Notes forming part of the Financial Statements

for the year ended March 31, 2021

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 its branches 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: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of financial statements. These accounting policies are applied consistently to all the periods presented in the financial statements, unless otherwise stated.

(a) Basis of accounting and preparation of financial statements

(i) Compliance with Ind AS

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

New standard adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2020.

- Covid-19 Related Concessions - Ind AS 116 "Leases"
- Definition of Material – amendments to Ind AS 1 and Ind AS 8

The amendments listed above did not have any impact on the amounts recognised in current and prior periods and are not expected to significantly affect the future periods.

(ii) Historical cost convention

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

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

(iii) Current /Non-Current Classification

The entity presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

a. Expected to be realized or intended to be sold or consumed in the normal operating cycle

b. Held primarily for the purpose of trading

c. Expected to be realized within twelve months after the reporting period, or

d. Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

a. It is expected to be settled in the normal operating cycle

b. It is held primarily for the purpose of trading

c. It is due to be settled within twelve months after the reporting period, or

d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chairman & Managing Director (CMD) of the Company who is identified as the chief operating decision maker (CODM). The CMD 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 segment of Cooling Products for comfort and commercial use and design and development services.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

(c) 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 (`), 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.

(d) Revenue recognition

Sale of Products:

Sales of products are recognised as revenue when control of the products has transferred, being when product are delivered to the customer. Sales are net of returns, trade discounts, rebates, and goods and services tax (GST), as applicable. 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 Service:

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.
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.

(e) 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.

Government grants relating to income are deferred and recognised in the Statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

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.

(f) Income 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 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Current and deferred tax is recognized in the Statement of Profit and Loss except to the extent it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income, respectively.

Current income tax

Current tax payable is based on taxable profit for the year. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Deferred tax

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 to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when, (a) the Company has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority.

(g) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment if any.

(i) Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average method.

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 likely usage, technical obsolescence, etc.

(j) 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.

(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 and 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 the cash flows.

Initial Recognition & Measurement

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through Profit and Loss are expensed in the Statement of Profit and 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

Notes forming part of the Financial Statements

for the year ended March 31, 2021

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 is recognised in the Statement of Profit and 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 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 the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to Statement of Profit and Loss and recognised in other income. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value Through Profit and Loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is recognised in the Statement of profit and loss.

Equity instruments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Impairment of financial assets:

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, and bank balance.
- trade receivables.

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

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.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

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.

(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 .

(k) 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.

(l) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the 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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of profit and loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation on tangible fixed assets is provided on a pro-rata basis on the straight line method over the following useful lives based on management technical estimate:

Class of assets	Useful Life followed by the management (in years)	Useful Life prescribed in Schedule II to the Companies Act (in 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 & fittings	3 to 7	10
Office equipment	3 to 5	5
Electric Installations	7	10
Vehicles	4 to 8	8

* Based on Single Shift.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Amortisation of leasehold improvements are over the lease period or useful life as above, whichever is lower.

For the assets added during the financial year, depreciation is charged on pro-rata basis from the date of commissioning.

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of profit and loss within other income.

(m) 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.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 28 years. The useful life has been determined based on technical evaluation performed by the management's expert.

(n) Intangible assets

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.

(i) Amortisation methods and periods

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

Class of assets	Useful Life (in years)
Computer Software	3
Licensed Technical Know-how	5

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

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

(ii) 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

Notes forming part of the Financial Statements

for the year ended March 31, 2021

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.

(o) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. 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 that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(p) Capital work in progress

All expenditure incurred towards tangible assets are accumulated and shown as capital work in progress and not depreciated until such assets are ready for commercial use.

(q) Borrowings 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.

(r) Provisions and contingencies

Provisions

Provisions (including for litigation and service warranties) are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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.

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

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.

Contingencies

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.

(s) Employees Benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, accumulated leave and 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.

