

# — Shaping the future of comfort



**Annual Report 2024-2025**

Johnson Controls-Hitachi Air Conditioning India Limited



# Read through the Report

## Company Overview

About the Company	01
A Note from the Managing Director	03
Legacy Meets Innovation: Shaping the Future of Comfort	06
Residential Segment	07
A Unified, Multi-Channel Marketing Approach	10
Light Commercial Business	14
Elevating Service Excellence: Strengthening the Backbone of Customer Experience	18
Expanding Horizons: Strengthening Our Global Footprint	20
Awards & Recognition: Driving Excellence Across the Industry	21
Strategic Initiatives	23
Corporate Social Responsibility	24
Board of Directors	26

## Statutory Reports

Board's Report, Management Discussion & Analysis	27
Corporate Governance Report	41
Business Responsibility And Sustainability Report	50

## Financial Statements

Independent Auditors' Report	80
Balance Sheet	92
Statement of Profit & Loss	93
Statement of Changes in Equity	94
Statement of Cash Flows	95
Notes to Financial Statements	97

# Corporate Information

## Board of Directors

<b>Mr. Nobuyuki Tao</b> Chairman	<b>Mr. Raman Madhok</b> Independent Director (w.e.f. 1 <sup>st</sup> April, 2024)
<b>Mr. Sanjay Sudhakaran</b> Managing Director	<b>Mr. Anil Shankar</b> Independent Director (w.e.f. 30 <sup>th</sup> July, 2024)
<b>Mr. Yoshikazu Ishihara</b> Director	<b>Late Mr. Arpit Patel</b> Independent Director (upto 21 <sup>st</sup> May, 2024)
<b>Mrs. Shalini Kamath</b> Independent Director	

## Chief Financial Officer

Mr. Rishi Mehta

## Company Secretary

Mr. 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

**MUFG Intime India Pvt. Ltd.**  
(Formerly known as 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

# 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 India Limited is a subsidiary of this global joint venture. The Company 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, and Telecom Air Conditioners, under the brand name '**Hitachi Cooling & Heating**'.

# 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 honour the commitments we make.

## Purpose led

We are driven to do good and be accountable for 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 and the environment.

## Customer driven

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

## Future focused

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

## One Team

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

# A Note from the Managing Director



**Dear Shareholders,**

I hope this message finds you in good health and high spirits. I am pleased to present to you the Annual Report for the Fiscal Year 2024-25. With a deep sense of gratitude, I share with you that your company has achieved a remarkable turnaround and once again proved its resilience.

#### **Looking back on Fiscal Year 2025**

The year gone by has seen a rise in geo-political tensions and volatility in global trade. Indian economy, however, remains resilient supported by Government investments and consumer spends. The tax stimulus announced in the Union Budget is expected to bolster consumer spending particularly among the middle-income class. These tax breaks, combined with benign inflation puts India on track for strong growth.

Indian manufacturing sector is undergoing a transformation driven by visionary policies aimed at bringing it at par with global standards. Government of India's Production Linked Incentive (PLI) scheme and Quality Control Orders (QCO) are seen as key enablers for boosting the country's manufacturing capabilities and for ensuring availability of high-quality products to Indian consumers. These policy drivers have strengthened localization and put India on path to self-reliance.



India remains one of the fastest growing air conditioning markets in the world. India's strong macro-economic factors continue to aid the steady growth of air conditioning industry. While the penetration level of room air conditioning is still in high single digits, rising disposable incomes, improved quality and reliability of electricity supply and easy financing options continue to drive both urban and rural demand. Consumers seek energy efficient cooling technologies as their awareness and understanding of the benefits of such technologies continues to improve. The buying pattern of consumers is also undergoing a shift as consumers become more comfortable ordering large appliances, such as air conditioners, online. The growth in e-commerce is therefore also expected to give an additional boost to the industry. These factors are expected to drive healthy growth of air conditioning industry in India.

In the year gone by, the Indian air conditioning industry has seen a surge in demand due to the intense summer season. India continues to be prone to changing weather patterns which often result in severe summers and unseasonal rains. Indian air conditioning industry continues its efforts to combat climate change by use of energy efficient technologies with increased control and customization.

#### **Our performance:**

During the financial year 2024-25, the company's revenue grew by 43.7%, from ₹19,187 million to ₹27,565 million. The company reported a profit before tax of ₹822 million against a loss of ₹990 million last year. This stellar turnaround in the company's performance has been driven by the carefully planned and executed strategy that was put in place starting Q3 of last financial year. The company's turnaround strategy ensured a focused organization with three key pillars of execution: go-to-market, product quality and cost excellence. Go-to-market strategy focused on ground-up channel planning, product positioning and price laddering for the retail channel. The strategy focused on disciplined sales management and targeted spending, which significantly improved channel advocacy, price stability and overall customer satisfaction.

The Room Air Conditioning business witnessed a strong surge in demand due to the intense summer. The Company continued its focus on delivering on its promise to provide its customers with premium, high

quality products with high-end features. The Company deepened its reach and strengthened its presence through the appointment of new distributors in all key markets while at the same time strengthening its presence in the modern retail stores in urban areas. This channel expansion coupled with careful supply chain management allowed the Company to cater to the surge in demand during the summer season. The Company is well poised to maintain its premium positioning in the residential air conditioning market.

Demand for light commercial air conditioners has been driven by increasing Government spending into strengthening the country's healthcare, educational institutes, metro and railway networks, as well as private sector investments into hospitals, commercial and residential real estate, hospitality and data centers. VRF technology continues to see higher adoption in premium housing and condominiums due to its flexibility, high efficiency and space saving features. Considering this immense growth potential, in the year gone by, the Company has made significant investments into local manufacturing of Hitachi's latest generation of VRF technology, the air365Max. Hitachi air365Max VRF brings to Indian customers worldclass Hitachi VRF technology with best-in-class efficiency and latest features. This latest addition of VRF air365Max series positions Hitachi very favorably to take advantage of the growth opportunity. The Company has continued its focus on nurturing its established channel network in all major cities and in improving the ease of doing business for its channel partners through digitization. Overall, the light commercial business is expected to continue to see strong demand and growth.

The company continued its focus on cost excellence by identifying opportunities for cost optimization across the operations with a zero-based costing mindset. These actions have helped in improving product competitiveness and in streamlining the processes. Five workstreams of the quality excellence team drove improvements in product and processes with a holistic view focusing on supplier quality, design, manufacturing quality, process improvements and field quality. These activities have reinforced a culture of continuous improvement and provided a sustainable base to the organizational turnaround.

Our aftermarket division's focus on first-time right installation and troubleshooting, technician training



& skill building and digitization enabled us to deliver customer satisfaction and drive positive word of mouth.

In the year gone by, the company continued to expand its presence in South Asian countries – Nepal, Bhutan, Bangladesh, Sri Lanka and Maldives. Despite the economic and geo-political instability in some of these markets, we have been able to strengthen channel network and support them with trainings, customized products and marketing activities to keep a healthy momentum.

### **Looking ahead**

This splendid business turnaround would not have been possible without the dedication and hard work of our employees and support from valued customers and dependable suppliers who have remained steadfast with us throughout this transition. I would like to express my heartfelt gratitude to everyone, and I am incredibly proud to be part of such a talented and resilient team. We will continue to build on this success, and I am confident that with your support we will achieve greater heights.

Looking forward to a great year ahead!

### **Warm Regards**

**Sanjay Sudhakaran**  
Managing Director

# Legacy Meets Innovation: Shaping the Future of Comfort



At Hitachi, our legacy of Japanese excellence is guided by the philosophy of Kaizen—continuous improvement. This drives us to elevate standards of comfort, innovation, and harmony within the HVAC industry. Our commitment to Kaizen influences every aspect of our journey, from precise engineering of residential systems to transformative solutions for commercial environments.

Hitachi's premium range of air conditioners blend Japanese heritage with cutting-edge technology, enriching living spaces. Our commercial segment thrives through strategic outreach and customer

engagement, while our residential portfolio advances with smart, sustainable solutions that resonate with modern consumers. This dual progress in product engineering and marketing not only meets expectations but also strengthens our brand promise of comfort, reliability, and trust.

Welcome to Hitachi's progression, where innovation flows endlessly, and every horizon leads to new possibilities.

# Residential Segment

**Redefining cooling solutions for residential spaces; Built on Japanese craftsmanship, designed for India**

In a country where soaring temperatures and high humidity define the summer months, the need for resilient cooling solutions is more pressing than ever. Addressing this climatic challenge, this year, we expanded our signature airHome series with the launch of SUMO—a new category of heavy-duty air conditioners engineered to deliver exceptional performance under extreme Indian summers. Rooted in our duality design philosophy, SUMO seamlessly blends contrasting elements—strength and elegance, technology and simplicity—to achieve architectural harmony and deliver a superior user experience.



Guided by our legacy of Japanese excellence and the philosophy of Kaizen—continuous improvement—SUMO reflects our unwavering commitment to purposeful innovation and customer-centric engineering. SUMO aims to bring unmatched cooling performance to battle the harsh summers and aligns with our vision of providing our customers with products that are not just functional, but future-ready.

Available in 1.5 Ton (5-star) and 2 Ton (3-star) variants with cooling capacities of 6008 W and 7350 W respectively, SUMO is purpose-built for the Indian climate and consumer preferences. It stands as a bold symbol of power, durability, and technological advancement.

**Don't just beat the heat, crush it!**

Hitachi Heavy Duty AC

SUMO ■■■



3400SKL  
Max Capacity: 7350W  
2 Tr.



3740SKL  
Max Capacity: 6008W  
1.5 Tr.

The 5 star SUMO model comes with a larger 1050mm chassis and a dual louver design that delivers strong and powerful airflow. With an airthrow of 24m, it ensures effective and uniform cooling even in larger spaces.

**HITACHI**

**Hitachi Heavy Duty Air Conditioner**  
**SUMO 相撲**

ice Clean

X-pandable<sup>®</sup>

24m Long Air Throw

airClean G3

4 Way Swing

Dual Louver

Bigger Bolder Better

1050 mm

\*UAC apply. For more information visit website.

日本製  
MADE IN JAPAN

We also introduced two new user-centric features: SmartView Display and 4-Way Swing, delivering

greater comfort and a seamless user experience across our product line-up.

### SmartView Display

This intelligent 3-in-1 interactive panel shows the set temperature, offers adjustable brightness modes (Bright, Dim, Off) for user comfort, and displays real-time error codes. This simplifies troubleshooting and ensures first time right diagnostics, making it easier for both customers and service personnel.



### 4-Way Swing

Designed for comprehensive comfort, the 4-way swing ensures uniform airflow to every corner of the room. 4-way swing enhances air distribution throughout the room and enables even air distribution for all corners of the room. Its enhanced directional precision provides a consistent cooling experience.



### Redesigned Remote Control

Compact and ergonomically upgraded, the new remote continues our iconic wave-inspired aesthetic while introducing thoughtful features like night-glow buttons, a backlit display, and color-coded shortcuts for frequently used functions. With a range of up to 11 metre and precision control to 0.5°C, it brings both style and substance into the user's hands.



### Advanced Outdoor & Indoor Units

Aesthetically aligned with our global design, the outdoor unit features the signature wave curve, and has been re-engineered to optimize safety, efficiency and durability. It includes an anti-corrosive coating on the coil's brazing joints and NanoTech Ultra Coating—an advanced anticorrosive coating –on the indoor unit's hairpin side, helping extend product lifespan even in harsh environments.

# Residential Air Conditioners

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



**Yoshi | よし**



**iZen | 怡然**

Hot & Cold Series



**iKasu | いかす**



**Toushi+ | 閨士**



**Shizen | 自然**

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



**Senpai | 先輩**



**Logicool Pro**

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



# A Unified, Multi-Channel Marketing Approach

Hitachi is a brand known for its technology, innovation and a host of feature rich premium products. Building on this robust product line-up and SUMO's strong proposition, the Company has made significant investments into strengthening product promotion and brand building across multiple touchpoints to amplify its key features and position it as the definitive choice for India's demanding summers. Our strategy focused on delivering relevant, consistent, and compelling communication to both trade partners and end consumers.

To ensure that SUMO's Heavy-Duty positioning resonated across segments, we adopted a 360-degree integrated marketing strategy. This approach enabled unified messaging across various channels—driving awareness, interest, and purchase intent.

## Channel and Customer Engagement

In the year gone by, the Company has actively conducted and participated in various exhibitions and expos which helped in strengthening brand equity and nurturing long-term relationships with our channel partners and customers. To enable one-to-one interactions with stakeholders and to enable deeper engagements, the Company has participated in prominent product expos, HVAC industry conferences, and exhibitions in collaboration with multiple channel partners.



Vanitha Expo, Kerala



Sathya Expo



Vijay Sales 5-day Expo held in Mumbai.

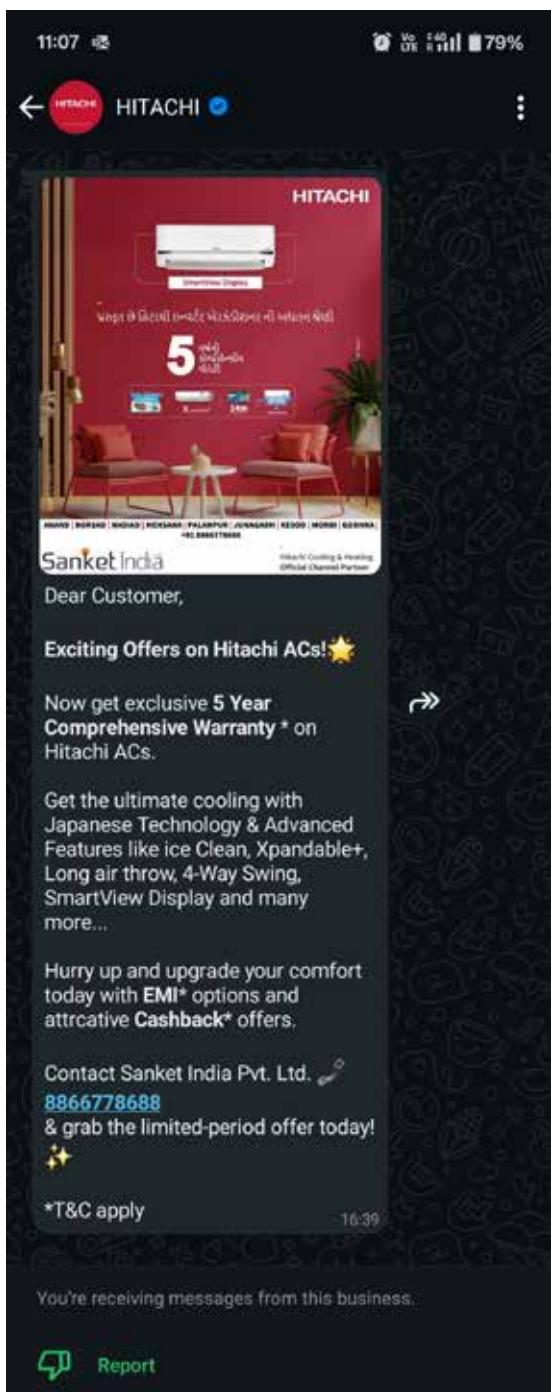


Vasanth & Co Expo'25

## Digital Campaigns for Reach and Conversion

With evolving consumer buying behavior driven by convenience, speed, and access to information, digital platforms have become central to how consumers discover, evaluate, and purchase products. In line with this shift, the Company enhanced its digital presence to simplify and provide a more seamless online buying experience through:

- Awareness-led campaigns that sparked curiosity and generated leads
- E-commerce campaign to support online sales
- WhatsApp campaign with personalized messaging sent directly to existing and potential customers

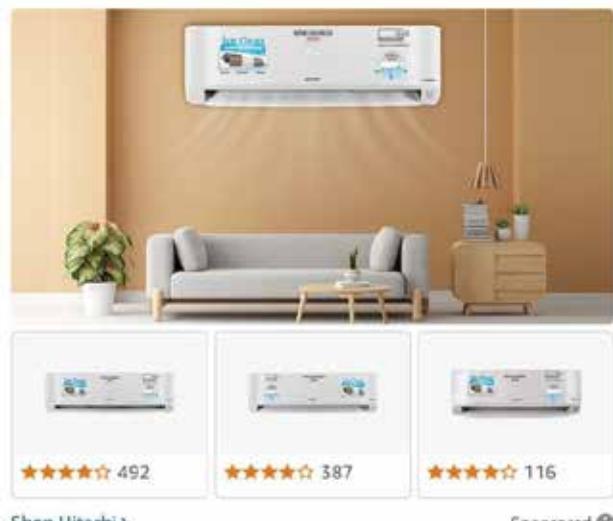


📍 Deliver to Diksha - New Delhi 110091

Filters prime Sensor Pcb Get It In 2 Day

## HITACHI Fast Cooling. Beat the Heat with Hitachi ACs

Top Brand 80% positive ratings from 5K+ customers



Additionally, the Company has actively supported channel partners on social media with curated content—enhancing visibility and engagement. Our WhatsApp Campaign was particularly well received by our channel partners as it helped them effectively connect with their local customer base.



## Vernacular Content to Deepen Connection

India's linguistic diversity calls for localized communication. To cater to the diverse customer base and to establish an emotional and cultural resonance with both channel partners and consumers, the Company developed vernacular content in 11 languages and deployed digital campaigns tailored to regional markets.



## Retail Empowerment and Partner Enablement

Communicating the benefits of the product in a simple to understand manner is the key to ensuring strong brand recall and an immersive customer experience. To this end, the Company developed in-shop branding elements such as SUMO cut-outs, backlit table-tops, cubes, and other point of sale material to effectively communicate the product features and their customer benefits. SUMO badges were introduced for Hitachi in-store demonstrators, building pride and positioning them as SUMO specialists.

Complementing these efforts, a robust PAN India OOH campaign was launched, further amplifying brand visibility and recall across key consumer touchpoints. Together, these initiatives empowered retail stores to support last-mile conversions by capturing attention at the point of purchase, reinforcing product benefits, and helping customers make quicker, more confident decisions.



## Empowering our sales ecosystem

Channel partners are the Company's extended family and form a critical part of the company's go-to-market strategy. Ensuring the trust and engagement of our channel partners is therefore critical for the Company's success. With this in mind, the Company has continued its pan-India channel partner connect through meets, knowledge sharing sessions, expos etc. These meets served as a platform to strengthen our partnerships, share strategic business updates, and align on growth goals. Through open dialogue and collaborative sessions, the Company reinforced trust, gained market insights, and identified new opportunities to drive mutual success.

Simultaneously, several product training sessions were conducted to ensure that key product messages, features and technology were deeply ingrained and effectively delivered at the ground level.



# Light Commercial Business

## Bringing Hitachi's latest VRF technology - air365 Max - to India

India is witnessing rapid growth in residential and commercial infrastructure, driven by increased investments in healthcare, education, transportation, real estate, and hospitality. This growth is fueling demand for efficient and adaptable HVAC solutions across a wide range of applications. VRF (Variable Refrigerant Flow) technology, known for its flexibility, energy efficiency, and space-saving design, continues to gain traction—particularly in premium housing, commercial buildings, and institutional spaces.

Recognizing this market momentum and rising demand for advanced cooling solutions, the Company took a strategic step by making significant investments in the local manufacturing with launch of Hitachi's latest offering in VRF technology, the air365 Max. from its Kadi Manufacturing plant. With industry leading energy efficiency and loaded with features that enhance connectivity and control, air365Max strengthens Hitachi's position as a technology leader. More

than just a new product introduction, this launch marks a significant expansion of our commercial portfolio and underscores our commitment to delivering future-ready, locally manufactured solutions tailored to evolving customer needs.

In November 2024, we proudly launched the VRF air365 Max—a milestone product in our commercial portfolio. The launch event, attended by 200+ channel partners from India and overseas, not only introduced the product's technological advancements but also cemented stakeholder confidence in our offerings. To further strengthen this trust, attendees were taken on a guided tour of our manufacturing plant and Global Design Center, offering a firsthand view of our capabilities in quality, innovation, and operational excellence.

As we continue to invest in channel development and digitization to improve ease of doing business, the air365 Max positions Hitachi strongly to capture the growing opportunities in India's light commercial air conditioning segment.



# Variable Refrigerant Flow system

## Outdoor Unit



**SET FREE Σ**

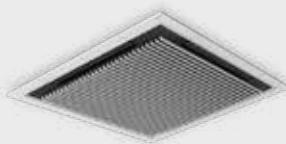


**air365 Max**



**SET FREE mini**

## Indoor Unit



**Silent-Iconic™  
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**

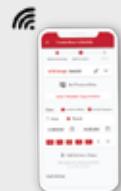


**In-the-ceiling**

## Controller



**Advanced colored wired  
remote controller**



**airCloud Pro**



**Wireless  
remote control**



**Touch screen  
wired control**



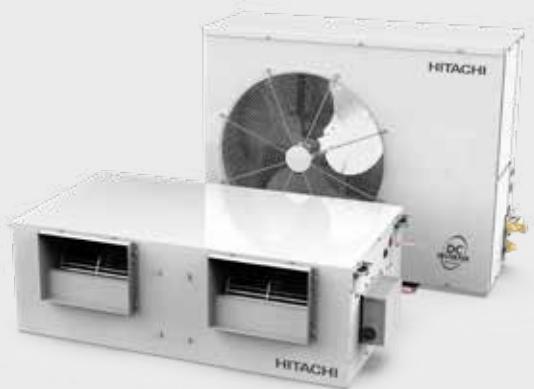
**Advanced wired  
remote control**



**Central station  
mini**

# Package Air Conditioners

Ductable air conditioner



Takumi Smart Inverter AC



Toushi Pro Fixed Speed AC

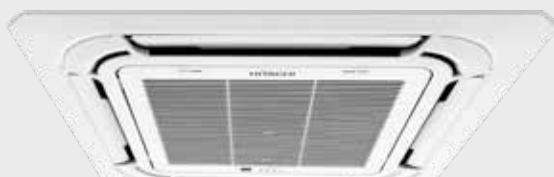


Flexi split AC

Ductless air conditioner



Concealed split AC



Cassette AC

## Light Commercial Product Communication

In alignment with the Company's strategic ambition to grow our footprint in the commercial air conditioning space, this year marked a significant shift in our communication strategy. Our brand narrative was consciously expanded to include our light commercial product lineup. By weaving commercial solutions into our campaign calendar, particularly during national festivals and industry-specific days, the Company was able to strengthen its presence in both social and professional spheres. This comprehensive strategy boosted our visibility and deepened brand connection with institutional buyers, architects, and consultants. To complement the product expansion, the Company created targeted digital content aimed at commercial audiences. This included product explainer videos, sector-specific campaign creatives and thought-leadership snippets across platforms. The content served to boost brand visibility, educate stakeholders, and position Hitachi Cooling & Heating as a strong player in light commercial air conditioning segment.

## Elevating the Dialogue on Sustainability & Innovation

With the goal of bringing together architects, consultants and industry experts to explore the future of air conditioning and sustainability, the Company has created Hitachi Xchange—an exclusive thought leadership platform. These workshops conducted across key cities in India, touched on topics of regional relevance with national impact. Each Xchange event has become a melting pot of insights—where participants networked, collaborated, and uncovered actionable solutions for sustainable cooling in modern infrastructure.



## Why Takumi Smart?

	Fault History
	Building Management System
	Efficient Design With Inverter Compressor



## HITACHI

### Easy to work with

Use fewer outdoor units with 200% connection capacity to indoor units

**air365 Max**  
End-to-end solution

NEW

2024



Additionally, the Company hosted a series of channel partner meets under the banner 'Harmony – Grow together', with a special focus on our Cassette ACs and showcase of the lineup. These focused interactions allowed us to highlight our technological strengths, exchange ideas, and reinforce brand trust.



To strengthen our presence in the commercial air conditioning space and foster deeper engagement with HVAC industry stakeholders, we actively participated in key industry exhibitions and expos across India, in collaboration with our channel partners. These platforms served as an opportunity to showcase our product portfolio, enhance brand visibility, and build strong networks within the commercial ecosystem.

## Elevating Service Excellence: Strengthening the Backbone of Customer Experience

We recognize that customer satisfaction doesn't end at the point of sales, it truly begins with seamless installation and dependable post-purchase support. In this regard, service excellence is a key pillar in building long-term brand trust and loyalty.

In line with our commitment to delivering superior customer service, the Company conducted a series of strategic service meets across the country to strengthen partner engagement, improve service delivery and enhance customer satisfaction.



The Annual Service Meets focused on comprehensive reviews of key service performance indicators (KPIs), thorough performance evaluations, customer feedback, service hygiene and defective stock management. Infrastructure upgrades and area-specific mapping were also discussed to streamline operations and elevate service standards.

To deepen market penetration and empower field teams, Technician Group Meets were conducted, featuring training on product knowledge, improving troubleshooting capabilities and soft skills. These sessions helped boost service capability and instilled greater confidence among partners and technicians.



In North India, Installers, SPDs, and Contractors Meets were held to promote quality installation and energy efficiency awareness. Training modules focused on safety protocols, inverter technology benefits and guiding customers on energy-saving appliance choices reinforcing Hitachi's commitment to sustainability and customer empowerment.



An Area Service Provider Meet in Mumbai acknowledged the frontline service teams' efforts during peak summer, while addressing operational challenges and reinforcing a customer-first mindset.

Together, these initiatives were taken to build strong service partnerships and consistently enhance our post-sales experience for the consumers.



# Expanding Horizons: Strengthening Our Global Footprint

In line with our commitment to expand global operations, Company's International Sales Business made remarkable strides in key overseas markets throughout the year.

Our focus countries—Bangladesh, Maldives, Sri Lanka, Nepal and Bhutan—have demonstrated promising growth potential. Through strategic initiatives, the Company has successfully added new customers and established strong partnerships with key channel partners and key customers in each of these markets across various sectors including commercial, healthcare, hospitality, manufacturing, residential and government segments.

The Company has built the foundation for growth in these countries by offering customized products and localized solutions, appointment of new channel partners and improving brand visibility through targeted marketing campaigns.

## Key Initiatives



**Marketing Campaigns:** Participated in the Safe HVACR 2024 Air Conditioning Expo in Bangladesh, Engineering and renewable energy conference in Bhutan and opened a new Exclusive Hitachi Satisfaction center in Bhutan and Launching a new product line of room air conditioners in Sri Lanka and Maldives.

First Japanese brand to Launch new VRF products of high capacity ODUs (single ODU of 32 HP) in Bangladesh Market.

**Product Customization:** Adapted our products to meet the specific needs of each market, ensuring relevance and value.

**Training and Development:** Conducted regular training programs for our channel partners to ensure they are well-equipped to represent our brand and products.

Looking ahead, we aim to strengthen our reach in these markets through existing partnerships and new alliances.



# Awards & Recognition: Driving Excellence Across the Industry

This year, Johnson Controls-Hitachi Air Conditioning India Ltd. proudly marked several key recognitions across sales, quality, and brand excellence, reinforcing our position as a forward-thinking industry leader.

Our Sales team members were awarded in JCI Open Global Awards for emerging as the top sales performers from JCH India for exceeding sales targets, driving unprecedented business growth and delivering exceptional results in Odisha and Uttar Pradesh. This milestone underscores the relentless commitment and high-performance culture within our sales force.



At the Lucknow Architecture Festival, the Company made a remarkable impact, winning three accolades: Best Stall Award, Esteemed Panelist Recognition and Silver Sponsor Event Award. The showcase of our innovative VRF air365Max series and Light Commercial product offerings was met with enthusiastic reception from the architectural community.



Further, Hitachi was honored with the Award for Excellence in Heating, Ventilation, & Air Conditioning—recognizing our leadership in energy-efficient technologies, sustainable practices, and contributions to enhancing indoor air quality across markets.



Efforts made by our quality team got external recognition when our quality team won 1st Runners up at state level and winners at regional level at the prestigious CII 37th Quality Circle Competition in Vadodara and Pune respectively. Competing against top industry teams, our quality team showcased breakthrough innovations in manufacturing leakage improvement, reflecting our dedication to continuous process improvement and operational excellence.



