning solutions

# Read through the Report

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# Corporate Information

## Board of Directors

**Gurmeet Singh**  
Chairman & Managing Director

**Shinichi Iizuka**  
Director

**Yoshikazu Ishihara**  
Director

**Ashok Balwani**  
Independent Director

**Indira Parikh**  
Independent Director

**Mukesh Patel**  
Independent Director

## Chief Financial Officer

Rishi Mehta

## Company Secretary

Parag Dave

## Auditors

Price Waterhouse & Co.  
Chartered Accountants LLP  
Ahmedabad

## Registered Office

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

## Works

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

## Registrars & Share Transfer Agent

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



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

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

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

# About Us

## Our identity

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

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

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







## JCH-IN's rich heritage

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



## JCH-IN's offerings

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



## A renowned presence

Multi-faceted and composite, we enjoy a robust, solid and extensive distribution network that comprises of more than 10,000 accomplices in the form of trade partners and retailers. We have been fruitful in our efforts to consolidate and amplify our presence across the varied topographies of India and have accelerated further, the reach of our Company.



## Awards won

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



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

# — Chairman & Managing Director's message



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

## **Dear Shareholders,**

Heartiest Greetings to all of you!

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

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

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

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

## **Driving customer and operational excellence**

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

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

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

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

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

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

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

## Strategic initiatives

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

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

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

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

## Road Forward

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

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

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

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

**Gurmeet Singh**  
Chairman and Managing Director

# Product portfolio

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

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

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

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



## Residential Air Conditioners



Kashikoi Expandable Inverter  
AC Series



Takeshi Inverter/Fixed Speed  
AC Series



Toushi Inverter AC



Sugoi Inverter AC



Zunoh Fixed Speed AC



Ace Inverter AC



Merai Inverter AC



Logicool Inverter/Fixed Speed AC



Summer QC AC



Kaze Plus AC

## Commercial Air Conditioners



SET FREE Sigma  
(Top Flow)



SET FREE Kyosho  
(Top Flow)



SET FREE Front Flow



Cassette AC



Water Cooled Screw Chiller



Air Cooled Screw Chiller



Direct Drive Centrifugal Chiller



Ductable Air Conditioners

## Home Appliances



Side by Side Series



Top Freezer Series:  
Big French Series



Bottom Freezer Series



Top Freezer Series:  
New Stylish Line Series



Air Purifiers

# Marketing Initiatives: The year gone by

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

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

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## TV Commercial 1



## TV Commercial 2