(ii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are actuarially valued at the end of year measured at 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 market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Remeasurements

Notes forming part of the Financial Statements

for the year ended March 31, 2021

as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

The classification of compensated absences into current and non-current as shown in financial statements is as per actuarial valuation report.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans - gratuity, and

(b) defined contribution plans – superannuation, provident fund and employees' state insurance.

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

The present value of the defined benefit obligation denominated in INR 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 approximating to the terms of the related obligation.

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 plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of profit and loss as past service cost.

Defined contribution plans

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

(t) Leases

As a lessee

The Company mainly has lease arrangements for building (offices and warehouse spaces) and equipments. 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.

Assets and liabilities arising from a lease are initially measured on 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 incentive receivable
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

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.

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

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

- The amount of initial measurement of lease liability
- Any lease payments made at or before the commencement date less lease incentives received, if any
- 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.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Payments associated with short-term leases of equipment 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.

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.

The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Critical judgements in determining the lease term

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).

For the leases of office and warehouse, the following factors are normally the most relevant:

1. If there is significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
2. If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate)
3. Otherwise, the Company considers the other factors including historical lease duration and the costs and business disruption required to replace the leased asset.

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.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity share holders of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year

(ii) 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.

(v) Rounding of amounts

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

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:

- Estimated useful life of property, plant & equipment and intangible assets (note – 1 (l), 1(m), 1(n), 3, 6 and 7)
- Estimation of defined benefit obligation (note – 1(s) and 36)
- Estimation of provision for warranty claims (note – 1(r) and 35)
- Impairment of trade receivables (note – 1(j) and 13(a))
- Contingent liabilities (note – 1(r) and 33)
- Inventory obsolescence (note – 1(i) and 12)
- Lease term (note – 1(t) and 4)
- Impact assessment due to Covid-19 pandemic (note – 43)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may 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, 2021

Note 3: Property, plant and equipment

₹ in million

	Freehold land	Leasehold Improvements	Buildings	Plant and Machinery	Furniture and fixtures	Vehicles	Office equipment	Electrical Installations	Computers	Total
I. Gross carrying amount										
Balance as at April 1, 2019	**228.3**	**29.3**	**408.1**	**2,069.2**	**102.9**	**134.4**	**93.7**	**122.1**	**110.9**	**3,298.9**
Additions	-	-	480.5	938.2	44.6	50.6	40.0	261.1	14.3	1,829.3
Disposals	-	-	(6.0)	(21.6)	(2.1)	(48.5)	(6.9)	(3.6)	(6.4)	(95.1)
Transfer from Investment Property	-	-	1.0	-	-	-	-	-	-	1.0
Balance as at March 31, 2020	**228.3**	**29.3**	**883.6**	**2,985.8**	**145.4**	**136.5**	**126.8**	**379.6**	**118.8**	**5,034.1**
II. Accumulated depreciation										
Balance as at April 1, 2019	**-**	**12.2**	**52.7**	**828.7**	**36.7**	**47.9**	**40.7**	**51.2**	**72.2**	**1,142.3**
For the year	-	5.4	32.8	252.5	17.3	24.6	19.1	45.3	16.3	413.3
Disposals	-	-	(1.0)	(14.5)	(1.3)	(25.7)	(5.3)	(1.8)	(5.6)	(55.2)
Transfer from Investment Property *	-	-	0.0	-	-	-	-	-	-	0.0
Balance as at March 31, 2020	**-**	**17.6**	**84.5**	**1,066.7**	**52.7**	**46.8**	**54.5**	**94.7**	**82.9**	**1,500.4**
Net carrying amount as at March 31, 2020 (I-II)	**228.3**	**11.7**	**799.1**	**1,919.1**	**92.7**	**89.7**	**72.3**	**284.9**	**35.9**	**3,533.7**