# Strategic Initiatives

At Johnson Controls-Hitachi Air Conditioning India Ltd., we believe it is about making meaningful contributions to society, the environment, and the industry we serve. In financial year 2024-25, we undertook several impactful initiatives in line with national priorities and regulatory advice, reinforcing our commitment to responsible and transparent corporate conduct.

## Fostering Innovation through Startup Incubation

As part of our commitment to the Government initiatives of Atmanirbhar Bharat and the Make in India, the Company signed a Memorandum of Understanding (MoU) with the Department for Promotion of Industry and Internal Trade (DPIIT) to launch a dedicated incubator for startups in the manufacturing sector.

This initiative reflects our core values—innovation, sustainability and industry collaboration—by empowering emerging entrepreneurs to develop energy-efficient, eco-conscious solutions for the future of manufacturing in India.



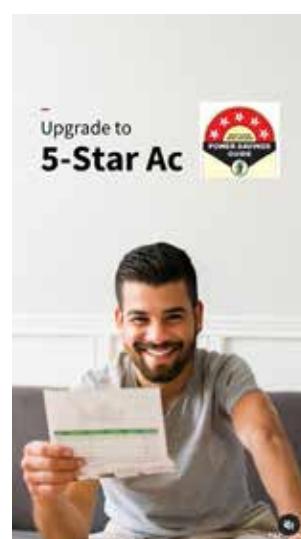
## Promoting Energy-Efficient Practices: A National Responsibility

In alignment with our role as a responsible industry stakeholder, we actively participated in the Ministry of Power's outreach to promote **energy efficiency and smart AC usage**. This engagement stemmed from a meeting chaired by the **Additional Secretary, Ministry of Power**, and supports the **Standards & Labeling (S&L) Scheme** under the **Bureau of Energy Efficiency (BEE)**.

By spreading awareness among consumers, partners, and retailers, we are helping advance the nation's energy goals. The campaign promoted key behavior changes such as:

- **Switching to 5-Star Energy-Saving ACs** to reduce electricity costs and emissions
- **Maintaining ACs at 24°C** for optimal comfort and efficiency
- **Replacing outdated ACs** with modern, energy-efficient models

This effort underlines our adherence to environmental governance, while fulfilling our duty towards **climate-conscious business practices**.



### Building the Future Workforce: HVAC Skilling for Tomorrow

Reflecting on our organization's unwavering commitment to ethical leadership, stakeholder engagement, regulatory alignment, and the long-term sustainability of our industry and community, we invested in future talent and equitable development. Johnson Controls-Hitachi Air Conditioning India Ltd. partnered with the **Delhi Skill and Entrepreneurship University (DSEU)** to establish a **state-of-the-art HVAC Training Centre**.

This initiative is a benchmark in public-private collaboration, providing:

- Hands-on training on advanced HVAC systems
- Real-world project experience and internships
- Faculty development and industry exposure
- Career pathways with Johnson Controls-Hitachi Air Conditioning India Ltd. and its Channel Partners



Through this program, we are contributing to India's **Skill India Mission**, while nurturing a **future-ready workforce** that will uphold the industry's highest standards in sustainability and technical excellence.

## Corporate Social Responsibility (CSR)

### Giving Back to Society

At Johnson Controls-Hitachi Air Conditioning Idia Limited, Corporate Social Responsibility (CSR) goes beyond compliance—it reflects our core belief in giving back to the communities that support us. In a country as diverse and dynamic as India, where disparities in healthcare, education, and infrastructure remain stark, CSR initiatives play a critical role in driving inclusive growth. We understand the responsibility that comes with being a corporate citizen and are committed to uplifting lives, particularly in underserved areas. Our CSR efforts are deeply rooted in long-term impact and are aligned with the nation's broader developmental goals. This year, our initiatives focused on enhancing rural healthcare, women's well-being, and fostering innovation in remote regions of Gujarat.

The company's CSR initiative prioritized enhancing rural healthcare in the vicinity of its plant, located in the remote areas of Gujarat. It successfully implemented two health projects, benefiting over 50,000 residents across 13 villages.

### Sanitary Napkin Project

This initiative focuses on enhancing the health, well-being, and overall lives of women in villages near the manufacturing facility. Due to financial constraints and cultural barriers, the



use of sanitary pads is not widespread, leading to health concerns and limiting opportunities for young girls and women to attend school and reach their full potential. The project provides up to eight free sanitary napkins per month to women in need within the designated area. Over the year, more than 300,000 sanitary pads were distributed across 13 villages and schools through a CSR-supported sanitary napkin unit, run by trained local women, significantly improving female health. The Government of Gujarat recognized the project for its impactful contribution to women's health.

#### **Primary Health Centre Karannagar**

To improve emergency medical access, we enhanced the Primary Health Centre in Karannagar village by providing an ambulance service staffed with a trained driver and nurse. This service supports tertiary healthcare delivery for nearly 40,000 residents across 12 villages, ensuring timely and reliable healthcare access in critical situations.

#### **Support in setting up Mehsana District start-up & innovation hub to nurture innovation and provide requisite skilling**

As part of our commitment to nurturing innovation and empowering youth in tier-2 and tier-3 regions, we extended support to the Mehsana District Startup & Innovation Hub—an initiative by the Government of Gujarat. Our CSR contribution enabled the installation of a Variable Refrigerant Flow (VRF) system to support a conducive infrastructure for young innovators and startups. This hub aims to foster entrepreneurship, build skills, and incubate scalable ideas across smaller towns and rural areas.



# Board of Directors



**Nobuyuki Tao**  
Chairman



**Sanjay Sudhakaran**  
Managing Director



**Yoshikazu Ishihara**  
Director



**Shalini Kamath**  
Independent Director



**Raman Madhok**  
Independent Director



**Anil Shankar**  
Independent Director  
(from 30th July, 2024)



**Arpit Patel**  
Independent Director  
(from 1st October, 2023  
to 21st May, 2024)

# BOARD'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Members,

Your Board hereby present the 40th Annual Report and the Audited Financial Statements for the year ended 31st March, 2025.

## Financial Highlights

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

Particulars	For the year ended March 31, 2025	(Rs. in Million)	For the year ended March 31, 2024
Revenue from operations	27,565	19,187	
Other income	257	101	
Total revenue	27,822	19,288	
Profit before finance cost, depreciation, exceptional items and tax	1,574	88	
Finance cost	57	166	
Depreciation and amortization expenses	695	644	
Profit / (Loss) before exceptional items and tax	822	(722)	
Exceptional Items	-	268	
Profit / (Loss) before Tax	822	(990)	
Tax expense	234	(233)	
Profit / (Loss) for the year	588	(757)	

## Dividend

Your Board recommends a dividend of Rs. 15/- per equity share for the year ended 31st March, 2025. This is subject to the approval of the members at the ensuing Annual General Meeting.

## Industry Outlook

In the year gone by, the Indian air conditioning industry has seen a surge in demand due to the intense summer season. The industry continues its efforts to combat climate change responsibly by use of energy efficient technologies with increased controls and investing on new technologies and innovations.

More broadly, India's macro-economic factors continue to aid the steady growth of air conditioning Industry. While the penetration level of room air conditioning is still in high single digits, rising disposable incomes, improved quality and reliability of electricity supply and easy financing options continue to drive both urban and rural demand. Consumers seek energy efficient cooling technologies as their awareness and understanding of the benefits of such technologies continues to improve. Their buying pattern is also undergoing a shift towards online-channel for ordering air conditioners. The growth in e-commerce is therefore also expected to give an additional boost to the industry. These factors are expected to drive healthy growth of air conditioning industry in India.

Government of India's push for self-reliance through Production Linked Incentive (PLI) scheme has started to enhance the air conditioning component ecosystem in our country. Over time, as the local availability of core components increases, it is expected to shield the industry from various external factors such as fluctuating foreign exchange rates, supply chain shocks and geopolitical risks. Government of India's Quality Control Orders (QCO) aims to ensure availability of quality products to consumers, improving customer's trust in domestic manufacturing and reduce import dependency. Overall, Indian air conditioning industry is poised for a steady growth of 13-15% year on year, making it one of the most attractive industries in the consumer durables market.

## Business Overview

During the financial year 2024-25, the company's revenue grew from ₹ 19,187 million to ₹ 27,565 million, representing a 43.7% growth. The company reported a profit before tax of ₹ 822 million against a loss of ₹ 990 million last year. This stellar turnaround in the company's performance has been driven by the focused execution of strategy implemented later last year. The company's turnaround strategy ensured a focused organization with three key pillars of execution: Go-To-Market, Quality Excellence and Cost Excellence. The Go-to-market strategy focused on ground-up channel planning, product positioning and price consistency across channels. The strategy focused on disciplined sales management and targeted spends and it significantly improved channel advocacy, price stability and

overall customer satisfaction. The Quality Excellence pillar ensured sustainable processes in place across the value chain including supplier, design, manufacturing and service quality delivering high quality overall experience to our customers. The Cost Excellence pillar focused on bringing cost efficiencies and productivity through cross functional ideation workshops, challenging status-quo, putting best practices across all cost elements. The financial turnaround executed this year has been a result of the synchronized implementation of all the above three pillars of strategy. The company delivered record sales, swung back to profitability, corrected inventory levels and generated cashflows while continue to invest in growth – capex and resources.

## **Room Air Conditioners**

During this year, Indian Room Air Conditioning industry witnessed strong surge in demand due to intense summer. The industry continues to show strong growth prospects and attract significant investments in residential air conditioning and related components. In the year gone by, the Company continued its focus on delivering on its promise to provide its customers with premium, high quality products with high-end features. The Company deepened its reach and strengthened its presence through appointment of new distributors in all key markets while at the same time strengthening its presence in the modern retail stores in urban areas. This channel expansion coupled with careful supply chain management allowed the Company to cater to the surge in demand during the summer season. The Company is well poised to maintain its premium positioning in the residential air conditioning market.

## **Light Commercial Air Conditioners**

India is expected to see a significant boom in residential and commercial infrastructure as the country marches towards becoming a \$5 trillion economy. Demand for light commercial air conditioners has been driven by increasing Government spending into strengthening the country's healthcare, educational institutes, metro and railway networks, as well as private sector investments into hospitals, commercial and residential real estate, hospitality and data centers. In addition, VRF technology continues to see higher adoption in premium housing and condominiums due to its flexibility, high efficiency and space saving features.

Considering this immense growth potential, the Company has made significant investments in local manufacturing of the Hitachi's latest generation of VRF technology, the air365Max. Hitachi air365Max VRF brings to Indian customers worldclass Hitachi VRF technology with best-in-class efficiency and latest features. With efficiencies of up to 40% above the leading Japanese products, Hitachi's air365Max VRF sets a new performance benchmark in the Indian market. This series offers Indian customers the single largest outdoor unit of 30 HP in cooling-only models which enables significant space saving. The NFC feature enables easy on-site configuration, monitoring and troubleshooting. Overall, this latest addition of VRF air365Max series positions Hitachi very favorably to take advantage of the immense growth opportunity.

The Company retained its strong position in Packaged Air Conditioners (PAC). The company's energy efficient inverter PAC lineup has seen keen interest from the key customers in sectors

ranging from banking, retail and government. In the year gone by, the company focused on further strengthening this inverter PAC by offering AHU connectivity, which allows the use of this technology to critical applications such as clean rooms, operation theaters and pharmaceuticals. The Company has also strengthened its range of inverter cassettes which has seen strong demand from corporate customers, high-end apartments, villas and small offices and shops. Such product enhancements with a clear focus on driving energy efficiency are expected to support the company in maintaining its strong market position.

The Company has continued its focus on nurturing its established channel network in all major cities and in improving the ease of doing business for its channel partners through digitization. Overall, the light commercial business is expected to continue to see strong demand and growth.

## **International Sales**

In the past year, International business unit has made significant strides in expanding its footprint in the South Asia market. Focus countries like Bangladesh, Maldives, Sri Lanka, Nepal, and Bhutan have demonstrated promising growth potential. Through strategic initiatives, Company has successfully added new customers across various sectors including commercial, healthcare, hospitality, manufacturing, residential and government segments and established strong partnerships with key channel partners in each of these markets.

Company has partnered with 9 new channel partners, enhancing our sales network and ensuring better market penetration. These new partners have significantly contributed to our sales increase.

## **Risks, Concerns and Challenges**

### **Advancements in Technology**

The impacts of globalization and post-pandemic trends have greatly influenced consumer preferences, driving a growing demand for products with smart and futuristic technologies. As a company committed to meeting consumer needs, we actively track technological advancements and consistently refresh our offerings. To stay ahead of the curve, we have established a strong product development framework, featuring a multi-year roadmap for new products and upgrades that integrates customer feedback, smart innovations, and regulatory compliance.

### **Risk Associated with Seasonal Variations**

As a company specializing in air conditioning products, our operations are naturally influenced by seasonal demand. Unpredictable factors like intermittent rainfall, extreme temperature variations, and supply chain disruptions can affect our operations. To minimize the risk of missed opportunities or surplus inventory, we have enhanced our demand and supply planning process, ensuring agility and responsiveness to seasonal fluctuations.

### **Variability in Raw Material Costs**

Variations in raw material costs can cause substantial shifts in component pricing, disrupting the supply chain and potentially impacting the Company's profitability. To address this challenge, the company has strategically established a network of local suppliers and adopted a dual-sourcing approach for critical components.

## **Regulatory Framework and Government Policies**

The Company's core product business is significantly influenced by government regulations, including energy efficiency standards, quality control orders, environmental laws, manufacturing guidelines, non-tariff barriers, incentive schemes, anti-dumping duties, EXIM policy, Trade Agreements with other countries and taxation policies. These regulations can have a direct or indirect impact on product pricing and overall operations. To manage this risk effectively, the company remains proactive, continuously monitoring policy changes and taking appropriate actions when necessary.

Simultaneously, the company actively engages with industry associations to foster constructive discussions with government authorities on policy frameworks that influence our business and the broader industry. These efforts align with governmental objectives, particularly in areas such as sustainability and regulatory advancements.

## **Human Resources**

### **Human Capital**

As on March 31, 2025, the total strength of employees (Staff and Operators) of the Company was 1180. Our employees are pivotal to our success and we intend to make them future-ready. To do this we have introduced programs that reward, recognize, engage and develop employees thereby creating a high-performance culture based on empathy, meritocracy and professional improvement. We strongly believe that this will ultimately lead to creation of a conducive environment, for our employees to deliver their best to achieve our short-term and long-term business objectives.

### **Talent Attraction and Retention**

Our employees are critical to our success and our human capital strategy is outlined to improve organizational capability, hire and retain the best talent and create a culture that delivers long-term value and sustain competitiveness in the global marketplace. We strive to be the employer of choice within all our business lines and to do that we are focusing on strong employer branding, employee development and retention.

### **Talent Management**

Our talent management process focuses on building succession strength, creating development paths and learning interventions to attract, retain and develop top talent across the Company. This is anchored through the "Organization Talent Review" (OTR) process that provides an overview of talent across the company and enables talent movements across teams based on individual strengths and aspirations. With a strong focus on providing Distributed Leadership opportunities to young and upcoming talent, we have processes in place to identify and nurture top talent within the organization and put them on fast track growth.

### **Talent Development**

To augment the Talent Management and Retention processes, this year we have also focused on skill improvement and managerial development for our workers and staff respectively. Across our manufacturing operations, all our workers went through a skill assessment survey that was followed by dedicated technical skill development interventions. For our staff we have introduced Performance Enhancement and Advancement through Knowledge

(PEAK) program that focuses on developing the managerial skills of our middle managers. Beyond PEAK, we have plans in place to ensure seamless transition of our new team leaders through our Step Up program. The program will help high potential individual contributors, who have been recently promoted to lead a team (first-time managers), to gain the tools required to optimally lead their team

### **Employee Engagement**

As part of our culture transformation journey, we have introduced the "Pulse Connect" program, a bi-monthly, dedicated program where the HR team connects with each team across each geographic location within India, to check the pulse of the organization, get first hand feedback from the employee on their expectations and aspirations. The data generated out of Pulse Connect, is utilized for improving HR processes, policies and facilitation for our employees. Beyond this, our Long Service Recognition program ensures that loyalty and commitment to the organization, never go unnoticed. To promote a health oriented culture, regular health check up camps are organized for our staff and workers. Our employee engagement team is ensuring that at periodic intervals, employees can recharge and refresh themselves.

### **Diversity, Equity Inclusion**

The Company promotes Diversity, Equity and Inclusion at all locations, for all departments and stakeholders. On a time-to-time basis Company reviews the existing policies and practices to make the workplace inclusive. We prioritise Diversity, Equity and Inclusion (DE&I) at our workplace and strive to provide equal opportunities to all individuals. Our policies ensure that no discrimination occurs based on gender or disability regarding employment, promotion, termination or other related issues.

Our Prevention of Sexual Harassment at Workplace (POSH) Policy is in line with our commitment towards gender inclusion and diversity and helps create a safe and secure workplace for all. All women employees (permanent, temporary, contractual and trainees), woman service providers, as well as any woman visiting our Company are covered under this policy. Any breach of this policy is subject to strict disciplinary actions.

### **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 was conducted by external professional auditing firms at plant as well as for kadi manufacturing unit, head office and branch operations as per 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 consistently and judgments and estimates made 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 or loss 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 Companies Act, 2023 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 are 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.

## Board of Directors

### Sad Demise of Mr. Arpit Patel, Independent Director

With profound sorrow, the Board deeply mourns the untimely demise of Mr. Arpit Patel, who served as an Independent Director of the Company since 1st October, 2023. His passing on 21st May, 2024, is an irreparable loss to the Company and to all those who had the privilege of knowing him. The Board wishes to express its deepest gratitude for his invaluable contributions, wise counsel, and unwavering dedication.

### Disclosure under section 197(12) of the Companies Act, 2013 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. Nobuyuki Tao	Director	NA	NA
Mr. Sanjay Sudhakaran	Managing Director	NA*	36:1
Mr. Yoshikazu Ishihara	Director	NA	NA
Ms. Shalini Kamath	Independent Director	NA	NA
Mr. Arpit Patel	Independent Director	NA	NA
Mr. Raman Madhok	Independent Director	NA	NA
Mr. Anil Shankar	Independent Director	NA	NA
Mr. Rishi Mehta	Chief Financial Officer	39%	11:1
Mr. Parag Dave	Company Secretary	29%	2:1

\*Worked only for a part of the previous year.

## Change in Board of Directors

During the year under review, there were following changes in the Board of Directors of the Company:

1. Appointment of Mr. Raman Madhok as an Independent Director of the Company with effect from 1st April, 2024.
2. Cessation of Mr. Arpit Patel as an Independent Director with effect from 21st May, 2024 due to death.
3. Appointment of Mr. Anil Shankar as an Independent Director with effect from 30th July, 2024.

## Performance Evaluation

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

The Board has also carried out an 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 any employee, director, customer, vendor or associate of the Company can lodge his genuine concern in good faith in Integrity Helpline or disclose 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 made by a complainant to a Chairperson of Audit Committee.

This mechanism is overseen by the Audit Committee.

<b>Comparison of remuneration against Company's performance*</b>	
- Increase in remuneration of each KMP	As mentioned in above table
- Increase in total remuneration of all KMP	Total remuneration of KMP increased by 37% (excluding KMP who worked for a part of the year).
Percentage increase in the median remuneration of employees in the financial year	12%
No. of permanent employees on the rolls of Company	1180
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	<ul style="list-style-type: none"> <li>- Average % increase in the salaries of employees other than the managerial personnel 10.2%</li> <li>- Total remuneration of KMP increased by 37% (excluding KMP worked for a part of the year).</li> </ul>

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 risks. Then score based on level and significance of risk is given and subsequently risk mitigation steps are taken. ERM covers 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 Committee to discuss critical and vital risks.

## Internal Financial Controls

The Company has in place adequate internal financial controls with reference to its financial statements. These controls ensure the accuracy and completeness of the accounting records and the preparation of reliable financial statements.

## Other Disclosures

- Number of meetings of the Board: Five meetings of the Board of Directors of the Company were held during the year under review on 23rd May, 2024, 30th July, 2024, 23rd October, 2024, 12th December, 2024 and 11th February, 2025.
- Robert Bosch GmbH (Acquirer) has made Public Announcement on 26th July, 2024, that pursuant to the Purchase Agreements, the Acquirer has, inter alia, agreed to acquire 100% (one hundred per cent) of the issued and paid-up share capital of Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd. ("JCH") ("Underlying Transaction").
- Consequently, on completion of the Underlying Transaction, the Acquirer will indirectly acquire and control shares and voting rights in Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd and JCHAC India Holdco Limited, which hold 635 Equity Shares and 2,01,89,894 Equity Shares respectively in the Company, constituting an aggregate of 74.25% of the Share Capital of the Company.
- Members of the Audit Committee as on 31st March, 2025 are as under:
 

Mr. Anil Shankar	-	Chairman
Ms. Shalini Kamath	-	Member
Mr. Raman Madhok	-	Member
Mr. Nobuyuki Tao	-	Member

Sr. No.	Ratio	Numerator	Denominator	Refer foot-note	As at March 31, 2025	As at March 31, 2024	% Variance	Reason for Variance*
1	Current Ratio	Current Assets	Current Liabilities		1.3	1.2	8.3%	NA
2	Debt-Equity Ratio	Total Debt	Total Equity	I	0.1	0.1	0.0%	NA
3	Debt Service Coverage Ratio	Earnings available for debt service	Total Debt Service Costs	II	9.0	-0.7	1385.7%	Refer Explanation 1
4	Return on Net Worth (Return on Equity) (ROE)(%)	Net Profits after taxes	Average total Equity		9.6%	-12.2%	178.8%	Refer Explanation 1
5	Inventory Turnover Ratio	Cost of goods sold	Average Inventory	III	3.6	2.3	57.7%	The variation is due to optimization of inventory during the year as compared to previous year.
6	Trade receivables turnover ratio	Net Credit Sales	Average Accounts Receivable	IV	9.0	6.6	36.6%	The variation is on account of timely collection from the debtors of the Company.
7	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	V	4.2	3.7	12.7%	NA
8	Net capital turnover ratio	Net Sales	Working Capital		9.3	9.9	-6.5%	NA
9	Net profit ratio(%)	Net Profits after taxes	Total Income		2.1%	-3.9%	154.7%	Refer Explanation 1 below
10	Return on capital employed (ROCE) (%)	Earning before interest and taxes	Capital Employed	VI	13.8%	-14.6%	194.7%	Refer Explanation 1 below
11	Operating Profit Margin (%) (before exceptional items)	EBITDA	Revenue from operations		5.7%	0.5%	1040%	Operational efficiency has resulted into better operating margin

**Explanation:**

The variance is primarily on account of profit during the year ended March 31, 2025 as compared to the loss during the year ended March 31, 2024.

**Note:**

- I Total Debt = Borrowings + Lease liabilities
- II 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)
- II Total Debt Service Costs = Principal Payment of lease liabilities + Interest paid on lease liabilities + Payment of finance cost
- III Average Inventory = Average of closing inventory at end of each quarter.
- IV Average Accounts Receivable = Average of accounts receivable at end of each quarter.
- V Average Trade Payables = Average of trade payables at end of each quarter.
- VI Capital Employed = Total Equity + Total debt + Lease liabilities - Deferred Tax Assets
- 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.
- There is no material fraud reported by Auditors under Section 143(12) of the Companies Act, 2013 during the year under review.
- 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.
- 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.

- There is no Company which has become or ceased to be its subsidiary, joint venture or associate Company during the year.
  - During the year, Company has not accepted deposits covered under Chapter V.
  - There is no qualification, reservation or adverse remark or disclaimer made by the Auditors in their report.
  - There is no qualification, reservation or adverse remark or disclaimer made by the Secretarial Auditors in their report except noting of gap between two risk management committee meetings beyond the prescribed time limit in SEBI LODR. It occurred due to inadvertent scheduling to have Risk Management Committee meeting alongwith the meetings of Board, Audit Committee, Executive Committee and Stakeholder Relationship Committee which were scheduled to happen physically on 23-Oct-2024 with an objective to have a more holistic discussion on various confidential matters. NSE had sought clarification on the same and the company has submitted their reply.
  - 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.
  - Details of complaints relating to sexual harassment during the year under review:  
Number of complaints pending as on 31st March, 2024 : Nil  
Number of complaints received during the year : 2  
Number of complaints disposed of during the financial year : 2  
Number of complaints pending as on 31st March, 2025 : Nil
  - 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.
  - 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 at arm's length basis. During the year, no Related Party Transactions (RPTs) requiring shareholders' approval under Section 188 of the Act were undertaken by the company, whether material or otherwise. Therefore, 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 weblink is as under:  
<https://buy.hitachaircon.in/cms/materials/3f846d49e9.pdf>
- Revision in Accounts or Board's Report: No revisions have been made in the Accounts or Board's Report
  - Issue of Equity Shares with differential rights: No Equity Share were issued with differential voting rights during the year under review
  - Issue of Sweat Equity Shares: No issue of Sweat Equity Shares were made during the year under review.
  - 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.
  - 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 were 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.
  - Dividend Distribution Policy has been disclosed on Company's website and weblink is as under:  
<https://buy.hitachaircon.in/cms/materials/9de980b488.pdf>
  - Company has complied with Secretarial Standards applicable to Company.
  - 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.

## 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 : Kadi, Gujarat  
 Date : 20th May, 2025

**Nobuyuki Tao**  
 Chairman

# Annexure A

## CSR activities for Financial Year 2024-25

### 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. Sanjay Sudhakaran	Chairman of the Committee (Managing Director of the Company)	1	1
2	Ms. Shalini Kamath	Member of the Committee (Independent Director of the Company)	1	1
4	Mr. Yoshikazu Ishihara	Member of the Committee (Director of the Company)	1	1

### 3. Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company are as under:

CSR Committee: <https://buy.hitachaircon.in/cms/materials/6bfb808506.pdf>

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

Web-link of the CSR Projects approved by Board for the financial year 2024-25 are disclosed on the website of the Company : <https://buy.hitachaircon.in/cms/materials/f01d9f346b.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
1	2023-24	INR 2.1 Million	-

### 6. Average net profit of the Company as per section 135(5): Loss of INR 573.4 Million

### 7. (a) Two percent of average net profit of the Company as per section 135(5): Nil

(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: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): Nil

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

Total Amount Spent for the Financial Year (Rs. 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
2.9	Nil	Nil	Nil	Nil	Nil

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

(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)	Location of the project		Amount spent for the project (Rs. in Million)	Mode of implementation - Direct (Yes / No)	Mode of implementation - Through implementing agency	Name	CSR Regn. No.
				State	District					
1	Support in setting up Mehsana District start up & innovation hub to nurture innovation and provide requisite skilling	Skill Development	Yes	Gujarat	Mehsana	1.2	Yes	Not Applicable	Not Applicable	Not Applicable
2	Ambulance support	Healthcare	Yes	Gujarat	Mehsana	0.4	Yes	Not Applicable	Not Applicable	Not Applicable
3	Distribution of Sanitary Napkins	Women empowerment	Yes	Gujarat	Mehsana	1.3	Yes	Not Applicable	Not Applicable	Not Applicable
<b>Total</b>						<b>2.9</b>				

(d) Amount spent in Administrative overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Not applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): INR 2.9 Million

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

Sr.	Particular	Amount (Rs. 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)	Nil
(ii)	Total amount spent for the Financial Year	2.9
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2.9
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	2.1
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	5.0

**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		Name of the Fund	Amount	Date of transfer	Amount remaining to be spent in succeeding financial years
			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).**

- (a) Date of creation or acquisition of the capital asset(s): Not applicable
- (b) Amount of CSR spent for creation or acquisition of capital asset: Not applicable
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not applicable
- (d) 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**

**Sanjay Sudhakaran**  
Managing Director  
(Chairman CSR Committee)

**Rishi Mehta**  
Chief Financial Officer

# Annexure B

## Form No. MR-3

### SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2025

[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**  
CIN: L29300GJ1984PLC007470  
Regd. Off: 9th Floor, Abhijeet-1,  
Mithakhali Six Roads, Ahmedabad – 380 006,  
Gujarat, India

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** (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 our opinion thereon.

Based on our verification of the Company'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 31st March, 2025 has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to an 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 for the Financial Year ended on 31st March 2025 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (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 and Sweat Equity) Regulations, 2021
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (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
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

However, it has been found that there were no instances requiring compliance with the provisions of the laws indicated at point (c), (d), (e),(g) and (h) of para (v) mentioned hereinabove during the period under review.

