



Annual Report 2021-2022

Johnson Controls-
Hitachi Air Conditioning
India Limited

— Embrace the new chapter

Innovations for a new beginning



HITACHI
Air conditioning solutions

Read through the Report

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Corporate Information

Board of Directors

Gurmeet Singh
Chairman & Managing Director

Yoshikazu Ishihara
Director

Tatsuya Sugawara
Director (w.e.f. 26th May, 2022)

Ashok Balwani
Independent Director

Mukesh Patel
Independent Director

Shalini Kamath
Independent Director
(w.e.f. 1st April, 2022)

Shinichi Iizuka
Director (till 26th May, 2022)

Indira Parikh
Independent Director (till 31st March, 2022)

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.

Registrars & Share Transfer Agent

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



New Beginnings – New Air, New You

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

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

Our Vision

A safe, comfortable and sustainable world

Our Values

Integrity First

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

Purpose-Led

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

Customer-Driven

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

Future-Focused

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

One Team

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



About the Company

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

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

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

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

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

A heritage of innovations

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

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

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



A presence you can depend on

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

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Always customer-first

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

Other initiatives include:

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

Chairman & Managing Director's Message

Dear Shareholders,

Heartiest Greetings to all of you!

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Godspeed.



Gurmeet Singh
Chairman & Managing Director

Product portfolio

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

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

Air Conditioning Solutions for Residential Spaces

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

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



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

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

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

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

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

Air Conditioning Solutions for Commercial Spaces

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

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

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

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

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

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

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

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

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

Hitachi Refrigerators

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

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



Room air conditioners

Inverter split AC



Kiyora



Kiyora (iSee model)



Shizen



Yugen



Enzen



Toushi



Logicool

Fixed speed split AC



Takeshi



Zunoh



Logicool

Outdoor unit



Window inverter AC



Shizuka

Window fixed speed AC



Kaze



Summer

08

VRF system

Outdoor units



SET FREE Σ



SET FREE mini



SideSmart™

Indoor units

Silent-Iconic™
4-way cassette type

4-way cassette type



4-way compact cassette type



2-way cassette type



1-way cassette type