₹ in million

	Freehold land	Leasehold Improvements	Buildings	Plant and Machinery	Furniture and fixtures	Vehicles	Office equipment	Electrical Installations	Computers	Total
I. Gross carrying amount										
Balance as at April 1, 2020	**228.3**	**29.3**	**883.6**	**2,985.8**	**145.4**	**136.5**	**126.8**	**379.6**	**118.8**	**5,034.1**
Additions	-	-	50.1	159.7	0.1	13.5	3.3	8.8	3.0	238.5
Disposals	-	-	(1.8)	(15.2)	(2.3)	(22.3)	(3.4)	(0.1)	(30.1)	(75.2)
Balance as at March 31, 2021	**228.3**	**29.3**	**931.9**	**3,130.3**	**143.2**	**127.7**	**126.7**	**388.3**	**91.7**	**5,197.4**
II. Accumulated depreciation										
Balance as at April 1, 2020	**-**	**17.6**	**84.5**	**1,066.7**	**52.7**	**46.8**	**54.5**	**94.7**	**82.9**	**1,500.4**
For the year	-	4.6	32.9	267.4	19.2	21.2	20.5	49.8	15.1	430.7
Disposals**	-	-	(0.4)	(12.5)	(1.7)	(14.8)	(3.0)	-	(28.0)	(60.4)
Balance as at March 31, 2021	**-**	**22.2**	**117.0**	**1,321.6**	**70.2**	**53.2**	**72.0**	**144.5**	**70.0**	**1,870.7**
Net carrying amount as at March 31, 2021 (I-II)	**228.3**	**7.1**	**814.9**	**1,808.7**	**73.0**	**74.5**	**54.7**	**243.8**	**21.7**	**3,326.7**

** Disposals peratining to Electrical Installations amounts to ₹ 41,882

Notes :

a. Building having gross block of ₹ 7.3 million (excludes self constructed buildings on freehold land) is held in the erstwhile name of the Company. The Company has initiated the process of getting title deeds updated with the present name of the Company viz. Johnson Controls-Hitachi Air Conditioning India Limited.

b. Refer Note 33(b) for disclosure of capital commitments in respect of acquisition of property, plant and equipment.

c. No borrowing costs have been capitalised during the year ended March 31, 2021 and in the previous year ended March 31, 2020.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note-4: Right-of-use assets

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

The Company acquires on lease various buildings (offices and warehouses) and equipments. Rental contracts typically ranges from 1 year to 12 years but may have extension/termination option as described in (iii) below.

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

Buildings	₹ in million
I. Gross carrying amount	
Balance as at April 1, 2019	325.8
Additions	2.0
Balance as at March 31, 2019	**327.8**
II. Accumulated depreciation	
Balance as at April 1, 2019	-
For the year	62.7
Balance as at March 31, 2020	**62.7**
Net carrying amount as at March 31, 2020 (I-II)	**265.1**

Buildings	₹ in million
I. Gross carrying amount	
Balance as at April 1, 2020	327.8
Additions	802.1
Disposals	(3.3)
Balance as at March 31, 2021	**1,126.6**
II. Accumulated depreciation	
Balance as at April 1, 2020	62.7
For the year	231.1
Disposals	(2.6)
Balance as at March 31, 2021	**291.2**
Net carrying amount as at March 31, 2021 (I-II)	**835.4**

(ii) Amounts recognized in Statement of Profit and Loss

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

₹ in million

	As at March 31, 2021	As at March 31, 2020
Depreciation charge of right-of-use assets	231.1	62.7
Interest expense on lease liability	61.5	24.4
Expense relating to short term leases	229.1	316.4
Expense relating to low value assets	52.7	56.7
Total	**574.4**	**460.2**

(iii) 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.

(iv) Refer Note 6 for disclosure in respect of arrangements where the Company is a Lessor. The total cash outflows for the leases for the year ended March 31, 2021 was ₹ 568.2 million (March 31, 2020 ₹ 409.5 million).

(v) During the year ended March 31, 2021, the Company has applied practical expedient under Ind AS 116 "Leases" in respect to Covid-19 related concessions. Accordingly, the Company has accounted for rent concessions amounting to ₹ 3.6 million during the year ended March 31, 2021. [Refer Note 26]

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 5: Capital work-in-progress

	₹ in million
Balance as at April 1, 2019	941.3
Additions	952.4
Transfer to Property, plant and equipment	(1,829.3)
Balance as at March 31, 2020	**64.4**
Additions	265.5
Transfer to Property, plant and equipment	(238.5)
Balance as at March 31, 2021	**91.4**

Note: Capital Work-in-progress as at March 31, 2021 mainly comprise of Plant and machinery and Office Equipment.