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) The Listing Agreement entered into by the Company with the Stock Exchange and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended).

- (vi) We further report that having regard to the compliance management system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof made available to us in electronic form, on test-check basis, the Company has compliance management system for the sector specific laws applicable specifically to the company:

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards mentioned hereinabove. We have relied on the representations made by the Company and its officers for systems and mechanisms formed by the Company for compliances under other sector specific laws applicable to the Company. It is observed that the gap between two risk management committee meetings was beyond the prescribed time limit as per Regulation 21(3C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended). NSE had sought clarification on the same and the company has submitted their reply.

**We further report that**

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

- Mr. Raman Madhok (DIN: 00672492) was appointed as an Additional Independent Director of the Company for a period from 01st April, 2024 to 30th September, 2027.
- Mr. Arpit Patel (DIN: 00059914) ceased to be Independent Director of the Company with effect from 21st May, 2024 due to death.
- Special Resolution was passed through postal ballot on 11th June, 2024 for regularization of Mr. Raman Madhok (DIN: 00672492) as an Independent Director of the Company.
- Mr. Anil Shankar (DIN: 02143156) was appointed as an Additional Independent Director of the Company for a period from 30th July, 2024 to 30th September, 2027.

- Special Resolution was passed at Annual General Meeting held on 19th September, 2024 for regularization of Mr. Anil Shankar (DIN: 02143156) as an Independent Director of the Company.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on the agenda were sent at least 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.

Majority decisions at the board meeting as represented by the management were carried through unanimously whereas as informed, there is a system of capturing the views of dissenting members' and recording the same as part of the minutes, wherever required.

**We further report that** based on review of compliance mechanism established by the company and on the basis of the compliance certificate(s) issued by the company secretary and taken on record by the board of directors at their meeting(s), we are of the opinion that the management has adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable rules, regulations and guidelines as referred hereinabove.

**We further report that** during the audit period there were no specific events / actions having a major bearing on the affairs of the Company in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc

**ASHISH C DOSHI, PARTNER**

SPANJ & ASSOCIATES

Company Secretaries

FCS No.: F3544

COP No.: 2356

Place: Ahmedabad

P R Certificate No.: 6467/2025

Date: 20th May, 2025

UDIN: F003544G000395320

**Note:** Note: This report is to be read with our letter of even date which is annexed as **Annexure** and forms an integral part of this report.

## Annexure to Secretarial Audit Report

To,  
 The Members  
**JOHNSON CONTROLS-HITACHI AIR CONDITIONING INDIA LIMITED**  
 CIN: L29300GJ1984PLC007470  
 Regd. Off: 9thFloor, Abhijeet-1,  
 Mithakhali Six Roads, Ahmedabad – 380 006,  
 Gujarat, India

Sir,

**Sub: Secretarial Audit Report for the Financial Year ended on 31st March, 2025**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these 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 a 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 management. Our examination was limited to the verification of 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.

**ASHISH C DOSHI, PARTNER**

SPANJ & ASSOCIATES  
 Company Secretaries

FCS No.: F3544  
 COP No.: 2356

P R Certificate No.: 6467/2025  
 UDIN: F003544G000395320

Place: Ahmedabad  
 Date: 20<sup>th</sup> May, 2025

# 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. Variable Frequency Drive (VFD): VFD is one of the most common devices which can provide energy saving for any kind of motor. Recently, we have added VFD for air agitation blower motor in STP (Sewage Treatment Plant). Through this, we will be able to save approximately 1.5 kW power per Hr. (Saving of 10,800 kWh per year)
2. Installation of a new integrated chipless return bend machine has helped us to improve productivity, reduce wastage and conserve overall energy usage. There is saving of approximately 3 kW per hour. Through this, we will be able to save approximately 16,800 kWh per year.
3. Modification and addition of balancing equipment – by modifying existing assembly line and addition of balancing equipment, company could increase line output capacity by 20%. Additionally, with shift working getting reduced, overall energy usage got lowered by approx. 1,08,000 kWh per year.

## **Research, Development and Technology Absorption**

### **Development of R32 refrigerant based Inverter Cassette type Air conditioner**

Introduced R32 refrigerant-based high-efficiency inverter cassette product range with capacities ranging from 1.5 TR to 4 TR. Earlier our product range was with R410a refrigerant based system, but this newly innovative designed systems use R32 refrigerant with much lower Global Warming Potential (GWP) than traditional option of R410a, effectively minimizing the environmental footprint and contribution to climate change.

### **Development of R32 refrigerant based Spacemaker product range**

Introduced a high sensible heat factor (SHF) equipment cooling product under the Spacemaker range of air conditioners, utilizing R32-based low-GWP refrigerant of 1.8 TR X 2 capacity. These innovative designed systems uses R32 refrigerants with lower Global Warming Potential (GWP) than our old models using refrigerant R22/R410a. This cutting-edge air conditioning system is specially designed for Unmanned Telecom Shelters for B2B segment. Spacemaker range comes with higher cooling capacity, High Sensible Heat Factor with unique safety features, lower power consumption and lower operating costs. This significant step marks the transition of the entire product range to eco-friendly green refrigerants, reinforcing a commitment to sustainability.

## **Advancing Sustainability in HVAC Design**

As part of our ongoing commitment to environmental sustainability, we have made significant enhancement in the design of our inverter split air conditioners. Our latest innovation involves transitioning the outdoor heat exchanger from a 7.0 mm diameter copper tube to a more efficient 5.0 mm diameter copper tube. This strategic improvement brings substantial environmental and operational benefits:

- 23% Reduction in Copper Usage: By optimizing material consumption, we are conserving valuable resources and minimizing the environmental impact of copper extraction and processing.
- 30% Decrease in R32 Refrigerant Usage: The reduced refrigerant volume contributes to lower greenhouse gas emissions, supporting global efforts to combat climate change.
- Carbon Footprint Reduction: This design evolution is projected to cut our overall carbon footprint by approximately [1,25,207 MT] over the lifecycle of our products, aligning with our sustainability goals.

Beyond environmental benefits, this redesign enhances energy efficiency, potentially lowering operational energy consumption for end-users while reinforcing our commitment to responsible manufacturing practices.

As industry leaders, we remain dedicated to advancing sustainable solutions in HVAC design, ensuring that our products meet global environmental standards while delivering exceptional performance and value. Through these initiatives, we strive to fulfil the needs of today while safeguarding the planet for future generations.

## **Foreign exchange earnings and outgo**

Total foreign exchange earned by the Company during the year under review was INR 1,039.8 Million, as compared to INR 1,187.4 Million during the previous year.

Total foreign exchange outow during the year under review was INR 9,038.8 Million, as against INR 4,407.9 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 31st March, 2025, Board of the Company consists of six members. Two (2) Non-executive Directors (Including Chairperson) One (1) Executive Director (Managing Director), 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. Nobuyuki Tao	Chairman	1	-	1
Mr. Sanjay Sudhakaran	Executive (Managing Director)	1	-	1
Mr. Yoshikazu Ishihara	Promoter / Non-Executive	1	1	1
Mr. Anil Shankar	Independent	1	1	2
Mr. Raman Madhok	Independent	1	-	1
Ms. Shalini Kamath	Independent	3	-	4

\*Includes only Audit Committee and Stakeholders Relationship Committee.

Following are the Changes in Board of Directors during the year:

- 1 Mr. Raman Madhok has been appointed as an Independent Director w.e.f. 1st April, 2024.
- 2 Cessation of Mr. Arpit Patel as an Independent Director due to death w.e.f. 21st May 2024.
- 3 Mr. Anil Shankar has been appointed as an Independent Director w.e.f. 30th July, 2024.

**Directors are holding Directorship in following Listed Companies as on 31st March, 2025 (excluding this Company)**

Name of Director	Name of Company	Category of Directorship
Ms. Shalini Kamath	Abbott India Ltd. Expleo Solutions Limited	Independent Director Independent Director

**Skills/expertise/competence of the Board**

List of Core Skills / expertise / competencies identified by the Board of Directors (as on 31st March, 2025) 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. Tao	Mr. Sudhakaran	Mr. Ishihara	Mr. A Shankar	Mr. R Madhok	Ms. Kamath
<b>Leadership skill</b>	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	√	√	√	√	√
	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	√	√	√	√	√
<b>Business skill</b>	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	√	√	√	√	√

Skills	Mr. Tao	Mr. Sudhakaran	Mr. Ishihara	Mr. A Shankar	Mr. R Madhok	Ms. Kamath
<b>Functional Skill</b>						
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	√	√	√	√	√	√
<b>Team Management Skills</b>						
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.

There were following changes in Independent Directors during the year:

- 1 Mr. Raman Madhok has been appointed as an Independent Director w.e.f. 1st April, 2024.
- 2 Cessation of Mr. Arpit Patel as an Independent Director due to death w.e.f. 21st May, 2024.
- 3 Mr. Anil Shankar has been appointed as an Independent Director w.e.f. 30th July, 2024

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

The details of familiarization program have been disclosed on the Company's website and a weblink is as under: | <https://buy.hitachiaircon.in/cms/materials/af12b0b4bd.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 1st April, 2024 to 31st March, 2025, 5 (Five) Board Meetings were held, i.e., on 23rd May, 2024, 30th July, 2024, 23rd October, 2024, 12th December, 2024 and 11th February, 2025. The last Annual General Meeting (AGM) was held on 19th September, 2024. The attendance of Directors at these Board Meetings and the last AGM were as under

Name of Director	Board Meetings	Annual General Meeting
Mr. Nobuyuki Tao	5	Present
Mr. Sanjay Sudhakaran	5	Present
Mr. Yoshikazu Ishihara	5	Present
Ms. Shalini Kamath	5	Present
Mr. Raman Madhok	5	Present
Mr. Anil Shankar	4	Present
Mr. Arpit Patel – Upto 21st May, 2024	-	-

### **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 31st March, 2025 are as under:

Name of Director	No of Shares held
Mr. Nobuyuki Tao	Nil
Mr. Yoshikazu Ishihara	Nil
Ms. Shalini Kamath	Nil
Mr. Raman Madhok	Nil
Mr. Anil Shankar	Nil

### **Inter-se relationship between Directors**

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

### **Audit Committee**

As on 31st March, 2025, Audit Committee comprises of Four members, out of which three are 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 31st March, 2025 are as under:

Mr. Anil Shankar	-	Chairman
Ms. Shalini Kamath	-	Member
Mr. Raman Madhok	-	Member
Mr. Nobuyuki Tao	-	Member

During the year from 1st April, 2024 to 31st March, 2025, 4 (Four) Audit committee meetings were held, i.e., 23rd May, 2024, 30th July, 2024, 23rd October, 2024, and 11th February, 2025. Attendances of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Anil Shankar	3
Mr. Raman Madhok	4
Ms. Shalini Kamath	4
Mr. Nobuyuki Tao	4
Mr. Arpit Patel – Upto 21st May, 2024	-

### **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 31st March, 2025 are as under:

Mr. Raman Madhok	-	Chairman
Mr. Anil Shankar	-	Member
Mr. Nobuyuki Tao	-	Member

During the year under review, 2 (Two) Nomination and Remuneration Committee Meeting were held, i.e., on 4th July, 2024 and 12th December, 2024. Attendance of the members at this meeting was as under::

Name of Members of Committee	Meetings attended
Mr. Raman Madhok	2
Mr. Anil Shankar	1
Mr. Nobuyuki Tao	2
Mr. Arpit Patel – Upto 21st May, 2024	-

### **Terms of Appointment / Remuneration**

An Executive Director (Managing Director) is 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 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 Rs. 100,000 for attending Board meeting, Rs. 80,000 for attending Audit Committee Meeting, Rs. 75,000 for attending CSR Committee meeting, Rs. 20,000 for attending Nomination and Remuneration Committee Meeting, Rs. 75,000 for attending Risk Management Committee, Rs. 75,000 for attending ESG Committee Meeting and Rs. 75,000 for attending Stakeholders Relationship Committee Meeting.

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

Name of Director	Salary	Perquisites	Performance linked Incentives*	Sitting Fees	Total Remuneration (Rs. in Million)
Mr. Nobuyuki Tao	Nil	Nil	Nil	Nil	Nil
Mr. Sanjay Sudhakaran	24.0	2.5	34.7	Nil	61.2
Mr. Yoshikazu Ishihara	Nil	Nil	Nil	Nil	Nil
Ms. Shalini Kamath	Nil	Nil	Nil	1.0	1.0
Mr. Raman Madhok	Nil	Nil	Nil	1.0	1.0
Mr. Anil Shankar	Nil	Nil	Nil	0.8	0.8
Mr. Arpit Patel	Nil	Nil	Nil	Nil	Nil

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

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 31st March, 2025:

Mr. Yoshikazu Ishihara	-	Chairman
Mr. Sanjay Sudhakaran	-	Member
Mr. Anil Shankar	-	Member

During the year under review, 2 (two) Stakeholders Relationship Committee Meetings were held, i.e., on 30th July, 2024 and 23rd October, 2024. Attendance of the members at this meeting was as under:

Name of Members of Committee	Meetings attended
Mr. Yoshikazu Ishihara	2
Mr. Sanjay Sudhakaran	2
Mr. Anil Shankar	2
Mr. Arpit Patel –	-
Upto 21st May, 2024	

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

Number of pending complaints as on 1st April, 2024	Nil
Number of complaints received	9
Number of complaints redressed	9
Number of pending complaints as on 31st March, 2025	Nil

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

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

E-mail ID of Compliance Officer: [parag.dave@jci-hitachi.com](mailto:parag.dave@jci-hitachi.com)

**Risk Management Committee**

Risk Management Committee consisted of following members as on March 31, 2025:

Mr. Nobuyuki Tao	-	Chairman
Mr. Sanjay Sudhakaran	-	Member
Mr. Raman Madhok	-	Member
Mr. Yoshikazu Ishihara	-	Member

Risk Management Committee is empowered to exercises 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 1st April, 2024 to 31st March, 2025, 2 (Two) Risk Management Committee meetings were held, i.e., on 23rd October, 2024 and 10th February, 2025. Attendances of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Nobuyuki Tao	2
Mr. Sanjay Sudhakaran	2
Mr. Yoshikazu Ishihara	2
Mr. Raman Madhok	2

**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 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**

Company's robust planning and strategy ensures that its interest is protected against Foreign Currency fluctuation risk and Commodity price risk in general. 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 31st March, 2025 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 Rs. 8.6 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 (1st April, 2024)	Nil
Number of complaints received during the year	2
Number of complaints disposed of during the financial year	2
Number of complaints pending as at the end of the year (31st March, 2025)	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:**

All related party transactions including material related party transactions have approval of the Audit Committee and Shareholders (wherever applicable).

#### **Others:**

- a. 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.
- b. 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.
- c. Company has not adopted non-mandatory requirements as prescribed under Schedule II(E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- d. 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	Venue	Special Resolutions passed
14-Sep-2022 10.00 a.m.	Through Video Conferencing / Other Audio Video Means*	No Special Resolution passed at the AGM
14-Sep-2023 10.00 a.m.	Through Video Conferencing / Other Audio Video Means*	<ol style="list-style-type: none"> <li>1. Special resolution to appoint Mr. Arpit Patel as an Independent director of the Company with effect from 1st October, 2023.</li> <li>2. Special resolution to re-appoint Mr. Gurmeet Singh as Managing Director from 1st February, 2023 to 30th June, 2023.</li> <li>3. Special resolution to appoint Mr. Sanjay Sudhakaran as a Managing Director of the Company with effect from 1st July, 2023</li> </ol>
19-Sep-2024 10.00 a.m.	Through Video Conferencing / Other Audio Video Means*	Special resolution to appoint Mr. Anil Shankar as an Independent director of the Company with effect from 30th July, 2024.

\*Deemed Venue - Registered Office, 9th Floor, Abhijeet-1, Mithakhali Six Roads, Ahmedabad: 380006

### Information relating to Special Resolution passed last year through Postal Ballot

**Date: 11-Jun-2024**

**Special resolutions passed:**

1. Appointment of Mr. Raman Madhok as Independent Director of the Company from 1st April, 2024 to 30th September, 2027.

**Means of communication**

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

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

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

**General Shareholder Information**

**Ensuing Annual General Meeting**

Day and Date	Time	Venue
Wednesday, 25th June, 2025	10.00 a.m.	Video Conferencing / Other audio video means

**Financial year:** From 1st April, 2024 to 31st March, 2025.

**Listing on Stock Exchanges where the shares of the Company are listed**

Stock Code	Stock Exchange
523398	BSE Limited, Floor 25, Pheroze 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 2025-26 to the Stock Exchanges.

The Equity Shares of the Company were not delisted or suspended during the year ended 31st March, 2025.

## Share Transfer System

As per the SEBI Circular dated January 25, 2022, listed companies must issue securities exclusively in dematerialized form when processing shareholder service requests such as duplicate share certificates, endorsements, transmissions, and transpositions. Upon completing the service request, shareholders will receive a confirmation letter, which remains valid for 120 days. Within this period, shareholders must submit a request to the Depository Participant to dematerialize their shares.

### Shareholding Pattern as on 31st March, 2025

Category	No. of Shares Held	% of Shareholding
<b>Promoters' Holding</b>	20,190,529	74.255
<b>Non-Promoters' Holding</b>		
Mutual Funds	17,50,266	6.436
Alternate Investment Funds	1,42,098	0.522
Financial Institutions/ Banks	275	0.001
Foreign Portfolio Investors	3,35,948	1.236
IEPF	1,74,020	0.640
Individuals	36,86,755	13.559
NRIs	1,50,286	0.553
Bodies Corporate	5,02,739	1.849
Trust	1,500	0.006
Limited Liability Partnership	20,710	0.076
HUF	2,35,676	0.867
Clearing Member	82	0.000
<b>Total</b>	<b>27,190,884</b>	<b>100.00</b>

### Distribution of shareholding as on 31st March, 2025

Shares Balance	No. of Holders	% of Holders	No. of Shares	% of Shares
1-500	32,119	97.186	15,91,673	5.853
501-1000	487	1.474	3,65,641	1.345
1001-2000	213	0.644	3,12,387	1.149
2001-3000	69	0.209	1,71,916	0.632
3001-4000	36	0.109	1,27,368	0.468
4001-5000	16	0.048	72,479	0.267
5001-10000	39	0.118	2,92,475	1.076
10001 and above	70	0.212	2,42,56,945	89.210
<b>Total</b>	<b>33,049</b>	<b>100.000</b>	<b>2,71,90,884</b>	<b>100.000</b>

### 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 31st March, 2025, 2,70,08,895 (99.33%) 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:

MUFG Intime India Pvt. Ltd.  
(Formerly 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@in.mpms.mufg.com

## 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**

**Sanjay Sudhakaran**  
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, 2025, 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: 5380/2023  
UDIN: F002047G000384011

Place: Ahmedabad

Date: 20th May, 2025

# 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 - 380 006, Gujarat
5	Corporate address	Hitachi Complex, Village Karan Nagar, Taluka Kadi - 384 440, Dist. Mehsana, Gujarat
6	E-mail	<a href="mailto:hitachi@jci-hitachi.com">hitachi@jci-hitachi.com</a>
7	Telephone	079-26402024
8	Website	<a href="https://www.hitachiaircon.com/in/about">https://www.hitachiaircon.com/in/about</a>
9	Financial year for which reporting is being done	1st April, 2024 to 31st March, 2025
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	INR 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 <a href="mailto:hitachi@jci-hitachi.com">Mail: hitachi@jci-hitachi.com</a>
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.
14	Whether the company has undertaken reasonable assurance of the BRSR Core?	No
15	Name of assurance provider	Not applicable
16	Type of assurance obtained	Not applicable

### II. Products/services

#### 17 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.	99.9%

#### 18 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	99.9%

**III. Operations**
**19 Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	Number of offices (Regional / Branch)	Total
National	1	19	20
International	Nil	Nil	Nil

**20 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)	9

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

Export contribution in total turnover is 4.3%.

**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**
**21 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)
<b>EMPLOYEES</b>					
1. Permanent (D)	688	620	90.12%	68	9.88%
2. Other than Permanent (E)	1810	1593	88.01%	217	11.99%
<b>3. Total employees (D + E)</b>	<b>2498</b>	<b>2213</b>	<b>88.59%</b>	<b>285</b>	<b>11.41%</b>
<b>WORKERS</b>					
4. Permanent (F)	492	492	100.00%	-	-
5. Other than Permanent (G)	1794	1403	78.21%	391	21.79%
<b>6. Total workers (F + G)</b>	<b>2286</b>	<b>1895</b>	<b>82.90%</b>	<b>391</b>	<b>17.10%</b>

**b. Differently abled Employees and workers:**

S. Particulars No	Total (A)	Male		Female	
		No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>					
1. Permanent (D)	2	2	100.00%	-	-
2. Other than Permanent (E)	-	-	-	-	-
<b>3. Total differently abled employees (D + E)</b>	<b>2</b>	<b>2</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>
<b>DIFFERENTLY ABLED WORKERS</b>					
4. Permanent (F)	3	3	100.00%	-	-
5. Other than permanent (G)	10	9	90.00%	1	10%
<b>6. Total differently abled workers (F + G)</b>	<b>13</b>	<b>12</b>	<b>92.3%</b>	<b>1</b>	<b>7.7%</b>

**22 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	-	-

\*Other than member of Board of Directors

**23 Turnover rate for permanent employees and workers**

	FY 2024-25 (Turnover rate in current FY)			FY 2023-24 (Turnover rate in current FY)			FY 2022-23 (Turnover rate in current FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
	9.8%	19.1%	10.8%	21.0%	35.0%	23.0%	22.8%	25.0%	23.1%
Permanent Employees	-	-	-	0.4%	-	0.4%	0.8%	-	0.8%
Permanent Workers									

**V. Holding, Subsidiary and Associate Companies (including joint ventures)****24 Details as at the end of March 31, 2025:**

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****25 CSR details**

- (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes
- (ii) Turnover: INR 27,564.6 Million
- (iii) Net worth (in Rs.): INR 6,409.8 Million

**VII. Transparency and Disclosures Compliances****25 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 weblink for grievance redress policy)	FY 2024-25			FY 2023-24		
		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	-
<a href="http://www.johnsoncontrolsintegrityhelpline.com/">http://www.johnsoncontrolsintegrityhelpline.com/</a>							
Investors (other than shareholder)		There is no Investor other than shareholder					
Shareholders	Yes	9	Nil	-	3	Nil	-
<a href="https://buy.hitachiaircon.in/content/investors">https://buy.hitachiaircon.in/content/investors</a>							
Employees and workers	Yes	18	6	-	20	6	-
<a href="http://www.johnsoncontrolsintegrityhelpline.com/">http://www.johnsoncontrolsintegrityhelpline.com/</a>							
Customers Service	Yes	7,59,021	4,475	Service requests received in Customer Care Centre	5,62,155	2,123	Service requests received in Customer Care Centre
<a href="https://www.hitachiaircon.com/in/contact-us">https://www.hitachiaircon.com/in/contact-us</a>							
Value Chain Partners	Yes	Nil	Nil	-	Nil	Nil	-
<a href="http://www.johnsoncontrolsintegrityhelpline.com/">http://www.johnsoncontrolsintegrityhelpline.com/</a>							

## 27 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	Refrigerants currently being used need to be replaced as quantity freeze applicable from 2028 onwards	Company is continuously working on developing products which use non-ODS refrigerants	Negative Cost implications in terms of continuous design and development and technological upgradation requirements
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 processes.	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.

<b>Disclosure Questions</b>	<b>P1</b>	<b>P2</b>	<b>P3</b>	<b>P4</b>	<b>P5</b>	<b>P6</b>	<b>P7</b>	<b>P8</b>	<b>P9</b>
<b>Policy and management processes</b>									
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)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	Policies are available on: <a href="https://buy.hitachiaircon.in/content/investors">https://buy.hitachiaircon.in/content/investors</a>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes. 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, Truste) 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"> <li>- To participate and contribute in initiatives of Parent (JCI) Company towards reduction of Carbon emissions.</li> <li>- Reduction of Energy consumption in operations – continuous process</li> <li>- Producing Energy efficient products –continuous process</li> <li>- Under its DE&amp;I initiative - To increase participation of women in business operations.</li> <li>- To continue to contribute towards Social welfare measures (CSR).</li> </ul>								
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"> <li>- Company has transitioned the Inverter Room AC models to low GWP R32 refrigerant, and now entire the Room AC range is offered in R32.</li> <li>- Amount of Rs. 2.9 Million spent towards Corporate Social Responsibility.</li> </ul>								

#### Governance, leadership and oversight

7. Statement by director responsible for the business responsibility and sustainability report, highlighting ESG related challenges, targets and achievements

Sustainability delivers lasting value to customers, vendors, employees, investors, and society as a whole. Embracing sustainable business practices is our top priority, ensuring that every interaction—whether with consumers, channel partners, vendors, service providers, or employees—is thoughtfully designed to enhance their experience. Through various sustainability initiatives, we are committed to making a meaningful contribution to a better world.

The company fully complies with environmental regulations in both letter and spirit. In January 2021, our parent company introduced ambitious sustainability commitments, reinforcing JCI's dedication to reducing its environmental footprint. With a strong legacy of sustainability leadership, JCI has pledged to achieve net zero carbon emissions before 2040 and has set science-based targets for 2030, which we are actively following. Additionally, JCI is integrating sustainability as a key performance metric for preferred suppliers while launching a supplier cohort training initiative to help reduce emissions across the supply chain.

The company is actively contributing to society through various projects aligned with its Corporate Social Responsibility (CSR) commitments. These initiatives span across key areas such as health, sanitation, education, and vocational training. With a strong dedication to social impact, the company remains committed to sustaining and expanding its CSR efforts in the years to come.

Through our Diversity, Equity, and Inclusion (DE&I) Program, we are dedicated to building a diverse and inclusive workforce that enables us to attract top talent and enhance the excellence of our offerings. We remain committed to increasing the representation of women employees in the coming years, fostering a more balanced and equitable workplace.

Sustainability is an ongoing journey, not a fixed destination. While there is still much to accomplish in the years ahead, this commitment is deeply rooted in our foundation. Sustainability has always been a part of our identity, and we remain steadfast in our dedication to creating a safer, more comfortable, and sustainable world for the future.

<b>Disclosure Questions</b>	<b>P1</b>	<b>P2</b>	<b>P3</b>	<b>P4</b>	<b>P5</b>	<b>P6</b>	<b>P7</b>	<b>P8</b>	<b>P9</b>
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:**

<b>Subject for review</b>	<b>Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee</b>												<b>Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)</b>								
	<b>P1</b>	<b>P2</b>	<b>P3</b>	<b>P4</b>	<b>P5</b>	<b>P6</b>	<b>P7</b>	<b>P8</b>	<b>P9</b>	<b>P1</b>	<b>P2</b>	<b>P3</b>	<b>P4</b>	<b>P5</b>	<b>P6</b>	<b>P7</b>	<b>P8</b>	<b>P9</b>			
Performance against above policies and follow up action																					
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances																					
	<b>P1</b>	<b>P2</b>	<b>P3</b>	<b>P4</b>	<b>P5</b>	<b>P6</b>	<b>P7</b>	<b>P8</b>	<b>P9</b>	<b>P1</b>	<b>P2</b>	<b>P3</b>	<b>P4</b>	<b>P5</b>	<b>P6</b>	<b>P7</b>	<b>P8</b>	<b>P9</b>			
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.																					

**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:**

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

NGRBC Principle	Name of the Regulatory/ enforcement agencies/ judicial institutions	Amount (In Rs.)	Brief of the Case	Has an appeal been preferred? (Yes/No)
<b>Monetary</b>				
Penalty/ Fine				
Settlement	No such incident			
Compounding Fee				
<b>Non-Monetary</b>				
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/8f78bf96e0.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 2024-25	FY 2023-24
	Current Financial Year	Previous Financial Year
Directors / KMPs / Employees / Workers	No such incident	No such incident

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

	<b>FY 2024-25 Current Financial Year</b>	<b>FY 2023-24 Previous Financial Year</b>
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.

