

Chairman & managing director's message

The pandemic has changed the way we live, interact and work, ushering a new era of a more informed modern lifestyle. Consumer is the King and we understand that consumer of the new informed world is evolving every day and their need for NEW is changing. In our endeavour to meet demands of this aspiring consumer, Hitachi is committed to set new consumer satisfaction milestones with its best-in-class products and solutions.



Dear Shareholders,

Heartiest Greetings to all of you!

04 At the time of writing this message, India and several other parts of the world are suffering from another wave of pandemic Covid-19 which is much harsher and tougher than what the world had seen last year. With deep grief and sorrow my heart goes out to each and every person who has suffered the loss of her/his loved ones. I wish and am sure that we shall eventually come out from this but until then, I urge to one and all that we must observe Covid protocols, govt. guidelines and get vaccinated (if eligible).

I pray for health and safety of all of you and your loved ones.

I would like to express my sincere gratitude for your continuous support over the years and through tough times that tested us all. I am extremely proud of our employees' and channel partners' efforts during these unprecedented times.

After these trying times, we should work for the new world. The pandemic has made us analyse, re-think, review, re-formulate, re-organise and innovate to transform into a world which is not just sustainable but also more compassionate. The pandemic has changed the way we live, interact and work ushering a new era of a more informed modern lifestyle.

The consumer of the new informed world has evolved and is full of energy, passion and positivity. This New Bharat's new-age consumer aspires for innovative product offerings, leading to convenience and comfort.

The beginning of the current financial year (2021-22) may have been slow but we are optimistic about the future of the HVAC industry. We look forward to a good year for business driven by path breaking innovation, flexibility, futuristic solutions and changed consumer perspective. The changing perspective about air conditioning as a necessity, lifestyle product and a health requirement instead of being a luxury product is a

welcome change. Market penetration will also help the business grow.

The Company has continuously focused on futuristic consumer centric solutions. Over the past few years' consumer awareness has increased immensely about Inverter technology. Improved lifestyle, higher disposable income, year-round usage pattern, increasing urbanization, ease of finance options, warranty assurance etc. has led to higher traction for superior technology of Inverter models. The Company had anticipated high demand of Inverter technology in advance and accordingly developed a strong product line of Inverter technology powered Room Air Conditioner models. The Company has robust plans for 2021 summer season with new products having eye catching features and we plan to reach out to our customers through our strong & nationwide channel network with aggressive marketing strategies.

Anticipating pent up demand for summer season of 2021 due to low buying in summer season of 2020, the Company has planned well in advance and launched new products having several new features and technological enhancements. The Company has introduced its innovative range of new products & technologies via virtual launch and received an overwhelming response with more than 6500 participants attending the event.

As part of our sales strategy, during the year 2021-22 we will continue to aim at increasing our reach in tier 2 & tier 3 towns, synergise our efforts to strengthen our channels, enhance nationwide service network, bring efficiencies to supply chain, enrich our product portfolio and work towards making Hitachi Air, an aspirational brand. I am confident that this comprehensive approach will help us in making our Room Air Conditioner business successful in ongoing financial year.

Consumer is the King and we understand that consumer of the new informed world is evolving every day and their need for NEW is changing. In our endeavour to meet demands of this aspiring consumer, Hitachi is committed to set new consumer satisfaction milestones with its best in class products and solutions. To create comfort and brand appeal for customers who are willing to adopt our advanced technologies combined with appealing aesthetics inspired from nature and Japanese roots, we are leading our communication with "New begins with You". Silent air, Surround

air, Odor free air, Clean air and Fresh air grouped as Hitachi air along with new features shall elevate our brand image and achieve a higher youth appeal. The Company continues to cater to diversified segments and achieve excellence.