Note 6: Investment property

Investment property comprises of buildings

₹ in million

		As at March 31, 2021	As at March 31, 2020
I.	**Gross carrying amount**		
	Opening Balance	12.2	13.2
	Transfer to Property, plant and equipment	-	(1.0)
	Closing Balance	**12.2**	**12.2**
II.	**Accumulated depreciation**		
	Opening Balance	1.0	0.8
	Depreciation charge for the year	0.2	0.2
	Transfer to Property, plant and equipment *	-	(0.0)
	Closing Balance	**1.2**	**1.0**
Net carrying amount (I-II)		**11.0**	**11.2**

* Depreciation pertaining to investment property transferred to building amounts to ₹ 48,878

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

₹ in million

	As at March 31, 2021	As at March 31, 2020
Rental Income	4.0	3.7
Profit from investment property before depreciation	**4.0**	**3.7**
Depreciation	0.2	0.2
Profit from investment property	**3.8**	**3.5**

(ii) Fair Value

₹ in million

	As at March 31, 2021	As at March 31, 2020
Investment Property	35.6	40.0

(iii) Estimation of fair value

Considering nature of properties, the Company obtains valuation for investment properties atleast annually. The best evidence of fair value is current prices in an active market for similar properties in the area in which these properties are located adjusted for certain factors. The fair value estimates for investment properties are categorised as level 3 as per Ind AS -113 - Fair value measurement.

(iv) Leasing arrangements

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

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 7: Other Intangible Assets

₹ in million

		Software and licenses	Licensed technical Know-how	Total
I.	**Gross carrying amount**			
	Balance as at April 1, 2019	**68.2**	**363.5**	**431.7**
	Additions	130.9	-	130.9
	Balance as at March 31, 2020	**199.1**	**363.5**	**562.6**
II.	**Accumulated amortisation**			
	Balance as at April 1, 2019	**34.1**	**244.4**	**278.5**
	For the year	35.0	51.7	86.7
	Balance as at March 31, 2020	**69.1**	**296.1**	**365.2**
	Net carrying amount as at March 31, 2020 (I-II)	**130.0**	**67.4**	**197.4**

₹ in million

		Software and licenses	Licensed technical Know-how	Total
I.	**Gross carrying amount**			
	Balance as at April 1, 2020	**199.1**	**363.5**	**562.6**
	Additions	3.0	4.2	7.2
	Disposals	(7.6)	(54.3)	(61.9)
	Balance as at March 31, 2021	194.5	313.4	507.9
II.	**Accumulated amortisation**			
	Balance as at April 1, 2020	**69.1**	**296.2**	**365.3**
	For the year	57.2	35.6	92.8
	Disposals	(7.6)	(54.3)	(61.9)
	Balance as at March 31, 2021	**118.7**	**277.5**	**396.2**
	Net carrying amount as at March 31, 2021 (I-II)	**75.8**	**35.9**	**111.7**

Note 8: Non-Current Financial assets

Note 8(a): Loans

₹ in million

	As at March 31, 2021	As at March 31, 2020
Security deposits	51.2	49.4
Loans to employees	4.4	1.7
Total	**55.6**	**51.1**

Sub-classified as:

₹ in million

	As at March 31, 2021	As at March 31, 2020
Loans considered good - Secured	-	-
Loans considered good - Unsecured	55.6	51.1
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**55.6**	**51.1**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

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

₹ in million

	As at March 31, 2021	As at March 31, 2020
Unsecured, Considered good		
Margin Money Deposits with Bank	2.7	2.6
Total	**2.7**	**2.6**

Note: Margin money deposit is pledged with government authority against legal matters.