**8. Number of days of accounts payables ((Accounts payable \*365) / Cost of goods/services procured) in the following format:**

	<b>FY 2024-25 Current Financial Year</b>	<b>FY 2023-24 Previous Financial Year</b>
Number of days of accounts payable	88	98

**9. Openness of business**

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

<b>Parameter</b>	<b>Metrics</b>	<b>FY 2024-25 (Current Financial year)</b>	<b>FY 2023-24 (Previous Financial year)</b>
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	Nil	Nil
	b. Number of trading houses where purchases are made from.	Nil	Nil
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	Nil	Nil
Concentration of Sales	a. Sales to Dealers / Distributors as % of total sales	85.8%	82.4%
	b. Number of dealers / distributors to whom sales are made	1238	1283
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	29.6%	21.2%
Share of RPTs in	a. Purchases (Purchases with related parties / Total purchases)	17.6%	17.0%
	b. Sales (Sales to related parties / Total Sales))	2.7%	3.7%
	c. Loan & Advances (Loan and advances given to related parties / Total loans & Advances)	Nil	Nil
	d. Investments (Investments in related parties / Total Investments made)	Nil	Nil

**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.

<b>Total number of programs held</b>	<b>Topics / principles covered under the training</b>	<b>%age of value chain partners covered (by value of business done with such partners) under the awareness programs</b>
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 18 times and Company follows all 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 2024-25 Current Financial Year	FY 2023-24 Previous Financial Year	Details of improvements in environmental and social impacts
R & D	74.2%	63.6%	Migration to R32 refrigerant for RAC, Digital Manuals, Future ready for Energy rating enhancements
Capex	14%	Data not available	Optimum utilization of natural resources and conservation of electricity, water and fuel

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 meeting minimum micron requirements. 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 and PROs.
- c. Hazardous Waste: Company is complying with prescribed 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. Company is complying 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 Life Cycle Assessment carried out for any product of the Company.

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	<b>Using different Refrigerant</b> Earlier we were manufacturing several products using Refrigerant R22 which is an ODS and has a high GWP. Now, we have shifted to R32 technology and all our products are using R410A and R32, both of which have low GWP than R22. During the year 2024-25, we have shifted our entire products range to Green Refrigerants.
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 2024-25 Current Financial Year	FY 2023-24 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 2024-25 Current Financial Year			FY 2023-24 Previous Financial Year		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
	Nil	1,349.0 MT	Nil	Not reclaimed	1,930.0 MT	Nil
Plastic (Including packaging)	Nil	11,148.2 MT	Nil	Not reclaimed	8,080.4 MT	Nil
E-Waste	Nil	Nil	Nil	Not reclaimed	Nil	Nil
Hazardous Waste	Nil	Nil	Nil	Not reclaimed	Nil	Nil
Other Waste	Nil	Nil	Nil	Not reclaimed	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)	
<b>Permanent employees</b>												
Male	620	620	100%	620	100%	-	-	-	-	-	-	-
Female	68	68	100%	68	100%	68	100%	-	-	68	100%	
<b>Total</b>	<b>688</b>	<b>688</b>	<b>100%</b>	<b>688</b>	<b>100%</b>	<b>68</b>	<b>100%</b>	-	-	<b>68</b>	<b>100%</b>	
<b>Other than Permanent employees</b>												
Male	1,593	1,593	100%	1,593	100%	-	-	-	-	-	-	-
Female	217	217	100%	217	100%	217	100%	-	-	217	100%	
<b>Total</b>	<b>1,810</b>	<b>1,810</b>	<b>100%</b>	<b>1,810</b>	<b>100%</b>	<b>217</b>	<b>100%</b>	-	-	<b>217</b>	<b>100%</b>	

**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)	
<b>Permanent workers</b>												
Male	492	492	100%	492	100%	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>492</b>	<b>492</b>	<b>100%</b>	<b>492</b>	<b>100%</b>	-	-	-	-	-	-	-
<b>Other than Permanent workers</b>												
Male	1,403	1,403	100%	-	-	-	-	-	-	-	-	-
Female	391	391	100%	-	-	391	100%	-	-	391	100%	
<b>Total</b>	<b>1,794</b>	<b>1,794</b>	<b>100%</b>	-	-	<b>391</b>	<b>100%</b>	-	-	<b>391</b>	<b>100%</b>	

**c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:**

			FY 2024-25	FY 2023-24
			Current Financial Year	Previous Financial Year
Cost incurred on well-being measures as a % of total revenue of the Company			0.01%	0.01%

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

Benefits	FY 2024-25 Current Financial Year			FY 2023-24 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%	N	100%	100%	N
ESI	0%	0%	NA	0%	0.2%	NA

- 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 workplaces 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
<b>Total</b>	-	-	-	-

- 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, identity of reporters is 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.
Other than Permanent Workers	Integrity Helpline - <a href="http://www.johnsoncontrolsintegrityhelpline.com/">http://www.johnsoncontrolsintegrityhelpline.com/</a>
Permanent Employees	Contact Nos.: 000-800-100-7127, 033-7127-9005
Other than Permanent Employees	For workers, complaint boxes are also placed at various convenient places.

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

Category	FY 2024-25			FY 2023-24		
	Current Financial Year			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)
<b>Total Permanent Employees</b>	<b>688</b>	-	-	<b>623</b>	-	-
Male	620	-	-	557	-	-
Female	68	-	-	66	-	-
<b>Total Permanent Workers</b>	<b>492</b>	<b>492</b>	<b>100%</b>	<b>546</b>	<b>546</b>	<b>100%</b>
Male	492	492	100%	546	546	100%
Female	-	-	-	0	-	-

**8. Details of training given to employees and workers**

Category	FY 2024-25			FY 2023-24		
	Current Financial Year			Previous Financial Year		
	Total (A)	On Health and safety measures	On Skill upgradation	Total (D)	On Health and safety measures	On Skill upgradation
<b>Employees</b>						
Male	620	620	620	557	557	557
Female	68	68	68	66	66	66
<b>Total</b>	<b>688</b>	<b>688</b>	<b>688</b>	<b>623</b>	<b>623</b>	<b>623</b>
<b>Workers</b>						
Male	492	492	492	546	546	546
Female	-	-	-	-	-	-
<b>Total</b>	<b>492</b>	<b>492</b>	<b>492</b>	<b>546</b>	<b>546</b>	<b>546</b>

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

Category	FY 2024-25			FY 2023-24		
	Current Financial Year			Previous Financial Year		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees</b>						
Male	620	620	100%	557	557	100%
Female	68	68	100%	66	66	100%
<b>Workers</b>						
Male	492	492	100%	546	546	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 a 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 Mediclaim / Personal Accident Policies.

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

<b>Safety Incident / Number</b>	<b>Category</b>	<b>FY 2024-25</b>	
		<b>Current Financial Year</b>	<b>FY 2023-24</b>
Lost Time Injury Frequency Rate (LTIFR) (per one million person hours worked)	Employees	Nil	Nil
	Workers	Nil	0.22
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	Nil	3
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 measured 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, Environment Day etc.
9. Periodic EHS committee meetings
10. Change management – MOC
11. Integrated (ISO 45001 and 14001) management certification
12. Digitisation for reporting of Hazard, Near miss and incident reporting
13. Reward and Recognition system
14. 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 2024-25 Current Financial Year			FY 2023-24 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 Conditions		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**

As part of the corrective actions, the company incorporates amendments to risk assessment procedures, implement competency-building programs for both employees and contract workers, address areas for improvement, establish consequence management protocols, and institute reward and recognition initiatives.

**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).**

Yes, for Employees as well as workers, in the event of accidental death, 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. The company also does a sample checking to ensure that wages are credited to the Bank Accounts of contractual workers

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 2024-25 Current Financial Year		FY 2023-24 Previous Financial Year	
			FY 2024-25 Current Financial Year	FY 2023-24 Previous Financial Year
Employees	Nil	Nil	NA	NA
Workers	Nil	Nil	NA	NA

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:

- a. Shareholders including Promoters
- b. Customers
- c. Dealers / Sales Channel partners.
- d. Service Franchisees / After Sales Service providing partners
- e. Raw material Suppliers
- f. Employees including contract workers
- g. Financial Institutions
- h. Other service providers
- i. 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, Web-site	Ongoing	Feedback and Product Offerings
Dealers / Channel partners	No	Email, SMS, Pamphlets, Community Meetings, Website, Personal visits	Ongoing	Resolving concerns, Sales targets
Service Franchisees	No	Email, SMS, Pamphlets	Ongoing	Resolving concerns, Sales targets

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
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. Company has provided ambulance to local PHC.
- 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.

**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 2024-25			FY 2023-24		
	Current Financial Year		% (B / A)	Previous Financial Year		% (D / C)
	Total (A)	No. of Employees / workers covered (B)		Total (C)	No. of Employees / workers covered (D)	
<b>Employees</b>						
Permanent	688	688	100%	623	623	100%
Other than permanent	1,810	1,810	100%	1,415	0	-
<b>Total employees</b>	<b>2,498</b>	<b>2,498</b>	<b>100%</b>	<b>2,038</b>	<b>623</b>	<b>30.6%</b>
<b>Workers</b>						
Permanent	492	492	100%	546	546	100%
Other than permanent	1,794	1,794	100%	794	794	100%
<b>Total workers</b>	<b>2,286</b>	<b>2,286</b>	<b>100%</b>	<b>1,340</b>	<b>1,340</b>	<b>100%</b>

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

Category	FY 2024-25				FY 2023-24			
	Current Financial Year		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)
<b>Employees</b>								
<b>Permanent</b>	688	-	-	688	100%	623	-	-
Male	620	-	-	620	100%	557	-	-
Female	68	-	-	68	100%	66	-	-
<b>Other than permanent</b>	<b>1,810</b>	<b>-</b>	<b>-</b>	<b>1,810</b>	<b>100%</b>	<b>1,415</b>	<b>-</b>	<b>-</b>
Male	1,593	-	-	1,593	100%	1,266	-	-
Female	217	-	-	217	100%	149	-	-
<b>Workers</b>								
<b>Permanent</b>	492	-	-	492	100%	546	-	-
Male	492	-	-	492	100%	546	-	-
Female	-	-	-	-	-	-	-	-
<b>Other than permanent</b>	<b>1,794</b>	<b>-</b>	<b>-</b>	<b>1,794</b>	<b>100%</b>	<b>794</b>	<b>-</b>	<b>-</b>
Male	1,403	-	-	1,403	100%	539	-	-
Female	391	-	-	391	100%	255	-	-

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

- a. Median remuneration / wages:

	Male		Female	
	Number	Median (Monthly) remuneration / salary / wages of respective category (in Rs. Million)	Number	Median remuneration / salary / wages of respective category (in Rs. Million)
Board of Directors (BoD)	1	5.1*	-	-
KMP	2	1.0*	-	-
Employees other than Board members and KMP	617	0.1	68	0.1
Workers	492	0.04	-	-

\* Mean considered instead of Median due to small number of BoD and KMP.

**b. Gross wages paid to females as % of total wages paid by the entity:**

Safety Incident / Number	FY 2024-25 Current Financial Year	FY 2023-24 Previous Financial Year
Gross wages paid to females as % of total wages	6.7%	7.6%

**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, Compliance and /or Legal department.

**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 respective supervisors, HR, Compliance and /or Legal department.

Employees are also encouraged to raise any issues and concerns through Integrity Helpline for investigation at: [www.johnsoncontrolsintegrityhelpline.com](http://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 2024-25 Current Financial Year			FY 2023-24 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	2	0	-	2	0	-
Discrimination at workplace	8	1	-	11	2	-
Child labor	-	-	-	-	-	-
Forced labor / involuntary labor	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

**7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**

	FY 2024-25 Current Financial Year	FY 2023-24 Previous Financial Year
Total complaints reported under Sexual harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	2	2
Complaints on POSH as a % of female employees / workers	2.94%	3.03%
Complaints on POSH upheld	2	1

**8. 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.

**9. 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

**10. Assessments for the year:**

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Child labor	No statutory authority or external agency carried out any assessment in manufacturing plant and/or any office on Child Labour, Sexual Harassment, Discrimination, Wages etc. 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	

**11. 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 is done 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.

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
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 Joules or multiples) and energy intensity, in the following format**

	<b>FY 2024-25 Current Financial Year</b>	<b>FY 2023-24 Previous Financial Year</b>
<b>From renewable sources (In Gigajoules)</b>		
Total electricity consumption (A)	24,691	23,045
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
<b>Total energy consumed from renewable sources (A+B+C)</b>	24,691	23,045
<b>From non-renewable sources (In Gigajoules)</b>		
Total electricity consumption (D)	48,359	28,204

	<b>FY 2024-25 Current Financial Year</b>	<b>FY 2023-24 Previous Financial Year</b>
Total fuel consumption (E)	24,995	17,918
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	73,354	46,122
<b>Total energy consumed (A+B+C+D+E+F) (In Gigajoules)</b>	98,045	69,167
<b>Energy intensity per rupee of turnover</b> (Total energy consumed / Revenue from operations)	0.000003532344	0.000003604888
<b>Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total energy consumed / Revenue from operations adjusted for PPP)	0.0000001709750	0.0000001575435
Energy intensity in terms of physical output	0.1172229010591	0.1329291026848

**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	<b>FY 2024-25 Current Financial Year</b>	<b>FY 2023-24 Previous Financial Year</b>
<b>Water withdrawal by source (in Kiloliters)</b>		
(i) Surface water	Nil	Nil
(ii) Groundwater	65,143	83,326
(iii) Third party water	Nil	Nil
(iv) Seawater / desalinated water	Nil	Nil
(v) Others	Nil	Nil
<b>Total volume of Water withdrawal (in Kilolitres)</b>	65,143	83,326
<b>Total volume of water consumption (in Kilolitres)</b>	65,143	83,326
<b>Water intensity per rupee of turnover (Water consumed / turnover)</b>	0.00000340	0.00000349
<b>Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total water consumption / Revenue from operations adjusted for PPP)	0.00007769	0.00007999
<b>Water intensity in terms of physical output</b>	0.41949797	0.91566027

**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. Provide the following details related to water discharged:**

Parameter	<b>FY 2024-25 Current Financial Year</b>	<b>FY 2023-24 Previous Financial Year</b>
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others (Used for gardening)	-	-
- No treatment	-	-
- With treatment – (Tertiary treatment)	59,291	25,351
<b>Total water discharged (in kilolitres)</b>	<b>59,291</b>	<b>25,351</b>

**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

**5. 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

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

<b>Parameter</b>	<b>Please specify unit</b>	<b>FY 2024-25</b>	<b>FY 2023-24</b>
		<b>Current Financial Year</b>	<b>Previous Financial Year</b>
NOx	mg/Nm <sup>3</sup>	9.66	10.00
SOx	mg/Nm <sup>3</sup>	15.96	22.00
Particulate matter (PM)	mg/Nm <sup>3</sup>	59.00	23.00
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

**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.

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

<b>Parameter</b>	<b>Unit</b>	<b>FY 2024-25</b>	<b>FY 2023-24</b>
		<b>Current Financial Year</b>	<b>Previous Financial Year</b>
<b>Total scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tons of CO <sub>2</sub> equivalent	35,021	25,759
<b>Total scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tons of CO <sub>2</sub> equivalent	10,034	6,674
<b>Total Scope 1 and Scope 2 emission</b>		45,055	32,433
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)		0.0000016232	0.0000016904
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)		0.000000079	0.000000074
<b>Total Scope 1 and Scope 2 emission intensity in terms of physical output</b>		0.053867895	0.062331597

**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.

**8. 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. We also identify opportunities to convert / shift our energy requirements from fossil fuel to renewable energy sources. As of today, around 40% of our energy requirements for production purposes are met through renewable sources

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

Parameter	FY 2024-25 Current Financial Year	FY 2023-24 Previous Financial Year
	Total Waste generated (in metric tons)	
Plastic waste (Pre Consumer) (A)	337.33	40.00
E-Waste (Pre Consumer) (B)	23.85	74.22
Bio-medical waste (C)	Nil	0.10
Construction and demolition waste (D)	Nil	Nil
Battery waste (E)	0.65	Nil
Radioactive waste (F)	Nil	Nil
Other Hazardous waste. Please specify, if any (G)	25.17	17.96
Other non-hazardous waste generated (H) please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	4,262.55	3,224.00
<b>Total (A+B+C+D+E+F+G+H)</b>	<b>4,649.55</b>	<b>3,356.28</b>

**For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)**

Waste intensity per rupee of turnover (Total Waste generated / Turnover)	0.0000001675	0.0000001749
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	0.0000000081	0.0000000076
Waste intensity in terms of physical output	0.0055590162	0.0064502912
Waste intensity (optional) – the relevant metric may be selected by the entity		
<b>Category of waste</b>		
(i) Recycled	4,649.55	3,356.28
(ii) Re-used	Nil	Nil
(iii) Other recovery options	Nil	Nil
<b>Total</b>	<b>4,649.55</b>	<b>3,356.28</b>

**For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)**

Category of waste		
(i) Incineration	4.56	3.01
(ii) Landfilling	0.00	0.00
(iii) Other disposal operations	0.00	0.00
<b>Total</b>	<b>4.56</b>	<b>3.01</b>

\*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, JCH-IN is under an obligation to channelize Plastic Waste generated due to plastic material used in packaging.

**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

- 10. 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 of 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.

- 11. 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		No offices or operations are present in ecologically sensitive areas

- 12. 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		

- 13. 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. 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)

For each facility / plant located in areas of water stress, provide the following information: Not applicable

- (i) Name of the area
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2024-25 Current Financial Year	FY 2023-24 Previous Financial Year
<b>Water withdrawal by source (in kilolitres)</b>		
(i) To Surface water	-	-
(ii) To Groundwater	-	-
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres)</b>	-	-
<b>Total volume of water consumption (in kilolitres)</b>	-	-
<b>Water intensity per rupee of turnover</b> (Water consumed / turnover)	-	-
<b>Water intensity</b> (optional) – the relevant metric may be selected by the entity	-	-
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) Into Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
<b>Total water discharged (in kilolitres)</b>	-	-

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

<b>Parameter</b>	<b>Unit</b>	<b>FY 2024-25</b>	
		<b>Current Financial Year</b>	<b>FY 2023-24</b> <b>Previous Financial Year</b>
Total scope 3 emissions (breakup of the GHG into CO2, CH2, N2O, HFCs, PFCs, SF6 I have, NF3, if available)	Metric tons of CO2 equivalent	-	-
Total scope 3 emissions per rupee of turnover	Metric tons of CO2 equivalent	-	-
Total scope 3 emission intensity (optional) - the relevant metric may be selected by the entity	Metric tons of CO2 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.

**3. With respect to the ecologically sensitive areas reported at Question 11 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 or operations are carried out in any ecologically sensitive areas.

**4. 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:**

<b>Sr.</b>	<b>Initiative undertaken</b>	<b>Details of the initiative (web link, if any, may be provided along with summary)</b>	<b>Outcome of the initiative</b>
1	Variable Frequency Drive (VFD)	Variable Frequency Drive (VFD): VFD is one of the most common devices which can provide energy saving for any kind of motor. Recently, we have added VFD for air agitation blower motor in STP (Sewage Treatment Plant). Through this, we will be able to save approximately 1.5 kW power per hour	Savings Saving of 10800 kWH per year.
2	Installation of new high productive chipless machine	Installation of a new integrated chipless return bend machine has helped us to improve productivity, reduce wastage and conserve overall energy usage. There is saving of approximately 3 kW per hour.	By doing this we will be able to save approximately 16,800 kWH per year.
3	Upgrading equipment allows for better performance with lower energy consumption	Modification and addition of balancing equipment – by modifying existing assembly line and addition of balancing equipment, company could increase line output capacity by 20%. Additionally, with shift working getting reduced, overall energy use got lowered.	The projection of saving is around 1.08 lacs kWh per year.

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

The plant's code of conduct for all employees is outlined in the company's On Site Emergency Management Plan (OSEMP), which also details what to do in the case of an emergency. This plan lays out rules for workers, subcontractors, carriers, etc. Along with outlining individual responsibilities, it also provides information on timely rescue operations, evacuations, rehabilitation, coordination, communication, and the process for obtaining outside assistance from law enforcement and surrounding businesses. The Emergency, Preparedness, and Response Procedure covers the fundamental protocols that the plant will follow in the event of an emergency. The following emergency scenarios are covered by this plan's responses

- Spills/releases or environmental releases
- Fires
- Explosion
- Natural Disaster such as Flood, Earthquake, lightening etc.

**6. 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

**7. 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 Rs.)
There is no project for rehabilitation and resettlement undertaken by Company						

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

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 2024-25 Current Financial Year	FY 2023-24 Previous Financial Year
Directly sourced from MSMEs / Small producers	27%	34%
Sourced directly from within the district and neighboring districts	41%	41%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost:

Location	FY 2024-25	FY 2023-24
	Current Financial Year	Previous Financial Year
Rural	53.21%	51.85%
Semi-Urban	2.63%	2.85%
Urban	18.68%	18.14%
Metropolitan	25.48%	27.15%

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

#### 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 Rs.)
		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	50,000	100%
2	Sanitary napkin project	5,000	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:**

		<b>As a percentage to total turnover</b>
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:**

	<b>FY 2024-25</b>		<b>Remarks</b>	<b>FY 2023-24</b>		<b>Remarks</b>
	<b>Current Financial Year</b>	<b>Pending resolution at end of year</b>		<b>Previous Financial Year</b>	<b>Received during the year</b>	
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)	127	318	Includes pending cases of previous years	144	304	Includes pending cases of previous years

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

	<b>Number</b>	<b>Reasons for recall</b>
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.

**7. Provide the following information relating to data breaches:**

- Number of instances of data breaches: Nil
- Percentage of data breaches involving personally identifiable information of customers: Nil
- Impact, if any, of the data breaches: Nil

**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.

**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.

**5. 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

# Independent Auditor's Report

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

## Report on the Audit of the Financial Statements

### Opinion

1. We have audited the accompanying financial statements of Johnson Controls-Hitachi Air Conditioning India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2025, 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 material accounting policy information and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key audit matters

4. 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
<b>Assessment of Provision for warranty costs</b>	
(Refer to Note 34 to the financial statements)	<p>We performed procedures including the following:</p> <ul style="list-style-type: none"> <li>• Understood, evaluated and tested the design and operating effectiveness of the controls over estimation of provision for warranty costs and related disclosures.</li> <li>• Understood the warranty terms offered by the Company on sale of products.</li> <li>• Assessed the effectiveness of management's estimation process by performing a look-back analysis for warranty costs accruals made in prior years.</li> <li>• 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.</li> <li>• Verified the computation of provision for warranty costs including testing of completeness, arithmetical accuracy and validity of the data used in the warranty calculations.</li> <li>• 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.</li> <li>• Verified the adequacy of the disclosures in the financial statements.</li> </ul>

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Assessment of recoverability of Deferred Tax Assets (net)</b></p> <p>(Refer Note 9 to the financial statements.)</p> <p>The Company has recognised deferred tax assets (net) amounting to Rs. 470.9 million as at March 31, 2025 on 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"> <li>• 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.</li> <li>• Assessed the appropriateness of the Company's accounting policy in respect of recognizing deferred tax assets on business losses, unabsorbed depreciation and other temporary differences.</li> <li>• Verified the calculation of net deferred tax asset recognised as at the year-end.</li> <li>• Evaluated the judgements and assumptions made by the Management in determining the projected future taxable income for reasonableness.</li> <li>• Checked the mathematical accuracy of the underlying calculations of the projections.</li> <li>• Performed sensitivity analyses on the projected future taxable profits by varying key assumptions, within reasonably foreseeable range.</li> <li>• Reviewed the adequacy of disclosures made in the financial statements with regard to deferred taxes</li> </ul>

#### Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report, Management Discussion and Analysis, Report on Corporate Governance and Business Responsibility and Sustainability Report 2024-25 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the additional information excluding those referred above that would be included in the Annual Report, which is expected to be made available to us after that date.

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

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

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

When we read the additional information excluding those referred above that would be included in 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 Indian 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.
8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

#### **Report on other legal and regulatory requirements**

14. As required by the Companies (Auditor's Report) Order, 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.
15. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that the backup of books of account and other books and papers maintained in electronic mode in respect of two applications, wherein, in respect of one application, back up has not been maintained on servers physically located in India during the period April 01, 2024 to May 17, 2024 and in respect of the other application, back up has not been maintained on a daily basis on servers physically located in India during the period April 01,

- 2024 to March 23, 2025. Also, refer the matters stated in paragraph 15(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).
- (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 Indian 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, 2025, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025, from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 15(b) above on reporting under Section 143(3)(b) and paragraph 15(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).
  - (g) 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".
  - (h) 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 22 and Note 32(a) to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts 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 Note 42(g) to the 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 person(s) or entity(ies), 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 42(g) to the financial statements);
    - (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 42(g) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), 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 42(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. As stated in Note 37 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
  - vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility that has been operated during the year for all relevant transactions recorded in the software, except for certain information or data recorded in the software for which the audit trail (edit log) facility has been enabled from November 20, 2024. During the course of performing our procedures, other than the aforesaid instances of audit trail not enabled / maintained where the question of our commenting does not arise, we did not notice any instance of audit trail feature being tampered with. Further, the audit trail, to the extent maintained in the prior year, has been preserved by the Company as per the statutory requirements for record retention.

16. Except for managerial remuneration aggregating to Rs. 12.2 million, the managerial remuneration paid/ provided for by the Company is in accordance with the requisite approvals as mandated by the provisions of Section 197 read with Schedule V to the Act. As stated in the Note 38 to the financial Statements, the amount paid/ provided by the Company is subject to the approval of shareholders by way of special resolution in the ensuing annual general meeting as required by Section 197 read with Schedule V to the Act.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Devang Mehta

Partner

Membership Number: 118785

UDIN: 25118785BMLHV9451

Place: Kadi, Gujarat

Date: May 20, 2025

# Annexure A to Independent Auditor's Report

Referred to in paragraph 15(g) of the Independent Auditor's Report of even date to the members of Johnson Controls-Hitachi Air Conditioning India Limited on the financial statements as of and for the year ended March 31, 2025

## 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, 2025 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 specified 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, 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, 2025, 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.

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

Devang Mehta  
Partner  
Membership Number: 118785  
UDIN: 25118785BMLBV9451

Place: Kadi, Gujarat  
Date: May 20, 2025

## Annexure B to Independent Auditor's Report

Referred to in paragraph 14 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, 2025

In terms of the information and explanations sought by us and furnished by the Company, and the books of account and records examined by us during the course of our audit, and to the best of our knowledge and belief, we report that:

- 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. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. 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 Properties 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. mts.)	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 District Court, Mehsana.
Factory Land (portion of land admeasuring 6,763 sq. mts.)	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. As per the information and explanation provided by the Management, the Company had 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.

- (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) 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 the financial statements does not arise.
- 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 1 employee 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. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans to parties other than subsidiaries, joint ventures and associates are as per the table given below:

<b>Particulars</b>	<b>Loans (Rs. in Million)</b>
Aggregate amount granted/ provided during the year - Others	0.1
Balance outstanding as at balance sheet date in respect of the above case - Others	0.0*

\* Amount below the rounding off norms applied by the Company.

[Also, refer Notes 8(a) and 13(d) to the financial statements.]

- (b) In respect of the aforesaid loan, the terms and conditions under which such loan was granted is 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 or advances in nature of loans which have fallen due during the year and were renewed or extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans or advances in nature of loan.
- (f) There were no loans or advances in nature of loans which were granted during the year, including to promoters or related parties that were repayable on demand or without specifying any terms or period of repayment.
- iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.
- 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.
- 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) In our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and 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, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues, as applicable, with the appropriate authorities. Also, refer Note 32(b) to the financial statements regarding management's assessment on certain matters relating to provident fund. However, there are no arrears of statutory dues outstanding as at March 31, 2025, for a period of more than six months from the date they became payable.