The commercial air conditioners market has also had interesting developments, the Variable Refrigerant Flow (VRF) technology has been accepted and adopted widely now in the Indian market and is surpassing the PAC market in terms of value. VRF based Air conditioning systems are gaining immense popularity with increasing adoption at corporate offices, hotels, IT offices, high-end residential apartments, villas, retail stores, supermarkets, hospitals, banks, education institutes etc. Being a customer focused Company, Johnson Controls-Hitachi Air Conditioning India Limited has caught the pulse of high-end customers and has introduced a new range of VRF products. We have recently introduced country's first of its kind premium and luxurious air conditioning system 'SET FREE mini' to match modern lifestyle choices. In our endeavor to build air conditioning solutions that match with the evolved & new-age customers, we also launched SideSmart™ - World's first slim modular side throw VRF model air conditioners. The Company is constantly producing best technology products and has established itself as a leading 'Air Expert' in the B2B space.

In the packaged AC segment, the Company enjoys a strong market share with a strong channel network. Post pandemic period, the Company is expecting improvement in living standards along with rapid recovery of the organized commercial sector characterized by the rising number of hypermarkets, supermarket and offices etc. Light Commercial HVAC segment is expected to emerge as a dynamic business area. The Company is expecting growth of the overall commercial chain, which in turn is expected to boost the sale of HVAC packaged units and Cassette ACs in the coming period.

Being the single largest air conditioning solution provider for cooling requirements in Telecom Towers, the Company continues to dominate this segment. Future growth of the telecom tower sector would be driven by 5G and IoT business. While demand for services continues to spike, given India's increased usage of internet amid the pandemic there is an all time need to create more cellular infrastructure. We are hopeful that with the revival of the telecom industry, our revenue from this segment will increase in near future.

Strengthening the global footprint, in the last couple of years, the Company has started exporting to South Asian countries (Nepal, Bhutan, Sri Lanka and Maldives) and South East Asian Countries like Indonesia and Vietnam. We are also exporting our products in Middle East countries like UAE, Qatar, Oman, Bahrain, Iraq, Kuwait and Saudi Arabia. This year direct business operations have commenced in Africa and South Asian countries with the help of the newly formed International sales department. The Company expects to increase its exports business in the coming years with stabilized government policies after recovering from COVID-19 pandemic.

The Company is fully committed to the Indian market and is

aggressively promoting and pushing 'Made in India' ACs. We have started working with many component manufacturers in India. We are working with Industry associations, Government and our overseas vendors to ensure complete indigenisation of critical components. We are encouraging our overseas vendors who can come and put their factories here in India for the critical components, which are imported. Be it motors, PCB boards or compressors, we intend to procure everything from India to support 'Atmanirbhar Bharat' Abhiyan.

We expect a positive outlook for commercial air conditioning from growing demand for robust medical and health care facilities, pharmacies, cold rooms, warehouses, data centres etc. Support from several favourable Government initiatives such as Production Led Incentives (PLI) and Phased Manufacturing Plan (PMP) are expected to boost local manufacturing of critical components for Indian Air Conditioning Industry in the coming years.

Being a socially responsible organisation, the Company strongly believes in its responsibility to give back to the society. This year was challenging year for CSR due to the COVID-19 pandemic. In spite of severe restrictions imposed due to lockdown across the country, our CSR team tirelessly worked towards the successful and impactful implementation of all the planned projects which includes Primary Health Center at Karannagar that worked for the first rung medical care of approximately 40,000 rural and partially impoverished population in the hinterland of Gujarat. Under its Sanitation Project, Johnson Controls-Hitachi Air Conditioning India Limited constructed more than 850 toilets and its Skill Development Project trained over 450 school dropouts including girls. Approximately 40% students got the jobs after completing the course from Skill Development Centers. Initiative of skill building in Air Conditioner and Refrigeration segment is helping transform country's rural youth into world-class technicians. During the year lot of work has happened in education and digital education field as well.

Challenges make us stronger, recent events have highlighted the importance of innovation, technology advancement, adaption, future planning, future readiness, sustainability but more importantly the importance of relationships.

We need to keep progressing on the path of our individual goals, while making sure we work towards our team goals and organisation goals. The Company has maintained a lead by developing advanced technology and a very sound, dependable and compassionate network of mindful and sincere people.

I would like to express my sincere appreciation and thanks to all the stakeholders of Johnson Controls-Hitachi Air Conditioning India Limited for their faith in our efforts and support to the business. We assure you that we are committed towards creating excellence and value with responsibility.



Gurmeet Singh
Chairman and Managing Director