Note 9: Deferred tax Assets (net)

₹ in million

	As at March 31, 2021	As at March 31, 2020
The balance comprises temporary differences attributable to:		
Deferred tax assets		
Provision for doubtful debts	14.1	19.5
Provision for compensated absences	38.9	29.1
Provision for litigations	58.4	56.3
Provision for inventory obsolescence	63.7	64.3
Lease Liability	13.7	4.2
Other disallowance	0.1	11.2
Total deferred tax assets	**188.9**	**184.6**
Deferred tax liability		
Differences in block of fixed assets as per tax books and financial books	(30.1)	(35.0)
Others	(9.2)	(7.4)
Total deferred tax liabilities	**(39.3)**	**(42.4)**
Deferred Tax assets (net)	**149.6**	**142.2**

Note: Deferred tax assets and deferred tax liabilities have been offset as they relate to same governing taxation law.

Note (a):Movement in deferred tax assets/liabilities

₹ in million

	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	142.2	166.0
Deferred Tax Assets		
Provision for doubtful debts	(5.4)	(13.4)
Provision for compensated absences	9.8	(9.7)
Provision for litigations	2.1	(15.6)
Provision for inventory obsolescence	(0.6)	(6.0)
Lease Liability (Net of Right of use assets)	9.5	4.2
Other disallowance	(11.1)	3.0
Total	**4.3**	**(37.5)**
Deferred Tax Liabilities		
Differences in block of fixed assets as per tax books and financial books	4.9	12.7
Others	(1.8)	1.0
Total	**3.1**	**13.7**
Movement in Deferred tax assets (net)	**7.4**	**(23.8)**
Balance at the closing of the year	**149.6**	**142.2**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 10: Non current Tax asset (Net)

₹ in million

	As at March 31, 2021	As at March 31, 2020
Advance income tax (Net of provision for taxation ₹ 2,248.1 million (March 31 2020: ₹ 2,249.9 million))	133.5	161.6
Total	**133.5**	**161.6**

Note 11: Other non-current assets

₹ in million

	As at March 31, 2021	As at March 31, 2020
Capital advances	13.4	16.3
Indirect tax credit receivable / Tax paid against appeal	291.9	289.9
Total	**305.3**	**306.2**

Note 12: Inventories

(valued at cost and net realisable value whichever is lower)

₹ in million

	As at March 31, 2021	As at March 31, 2020
Raw Material (Including goods in transit ₹ 616.2 million (March 31, 2020 ₹ 412.4 million))	2,091.3	1,597.5
Work-in-progress	213.0	152.1
Finished goods (Including goods in transit ₹ 588.3 million (March 31, 2020 ₹ 730.0 million))	3,578.2	4,165.3
Stock-in-trade (Including goods in transit ₹ 344.9 million (March 31, 2020 ₹ 341.4 million))	1,033.6	1,231.3
Stores and spares	125.9	128.3
Total	**7,042.0**	**7,274.5**

Amounts recognized in the Statement of profit and loss

Write-downs of inventories amounted to ₹ 117.9 million (March 31, 2020 - ₹ 201.9 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

₹ in million

	As at March 31, 2021	As at March 31, 2020
Trade Receivables	2,551.3	2,471.7
Receivables from related parties (Refer Note 39)	145.6	151.4
Less: Allowance for doubtful trade receivables	(56.1)	(77.5)
Total	**2,640.8**	**2,545.6**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

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

Sub-classified as:

₹ in million

	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good - Secured	31.5	30.4
Trade receivables considered good - Unsecured	2,644.3	2,572.6
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	21.1	20.1
Total	**2,696.9**	**2,623.1**
Less: Allowance for doubtful trade receivables	(56.1)	(77.5)
Total	**2,640.8**	**2,545.6**

Note: Trade Receivable - credit impaired comprises of parties where the Company has initiated legal proceedings for recovery.