- (b) The particulars of statutory dues referred to in sub-clause (a) as at March 31, 2025 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	2.1	0.1	2.0	FY 2008-09, FY 2010-11 and FY 2012-13	The Customs, Excise and Service Tax Appellate Tribunal
Sales Tax Acts (Central & States)	Sales Tax/Value added tax including interest and penalty as applicable	367.5	-	367.5	FY 2007-08 to 2013-14	Hon'ble High Court of Jammu and Kashmir
		85.6	18.4	67.2	FY 2007-08 to 2012-13, FY 2014-15 and FY 2015-16	Appellate Tribunal
		602.7	6.6	596.1	FY 2007-08 to 2017-18	Upto Commissioner (Appeals)
The Finance Act, 1994	Service Tax including interest and penalty as applicable	93.1	11.6	81.5	FY 2004-05, 2005-06 and 2009-10 to 2014-15	The Customs, Excise and Service Tax Appellate Tribunal
		7.7	0.4	7.4	FY 2016-17 and 2017-18	Commissioner (Appeals)
Goods and Services Tax Act, 2017	Goods and Service Tax including interest and penalty as applicable	0.7	0.7	-	FY 2018-19	Joint Commissioner - Goods & Service Tax Commissioner (Appeals) - Goods & Service Tax
		578.1	32.2	545.9	FY 2017-18 to 2020-21	Assessing Officer - Goods & Service Tax
		16.3	-	16.3	FY 2020-21	
The Customs Act, 1962	Custom duty including interest and penalty as applicable	234.9	17.6	217.3	June 2021 to March 2023	The Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income tax demand including interest and penalty as applicable	61.3	6.4	54.9	AY 2006-07 and 2008-09 to 2010-11	Hon'ble High Court of Gujarat
		204.5	65.0	139.5	AY 2003-04 to 2006-07, 2009-10, 2013-14, 2014-15, 2016-17 to 2018-19, 2020-21 and 2022-23	Upto Commissioner of Income Tax (Appeals)

- viii. There are no transactions previously unrecorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. (a) As the Company did not have any loans or other borrowings from any lender during the year, the reporting under clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) 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) The Company has not obtained any term loans. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
- (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, the Company has not raised funds on short-term basis. Accordingly, reporting under clause 3(ix)(d) of the Order is not applicable to 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, 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, 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, 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, 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, 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. As explained by the management, there were certain complaints in respect of which investigations are ongoing as on the date of our report and our consideration of the complaints having any bearing on our audit is based on the information furnished to us by the management.
- 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, 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. In our opinion, 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 / 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) In our opinion, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CICs, which are part of the Group. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred any cash losses in the financial year and had incurred cash losses of Rs. 507.0 million 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. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, 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 the 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. The Company was not required to spend any amount during the year for Corporate Social Responsibility under Section 135(5) and 135(6) of the Act. Accordingly, there is no amount unspent as at March 31, 2025 and the reporting under clause 3(xx) of the Order is not applicable to the Company.
- 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

Devang Mehta  
 Partner  
 Membership Number: 118785  
 UDIN: 25118785BMLBV9451

Place: Kadi, Gujarat  
 Date: May 20, 2025

# Balance Sheet

as at March 31, 2025

		Rs. in million	
	Note No.	As at March 31, 2025	As at March 31, 2024
<b>A ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, Plant and Equipment	3	2,935.1	3,030.2
(b) Right-of-use-assets	4 (i)	375.4	421.5
(c) Capital work-in-progress	5	84.8	308.0
(d) Investment properties	6	7.8	8.7
(e) Other Intangible assets	7 (a)	18.6	24.8
(f) Intangible assets under development	7 (b)	1.7	14.1
(g) Financial assets			
(i) Loans	8 (a)	-	0.7
(ii) Other financial assets	8 (b)	28.6	29.3
(h) Deferred tax assets (net)	9	470.9	679.3
(i) Non current tax assets (net)	10	98.6	169.7
(j) Other non-current assets	11	261.8	258.5
<b>Total Non-current assets</b>		<b>4,283.3</b>	<b>4,944.8</b>
<b>II Current assets</b>			
(a) Inventories	12	7,731.1	6,560.5
(b) Financial assets			
(i) Trade receivables	13 (a)	4,195.3	3,788.3
(ii) Cash and cash equivalents	13 (b)	1,373.7	718.2
(iii) Bank balances other than (ii) above	13 (c)	0.6	1.1
(iv) Loans	13 (d)	0.7	5.0
(v) Other financial assets	13 (e)	8.2	8.9
(c) Contract assets	14	59.6	49.5
(d) Other current assets	15	339.2	495.9
<b>Total Current assets</b>		<b>13,708.4</b>	<b>11,627.4</b>
<b>TOTAL ASSETS (I+II)</b>		<b>17,991.7</b>	<b>16,572.2</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	16	271.9	271.9
(b) Other equity	17	6,137.9	5,557.8
<b>Total equity</b>		<b>6,409.8</b>	<b>5,829.7</b>
<b>LIABILITIES</b>			
<b>II Non-current liabilities</b>			
(a) Financial Liabilities			
Lease liabilities	4 (ii)	245.9	345.1
(b) Provisions	18	491.1	315.9
(c) Other non - current liabilities	19	113.9	123.8
<b>Total non-current liabilities</b>		<b>850.9</b>	<b>784.8</b>
<b>III Current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	4 (ii)	174.5	135.7
(ii) Trade payables			
(a) total outstanding dues of micro and small enterprises	20 (a)	801.5	986.4
(b) total outstanding dues of creditors other than (ii)(a) above	20 (a)	7,637.7	6,903.7
(iii) Other financial liabilities			
(a) total outstanding dues of micro and small enterprises	20 (b)	13.8	4.0
(b) total outstanding dues other than (iii)(a) above	20 (b)	243.8	193.9
(b) Contract liabilities	21	422.3	498.0
(c) Provisions	22	703.3	635.7
(d) Other current liabilities	23	734.1	600.3
<b>Total Current liabilities</b>		<b>10,731.0</b>	<b>9,957.7</b>
<b>TOTAL EQUITY AND LIABILITIES (I+II+III)</b>		<b>17,991.7</b>	<b>16,572.2</b>

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**

**Devang Mehta**  
Partner  
Membership No.: 118785

**Nobuyuki Tao**  
Chairman  
DIN : 08080705  
Place: Kadi, Gujarat

**Sanjay Sudhakaran**  
Managing Director  
DIN: 00212610  
Place: Kadi, Gujarat

Place: Kadi, Gujarat  
Date: May 20, 2025

**Rishi Mehta**  
Chief Financial Officer

Place: Kadi, Gujarat  
Date: May 20, 2025

**Parag Dave**  
Company Secretary  
Membership No.: 12626

Place: Kadi, Gujarat  
Date: May 20, 2025

# Statement of Profit and Loss

for the year ended March 31, 2025

	Note No.	Year ended March 31, 2025	Rs. in million Year ended March 31, 2024
<b>I INCOME</b>			
(a) Revenue from Operations	24	27,564.6	19,187.0
(b) Other income	25	257.4	101.3
<b>Total income</b>		<b>27,822.0</b>	<b>19,288.3</b>
<b>II EXPENSES</b>			
(a) Cost of materials consumed		17,166.4	10,555.1
(b) Purchase of Stock-in-trade		2,817.3	1,601.1
(c) Changes in inventories of finished goods, Stock-in-trade and Work-in-progress	26	(600.3)	1,330.2
(d) Employee benefits expense	27	1,935.4	1,702.1
(e) Finance costs	28	56.5	166.4
(f) Depreciation and amortisation expense	29	695.3	643.5
(g) Other expenses	30	4,928.9	4,011.5
<b>Total expenses</b>		<b>26,999.5</b>	<b>20,009.9</b>
<b>III Profit/(Loss) before exceptional Items and tax (I-II)</b>		<b>822.5</b>	<b>(721.6)</b>
<b>IV Exceptional Items - expenses (net)</b>	41	-	268.4
<b>V Profit/(Loss) before tax (III-IV)</b>		<b>822.5</b>	<b>(990.0)</b>
<b>VI Income Tax expense</b>			
(a) Current tax (net)	31	23.1	22.0
(b) Deferred tax charge / (credit) for the year	31	206.4	(254.9)
(c) Deferred tax in respect of earlier year		4.7	-
<b>Total tax expense</b>		<b>234.2</b>	<b>(232.9)</b>
<b>VII Profit/(Loss) for the year (V-VI)</b>		<b>588.3</b>	<b>(757.1)</b>
<b>VIII Other comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
(i) Re-measurements of post-employment benefit obligations- (loss)	35	(10.9)	(6.5)
(ii) Income tax relating to above item		2.7	1.6
<b>Other comprehensive (Loss) for the year, net of tax</b>		<b>(8.2)</b>	<b>(4.9)</b>
<b>IX Total comprehensive Income/(loss) for the year (VII+VIII)</b>		<b>580.1</b>	<b>(762.0)</b>
<b>X Earnings / (Loss) per share - Basic and Diluted [face value Rs. 10 each] - in Rs.</b>	43	<b>21.6</b>	<b>(27.8)</b>

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**

**Devang Mehta**  
 Partner  
 Membership No.: 118785

**Nobuyuki Tao**  
 Chairman  
 DIN : 08080705  
 Place: Kadi, Gujarat

**Sanjay Sudhakaran**  
 Managing Director  
 DIN: 00212610  
 Place: Kadi, Gujarat

Place: Kadi, Gujarat  
 Date: May 20, 2025

**Rishi Mehta**  
 Chief Financial Officer  
 Place: Kadi, Gujarat  
 Date: May 20, 2025

**Parag Dave**  
 Company Secretary  
 Membership No.: 12626  
 Place: Kadi, Gujarat  
 Date: May 20, 2025

# Statement of Changes in Equity

for the year ended March 31, 2025

## A. Equity share capital

	Note No.	Rs. in million Equity share capital
Balance as at April 1, 2023		271.9
Changes in equity share capital		-
Balance as at March 31, 2024	16	271.9
Changes in equity share capital		-
<b>Balance as at March 31, 2025</b>	<b>16</b>	<b>271.9</b>

## B. Other equity

	Note No.	Reserves and Surplus				Total
		Capital reserve	Securities premium	General reserve	Retained earnings	
<b>Balance as at April 1, 2023</b>		0.7	895.4	229.8	5,193.9	<b>6,319.8</b>
(Loss) for the year					(757.1)	(757.1)
Other comprehensive income for the year (net of income tax)		-	-	-	(4.9)	(4.9)
<b>Total comprehensive loss for the year</b>		-	-	-	<b>(762.0)</b>	<b>(762.0)</b>
<b>Balance as at March 31, 2024</b>	<b>17</b>	<b>0.7</b>	<b>895.4</b>	<b>229.8</b>	<b>4,431.9</b>	<b>5,557.8</b>
Profit for the year		-	-	-	588.3	588.3
Other comprehensive (Loss) for the year (net of income tax)		-	-	-	(8.2)	(8.2)
<b>Total comprehensive income for the year</b>		-	-	-	<b>580.1</b>	<b>580.1</b>
<b>Balance as at March 31, 2025</b>	<b>17</b>	<b>0.7</b>	<b>895.4</b>	<b>229.8</b>	<b>5,012.0</b>	<b>6,137.9</b>

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**

**Devang Mehta**

Partner

Membership No.: 118785

**Nobuyuki Tao**

Chairman

DIN : 08080705

Place: Kadi, Gujarat

**Sanjay Sudhakaran**

Managing Director

DIN: 00212610

Place: Kadi, Gujarat

Place: Kadi, Gujarat

Date: May 20, 2025

**Rishi Mehta**

Chief Financial Officer

Place: Kadi, Gujarat

Date: May 20, 2025

**Parag Dave**

Company Secretary

Membership No.: 12626

Place: Kadi, Gujarat

Date: May 20, 2025

# Statement of Cash Flows

for the year ended March 31, 2025

	Rs. in million	Year ended March 31, 2025	Year ended March 31, 2024
<b>(A) Cash flows from operating activities</b>			
Profit / (loss) before tax		<b>822.5</b>	<b>(990.0)</b>
<b>Adjustment for :</b>			
Depreciation and amortisation expense		695.3	643.5
Loss on sale / retirement of property, plant and equipment (net)		29.5	10.0
Gain on lease modification / termination (net)		(20.0)	(8.7)
Liabilities no longer required written back		(5.2)	(18.3)
Finance costs		56.5	166.4
Unrealised foreign exchange loss (net) at year end		9.2	7.9
Provision for doubtful debts and bad debts written off (net)		18.1	9.9
Lease rent income		(3.1)	(3.0)
Interest income		(145.9)	(6.8)
Exceptional Items (Expense) (net)		-	268.4
Government Grants		(59.5)	(31.1)
<b>Operating profit before working capital changes</b>		<b>1,397.4</b>	<b>48.2</b>
<b>Changes in working capital:</b>			
<b>Adjustment for:</b>			
(Increase) / Decrease in inventories		(1,170.6)	2,124.9
(Increase) in trade receivables		(425.1)	(586.4)
(Increase) / Decrease in other financial assets / Contract assets		(3.1)	7.6
(Increase) / Decrease in non current assets		(38.0)	0.9
Decrease in other current assets		156.7	325.4
Increase in current liabilities		642.4	942.7
Increase in other provision		224.9	3.2
<b>Cash generated from operations</b>		<b>784.6</b>	<b>2,866.5</b>
Income tax received / paid		47.9	(54.2)
<b>Net cash generated from operating activities before exceptional items</b>		<b>832.5</b>	<b>2,812.3</b>
Outflow for termination benefits		-	(268.4)
<b>Net cash inflow from operating activities</b>	<b>(A)</b>	<b>832.5</b>	<b>2,543.9</b>
<b>(B) Cash flows from investing activities</b>			
Payments for Property, Plant and Equipment and intangible assets (including capital work-in-progress, intangible assets under development and capital advance)		(186.3)	(369.1)
Proceeds from sale of Property, Plant and Equipment		36.5	37.2
Lease rent income		3.1	3.0
Interest received		145.3	6.8
<b>Net cash (outflow) from investing activities</b>	<b>(B)</b>	<b>(1.4)</b>	<b>(322.1)</b>

# Statement of Cash Flows

for the year ended March 31, 2025

	Rs. in million	
	Year ended March 31, 2025	Year ended March 31, 2024
<b>(C) Cash flows from financing activities</b>		
Repayment of short-term borrowings (net)	-	(1,430.3)
Principal Payment of lease liabilities	(138.4)	(138.6)
Interest paid on lease liabilities	(37.2)	(39.4)
Payment of finance cost	-	(115.0)
<b>Net cash (outflow) from financing activities</b>	<b>(C)</b> <b>(175.6)</b>	<b>(1,723.3)</b>
<b>Net Increase in cash and cash equivalents</b>	<b>(A+B+C)</b> <b>655.5</b>	<b>498.5</b>
Add : Cash and cash equivalents at the beginning of the year	718.2	219.7
<b>Cash and cash equivalents at the end of the year [Refer Note 13(b)]</b>	<b>1,373.7</b>	<b>718.2</b>
<b>(D) Non- Cash financing and investing activities</b>		
Acquisition of right-of-use-assets	165.6	166.0

- a) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Ind AS - 7 on Statement of Cash Flows.
- b) Cash flows from Operating activities includes Rs. 2.9 million (March 31, 2024 - Rs. 2.1 million) being cash flows towards Corporate social responsibility initiatives. [Refer Note 30(b)].
- c) Refer note 4(vi) for changes in liabilities arising from financing activities.

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

**Devang Mehta**  
Partner  
Membership No.: 118785

Place: Kadi, Gujarat  
Date: May 20, 2025

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

**Nobuyuki Tao**  
Chairman  
DIN : 08080705  
Place: Kadi, Gujarat

**Rishi Mehta**  
Chief Financial Officer

Place: Kadi, Gujarat  
Date: May 20, 2025

**Sanjay Sudhakaran**  
Managing Director  
DIN: 00212610  
Place: Kadi, Gujarat

**Parag Dave**  
Company Secretary  
Membership No.: 12626

Place: Kadi, Gujarat  
Date: May 20, 2025

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## 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 branches and 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 : Basis of accounting and preparation of financial statements

### Compliance with Ind AS

The financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act"), [Companies (Indian Accounting Standards) Rules, 2015] as amended and other relevant provisions of the Act.

### New and amended standards adopted by the Company

The Ministry of Corporate Affairs vide notification dated September 09, 2024 and September 28, 2024 notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2024 and Companies (Indian Accounting Standards) Third Amendment Rules, 2024, respectively, which amended/ notified certain accounting standards (see below), and are effective for annual reporting periods beginning on or after April 01, 2024:

- Insurance contracts - Ind AS 117; and
- Lease Liability in Sale and Leaseback – Amendments to Ind AS 116

These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### **Historical cost convention**

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

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

### **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 (notes - 18, 22 and 34)
2. Recoverability of Deferred Tax Assets (notes – 9 and 31)
3. Inventory obsolescence (note - 12)
4. Contingent liabilities (note - 32)
5. Lease term (note – 4)
6. Estimation of defined benefit obligation (note – 35)
7. Estimated useful life of property, plant and equipment (note – 3)
8. Impairment of trade receivables (notes – 13(a) and 37)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that might 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, 2025

## Note 3: Property, plant and equipment

### Accounting Policy

Freehold land is carried at historical cost. All other property, plant and equipment is stated at historical cost less depreciation.

### Depreciation method, 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's technical evaluation as follows:

Class of assets	Useful life followed by the management (Years)	Useful life prescribed in Schedule II to the Companies Act, 2013 (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 & fixtures	3 to 7	10
Office equipment	3 to 5	5
Electric Installations	7	10
Vehicles	4 to 8	8

\* Based on single shift

Leasehold improvements are depreciated over the lease period or useful life as above, whichever is lower.

The useful lives have been determined based on technical evaluation 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 & fixtures / office equipment which the Company expects to sell at the end of 5 or 7 years from the date of acquisition.

The asset's depreciation method, residual values and useful lives are reviewed annually, and adjusted if appropriate at the end of each reporting period.

See note 45 for the other accounting policies relevant to property, plant and equipment.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 3: Property, plant and equipment (Contd...)

	Freehold land	Leasehold Buildings	Buildings & Road	Machinery	Furniture and fixtures	Vehicles	Office equipment	Electrical Installations	Computers	Total
	[Refer note 3(e) below]									Rs. in million
<b>I. Gross carrying amount</b>										
<b>Balance as at April 1, 2023</b>	228.3	28.1	936.8	3,784.3	142.5	133.5	130.8	394.2	35.5	5,864.0
Additions	-	-	8.7	207.0	-	0.3	4.7	1.0	1.0	221.7
Disposals	-	(1.6)	-	(118.9)	(7.2)	(5.3)	(2.4)	(8.6)	(8.6)	(191.7)
<b>Balance as at March 31, 2024</b>	228.3	26.5	945.5	3,872.4	135.3	85.8	125.8	396.5	77.9	5,894.0
<b>II. Accumulated depreciation</b>										
<b>Balance as at April 1, 2023</b>	-	26.0	183.3	1,744.1	98.8	61.9	99.5	238.0	77.0	2,528.6
For the year	-	0.2	33.4	359.9	12.5	16.1	11.7	42.8	3.2	479.8
Disposals	-	(1.4)	-	(93.3)	(5.8)	(29.3)	(4.7)	(2.0)	(8.1)	(144.6)
<b>Balance as at March 31, 2024</b>	-	24.8	216.7	2,010.7	105.5	48.7	106.5	278.8	72.1	2,863.8
<b>Net carrying amount as at</b>	<b>228.3</b>	<b>1.7</b>	<b>728.8</b>	<b>1,861.7</b>	<b>29.8</b>	<b>37.1</b>	<b>19.3</b>	<b>117.7</b>	<b>5.8</b>	<b>3,030.2</b>
<b>March 31, 2024 (I-II)</b>										
	Freehold land	Leasehold Buildings	Buildings & Road	Machinery	Furniture and fixtures	Vehicles	Office equipment	Electrical Installations	Computers	Total
	[Refer note 3(e) below]									Rs. in million
<b>I. Gross carrying amount</b>										
<b>Balance as at April 1, 2024</b>	228.3	26.5	945.5	3,872.4	135.3	85.8	125.8	396.5	77.9	5,894.0
Additions	-	-	32.9	439.7	3.8	0.1	13.2	-	-	489.7
Disposals	-	(12.5)	(2.7)	(93.8)	(19.0)	(64.5)	(16.4)	(16.5)	(14.2)	(239.6)
Transfer from Investment	-	-	0.9	-	-	-	-	-	-	0.9
Property	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2025</b>	<b>228.3</b>	<b>14.0</b>	<b>976.6</b>	<b>4,213.3</b>	<b>120.1</b>	<b>21.3</b>	<b>109.5</b>	<b>393.2</b>	<b>63.7</b>	<b>6,145.0</b>
<b>II. Accumulated depreciation</b>										
<b>Balance as at April 1, 2024</b>	-	24.8	216.7	2,010.7	105.5	48.7	106.5	278.8	72.1	2,863.8
For the year	-	0.1	33.8	418.9	10.5	6.7	7.2	41.4	0.7	519.3
Disposals	-	(11.7)	(2.3)	(61.2)	(17.6)	(38.9)	(13.2)	(15.2)	(13.3)	(173.4)
Transfer from Investment	-	-	0.2	-	-	-	-	-	-	0.2
Property	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2025</b>	<b>228.3</b>	<b>13.2</b>	<b>248.4</b>	<b>2,368.4</b>	<b>98.4</b>	<b>16.5</b>	<b>100.5</b>	<b>305.0</b>	<b>59.5</b>	<b>3,209.9</b>
<b>Net carrying amount as at</b>	<b>228.3</b>	<b>0.8</b>	<b>728.2</b>	<b>1,849.9</b>	<b>21.7</b>	<b>4.8</b>	<b>9.0</b>	<b>88.2</b>	<b>4.2</b>	<b>2,935.1</b>
<b>March 31, 2025 (I-II)</b>										

### Notes:

- a. Refer Note 32(c) for disclosure of capital commitments in respect of acquisition of property, plant and equipment.
- b. No borrowing costs have been capitalised during the year ended March 31, 2025 and in the previous year ended March 31, 2024.
- c. 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.
- d. The Company has not revalued its property, plant and equipment (including right-of-use assets) or both during the year ended March 31, 2025 or year ended March 31, 2024.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 3: Property, plant and equipment (Contd...)

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, 2024

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value (Rs. 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 (Freehold Land)	Factory Land (portion of land admeasuring 981 sq. mts.)	2.6	Laxmiben Maheshbhai Desai, Namrata Maheshbhai Desai, Neel Maheshbhai Desai, Nupur Maheshbhai Desai and Nachiket Maheshbhai Desai	No	December-08	The erstwhile owners of the property had filed a case challenging old sale deed. During the year ended March 31, 2024, the Company received favourable order from Taluka Court, Kadi against which appeal has been filed by the erstwhile owners and the matter is under adjudication before the District Court, Mehsana. The title deed will be updated on completion of the adjudication process.
"Property, plant and equipment (Freehold Land)" 100	Factory Land (portion of land admeasuring 6,763 sq. mts.)	14.2	Hitachi Home & Life Solutions India Ltd. (HHL) (erstwhile name of the Company)	No	August-09	The property was acquired before the name change of the Company. The Company had filed an application with concerned government authority for name change.
Investment Property	Office building	5.9	Hitachi Home & Life Solutions Down India Ltd. (HHL) Value - Rs. 5.1 million	No	March-16	The property was acquired before the name change of the Company.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 3: Property, plant and equipment (Contd...)

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, 2025

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value (Rs. 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 (Freehold Land)	Factory Land (portion of land admeasuring 981 sq. mts.)	2.6	Laxmiben Maheshbhai Desai, Namrata Maheshbhai Desai, Neel Maheshbhai Desai, Nupur Maheshbhai Desai and Nachiket Maheshbhai Desai	No	December-08	The erstwhile owners of the property had filed a case challenging old sale deed. During the year ended March 31, 2024, the Company received favourable order from Taluka Court, Kadi against which appeal has been filed by the erstwhile owners and the matter is under adjudication before the District Court, Mehsana. The title deed will be updated on completion of the adjudication process.
Property, plant and equipment (Freehold Land)	Factory Land (portion of land admeasuring 6,763 sq. mts.)	14.2	Hitachi Home & Life Solutions India Ltd. (HHL) (erstwhile name of the Company)	No	August-09	The property was acquired before the name change of the Company. The Company had filed an application with concerned government authority for name change.
Investment Property	Office building	5.9 (Written Down Value - Rs. 5.0 million)	Hitachi Home & Life Solutions India Ltd. (HHL) (erstwhile name of the Company)	No	March-16	The property was acquired before the name change of the Company.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note-4: Leases

### Accounting Policy

The Company mainly has lease arrangements for buildings (offices and warehouse spaces) and equipments. Rental contracts typically ranges from 1 year to 12 years but may have extension/termination option as described in (iv) below. 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.

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.

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.

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).

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.

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

See note 45 for the other accounting policies relevant to leases.

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

Buildings	Rs. in million
<b>I. Gross carrying amount</b>	
Balance as at April 1, 2023	1,022.0
Additions	166.0
Disposals	(452.5)
<b>Balance as at March 31, 2024</b>	<b>735.5</b>
<b>II. Accumulated depreciation</b>	
Balance as at April 1, 2023	593.8
For the year	132.6
Disposals	(412.4)
<b>Balance as at March 31, 2024</b>	<b>314.0</b>
<b>Net carrying amount as at March 31, 2024 (I-II)</b>	<b>421.5</b>

Buildings	Rs. in million
<b>I. Gross carrying amount</b>	
Balance as at April 1, 2024	735.5
Additions	165.6
Disposals	(148.4)
<b>Balance as at March 31, 2025</b>	<b>752.7</b>
<b>II. Accumulated depreciation</b>	
Balance as at April 1, 2024	314.0
For the year	146.4
Disposals	(83.1)
<b>Balance as at March 31, 2025</b>	<b>377.3</b>
<b>Net carrying amount as at March 31, 2025 (I-II)</b>	<b>375.4</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note-4: Leases (Contd...)

### (ii) Lease Liabilities

	Rs. in million	
	Year ended March 31, 2025	Year ended March 31, 2024
Current	174.5	135.7
Non-current	245.9	345.1
<b>Total</b>	<b>420.4</b>	<b>480.8</b>

### (iii) Amounts recognized in Statement of Profit and Loss

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

	Rs. in million	
	Year ended March 31, 2025	Year ended March 31, 2024
Depreciation charge of right-of-use assets (Refer note 29)	146.4	132.6
Interest expense on lease liability (Refer note 28)	37.2	39.4
Expense relating to short term leases (Refer note 30)	197.1	242.2
Expense relating to low value assets that are not shown above as short term leases (Refer note 30)	59.1	58.4
<b>Total</b>	<b>439.8</b>	<b>472.6</b>

### (iv) 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.

(v) The total cash outflow for the leases for the year ended March 31, 2025 was Rs. 423.4 million (March 31, 2024 - Rs. 468.4 million).

### (vi) Net debt reconciliation

	Year ended March 31, 2025		Year ended March 31, 2024	
	Working Capital loans	Leases obligations	Working Capital loans	Leases obligations
Net Debt at the beginning of the year	-	480.8	1,430.3	499.9
Lease obligations recognised during the year	-	165.6	-	166.0
Lease obligations derecognised during the year	-	(87.6)	-	(46.5)
Cash (Outflow) / Inflow (net)	-	(138.4)	(1,430.3)	(138.6)
Finance costs	-	37.2	115.0	39.4
Finance cost paid	-	(37.2)	(115.0)	(39.4)
<b>Net Debt at the closing of the year</b>	<b>-</b>	<b>420.4</b>	<b>-</b>	<b>480.8</b>

## Note 5: Capital work-in-progress

	Rs. in million
<b>Balance as at April 1, 2023</b>	<b>110.9</b>
Additions	418.8
Transfer to Property, plant and equipment	(221.7)
<b>Balance as at March 31, 2024</b>	<b>308.0</b>
Additions	266.5
Transfer to Property, plant and equipment	(489.7)
<b>Balance as at March 31, 2025</b>	<b>84.8</b>

Note: Capital work-in-progress as at March 31, 2025 and March 31, 2024 mainly comprise of Plant and Machinery.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

**(a) Ageing of Capital work-in-progress are as under**

i) **As at March 31, 2024**

	Amount in Capital work-in-progress for a period of				<b>Rs. in million</b>
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	
Projects in progress	270.1	12.6	4.5	20.8	<b>308.0</b>

ii) **As at March 31, 2025**

	Amount in Capital work-in-progress for a period of				<b>Rs. in million</b>
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	
Projects in progress	84.8	-	-	-	<b>84.8</b>

**(b) 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, 2024**

	Amount in Capital work-in-progress to be completed in				<b>Rs. in million</b>
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	
Plant & Equipment for manufacturing of Air Conditioner	3.8	-	-	-	3.8
Lab Equipments	20.8	-	-	-	20.8
Water conservation plant	5.3	-	-	-	5.3
<b>Total</b>	<b>29.9</b>	-	-	-	<b>29.9</b>

There are no items of capital work-in-progress as at March 31, 2025 whose completion is overdue or has exceeded its cost compared to its original plan.