Note 13(b): Cash and cash equivalents

₹ in million

	As at March 31, 2021	As at March 31, 2020
Cash on hand	-	0.1
Balance with banks :		
In current accounts	146.7	32.8
In cash credit accounts	157.8	7.5
In EEFC accounts	95.8	136.0
In fixed deposit accounts (with original maturity of less than 3 months)	820.0	-
Total	**1,220.3**	**176.4**

*Cash on hand amounts to ₹42,123 as at March 31, 2019

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

₹ in million

	As at March 31, 2021	As at March 31, 2020
Unpaid Dividend	2.4	2.9
Total	**2.4**	**2.9**

Note 13(d): Loans

₹ in million

	As at March 31, 2021	As at March 31, 2020
Loans to employees	10.2	8.2
Security deposits	5.5	4.8
Total	**15.7**	**13.0**

Sub-classified as:

₹ in million

	As at March 31, 2021	As at March 31, 2020
Loans considered good - Secured	-	-
Loans considered good - Unsecured	15.7	13.0
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**15.7**	**13.0**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 13(e):Other current financial assets

₹ in million

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Derivative contracts	6.2	44.4
Receivables from related parties (Refer Note 39)	15.4	14.3
Insurance claim receivables *	-	176.2
Interest accrued on fixed deposits	1.2	-
Total	**22.8**	**234.9**

* Includes ₹ Nil (March 31 2020 : ₹ 172.1 million) in respect of fire at one of the Company's warehouse (Refer Note : 42)

Note 14: Contract asset

₹ in million

	As at March 31, 2021	As at March 31, 2020
Unbilled revenue (Refer Note 41)	79.7	111.9
Total	**79.7**	**111.9**

Note 15: Other current assets

₹ in million

	As at March 31, 2021	As at March 31, 2020
Advance to suppliers	27.3	36.6
Prepaid expenses	63.6	46.8
Balances with government authorities:		
- GST (input tax credit)	242.3	641.6
- Others	19.9	10.7
Export incentive receivable	22.7	9.4
Employee Advance	0.3	0.3
Total	**376.1**	**745.4**

Note 16: Equity share capital

₹ in million

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of ₹ 10 each	30,000,000	300.0	30,000,000	300.0
Issued, Subscribed and fully paid-up				
Equity shares of ₹ 10 each	27,190,884	271.9	27,190,884	271.9

The above excludes 12,967 (31 March 2020: 12,967) equity shares of ₹ 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, Kolkata.

(i) There is no movement in number of equity shares and the amount outstanding thereon during current year and previous year.

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

The Company has only one class of equity shares having a face value of ₹ 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.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

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

(iii) Number of Shares of the Company held by holding Company or ultimate holding Company or subsidiaries of ultimate holding Company

₹ in million

	As at March 31, 2021	As at March 31, 2020
JCHAC India Holdco Limited, UK - Holding Company	20,189,894	20,189,894
Johnson Controls Hitachi Air Conditioning Holding (UK) Limited - Subsidiary of Ultimate Holding Company	635	635

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

₹ in million

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of holding	No. of shares	% of holding
JCHAC India Holdco Limited	20,189,894	74.25%	20,189,894	74.25%
Aditya Birla Sun Life Trustee Company Pvt Limited	2,463,402	9.06%	2,463,402	9.06%

(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, 2021.

Note 17: Other equity

₹ in million

	As at March 31, 2021	As at March 31, 2020
Reserves and Surplus		
(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	5,487.4	4,732.1
Add: Profit for the year	331.0	835.3
Less: Dividend on equity shares	-	(40.8)
Less: Dividend Distribution tax	-	(8.4)
Items of Other Comprehensive Income (OCI) recognised directly in retained earnings:		
Remeasurement of post employment benefit obligations gain/ (loss), net of taxes	2.3	(30.8)
Total retained earnings	**5,820.7**	**5,487.4**
Total	**6,946.6**	**6,613.3**

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 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, 2021

Note 18: Other non-current liabilities

₹ in million

	As at March 31, 2021	As at March 31, 2020
Deferred Government Grant	137.3	144.4
Total	**137.3**	**144.4**