## Note 6: Investment properties

Investment properties are depreciated using the straight-line method to allocate the cost of assets over their estimated useful lives. Investment properties comprises of buildings and generally have useful life of 28 years. The useful life has been determined based on technical evaluation performed by the management.

	<b>Rs. in million</b>	<b>As at March 31, 2025</b>	<b>As at March 31, 2024</b>
<b>I. Gross carrying amount</b>			
Opening Balance		9.5	9.5
Addition		-	-
Transfer to Buildings		(0.9)	-
<b>Closing Balance</b>		<b>8.6</b>	<b>9.5</b>
<b>II. Accumulated depreciation</b>			
Opening Balance		0.8	0.6
Depreciation charge for the year (Refer note 29)		0.2	0.2
Transfer to Buildings		(0.2)	-
<b>Closing Balance</b>		<b>0.8</b>	<b>0.8</b>
<b>Net carrying amount (I-II)</b>		<b>7.8</b>	<b>8.7</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 6: Investment properties (Contd...)

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

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Rental Income (Refer note 25)	3.1	3.0
<b>Profit from investment properties before depreciation</b>	<b>3.1</b>	<b>3.0</b>
Depreciation (Refer note 29)	0.2	0.2
<b>Profit from investment properties</b>	<b>2.9</b>	<b>2.8</b>

### (ii) Fair Value

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Investment Properties	44.2	57.3

### (iii) Estimation of fair value

Considering nature of properties, the Company obtains valuation for investment properties atleast annually. The fair value of investment properties (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.

Fair value is determined by applying market approach by sales comparision method / comparable transaction method. The main inputs used under this method are area, no of floors , estimated future life, rates for the office space in the nearby vicinity of the properties after adjustment of factors such as size, marketability, locations etc.

### (iv) Leasing arrangements

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

### (v) Refer note 3(e) for the details of the investment properties whose title deeds are not in the name of Company.

## Note 7 (a): Other Intangible Assets

### Accounting Policy

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

Class of asset	Useful Life (Years)
Software and licenses	3
Licensed Technical Know-how	5

See note 45 for the other accounting policies relevant to intangible assets.

	Software and licenses	Licensed technical Know-how	Total
<b>I. Gross carrying amount</b>			
Balance as at April 1, 2023	273.6	315.1	588.7
Additions	5.0	-	5.0
<b>Balance as at March 31, 2024</b>	<b>278.6</b>	<b>315.1</b>	<b>593.7</b>
<b>II. Accumulated amortisation</b>			
Balance as at April 1, 2023	226.2	311.8	538.0
For the year (Refer note 29)	29.3	1.6	30.9
<b>Balance as at March 31, 2024</b>	<b>255.5</b>	<b>313.4</b>	<b>568.9</b>
<b>Net carrying amount as at March 31, 2024 (I-II)</b>	<b>23.1</b>	<b>1.7</b>	<b>24.8</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 7 (a): Other Intangible Assets (Contd...)

	Rs. in million		
	Software and licenses	Licensed technical Know-how	Total
<b>I. Gross carrying amount</b>			
<b>Balance as at April 1, 2024</b>	<b>278.7</b>	<b>315.1</b>	<b>593.8</b>
Additions	23.2	-	23.2
Disposals	(0.9)	-	(0.9)
<b>Balance as at March 31, 2025</b>	<b>301.0</b>	<b>315.1</b>	<b>616.1</b>
<b>II. Accumulated amortisation</b>			
<b>Balance as at April 1, 2024</b>	<b>255.8</b>	<b>313.2</b>	<b>569.0</b>
For the year (Refer note 29)	28.2	1.2	29.4
Disposals	(0.9)	-	(0.9)
<b>Balance as at March 31, 2025</b>	<b>283.1</b>	<b>314.4</b>	<b>597.5</b>
<b>Net carrying amount as at March 31, 2025 (I-II)</b>	<b>17.9</b>	<b>0.7</b>	<b>18.6</b>

## Note 7 (b): Intangible assets under development

	Rs. in million		
<b>Balance as at April 1, 2023</b>			<b>4.1</b>
Additions			15.0
Transfer to Intangible assets			(5.0)
<b>Balance as at March 31, 2024</b>			<b>14.1</b>
Additions			10.8
Transfer to Intangible assets			(23.2)
<b>Balance as at March 31, 2025</b>			<b>1.7</b>

i) <b>Ageing as on March 31, 2024</b>					Rs. in million
	Amount in intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	12.4	-	-	1.7	14.1
ii) <b>Ageing as on March 31, 2025</b>					Rs. in million
	Amount in intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	1.7	1.7

Completion schedule for Intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan:

i) <b>As at March 31, 2024</b>					Rs. in million
	Amount in intangible assets under development to be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Technical know-how	1.7	-	-	-	1.7
Software relating to supply chain planning module	12.4	-	-	-	12.4
<b>Total</b>	<b>14.1</b>	-	-	-	<b>14.1</b>

## **Notes forming part of the Financial Statements**

for the year ended March 31, 2025

ii) As at March 31, 2025	Amount in intangible assets under development to be completed in				Rs. in million
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Technical know-how	1.7	-	-	-	1.7
<b>Total</b>	<b>1.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.7</b>

## Note 8: Non-Current Financial assets

## Note 8(a): Loans

	As at March 31, 2025	As at March 31, 2024	Rs. in million
Loans to employees	-	0.7	
<b>Total</b>	<b>-</b>	<b>0.7</b>	

**Loans to employees is as per policy of the Company.**

#### **Sub-classified as:**

	As at March 31, 2025	As at March 31, 2024	Rs. in million
Loans considered good - Secured	-	-	-
Loans considered good - Unsecured	-	0.7	
Loans which have significant increase in credit risk	-	-	
Loans - credit impaired	-	-	
<b>Total</b>	<b>-</b>	<b>0.7</b>	

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

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
<b>Unsecured, Considered good</b>		
Security deposits	28.5	29.2
Margin Money Deposits with Bank (Refer note below)	0.1	0.1
<b>Total</b>	<b>28.6</b>	<b>29.3</b>

**Note:** Margin money deposit is pledged with government authorities in normal course of business.

### Note 9: Deferred tax Assets (net)

	As at March 31, 2025	As at March 31, 2024	Rs. in million
<b>The balance comprises temporary differences attributable to:</b>			
<b>Deferred tax assets</b>			
Provision for doubtful debts	11.7	9.3	
Provision for compensated absences	60.7	31.7	
Provision for litigations	62.3	62.9	
Provision for inventory obsolescence	110.4	108.3	
Lease Liabilities	11.3	15.1	
Unabsorbed business loss and Depreciation	211.0	460.7	
Provision for bonus and superannuation	27.4	24.9	
Other disallowance	1.5	0.5	
Differences in block of property, plant and equipment as per tax books and financial books	3.2	-	
<b>Total deferred tax assets</b>	<b>499.5</b>	<b>713.4</b>	

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

	As at March 31, 2025	As at March 31, 2024
<b>Deferred tax liabilities</b>		
Differences in block of property, plant and equipment as per tax books and financial books	-	(21.0)
Re-measurements of post-employment benefit obligations - (loss) / gain	(0.6)	(3.3)
Provision for Warranty Expense	(28.0)	(9.8)
<b>Total deferred tax liabilities</b>	<b>(28.6)</b>	<b>(34.1)</b>
<b>Deferred Tax assets (net)</b>	<b>470.9</b>	<b>679.3</b>

**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, 2025 will be realised.

**Note: Movement in deferred tax assets/liabilities**

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
<b>Balance at the beginning of the year</b>	679.3	422.7
<b>Deferred Tax Assets</b>		
Provision for doubtful debts	2.4	2.5
Provision for compensated absences	29.0	2.5
Provision for litigations	(0.6)	0.7
Provision for inventory obsolescence	2.1	7.1
Lease Liabilities (Net of Right of use assets)	(3.8)	(2.9)
Unabsorbed business loss and Depreciation	(249.7)	203.4
Provision for bonus and superannuation	2.5	24.9
Other disallowance	1.0	0.1
Differences in block of fixed assets as per tax books and financial books	3.2	
<b>Total</b>	<b>(213.9)</b>	<b>238.3</b>
<b>Deferred Tax Liabilities</b>		
Differences in block of fixed assets as per tax books and financial books	21.0	16.1
Provision for Warranty Expense	(18.2)	0.6
<b>Total</b>	<b>2.8</b>	<b>16.7</b>
<b>Movement in Deferred tax assets (net) Credited to Statement of Profit and Loss</b>	<b>(211.1)</b>	<b>255.0</b>
Deferred Tax on Re-measurements of post-employment benefit obligations - gain / (loss) charged to OCI	2.7	1.6
<b>Balance at the closing of the year</b>	<b>470.9</b>	<b>679.3</b>

**Note 10: Non current Tax Assets (Net)**

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Advance income tax	98.6	169.7
(Net of provision for taxation Rs. 999.3 million (March 31, 2024: Rs. 999.3 million))		
<b>Total</b>	<b>98.6</b>	<b>169.7</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 11: Other non-current assets

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Capital advances	6.2	40.9
Indirect tax credit receivable / Tax paid against appeal	255.6	217.6
<b>Total</b>	<b>261.8</b>	<b>258.5</b>

## Note 12: Inventories

### Accounting Policy

Cost of inventories are determined using the weighted average method. Inventories are valued at lower of cost and net realisable value. See note 45 for the other accounting policies relevant to inventories.

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Raw Material	3,062.7	2,510.5
(Including goods in transit Rs. 674.5 million (March 31, 2024 - Rs. 743.8 million))		
Work-in-progress	160.3	201.4
Finished goods	3,589.9	3,117.2
(Including goods in transit Rs. 334.0 million (March 31, 2024 - Rs. 238.4 million))		
Stock-in-trade	827.0	658.3
(Including goods in transit Rs. 117.1 million (March 31, 2024 - Rs. 151.0 million))		
Stores and spares	91.2	73.1
<b>Total</b>	<b>7,731.1</b>	<b>6,560.5</b>

### Amounts recognized in the Statement of profit and loss

Write-downs/write-offs of inventories amounted to Rs. 169.9 million (March 31, 2024 - Rs. 222.9 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

#### Accounting Policy

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflect the Company's unconditional right to consideration (that is, 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.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and contract assets 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.

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Trade Receivables - Others	4,116.0	3,715.9
Trade Receivables from related parties (Refer Note 38)	125.7	109.5
Less: Allowance for doubtful trade receivables	(46.4)	(37.1)
<b>Total</b>	<b>4,195.3</b>	<b>3,788.3</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

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

### Sub-classified as:

	Rs. in million	As at March 31, 2025	As at March 31, 2024
Trade receivables considered good - Secured		61.5	39.0
Trade receivables considered good - Unsecured		4,160.1	3,772.0
Trade receivables - credit impaired		20.1	14.4
<b>Total</b>		<b>4,241.7</b>	<b>3,825.4</b>
Less: Allowance for doubtful trade receivables		(46.4)	(37.1)
<b>Total</b>		<b>4,195.3</b>	<b>3,788.3</b>

**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, 2024

	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	32.9	3,374.9	311.4	28.7	25.4	22.4	15.3	3,811.0
(ii) Disputed Trade Receivables – credit impaired	-	-	-	1.1	5.7	4.1	3.5	14.4
<b>Total</b>	<b>32.9</b>	<b>3,374.9</b>	<b>311.4</b>	<b>29.8</b>	<b>31.1</b>	<b>26.5</b>	<b>18.8</b>	<b>3,825.4</b>

#### ii) As at March 31, 2025

	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	3.8	3,805.3	310.2	38.3	15.4	19.9	28.7	4,221.6
(ii) Disputed Trade Receivables – credit impaired	-	-	7.5	1.4	6.2	-	5.0	20.1
<b>Total</b>	<b>3.8</b>	<b>3,805.3</b>	<b>317.7</b>	<b>39.7</b>	<b>21.6</b>	<b>19.9</b>	<b>33.7</b>	<b>4,241.7</b>

### Note 13(b): Cash and cash equivalents

	Rs. in million	As at March 31, 2025	As at March 31, 2024
<b>Balance with banks :</b>			
In current accounts		16.3	33.6
In cash credit accounts		675.4	454.8
In Exchange Earners' Foreign Currency Account		72.0	69.8
In Deposits with original maturity of less than three months		610.0	160.0
<b>Total</b>		<b>1,373.7</b>	<b>718.2</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

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

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

	As at March 31, 2025	As at March 31, 2024	Rs. in million
Unpaid Dividend	0.6	1.1	
<b>Total</b>	<b>0.6</b>	<b>1.1</b>	

### Note 13(d): Loans

	As at March 31, 2025	As at March 31, 2024	Rs. in million
Loans to employees	0.7	5.0	
<b>Total</b>	<b>0.7</b>	<b>5.0</b>	

Loans to employees is as per policy of the Company.

### Sub-classified as:

	As at March 31, 2025	As at March 31, 2024	Rs. in million
Loans considered good - Secured	-	-	
Loans considered good - Unsecured	0.7	5.0	
Loans which have significant increase in credit risk	-	-	
Loans - credit impaired	-	-	
<b>Total</b>	<b>0.7</b>	<b>5.0</b>	

### Note 13(e): Other current financial assets

	As at March 31, 2025	As at March 31, 2024	Rs. in million
<b>Unsecured, considered good</b>			
Security deposits	7.3	5.8	
Derivative contracts	-	2.8	
Insurance claim receivables	0.3	0.3	
Interest accrued on fixed deposits	0.6	-	
<b>Total</b>	<b>8.2</b>	<b>8.9</b>	

### Note 14: Contract assets

	As at March 31, 2025	As at March 31, 2024	Rs. in million
Receivable towards contracts in progress (Refer Note 40)	59.6	49.5	
<b>Total</b>	<b>59.6</b>	<b>49.5</b>	

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 15: Other current assets

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Advance to suppliers	42.0	9.4
Prepaid expenses		
- Corporate Social Responsibility [Refer note 30(b)]	5.0	2.1
- Others	104.9	73.2
Balances with government authorities:		
- GST (input tax credit)	174.3	400.2
- Others	3.8	1.2
Export incentive receivable	5.9	9.5
Advance to Employees	3.3	0.3
<b>Total</b>	<b>339.2</b>	<b>495.9</b>

## Note 16: Equity share capital

	As at March 31, 2025		As at March 31, 2024	
	No. of shares	Amount	No. of shares	Amount
<b>Authorised</b>				
Equity shares of Rs. 10 each	3,00,00,000	300.0	3,00,00,000	300.0
<b>Issued, Subscribed and fully paid-up</b>				
<b>Equity shares of Rs. 10 each</b>	<b>2,71,90,884</b>	<b>271.9</b>	<b>2,71,90,884</b>	<b>271.9</b>

The above excludes 12,967 (March 31, 2024: 12,967) equity shares of Rs.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, Calcutta.

(i) There is no movement in number of equity shares and the amount outstanding thereon during the year ended March 31, 2025 and March 31, 2024.

### (ii) Rights, Preferences and Restrictions attached to Equity shares

The Company has only one class of equity shares having a face value of Rs. 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, 2025	As at March 31, 2024
JCHAC India Holdco Limited, UK - Holding Company	2,01,89,894	2,01,89,894
Johnson Controls-Hitachi Air Conditioning Holding (UK) Limited - Subsidiary of Ultimate Holding Company	635	635

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

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

### (iv) Details of shareholders holding more than 5% of the Equity shares in the Company

	As at March 31, 2025		As at March 31, 2024	
	No. of shares	% of holding	No. of shares	% of holding
JCHAC India Holdco Limited, UK	2,01,89,894	74.25%	2,01,89,894	74.25%
Aditya Birla Sun Life Trustee Company Private Limited	-	-	14,73,180	5.42%

- (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, 2025.

### (vi) Details of Shareholding of Promoters in the Company as at March 31, 2024

Promoter Name	No. of Shares	% of total shares	% Change during the year
JCHAC India Holdco Limited, UK	2,01,89,894	74.25%	-
Johnson Controls-Hitachi Air Conditioning Holding (UK) Limited	635	0.00%*	-
<b>Total</b>	<b>2,01,90,529</b>	<b>74.25%</b>	-

\* Less than rounding off norms adopted by the Company.

### Details of Shareholding of Promoters in the Company as at March 31, 2025

Promoter Name	No. of Shares	% of total shares	% Change during the year
JCHAC India Holdco Limited,UK	2,01,89,894	74.25%	-
Johnson Controls-Hitachi Air Conditioning Holding (UK) Limited	635	0.00%*	-
<b>Total</b>	<b>2,01,90,529</b>	<b>74.25%</b>	-

\* Less than rounding off norms adopted by the Company.

## Note 17: Other equity

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
<b>Reserves and Surplus</b>		
(a) Securities premium (Note (i) below)	895.4	895.4
(b) General reserve (Note (ii) below)	229.8	229.8
(c) Capital reserve (Note (iii) below)	0.7	0.7
(d) Retained earnings		
Opening Balance	4,431.9	5,193.9
Add: Profit / (Loss) for the year	588.3	(757.1)
<b>Items of Other Comprehensive Income (OCI) recognised directly in retained earnings:</b>	-	
Remeasurement of post employment benefit obligations (loss), net of taxes	(8.2)	(4.9)
<b>Total retained earnings</b>	<b>5,012.0</b>	<b>4,431.9</b>
<b>Total</b>	<b>6,137.9</b>	<b>5,557.8</b>

### 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.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 18: Non Current Provisions

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Provision for Warranty (Refer Note 34)	491.1	315.9
<b>Total</b>	<b>491.1</b>	<b>315.9</b>

## Note 19: Other non-current liabilities

### Accounting Policy

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

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Deferred Government Grant	113.9	123.8
<b>Total</b>	<b>113.9</b>	<b>123.8</b>

## Note 20: Current financial liabilities

### Note 20(b): Trade payables

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Total outstanding dues of micro and small enterprises (Refer below)	801.5	986.4
Total outstanding dues other than above	7,637.7	6,903.7
<b>Total</b>	<b>8,439.2</b>	<b>7,890.1</b>

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:

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	815.3	990.4
Interest thereon due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.2	0.1
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	399.0	382.0
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	1.4	1.3
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	1.0

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

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

**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.

**(b) :** The amount debited to the Statement of Profit and Loss for the year ended March 31, 2025 is Rs. 1.0 million (March 31, 2024 - Rs. 1.1 million).

### Ageing schedule for trade payables:

i) As at March 31, 2024	Outstanding for following periods from due date of payment				Rs. in million	
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i) Micro and small enterprises (undisputed)	53.2	889.7	43.5	-	-	-
(ii) Others (undisputed)	1,617.6	4,974.8	235.2	76.1	-	-
<b>Total</b>	<b>1,670.8</b>	<b>5,864.5</b>	<b>278.7</b>	<b>76.1</b>	<b>-</b>	<b>986.4</b>

ii) As at March 31, 2025	Outstanding for following periods from due date of payment				Rs. in million	
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i) Micro and small enterprises (undisputed)	48.0	706.4	36.1	10.7	0.2	0.1
(ii) Others (undisputed)	1,985.1	5,395.5	210.8	-	45.5	0.8
<b>Total</b>	<b>2,033.1</b>	<b>6,101.9</b>	<b>246.9</b>	<b>10.7</b>	<b>45.7</b>	<b>0.9</b>

### Note 20(b) Other financial liabilities

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Employee related payables	115.3	105.9
Deposit from dealers and others	61.5	39.0
Payable for capital supplies #	27.8	23.3
Derivative contracts	22.9	0.2
Unclaimed Dividends *	0.6	1.1
Payable for Discount to Customers	29.5	28.4
<b>Total</b>	<b>257.6</b>	<b>197.9</b>

# Includes: March 31, 2025 Rs. 13.8 million (March 31, 2024, Rs. 4.0 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

(Refer Note 40)	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Advance received from customers	280.0	357.5
Deferred Income pertaining to annual maintenance contracts	130.5	113.4
Liabilities for contract in progress	11.8	27.1
<b>Total</b>	<b>422.3</b>	<b>498.0</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 22: Current provisions

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Gratuity (Refer Note 35)	48.1	15.6
Provision for compensated absences	192.8	162.3
Provision for Warranty (Refer Note 34)	189.5	182.6
Provision for litigations and probable claims (Refer Note 34)	272.9	275.2
<b>Total</b>	<b>703.3</b>	<b>635.7</b>

## Note 23: Other current liabilities

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Statutory dues	554.7	461.6
Deferred Government Grant	33.6	30.4
E-Waste related liability (Refer note below)	145.8	108.3
<b>Total</b>	<b>734.1</b>	<b>600.3</b>

**Note:** As per the E-Waste (Management) Rules, 2022, each year the Company is required to ensure re-cycling of e-waste, to the extent provided in these rules, in relation to electronic products (Air Conditioners and Refrigerators) sold in the preceding 10th year as its Extended Producer Responsibility. Based on management assessment and supported by legal opinion, obligation to ensure recycling of the e-waste would only arise on annual basis for the products sold in preceding 10th year on a going concern basis. Accordingly, the Company continues to assess and recognise the liability on year to year basis.

## Note 24: Revenue from operations

### Accounting Policy

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 products 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 Services:

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.

If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

	Rs. in million	
	Year ended March 31, 2025	Year ended March 31, 2024
<b>Revenue from contract with customers (Refer Note: 40)</b>		
Sale of Products		
- Manufactured Goods	22,702.3	15,444.1
- Traded Goods	2,978.9	2,138.2
	<b>25,681.2</b>	<b>17,582.3</b>
Sale of services	1,599.6	1,407.0
Other operating revenues		
- Export Incentive	4.4	6.3
- Scrap Sales	279.4	191.4
<b>Total</b>	<b>27,564.6</b>	<b>19,187.0</b>

## Note 25: Other Income

	Rs. in million	
	Year ended March 31, 2025	Year ended March 31, 2024
Interest income :		
- from financial assets measured at amortised cost	131.3	3.4
- on Income Tax Refund	14.3	2.5
- from others	0.3	0.9
Lease rent income (Refer Note 6)	3.1	3.0
Facility charges (Refer Note 38)	7.8	15.4
Government Grants	59.5	31.1
Liabilities no longer required written back	5.2	18.3
Gain on lease modification (net)	20.0	8.7
Miscellaneous income	15.9	18.0
<b>Total</b>	<b>257.4</b>	<b>101.3</b>

## Note 26: Changes in inventories of Finished goods, Stock-in-trade and work-in-progress

	Rs. in million	
	Year ended March 31, 2025	Year ended March 31, 2024
<b>Inventories at the end of the year</b>		
Work-in-progress	160.3	201.4
Finished goods	3,589.9	3,117.2
Stock-in-trade	827.0	658.3
	<b>4,577.2</b>	<b>3,976.9</b>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	201.4	274.1
Finished goods	3,117.2	3,987.5
Stock-in-trade	658.3	1,045.5
	<b>3,976.9</b>	<b>5,307.1</b>
<b>Total</b>	<b>(600.3)</b>	<b>1,330.2</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 27: Employee benefits expense

	Rs. in million	
	Year ended March 31, 2025	Year ended March 31, 2024
Salaries, wages and other benefits	1,744.7	1,514.8
Contribution to provident and other funds (Refer Note 35)	116.1	114.0
Workmen and Staff welfare expense	74.6	73.3
<b>Total</b>	<b>1,935.4</b>	<b>1,702.1</b>

## Note 28: Finance costs

	Rs. in million	
	Year ended March 31, 2025	Year ended March 31, 2024
Interest Cost on borrowings at amortised cost	-	115.0
Interest on delayed payment of Custom Duty	0.4	0.3
Interest and finance charges on lease liabilities [Refer note 4(iii)]	37.2	39.4
Interest due and payable towards suppliers registered under MSMED Act (Refer Note 20(a))	1.0	1.1
Unwinding of interest on provisions (Refer note 34)	17.9	10.6
<b>Total</b>	<b>56.5</b>	<b>166.4</b>

## Note 29: Depreciation and amortisation expenses

	Rs. in million	
	Year ended March 31, 2025	Year ended March 31, 2024
Depreciation of property, plant and equipment (Refer note 3)	519.3	479.8
Depreciation on right of use assets [Refer note 4(iii)]	146.4	132.6
Depreciation on investment property (Refer note 6)	0.2	0.2
Amortisation of intangible assets (Refer note 7)	29.4	30.9
<b>Total</b>	<b>695.3</b>	<b>643.5</b>

## Note 30: Other expenses

	Rs. in million	
	Year ended March 31, 2025	Year ended March 31, 2024
Consumption of stores and spares	60.3	39.3
Power and fuel	239.6	189.4
Contract labour / staff charges	819.0	537.7
Rent [Refer Note 4 (iii)]	256.2	300.6
Repairs and maintenance - Machinery	96.6	78.0
Repairs and maintenance - Others	24.5	18.6
Insurance	59.2	73.2
Repair and installation expenses for service operations	137.2	164.9
Rates and taxes	8.5	1.8
Royalty (Refer Note 38)	471.3	301.3
Advertisement and sales promotion	202.5	376.7
Annual Maintenance Contract (AMC) expenses	336.4	335.3

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

	Year ended March 31, 2025	Year ended March 31, 2024
Freight and forwarding expenses	793.3	577.6
Warranty expenses (Refer Note 34)	516.3	325.3
Legal and professional fees	329.7	280.0
Corporate Social Responsibility expenses [Refer Note 30(b)]	-	-
Provision for doubtful debts	18.1	9.9
Payment to Auditors [Refer Note 30(a)]	8.8	5.0
Net loss on sale of Property, Plant and Equipment	29.5	10.0
Loss on foreign exchange fluctuations (net)	24.8	2.7
Travelling and Conveyance	98.6	59.4
Miscellaneous expenses	398.5	324.8
<b>Total</b>	<b>4,928.9</b>	<b>4,011.5</b>

## Note 30(a): Details of payment to auditors

	Rs. in million	
	Year ended March 31, 2025	Year ended March 31, 2024
<b>Payment to auditors:</b>		
- As auditors		
Statutory Audit fees	2.8	2.8
Limited Review fees	1.4	1.4
Tax Audit fees	0.5	0.5
- Other Services		
Certification fees	3.9	-
Reimbursement of expenses	0.2	0.3
<b>Total</b>	<b>8.8</b>	<b>5.0</b>

## Note 30(b): Corporate social responsibility expenses

	Rs. in million	
	Year ended March 31, 2025	Year ended March 31, 2024
<b>Nature of CSR activities:</b>		
Promotion of healthcare including preventive healthcare	1.3	1.2
Livelihood enhancement projects	1.6	0.9
Amount spent in Administrative overheads	-	-
<b>Accrual towards unspent obligations in relation to:</b>		
Ongoing projects	-	-
Other than ongoing projects	-	-
<b>Total</b>	<b>2.9</b>	<b>2.1</b>
<b>Gross amount required to be spent by the Company during the year under section 135 of the Act:</b>		
<b>Amount of expenditure incurred, :</b>		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	2.9	2.1

## Notes:

- i) There is no shortfall in CSR spend during current and previous year.
- ii) There is no amount contributed to related party for CSR.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 30: Other expenses (Contd...)

Details of excess CSR expenditure under Section 135(5) of the Act	Rs. in million
Balance excess spent as at April 01, 2023	-
Amount spent during the year ended March 31, 2024	2.1
Total amount of CSR expenditure for the year ended March 31, 2024	2.1
Amount required to be spent during the year ended March 31, 2024	-
Balance excess spent as at March 31, 2024*	2.1
Amount spent during the year ended March 31, 2025*	2.9
Total amount of CSR expenditure for the year ended March 31, 2025	2.9
Amount required to be spent during the year ended March 31, 2025	-
Balance excess spent as at 31 March, 2025	5.0

\* The excess CSR spent of Rs. 2.9 million during the year ended March 31, 2025 was carried forward for set off as per the approval of Board of Directors on May 20, 2025.

#The excess CSR spent of Rs. 2.1 million during the year ended March 31, 2024 was carried forward for set off as per the approval of Board of Directors on May 23, 2024.

Movement of provision in respect of liability incurred towards contractual obligation	Rs. in million
<b>As at April 1, 2023</b>	<b>0.5</b>
Charged to profit or loss	-
Amounts used during the year	(0.5)
<b>As at March 31, 2024</b>	<b>-</b>
Charged to profit or loss	-
Amounts used during the year	-
<b>As at March 31, 2025</b>	<b>-</b>

## Note 31: Current and Deferred Tax

### Accounting Policy

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.

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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. See note 45 for the other accounting policies relevant to taxes.

Note 31 (a): Movement of tax expense	Rs. in million	
	Year ended March 31, 2025	Year ended March 31, 2024
Income tax expense		
<b>Current tax</b>		
Current tax for the year*	23.1	22.0
Adjustments for current tax of prior periods	-	-
<b>Total current tax expense</b>	<b>23.1</b>	<b>22.0</b>
<b>Deferred tax</b>		
Decrease / (Increase) in deferred tax assets	213.9	(238.3)
(Decrease) in deferred tax liabilities	(2.8)	(16.6)
<b>Total deferred tax expense/(credit)</b>	<b>211.1</b>	<b>(254.9)</b>
<b>Total income tax expense</b>	<b>234.2</b>	<b>(232.9)</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

**Note 31 (b):** Income Tax credit of Rs. 2.7 million [March 31, 2024 - Rs. 1.6 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.

\* Current tax for the year ended March 31, 2025 and March 31, 2024 represents current tax liability in respect of a foreign jurisdiction where credit is not available in current year due to tax losses.

**Note 31 (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:**

	Rs. in million	
	Year ended March 31, 2025	Year ended March 31, 2024
<b>Profit/(Loss) before tax from continuing operations</b>	<b>822.5</b>	<b>(990.0)</b>
Rate of income tax	25.17%	25.17%
Income tax expenses	207.0	(249.2)
<b>Differences due to:</b>		
Expenses not deductible for tax purposes	0.6	0.4
Income exempt from income tax or taxable at concessional rate	(0.2)	(0.2)
Current tax liability in respect of a foreign jurisdiction where tax credit is not available in current year in India due to tax losses	23.1	22.0
Tax adjustment of earlier year	4.7	(0.4)
Others	(1.0)	(5.5)
<b>Expense recognised</b>	<b>234.2</b>	<b>(232.9)</b>

## Note 32: Contingent liabilities, contingent assets & commitments

### Accounting Policy

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.

### (a) Contingent liabilities

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Tax matters under dispute :		
Service tax	92.7	92.7
Sales tax	210.7	208.6
Income tax	74.0	66.2
Excise duty	1.5	0.3
Goods and Services tax	595.2	136.6
Claims against the Company not acknowledged as debts	22.9	19.7
Bonus liability pertaining to financial year 2014-15	5.8	5.8
<b>Total</b>	<b>1,002.8</b>	<b>529.9</b>

Management believes that its position in the aforesaid direct and indirect tax demands and other claims 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.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

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

(c) Capital commitments	(Rs. in million)	
	As at March 31, 2025	As at March 31, 2024
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
Property, plant and equipment	151.1	108.1
<b>Total</b>	<b>151.1</b>	<b>108.1</b>

(d) Other commitments	(Rs. in million)	
	As at March 31, 2025	As at March 31, 2024
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:	328.9	342.5
<b>Total</b>	<b>328.9</b>	<b>342.5</b>

- (e) There are no contingent assets recognised as at the year end (March 31, 2024 Rs. Nil)

## Note 33: Research and Development

The amount of Research and Development expenditure incurred in respect of capital expenditure amounted to Rs. Nil (March 31, 2024 Rs. Nil) and in respect of revenue expense amounted to Rs. 303.9 (March 31, 2024 - Rs. 285.9 million). The Research and Development expenditure is incurred in respect of cooling products for comfort and commercial use.

## Note 34: Provisions

### Accounting Policy

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.

See note 45 for the other accounting policies relevant to provisions.

### Provision for Warranty Expense

The Company gives one year complete warranty (service and parts), 4 years additional warranty for gas charging and parts, 5 years warranty on controllers and 5 or 10 years warranty on compressor at the time of sale to 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.

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

### 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.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

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

	Provision for Warranty Expense	Provision for litigations and probable claims	Rs. in million Total
<b>As at April 1, 2023</b>	<b>493.6</b>	<b>273.5</b>	<b>767.1</b>
<b>Charged/(credited) to profit or loss</b>			
- additional provision recognized	271.6	3.5	275.1
- unused amounts reversed	(91.6)	-	(91.6)
- unwinding of discount	10.6	-	10.6
Amounts used during the year	(185.7)	(1.8)	(187.5)
<b>As at March 31, 2024</b>	<b>498.5</b>	<b>275.2</b>	<b>773.7</b>
<b>Charged/(credited) to profit or loss</b>			
- additional provision recognized	384.9	-	384.9
- unused amounts reversed	(35.0)	(0.3)	(35.3)
- unwinding of discount	17.9	-	17.9
Amounts used during the year	(185.7)	(2.0)	(187.7)
<b>As at March 31, 2025</b>	<b>680.6</b>	<b>272.9</b>	<b>953.5</b>

## Notes:

- (a) Provision for warranty during the year and utilization do not include Rs.166.4 Million for the year ended March 31, 2025 (March 31, 2024 - Rs. 150.2 Million) contractually payable to dealers and service providers to meet warranty cost.
- (b) During the year ended March 31, 2025, the Company simplified the method for estimating warranty provisions related to a specific component of air conditioner. As a result of this change, there is decrease in the warranty provision by INR 13.5 million as at March 31, 2025. The amount of effect on the future periods is not disclosed because estimating it is impracticable.

## Note 35: Employee benefit obligations

### (a) Compensated absences

The Compensated absences covers the liability for privilege leave and sick leave.

### (b) Post employment obligations

Post-employment obligations -

The Company operates the following post-employment schemes:

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

### Defined contribution plans

The Company contributes on a defined contribution basis to Employees' Provident Fund / Pension Fund and Employees' State Insurance . The contributions towards Provident Fund / Pension Fund and Employees' State Insurances is made to regulatory authorities. 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.

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

	Year ended March 31, 2025	Year ended March 31, 2024	Rs. in million
Employer's Contribution to Provident fund	82.2	81.5	
Employer's Contribution to Employee State Insurance	-	-	
<b>Total</b>	<b>82.2</b>	<b>81.5</b>	

### 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.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 35: Employee benefit obligations (Contd...)

### Gratuity

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

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

	Rs. in million		
	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2023</b>	<b>335.2</b>	<b>(343.0)</b>	<b>(7.8)</b>
Current service cost	33.9	-	33.9
Interest expense/(income)	23.3	(24.7)	(1.4)
<b>Total amount recognized in the Statement of Profit and Loss</b>	<b>57.2</b>	<b>(24.7)</b>	<b>32.5</b>
<b>Remeasurements</b>			
Return on plan assets, excluding amounts included in interest expense / (income)	-	3.5	3.5
(Gain) /loss from change in demographic assumption	(0.5)	-	(0.5)
(Gain) /loss from change in financial assumptions	6.6	-	6.6
Experience (gains) /losses	(3.1)	-	(3.1)
<b>Total amount recognized in Other comprehensive income</b>	<b>3.0</b>	<b>3.5</b>	<b>6.5</b>
Employer contributions	(15.6)	-	(15.6)
Benefit payments	(50.7)	50.7	-
<b>March 31, 2024</b>	<b>329.1</b>	<b>(313.5)</b>	<b>15.6</b>
Current service cost	33.4	-	33.4
Interest expense/(income)	22.4	(21.9)	0.5
<b>Total amount recognized in the Statement of Profit and Loss</b>	<b>55.8</b>	<b>(21.9)</b>	<b>33.9</b>
<b>Remeasurements</b>			
Return on plan assets, excluding amounts included in interest expense / (income)	-	(0.4)	(0.4)
(Gain) /loss from change in demographic assumption	-	-	-
(Gain) /loss from change in financial assumptions	5.6	-	5.6
Experience (gains) /losses	5.7	-	5.7
<b>Total amount recognized in Other comprehensive income</b>	<b>11.3</b>	<b>(0.4)</b>	<b>10.9</b>
Employer contributions	(2.6)	(30.0)	(32.6)
Benefit payments	(16.4)	36.7	20.4
<b>March 31, 2025</b>	<b>377.2</b>	<b>(329.1)</b>	<b>48.1</b>

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

	As at March 31, 2025	As at March 31, 2024
Fair value of plan assets	(329.1)	(313.5)
Present value of funded obligation	377.2	329.1
<b>Deficit/(Surplus) of gratuity plan</b>	<b>48.1</b>	<b>15.6</b>

**Categories of plan assets are as follows:**

	As at March 31, 2025	As at March 31, 2024
Insurer managed fund	329.1	313.5
<b>Total</b>	<b>329.1</b>	<b>313.5</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 35: Employee benefit obligations (Contd...)

### Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	As at March 31, 2025	As at March 31, 2024
Discount rate (p.a.)	6.60%	7.00%
Salary growth rate (p.a.)	7.25%	7.50%

Future mortality rates are obtained from relevant table of Indian Assured Lives Mortality (2012-14) Ultimate as at March 31, 2025 and March 31, 2024.

### Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Defined benefit obligation	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Discount rate (Change in assumptions)		
Increase by 1%	(342.0)	(298.2)
Decrease by 1%	417.7	365.3
Salary growth rate (Change in assumptions)		
Increase by 1%	417.0	364.8
Decrease by 1%	342.4	(298.1)

The above sensitivity analyses are 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, 2026 is Rs. 48.1 million (March 31, 2024 - Rs. 15.6 million).

The weighted average duration of the defined benefit obligation is 13.94 years (March 31, 2024– 14.33 years). The expected maturity analysis of undiscounted gratuity benefit is as follows:

Duration	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Less than a year	17.0	17.5
Between 1-2 years	21.1	16.3
Between 2-5 years	93.8	68.3
Between 5-10 years	152.6	151.1
Over 10 years	547.7	532.3

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 36: Fair value measurements

### (i) Classification of Financial Instruments

This section mentions the classification of financial instruments as under:

	As at March 31, 2025			As at March 31, 2024			Rs. in million
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	
<b>Financial assets</b>							
Trade Receivables	-	-	4,195.3	-	-	-	3,788.3
Loans to Employees	-	-	0.7	-	-	-	5.7
Derivative Contracts	-	-	-	2.8	-	-	-
Insurance claim receivables	-	-	0.3	-	-	-	0.3
Margin money deposits	-	-	0.1	-	-	-	0.1
Security deposits	-	-	35.8	-	-	-	35.0
Cash and cash equivalents	-	-	1,373.7	-	-	-	718.2
Bank balances other than Cash and cash equivalents above	-	-	0.6	-	-	-	1.1
Interest accrued on fixed deposits	-	-	0.6	-	-	-	-
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>5,607.1</b>	<b>2.8</b>	<b>-</b>	<b>-</b>	<b>4,548.6</b>
<b>Financial liabilities</b>							
Trade payables	-	-	8,439.2	-	-	-	7,890.1
Deposit from dealers and others	-	-	61.5	-	-	-	39.0
Payable for capital supplies	-	-	27.8	-	-	-	23.3
Unclaimed dividends	-	-	0.6	-	-	-	1.1
Employee related payables	-	-	115.3	-	-	-	105.9
Derivative Contracts	22.9	-	-	0.2	-	-	-
Payable for discount to customer	-	-	29.5	-	-	-	28.4
<b>Total financial liabilities</b>	<b>22.9</b>	<b>-</b>	<b>8,673.9</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>8,087.8</b>

### (ii) Fair value hierarchy

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

- (a) Only derivative contracts are measured at fair value. These derivative contracts are categorised as Level 2 financial instruments.
- (b) For all financial instruments referred above that have been measured at amortised cost, their carrying values are reasonable approximations of their fair values. These are classified as level 3 financial instruments.

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

The categories used are as follows:

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

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

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

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

- Measured at FVPL / FVOCI

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

- Measured at amortised cost

The carrying amounts of current financial assets and liabilities are considered to be the same as their fair values due to short-term nature of such balances. 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.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 36: Fair value measurements (Contd...)

### (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 37: 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. 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 Rs. Nil (March 31, 2024 - Rs. 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 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 forming part of a group exceeding 10% of company revenue. None of the Customer and 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 the Statement of Profit and Loss.

Loss allowance as at March 31, 2025 and March 31, 2024 was determined as follows for both trade receivables and contract assets under the ECL simplified approach:

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 37: Financial risk management and Capital management (Contd...)

As at March 31, 2024	Not Due / unbilled	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	
Gross carrying amount - Trade Receivables	3,407.8	311.4	29.8	31.1	26.5	18.8	3,825.4
Gross carrying amount - Contract Assets	49.5	-	-	-	-	-	49.5
<b>Total</b>	<b>3,457.3</b>	<b>311.4</b>	<b>29.8</b>	<b>31.1</b>	<b>26.5</b>	<b>18.8</b>	<b>3,874.9</b>
Expected Loss Rate- Direct Customers	0.0%	2.6%	33.1%	100.0%	100.0%	100.0%	
Expected Loss Rate-Service	0.1%	1.0%	5.2%	20.2%	79.4%	100.0%	
Expected Loss Rate-Dealers	0.0%	1.9%	12.6%	100.0%	100.0%	100.0%	
Expected Loss Rate-Projects	0.1%	1.6%	4.5%	10.7%	64.4%	100.0%	
Expected credit losses – on trade receivables and Contract Assets	0.4	0.7	3.6	0.5	2.2	15.3	22.7
Provision due to credit Impaired	-	-	1.1	5.7	4.1	3.5	14.4
<b>Total Provision on trade receivables and Contract Assets</b>	<b>0.4</b>	<b>0.7</b>	<b>4.7</b>	<b>6.2</b>	<b>6.3</b>	<b>18.8</b>	<b>37.1</b>
<b>Carrying amount of trade receivables and Contract Assets (net of impairment)</b>	<b>3,456.9</b>	<b>310.7</b>	<b>25.1</b>	<b>24.9</b>	<b>20.2</b>	-	<b>3,837.8</b>
Rs. in million							
As at March 31, 2025	Not Due / unbilled	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	
Gross carrying amount - Trade Receivables	3,809.1	317.7	39.7	21.6	19.9	33.7	4,241.7
Gross carrying amount - Contract Assets	59.6	-	-	-	-	-	59.6
<b>Total</b>	<b>3,868.7</b>	<b>317.7</b>	<b>39.7</b>	<b>21.6</b>	<b>19.9</b>	<b>33.7</b>	<b>4,301.3</b>
Expected Loss Rate- Direct Customers	0.2%	5.0%	38.4%	100.0%	100.0%	100.0%	
Expected Loss Rate-Service	0.3%	2.6%	14.9%	37.0%	87.2%	100.0%	
Expected Loss Rate-Dealers	0.0%	2.8%	19.6%	100.0%	100.0%	100.0%	
Expected Loss Rate-Projects	0.0%	0.0%	0.1%	4.7%	61.9%	100.0%	
Provision as per expected credit loss rates	2.6	3.2	8.6	2.8	5.5	3.6	26.3
Provision due to credit impaired	-	7.5	1.4	6.2	-	5.0	20.1
<b>Total Provision on trade receivables and Contract Assets</b>	<b>2.6</b>	<b>10.7</b>	<b>10.0</b>	<b>9.0</b>	<b>5.5</b>	<b>8.6</b>	<b>46.4</b>
<b>Carrying amount of trade receivables and Contract Assets (net of impairment)</b>	<b>3,866.1</b>	<b>307.0</b>	<b>29.7</b>	<b>12.6</b>	<b>14.4</b>	<b>25.1</b>	<b>4,254.9</b>

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

	As at March 31, 2025	As at March 31, 2024
Balance at the beginning	37.1	27.2
Impairment loss recognised/(reversed)	18.1	14.4
Amounts written off	(8.8)	(4.5)
<b>Balance at the end</b>	<b>46.4</b>	<b>37.1</b>

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 37: Financial risk management and Capital management (Contd...)

### (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 Rs. 5,564.7 million as at March 31, 2025 (March 31, 2024: Rs. 5,824.1 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, 2026.

#### 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, 2024	Note No.	Carrying amount	Rs. in million		
			Less than 12 months	More than 12 months	Total
<b>Non derivatives</b>					
Lease Liabilities		480.8	205.7	359.6	565.3
Trade payables	20 (a)	7,890.1	7,890.1	-	7,890.1
Deposits from dealers and others	20 (b)	39.0	39.0	-	39.0
Payable for capital supplies	20 (b)	23.3	23.3	-	23.3
Unclaimed dividends	20 (b)	1.1	1.1	-	1.1
Refund liabilities (Payable for Discounts to customers)	20 (b)	28.4	28.4	-	28.4
Employee related payables	20 (b)	105.9	105.9	-	105.9
<b>Derivatives</b>					
Derivative contracts	20 (b)	0.2	0.2	-	0.2
<b>Total liabilities</b>		<b>8,568.8</b>	<b>8,293.7</b>	<b>359.6</b>	<b>8,653.3</b>
					Rs. in million
As at March 31, 2025	Note No.	Carrying amount	Less than 12 months	More than 12 months	Total
<b>Non derivatives</b>					
Lease Liabilities		420.4	209.9	272.9	482.8
Trade payables	20 (a)	8,439.2	8,439.2	-	8,439.2
Deposits from dealers and others	20 (b)	61.5	61.5	-	61.5
Payable for capital supplies	20 (b)	27.8	27.8	-	27.8
Unclaimed dividends	20 (b)	0.6	0.6	-	0.6
Refund liabilities (Payable for Discounts to customers)	20 (b)	29.5	29.5	-	29.5
Employee related payables	20 (b)	115.3	115.3	-	115.3
<b>Derivatives</b>					
Derivative contracts	20 (b)	22.9	22.9	-	22.9
<b>Total liabilities</b>		<b>9,117.2</b>	<b>8,906.7</b>	<b>272.9</b>	<b>9,179.6</b>

### (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.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 37: Financial risk management and Capital management (Contd...)

### 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 (Rs.) 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 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:

<b>Underlying Currency</b>	<b>Rs. in million</b>			
	<b>As at March 31, 2025</b>	<b>As at March 31, 2024</b>	<b>In Foreign</b>	<b>In INR</b>
	<b>In Foreign</b>	<b>Currency</b>	<b>In INR</b>	<b>Currency</b>
<b>Assets</b>				
Trade Receivables				
USD	1.1	89.6	1.6	136.8
Bank Balance in EEFC account				
USD	0.8	72.0	0.8	69.8
	<b>161.6</b>		<b>206.6</b>	
<b>Liabilities</b>				
Trade Payable				
USD	34.6	2,953.9	60.2	2,340.5
JPY	64.6	37.0	44.2	24.3
Other financial liabilities				
USD	0.1	8.0	0.2	19.3
	<b>2,998.9</b>		<b>2,384.1</b>	
<b>Derivative to hedge exposure</b>				
Forward contracts (Buy)				-
USD	<b>15.0</b>	<b>1,281.5</b>	<b>20.1</b>	<b>1,673.0</b>

### Sensitivity - Foreign Currency

The sensitivity of profit or loss to changes in the exchange rates is as follows:

	<b>Rs. in million</b>	
	<b>Increase / (decrease) in profit after tax or (Increase) / decrease in Loss after tax</b>	<b>March 31, 2025</b>
	<b>March 31, 2025</b>	<b>March 31, 2024</b>
<b>USD Sensitivity</b>		
Depreciation of Rs. against USD by 5% (March 31, 2024 - 5%)*	(56.8)	(27.1)
Appreciation of Rs. against USD by 5% (March 31, 2024 - 5%)*	56.8	27.1
<b>JPY Sensitivity</b>		
Depreciation of Rs. against JPY by 5% (March 31, 2024 - 5%)*	(1.4)	(1.6)
Appreciation of Rs. against JPY by 5% (March 31, 2024 - 5%)*	1.4	1.6

\* Holding all other variables constant

### Capital management

#### (a) Risk management

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

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

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 37: Financial risk management and Capital management (Contd...)

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 has sufficient unutilised unsecured credit facilities amounting to Rs. 5,564.7 million as at March 31, 2025 (March 31, 2024: Rs. 5,824.1 million) from its bankers to address any potential liquidity risk. 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.

### (b) Dividend

The Company has not declared or paid dividend for the year ended March 31, 2024. For the year ended March 31, 2025, the Board of Directors have recommended the payment of a final dividend of Rs. 15 per share for fully paid up equity share. This proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting and are not recognised as liability as at reporting date.

The dividend would result in a cash outflow of around Rs. 407.9 million.

## Note 38: Related party disclosure (As per Ind AS -24)

### I Relationship

A. Parties exercising control	Ultimate Parent
	Johnson Controls International PLC, Ireland *
	<b>Immediate Parent</b>
	JCHAC India Holdco Limited, UK *
	<b>Intermediate Holding Companies</b>
	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 Private Limited#
	Johnson Controls, Inc., USA
	Johnson Controls-Hitachi Air Conditioning Spain, S.A.U
	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 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 Taiwan Co. Ltd.
	Johnson Controls-Hitachi Wanbao Compressor (Guangzhou) Co.,Ltd, China
	Johnson Controls Business Services ( Dalian ) Co,Ltd
	Johnson Controls-Hitachi Air Conditioning (Thailand) Co., Ltd.
	Hitachi Johnson Controls Air Conditioning Inc., Japan
	Johnson Controls Air Conditioning Supply (M) Sdn. Bhd., Malaysia

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 38: Related party disclosure (As per Ind AS -24) (Contd...)

<b>C. Associate/Joint Venture in JC Group</b>	Highly Electrical Appliances India Private Limited Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd., China
<b>D. Associates</b>	<b>Entities having significant influence over the Company</b> Hitachi Global Life Solution Inc. <b>Subsidiaries of entities having significant influence over the Company</b> Hitachi Harel Power Electronics Private Limited, India Hitachi India Private Limited Hitachi Payment Services Private Limited, India* Hitachi Astemo Chennai Private Limited (formerly known as Hitachi Automotive System (India) Private Limited), India Hitachi Astemo Gurugram Powertrain Systems Private Limited, India Hitachi Energy India Limited Tata Hitachi Construction Machinery Company Private Limited, India
<b>E. Key Managerial Personnel</b>	Mr. Sanjay Sudhakaran (Managing Director) (w.e.f July 01, 2023) Mr. Gurmeet Singh (Chairman and Managing Director) (upto June 30, 2023)* Mr. Yoshikazu Ishihara (Non-executive non-independent Director)* Mr. Nobuyuki Tao (Chairman and Non-executive Director) (w.e.f June 30, 2023)* Mr. Arpit Patel (Independent Director) (from October 01, 2023 to May 21, 2024)* Ms. Shalini Kamath (Independent Director) (w.e.f. April 01, 2022) Mr. Mukesh Patel (Independent Director) (upto March 31, 2024)* Mr. Ashok Balwani (Independent Director) (upto March 31, 2024)* Mr. Anil Shankar (Independent Director) (w.e.f July 30, 2024) Mr. Raman Madhok(Independent Director)( w.e.f April 1,2024)
<b>F. Post employment benefit plan of Johnson Controls-Hitachi Air Conditioning India Limited</b>	Johnson Controls-Hitachi Air Conditioning India Limited Employees Gratuity Scheme (Trust) (Refer Note 35 for contribution made)

\* No transactions during the current year.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 38: Related party disclosure (As per Ind AS -24) (Contd...)

### II The nature and volume of transaction carried out and balances with related parties in ordinary course of business are as follows:

Sr. No.	Transactions	Rs. in million									
		Parties Referred to		Parties Referred to		Parties Referred to		Parties Referred to		Parties Referred to	
		A Above	B Above	C Above	D Above	E Above	F For the year ended	G For the year ended	H For the year ended	I For the year ended	J For the year ended
		March	March	March	March	March	March	March	March	March	March
		31, 2025	31, 2024	31, 2025	31, 2024	31, 2025	31, 2024	31, 2025	31, 2024	31, 2025	31, 2024
<b>A Transaction during the year</b>											
<b>1 Purchase of raw material</b>											
Highly Electrical Appliances India Private Limited	-	-	-	-	-	-	2,060.7	1,302.4	-	-	-
Johnson Controls-Hitachi Components (Thailand) Co. Ltd.	-	-	-	-	0.5	-	-	-	-	-	-
Johnson Controls Air Conditioning Supply (M) Sdn. Bhd., Malaysia	-	-	480.1	63.4	-	-	-	-	-	-	-
Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	-	-	39.5	-	-	-	-	-	-	-
Johnson Controls-Hitachi Wanbao Compressor (Guangzhou) Co.,Ltd	-	-	30.4	-	-	-	-	-	-	-	-
Others	-	-	6.1	3.9	0.5	-	-	-	-	-	-
<b>Total</b>		<b>516.6</b>	<b>107.3</b>	<b>2,061.2</b>	<b>1,302.4</b>						
<b>2 Purchase of stock-in-trade</b>											
Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	28.8	6.1	-	-	-	-	-	-	-
Johnson Controls Hitachi Air Conditioning Malaysia Sdn. Bhd.	-	-	28.0	43.8	-	-	-	-	-	-	-
Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd., China	-	-	-	-	532.2	452.3	-	-	-	-	-
Johnson Controls-Hitachi Wanbao Air Conditioning Systems (Shanghai) Co. Ltd., China	-	-	13.9	5.5	-	-	-	-	-	-	-
Johnson Controls-Hitachi Wanbao Air Conditioning Guangzhou Co. Ltd., China	-	-	39.1	8.0	-	-	-	-	-	-	-
Johnson Controls-Hitachi Air Conditioning Wuhu Co. Ltd., China	-	-	35.9	90.4	-	-	-	-	-	-	-
Johnson Controls India Pvt. Ltd.	-	-	6.5	37.7	-	-	-	-	-	-	-
Others	-	-	13.0	13.6	-	-	-	-	-	-	-
<b>Total</b>		<b>165.2</b>	<b>205.1</b>	<b>532.2</b>	<b>452.3</b>						
<b>3 Sale of products</b>											
Johnson Controls India Private Limited	-	-	63.3	63.2	-	-	-	-	-	-	-
Johnson Controls Air Conditioning Supply (M) Sdn. Bhd., Malaysia	-	-	60.9	68.0	-	-	-	-	-	-	-
Hitachi Astemo Chennai Private Limited (formerly known as Hitachi Automotive System (India) Private Limited), India	-	-	-	-	-	-	-	-	-	-	-
Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	-	0.3	70.3	-	-	-	-	-	-	-
Highly Electrical Appliances India Private Limited	-	-	-	-	0.7	0.8	-	-	-	-	-

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 38: Related party disclosure (As per Ind AS -24) (Contd...)

Sr. No.	Transactions	Rs. in million									
		A Above		B Above		Parties Referred to		C Above		Parties Referred to	
		For the year ended March 31, 2025	March 31, 2024	For the year ended March 31, 2025	March 31, 2024	For the year ended March 31, 2025	March 31, 2024	For the year ended March 31, 2025	March 31, 2024	For the year ended March 31, 2025	March 31, 2024
	Hitachi Payment Services Private Limited, India	-	-	-	-	-	-	-	-	0.3	-
	Hitachi Energy India Limited	-	-	-	-	-	-	-	-	2.4	1.0
	Johnson Controls Hitachi Air Conditioning Europe Sas, France	-	-	-	2.2	-	-	-	-	-	-
	Johnson Controls - Hitachi Components (Thailand) Co. Ltd., Thailand	-	-	72.1	-	-	-	-	-	-	-
	Others ##	-	-	4.7	6.8	0.0	-	1.0	-	-	-
	<b>Total</b>	-	-	<b>201.3</b>	<b>210.5</b>	<b>0.7</b>	<b>0.8</b>	<b>3.8</b>	<b>1.6</b>	-	-
<b>4</b>	<b>Sale of services</b>										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	541.7	497.2	-	-	-	-	-	-
	Hitachi Hirrel Power Electronics Private Limited, India	-	-	-	-	-	-	0.7	1.3	-	-
	Hitachi Astemo Chennai Private Limited (formerly known as Hitachi Automotive System (India) Private Limited), India	-	-	-	-	-	-	3.5	0.4	-	-
	Hitachi India Pvt. Ltd.	-	-	-	-	-	-	0.3	0.2	-	-
	Hitachi Astemo Gurugram Powertrain Systems Private Limited	-	-	-	-	-	-	-	0.1	-	-
	Tata Hitachi Construction Machinery Company Private Limited, India	-	-	-	-	0.5	-	-	0.2	-	-
	Others	-	-	1.9	0.2	0.2	-	0.1	-	-	-
	<b>Total</b>	-	-	<b>543.6</b>	<b>497.4</b>	<b>0.7</b>	-	<b>4.6</b>	<b>2.2</b>	-	-
<b>5</b>	<b>Sale of Capital Goods</b>										
	Johnson Controls India Private Limited	-	-	0.7	-	-	-	-	-	-	-
	<b>Total</b>	-	-	<b>0.7</b>	-	-	-	-	-	-	-
<b>6</b>	<b>Other Income (Facility charges)</b>										
	Johnson Controls India Private Limited	-	-	7.8	15.4	-	-	-	-	-	-
	<b>Total</b>	-	-	<b>7.8</b>	<b>15.4</b>	-	-	-	-	-	-
<b>7</b>	<b>Advertisement, Salary &amp; Other Expense recovery</b>										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	118.3	85.4	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	-	30.0	19.7	-	-	-	-	-	-
	Others	-	-	0.1	5.0	-	-	-	-	-	-
	<b>Total</b>	-	-	<b>148.4</b>	<b>110.1</b>	-	-	-	-	-	-
<b>8</b>	<b>Key management personnel compensation</b>										
	Mr. Gurmeet Singh	-	-	-	-	-	-	-	-	-	-
	Short term employee benefits	-	-	-	-	-	-	-	-	-	4.6
	Mr. Sanjay Sudhakaran	-	-	-	-	-	-	-	-	-	-
	Short term employee benefits	-	-	-	-	-	-	-	-	-	61.2
											24.4

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

Sr. No.	Transactions	Rs. 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	
		For the year ended March 31, 2025	March 31, 2024	For the year ended March 31, 2025	March 31, 2024	For the year ended March 31, 2025	March 31, 2024	For the year ended March 31, 2025	March 31, 2024	For the year ended March 31, 2025	March 31, 2024
<b>Directors sitting fees</b>											
Mr. Arpit Patel	-	-	-	-	-	-	-	-	-	-	0.5
Mr. Ashok Balwani	-	-	-	-	-	-	-	-	-	-	1.2
Mr. Mukesh Patel	-	-	-	-	-	-	-	-	-	-	1.3
Ms. Shalini Kamath	-	-	-	-	-	-	-	-	-	1.0	1.1
Mr. Raman Madhok	-	-	-	-	-	-	-	-	-	1.0	-
Mr. Anil Shankar	-	-	-	-	-	-	-	-	-	0.8	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	<b>64.0</b>	<b>33.1</b>
<b>9 Royalty</b>											
Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	214.2	129.5	-	-	-	-	-	-	-
Hitachi Global Life Solution Inc.	-	-	-	-	-	-	-	-	-	257.1	171.8
<b>Total</b>	-	-	<b>214.2</b>	<b>129.5</b>	-	-	-	-	-	<b>257.1</b>	<b>171.8</b>
<b>10 Purchase of capital goods</b>											
Johnson Controls Hitachi Air Conditioning Malaysia Sdn. Bhd., Malaysia	-	-	1.4	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>1.4</b>	-	-	-	-	-	-	-	-
<b>11 Reimbursement of salaries &amp; other expenses</b>											
Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	8.6	-	-	-	-	-	-	-	-
Johnson Controls, Inc., USA	-	-	42.8	32.4	-	-	-	-	-	-	-
Johnson Controls India Private Limited	-	-	11.9	-	-	-	-	-	-	-	-
Others	-	-	6.2	1.2	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>69.5</b>	<b>33.6</b>	-	-	-	-	-	-	-
<b>12 Professional Charges (Shared Service Cost)</b>											
Johnson Controls India Private Limited	-	-	92.8	84.6	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>92.8</b>	<b>84.6</b>	-	-	-	-	-	-	-
<b>(B) Balance at year end</b>											
<b>Receivable</b>											
Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	84.1	27.0	-	-	-	-	-	-	-
Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	-	16.0	10.2	-	-	-	-	-	-	-
Hitachi Hirel Power Electronics Private Limited, India	-	-	-	-	-	-	-	-	-	0.2	-
Johnson Controls India Private Limited	-	-	8.8	48.4	-	-	-	-	-	0.7	-
Hitachi Astemo Chennai Private Limited (formerly known as Hitachi Automotive System (India) Private Limited), India	-	-	0.9	-	-	-	-	-	-	1.1	-
Hitachi Energy India Limited	-	-	-	-	-	-	-	-	-	-	-

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 38: Related party disclosure (As per Ind AS -24) (Contd...)

Sr. No.	Transactions	Parties Referred to						Parties Referred to D Above	Parties Referred to E Above	Rs. in million			
		A Above		B Above		C Above							
		For the year ended March 31, 2025	For the year ended March 31, 2024	For the year ended March 31, 2025	For the year ended March 31, 2024	For the year ended March 31, 2025	For the year ended March 31, 2024						
	Johnson Controls Air Conditioning Supply (M) Sdn. Bhd., Malaysia	-	-	7.7	13.1	-	-			-			
	Others ##	-	-	8.2	8.8	-	-		0.0	-			
<b>Total</b>	<b>Payable</b>	<b>-</b>	<b>-</b>	<b>125.7</b>	<b>107.5</b>	<b>-</b>	<b>-</b>		<b>2.0</b>	<b>-</b>			
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	111.6	117.5	-	-		-	-			
	Highly Electrical Appliances India Private Limited	-	-	-	-	835.5	870.9		-	-			
	Johnson Controls, Inc., USA	-	-	0.3	0.8	-	-		-	-			
	Hitachi Global Life Solution Inc.	-	-	-	-	-	-		-	-			
	Johnson Controls Hitachi Air Conditioning Malaysia Sdn. Bhd.	-	-	6.5	0.7	-	-		113.9	85.1			
	Johnson Controls Air Conditioning Supply (M) Sdn. Bhd., Malaysia	-	-	140.9	47.6	-	-		-	-			
	Johnson Controls-Hitachi Air Conditioning Wuhu Co. Ltd., China	-	-	1.2	44.8	-	-		-	-			
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	-	0.2	-	-	-		-	-			
	Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd., China	-	-	-	-	93.2	157.0		-	-			
	Johnson Controls India Private Limited	-	-	2.7	28.3	-	-		-	-			
	Others	-	-	4.9	13.2	-	-		-	-			
<b>Total</b>		<b>-</b>	<b>268.1</b>	<b>253.1</b>	<b>928.6</b>	<b>1,027.9</b>	<b>113.9</b>		<b>85.1</b>	<b>-</b>			

## Less than rounding off norms adopted by the Company.

### 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) Remuneration paid during the year ended March 31, 2024 to Mr. Sanjay Sudhakaran is in accordance with the special resolution approved at Shareholders' meeting on September 14, 2023 as per requirements of Section 197 read with Schedule V.
- (iv) The transactions with related parties have prior approval of the Audit Committee and Shareholders, where applicable, in accordance with the applicable regulations/Act.
- (v) As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Managing Director are not included above.
- (vi) Except for managerial remuneration aggregating to Rs. 12.2 million, the managerial remuneration paid/ provided for by the Company is in accordance with the requisite approvals as mandated by the provisions of Section 197 read with Schedule V to the Act. As stated above, the amount paid/ provided by the Company is subject to the approval of shareholders by way of special resolution in the ensuing annual general meeting as required by Section 197 read with Schedule V to the Act.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## 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.

## Note 39: Segment Reporting

### A. Description

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director (MD) of the Company who is identified as the chief operating decision maker (CODM). The MD 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 which are as follows:

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), Managing Director (MD) 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.

	2024-25			2023-24			Rs. in million
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total	
<b>Segment Revenue</b>							
External Sales	27,022.9	845.6	27,868.5	18,689.8	783.1	19,472.9	
Less : Inter - Segment Sales	-	303.9	303.9	-	285.9	285.9	
<b>Total Revenue from operations</b>	<b>27,022.9</b>	<b>541.7</b>	<b>27,564.6</b>	<b>18,689.8</b>	<b>497.2</b>	<b>19,187.0</b>	
Cost of materials consumed	17,166.4	-	17,166.4	10,555.1	-	10,555.1	
Purchase of Stock-in-trade	2,817.3	-	2,817.3	1,601.1	-	1,601.1	
Changes in inventories of finished goods, Stock-in -trade and Work-in-progress	(600.3)	-	(600.3)	1,330.2	-	1,330.2	
Employee benefits expense	1,677.0	258.4	1,935.4	1,442.7	259.4	1,702.1	
Depreciation and amortisation expense	575.4	119.9	695.3	516.2	127.3	643.5	
<b>Segment Results</b>							
Profits/ (Loss) before Interest and Tax and Exceptional items	779.0	100.0	879.0	(654.8)	99.6	(555.2)	
Less: Exceptional items	-	-	-	268.4	-	268.4	
Less: Interest expense	56.5	-	56.5	166.4	-	166.4	
<b>Profit /(loss) before tax</b>	<b>722.5</b>	<b>100.0</b>	<b>822.5</b>	<b>(1,089.6)</b>	<b>99.6</b>	<b>(990.0)</b>	

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 39: Segment Reporting (Contd...)

				Rs. in million		
	2024-25		Total	2023-24		Total
	Cooling products for comfort and commercial use	Design and development Services		Cooling products for comfort and commercial use	Design and development Services	
<b>Segment Assets</b>	<b>15,222.9</b>	<b>1,123.2</b>	<b>16,346.1</b>	<b>14,194.8</b>	<b>1,117.1</b>	<b>15,311.9</b>
Unallocated corporate assets	-	-	1,645.6	-	-	1,260.3
<b>Total Segment assets</b>	<b>15,222.9</b>	<b>1,123.2</b>	<b>17,991.7</b>	<b>14,194.8</b>	<b>1,117.1</b>	<b>16,572.2</b>
<b>Segment Liabilities</b>	<b>11,470.0</b>	<b>111.9</b>	<b>11,581.9</b>	<b>10,662.8</b>	<b>78.2</b>	<b>10,741.0</b>
Unallocated corporate liabilities	-	-	-	-	-	1.5
<b>Total Segment Liabilities</b>	<b>11,470.0</b>	<b>111.9</b>	<b>11,581.9</b>	<b>10,662.8</b>	<b>78.2</b>	<b>10,742.5</b>

### 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..

				Rs. in million		
	2024-25		Total	2023-24		Total
	Cooling products for comfort and commercial use	Design and development Services		Cooling products for comfort and commercial use	Design and development Services	
<b>Segment revenue</b>						
India	26,381.5	303.9	26,685.4	18,125.0	285.9	18,410.9
Outside India	641.4	541.7	1,183.1	564.8	497.2	1,062.0
<b>Total</b>	<b>27,022.9</b>	<b>845.6</b>	<b>27,868.5</b>	<b>18,689.8</b>	<b>783.1</b>	<b>19,472.9</b>
Less: Inter Segment Revenue	-	(303.9)	(303.9)	-	(285.9)	(285.9)
<b>Total segment revenue from operations</b>	<b>27,022.9</b>	<b>541.7</b>	<b>27,564.6</b>	<b>18,689.8</b>	<b>497.2</b>	<b>19,187.0</b>

### D. Non-current segment asset

	Rs. in million	
	2024-25	2023-24
India	3,685.2	4,065.7
Outside India	-	-
<b>Total Non-current Segment assets</b>	<b>3,685.2</b>	<b>4,065.7</b>

E. The Company does not have any customer contributing 10 percent or more of total revenue.

## Note 40: Revenue from contracts with customers

Reconciliation of revenue recognised with contract price:

	Year ended March 31, 2025	Year ended March 31, 2024	Rs. in million
<b>Contract Price</b>	29,361.0	20,281.7	
Adjustment for:			
Incentives and performance bonus	(1,796.4)	(1,094.7)	
<b>Revenue recognised</b>	<b>27,564.6</b>	<b>19,187.0</b>	

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 40: Revenue from contracts with customers (Contd...)

In the following table, revenue is disaggregated into 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.

	2024-25			2023-24			Rs. in million
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total	
<b>Major Products /service lines</b>							
Room air conditioners	19,974.3	-	19,974.3	12,881.4	-	12,881.4	
Commercial air conditioners	4,268.3	-	4,268.3	3,736.4	-	3,736.4	
Home appliances	21.8	-	21.8	50.9	-	50.9	
Service Income	1,057.9	541.7	1,599.6	909.8	497.2	1,407.0	
Others	1,700.6	-	1,700.6	1,111.3	-	1,111.3	
<b>Total</b>	<b>27,022.9</b>	<b>541.7</b>	<b>27,564.6</b>	<b>18,689.8</b>	<b>497.2</b>	<b>19,187.0</b>	
<b>Timing of revenue recognition</b>							
Goods / Services Transferred at a point of time	26,334.5	-	26,334.5	18,018.5	-	18,018.5	
Service transferred over time	688.4	541.7	1,230.1	671.3	497.2	1,168.5	
	<b>27,022.9</b>	<b>541.7</b>	<b>27,564.6</b>	<b>18,689.8</b>	<b>497.2</b>	<b>19,187.0</b>	

## Information about Contract assets and Contract Liabilities

	Rs. in million	
	Contract assets	Contract liabilities
<b>As at March 31, 2023</b>	<b>43.2</b>	<b>425.0</b>
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	(396.2)
Increases due to cash received, excluding amounts recognised as revenue during the period	-	469.2
Transfers from contract assets recognised at the beginning of the period to receivables	(13.3)	-
Increases as a result of changes in the measure of progress	19.6	-
<b>As at March 31, 2024</b>	<b>49.5</b>	<b>498.0</b>
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	(415.1)
Increases due to cash received, excluding amounts recognised as revenue during the period	-	339.4
Transfers from contract assets recognised at the beginning of the period to receivables	(16.8)	-
Increases as a result of changes in the measure of progress	26.9	-
<b>As at March 31, 2025</b>	<b>59.6</b>	<b>422.3</b>

## Unsatisfied performance obligation

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Aggregate amount of the transaction price allocated to construction contracts that are partially unsatisfied as at reporting date	266.0	416.8
Revenue recognised from performance obligation unsatisfied in previous period	241.8	14.9

Management expects that 100% of transaction price allocated to the unsatisfied contracts as on March 31, 2025 will be recognised as revenue during the next reporting period 2025-26.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 41: Exceptional Items

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
(i) Termination benefits [Refer note below]	-	268.4
<b>Total</b>	<b>-</b>	<b>268.4</b>

**Note:** Represents termination benefits paid to employees/workers pursuant to realignment/ reorganisation / voluntary retirement scheme.

## Note 42: Additional regulatory information

### (a) Analytical ratios:

Sr. No.	Ratio	Numerator	Denominator	Refer footnote	As at March 31, 2025	As at March 31, 2024	% Variance	Reason for Variance*
1	Current Ratio	Current Assets	Current Liabilities		1.3	1.2	8.3%	NA
2	Debt-Equity Ratio	Total Debt	Total Equity	I	0.1	0.1	0.0%	NA
3	Debt Service Coverage Ratio	Earnings available for debt service	Total Debt Service Costs	II	9.0	(0.7)	1,386%	Refer Explanation 1
4	Return on Equity (ROE)(%)	Net Profits after taxes	Average total Equity		9.6%	-12.2%	178.8%	Refer Explanation 1
5	Inventory Turnover Ratio	Cost of goods sold	Average Inventory	III	3.6	2.3	57.7%	The variation is on optimization of inventory during the year as compared to previous year.
6	Trade receivables turnover ratio	Net Credit Sales	Average Accounts Receivable	IV	9.0	6.6	36.6%	The variation is on account of timely collection from the debtors of the Company.
7	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	V	4.2	3.7	12.7%	NA
8	Net capital turnover ratio	Net Sales	Working Capital		9.3	9.9	-6.5%	NA
9	Net profit ratio(%)	Net Profits after taxes	Total Income		2.1%	-3.9%	154.7%	Refer Explanation 1 below
10	Return on capital employed (ROCE) (%)	Earning before interest and taxes	Capital Employed	VI	13.8%	-14.6%	194.7%	Refer Explanation 1 below
11	Return on investments(%)	Interest and rent income(net)	Average investment	VII	6.3%	6.2%	0.8%	NA

\* 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 profit during the year ended March 31, 2025 as compared to the loss during the year ended March 31, 2024.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

**Note:**

- I Total Debt = Borrowings + Lease liabilities
- II 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)
- III Total Debt Service Costs = Principal Payment of lease liabilities + Interest paid on lease liabilities + Payment of finance cost
- IV Average Inventory = Average of closing inventory at end of each quarter.
- V Average Accounts Receivable = Average of accounts receivable at end of each quarter.
- VI Average Trade Payables = Average of trade payables at end of each quarter.
- VII Capital Employed = Total Equity + Total debt + Lease liabilities - Deferred Tax Assets
- VIII Average investment = Weighted Average of Investments in fixed deposits during the year + Average carrying value of Investment Properties

**(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, 2025 and March 31, 2024.

**(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, 2025 and March 31, 2024 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, 2025 and March 31, 2024.

**(f) Compliance with numbers of layers of companies**

The Company does not have any investments in any Company during the year ended March 31, 2025 and March 31, 2024.

**(g) Utilisation of borrowed funds and share premium**

During the year ended March 31, 2025 and March 31, 2024, the Company has not advanced or loaned or invested funds (either borrowed funds or share premium or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

- i) 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
- ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries."

During the year ended March 31, 2025 and March 31, 2024, the Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- i) 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
- ii) 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

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 42: Additional regulatory information (Contd...)

**During the year ended March 31, 2025**

Sr No.	Name of the struck off Company	Nature of the transaction with struck off Company	Balance outstanding as at March 31, 2025 Receivable/ (Payable)	Relationship with struck off Company, if any, to be disclosed	Balance outstanding as at March 31, 2024 Receivable/ (Payable)	Relationship with Struck off Company, if any, to be disclosed
1	24 Assured Services Private Limited# (CIN:U52335KA2009PTC049612)	Advance from customer	(0.0)	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

# Less than rounding off norms adopted by the Company.

**During the year ended March 31, 2024**

Sr No.	Name of the struck off Company	Nature of the transaction with struck off Company	Balance outstanding as at March 31, 2024 Receivable/ (Payable)	Relationship with struck off Company, if any, to be disclosed	Balance outstanding as at March 31, 2023 Receivable/ (Payable)	Relationship with Struck off Company, if any, to be disclosed
1	Varunaire Engineers Pvt Ltd.* (CIN: U29191DL1991PTC042932)	Trade Receivables	0.0	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

\* Less than rounding off norms adopted by the Company.

### (i) Borrowing secured against current assets

The Company has not obtained borrowings from banks or financial institutions on the basis of security of current assets and accordingly there is no requirement of submitting the quarterly returns or statements of current assets

### (j) Wilful defaulter

The Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority during the year ended March 31, 2025 and period ended March 31, 2024.

### (k) Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfactions which were to be registered with the Registrar of Companies during the year ended March 31, 2025 and period ended March 31, 2024.

## Note 43: Earnings per share

	Rs. in million	
	As at March 31, 2025	As at March 31, 2024
Net Profit/(Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders	588.3	(757.1)
Weighted average number of Equity shares outstanding during the financial year (Nos.)	2,71,90,884	2,71,90,884
Nominal face value of an Equity share (in Rs.)	10.0	10.0
Basic and diluted Earnings / Loss per share (in Rs.)	<b>21.6</b>	<b>(27.8)</b>

**Note:** The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 44: Other notes

### (a) Disclosures pursuant to Section 186(4) of the Companies Act, 2013

	Purpose	As at March 31, 2025	Rs. in million As at March 31, 2024
Corporate guarantees given to bank against the credit facilities availed by dealers	To partially address dealers working capital requirement	Nil	75.0

### (b) Backup of books of accounts

During the year ended March 31, 2024, with regard to the requirement of daily backup of books of account and other books and papers maintained in electronic mode on servers physically located in India, the Company had not maintained such backup from March 08, 2024 to March 31, 2024 for one application and from April 01, 2023 to March 31, 2024 for another application.

During the year ended March 31, 2025, with regard to the requirement of daily backup of books of account and other books and papers maintained in electronic mode on servers physically located in India, the Company had not maintained such backup from April 01, 2024 to May 17, 2024 for one application and from April 01, 2024 to March 23, 2025 for another application.

### (c) Audit trail in the books of accounts

During the year ended March 31, 2024, the Company had used accounting software for maintaining its books of account which had a feature of recording audit trail (edit log) facility and that had operated throughout the year for all relevant transactions recorded in the software, except that the audit trail was not maintained for modification to certain financially relevant tables throughout the year.

During the year ended March 31, 2025, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and that has operated throughout the year for all relevant transactions recorded in the software, except that the audit trail for certain information or data recorded in the software has been enabled from November 20, 2024. The Company has preserved the audit trail to the extent maintained in the prior year as per the statutory requirements for record retention.

## Note 45: Summary of other accounting policies

This note provides a list of other accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

### a. Rounding of amounts:

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

### b. Property, Plant and Equipment (including capital work-in-progress):

Historical cost includes expenditure that is directly attributable to the acquisition of 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 item will flow to the Company and the cost of the item can be measured reliably. Subsequent cost relating to day-to-day servicing of the item are not recognised in the carrying amount of an item of property, plant and equipment; rather these costs are charged to Statement of Profit and Loss when they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its continued use or disposal. Any gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/other expense, as appropriate.

Capital work in progress in the course of construction for production, supply or administrative purposes is carried at cost, less any recognised impairment loss. Cost includes purchase price, taxes and duties, labour cost and other directly attributable costs incurred upto the date the asset is ready for its intended use. Such property, plant and equipment are classified to the appropriate categories when completed and ready for intended use.

Entity-specific details about the Company's policy are provided in notes 3 and 5.

### c. Intangible Asset:

The Estimated useful life and amortization method are reviewed at the end of each reporting period and the effect of any changes in such estimate is accounted for on prospective basis.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 45: Summary of other accounting policies (Contd...)

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from the use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when asset is derecognised.

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

### **Research and development cost**

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

- It is technically feasible to complete the intangible asset so that it will be available for use or sale.
- There is an intention to complete the asset
- There is an ability to use or sale the asset
- The asset will generate future economic benefits
- Adequate resources are available to complete the development and to use or sell the asset
- The expenditure attributable to the intangible asset during development can be measured reliably.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Amortisation of the asset begins when development is complete and the asset is available for use and it is amortised on straight line basis over the estimated useful life.

Entity-specific details about the Company's policy are provided in note 7

### **d. Impairment of assets:**

Property, plant and equipment, Right of use assets and intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's fair value less costs of disposal and value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. An impairment loss is recognised immediately in profit or loss

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, other than goodwill, if any, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### **e. 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

### **f. Cash and Cash Equivalents**

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand, balances with banks and 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.

### **g. Inventories**

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.

Entity-specific details about the Company's policy are provided in note 12.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 45: Summary of other accounting policies (Contd...)

### h. 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 (Rs.), 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.

### i. 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.

### j. Employee Benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### (ii) Long-term employee benefit obligations

Liabilities for compensated absences that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as 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 appropriate market yields at the end of the reporting period 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 other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur..

#### (iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans: Gratuity
- (b) defined contribution plans: Provident fund and Employees' state insurance scheme.

#### Defined Benefit Plans

The liability or asset recognised in the balance sheet in respect of 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 by an actuary using projected unit credit method

The present value of the defined benefit obligation 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 approximately to the terms of the related obligations.

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 the plan assets. This cost is included in the employee benefit expense in the Statement of Profit and Loss.

Remeasurements, comprising actuarial gains and losses and the effect of the changes to the asset ceiling (if applicable), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur and consequently recognised in retained earnings and is not reclassified to profit or loss

The defined benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 45: Summary of other accounting policies (Contd...)

### **Defined contribution plans**

Contributions to retirement benefit plans in the form of Provident fund and Employees' state insurance scheme as per regulation are charged as an expense on an accrual basis when employees have rendered the service. The Company has no further payment obligation once the contributions have been paid.

#### **(iv) Termination benefits**

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### **k. Current and Deferred 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 and to unused tax losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Entity-specific details about the Company's policy are provided in note 31.

#### **I. Trade and other payable**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid according to the agreed credit period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### **m. Borrowings**

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agrees, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

#### **n. Borrowing 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.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 45: Summary of other accounting policies (Contd...)

### **o. Earnings Per Share**

#### **Basic Earnings Per Share**

Basic earnings per share is calculated by dividing the profit attributable to the owners of the company, by the weighted average number of equity shares outstanding during the financial year.

#### **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.

### **p. Provisions and contingent assets**

#### **Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made

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.

Entity-specific details about the Company's policy are provided in note 34.

#### **Contingent Asset**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

Contingent assets are not recognised but disclosed only when an inflow of economic benefits is probable.

### **q. Leases:**

#### **As a Lessee:**

Assets and liabilities arising from a lease are initially measured on a 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 incentives receivable
- amounts expected to be payable by the Company, if any, under residual value guarantees

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

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

#### **Right-of-use assets**

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

- amount of the initial measurement of lease liability
- lease payments made before the commencement date
- any initial direct costs
- restoration costs

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

Entity-specific details about the Company's leasing policy are provided in note 4.

#### **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.

### **r. Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 45: Summary of other accounting policies (Contd...)

### (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 or 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 cash flows.

#### Initial Recognition and 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 investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or 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 fair value through Other Comprehensive Income (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 profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

#### Fair Value through Profit or Loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through Profit or Loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the Statement of Profit and Loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income

#### 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, 2025

## Note 45: Summary of other accounting policies (Contd...)

### 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.

#### 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.

### (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.

# Notes forming part of the Financial Statements

for the year ended March 31, 2025

## Note 46 : Reclassification

During the financial year ended March 31, 2025, the company has reclassified the following comparatives. These reclassifications are primarily to conform to the current year's classification, which does not have material impact on the financial statements.

<b>Note</b>	<b>Note Description</b>	<b>Previously Reported Amount</b>	<b>Revised Amount</b>	<b>Change</b>
18	Non Current provisions	591.1	315.9	(275.2)
22	Current Provisions	360.5	635.7	275.2

Above amounts have been reclassified by the Company for better presentation and does not have impact on profit or total equity.

## Note 47 : Events occurring after reporting period

The Company evaluated subsequent events through May 20, 2025, the date the financial statements were available for issuance, and determined that there were no additional material subsequent events requiring disclosure.

As per our report of even date

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

**Devang Mehta**  
Partner  
Membership No.: 118785

Place: Kadi, Gujarat  
Date: May 20, 2025

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

**Nobuyuki Tao**  
Chairman  
DIN : 08080705  
Place: Kadi, Gujarat

**Rishi Mehta**  
Chief Financial Officer

Place: Kadi, Gujarat  
Date: May 20, 2025

**Sanjay Sudhakaran**  
Managing Director  
DIN: 00212610  
Place: Kadi, Gujarat

**Parag Dave**  
Company Secretary  
Membership No.: 12626

Place: Kadi, Gujarat  
Date: May 20, 2025

## 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

### REGISTERED OFFICE

9th Floor, Abhijeet – I, Mithakhali Six Roads,  
Ahmedabad – 380 006, Gujarat, India.

Telephone No.: +91-79-2640 2024

CIN No.: L29300GJ1984PLC007470



Call: 1860-233-4448, 079-7141-4848 (Landline)

E-mail: customercare@jci-hitachi.com

Whatsapp: +91 75678 84848



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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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](mailto:parag.dave@jci-hitachi.com) containing your Folio No. / CLID-DPID.