Note 19: Non Current provisions

₹ in million

	As at March 31, 2021	As at March 31, 2020
Employee benefit obligations:		
(i) Compensated absences (Refer Note 36)	165.1	136.6
(ii) Gratuity (Refer Note 36)	1.9	14.5
Provision for litigations and probable claims (Refer Note 35)	262.2	251.6
Provision for Warranty (Refer Note 35)	209.4	189.3
Total	**638.6**	**592.0**

Note 20: Current financial liabilities

Note 20(a): Current Borrowing

₹ in million

	As at March 31, 2021	As at March 31, 2020
Unsecured		
Working capital loans repayable on demand from bank	-	1,587.2
Total	**-**	**1,587.2**

Note: Rate of interest range from 6.5% p.a to 7% p.a

Note 20(b):Trade payables

₹ in million

	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro and small enterprises (Refer below)	607.0	314.6
Total Outstanding dues other than above	5,732.4	5,185.0
Total	**6,339.4**	**5,499.6**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

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

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:

₹ in million

	As at March 31, 2021	As at March 31, 2020
Principal amount outstanding to suppliers registered under the MSMED Act and remaining unpaid as at year end	607.0	314.6
Interest due on above principal amount payable to suppliers registered under the MSMED Act and remaining unpaid as at year end *	0.0	0.2
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	381.0	179.3
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	1.9	3.5
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.5	1.4
Interest accrued and remaining unpaid at the end of each accounting year	0.5	1.6
The 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	0.1	0.6

*Amounts to ₹ 1,814 at March 31, 2021.

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.

Note (b): The amount debited to the Statement of profit and loss for the year ended March 31, 2021 is ₹ 0.8 million (March 31, 2020 ₹ 2.0 million)

Note 20(c) Other financial liabilities

₹ in million

	As at March 31, 2021	As at March 31, 2020
Employee related payables	119.4	105.5
Deposit from dealers and others	32.9	32.1
Payable for capital supplies	38.1	50.8
Derivative contracts	1.7	3.1
Unclaimed Dividends *	2.4	2.9
Total	**194.5**	**194.4**

* 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

₹ in million

	As at March 31, 2021	As at March 31, 2020
Advance received from customers	177.8	192.6
Deferred Income pertaining to annual maintenance contracts	81.4	79.6
Liabilities for contract in progress	9.4	16.0
Total	**268.6**	**288.2**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 22: Current provisions

₹ in million

	As at March 31, 2021	As at March 31, 2020
Provision for compensated absences (Refer Note 36)	30.2	11.5
Provision for Warranty (Refer Note 35)	170.7	161.5
Total	**200.9**	**173.0**

Note 23: Current tax Liability (Net)

₹ in million

	As at March 31, 2021	As at March 31, 2020
Income tax Liability	53.9	-
Total	**53.9**	**-**

Amount as at March 31, 2021 is net of advance tax ₹ 69.9 million (March 31, 2020 : ₹ Nil)

Note 24: Other current liabilities

₹ in million

	As at March 31, 2021	As at March 31, 2020
Statutory dues	462.5	183.7
Deferred Government Grant	11.2	11.3
Refund liability (Payable for Discount to Customers)	10.7	-
Total	**484.4**	**195.0**

Note 25: Revenue from operations

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from contract with customers (Refer Note: 41)		
Sale of Products		
- Manufactured Goods	12,220.6	15,459.0
- Traded Goods	2,816.6	4,818.7
	15,037.2	**20,277.7**
Sale of services	1,290.1	1,523.4
Other operating revenues		
- Export Incentive	23.1	22.4
- Scrap Sales	115.0	150.2
Total	**16,465.4**	**21,973.7**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 26: Other Income

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Interest income :		
- from banks on term deposits	7.0	42.6
- from others	1.0	0.9
Lease rent income	4.0	3.7
Government Grants	11.4	13.9
Miscellaneous income	55.6	20.4
Total	**79.0**	**81.5**

Note 27: Changes in inventories of finished goods, Stock-in-trade and work-in-progress

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the end of the year		
Work-in-progress	213.0	152.1
Finished goods	3,578.2	4,165.3
Stock-in-trade	1,033.6	1,231.3
(A)	**4,824.8**	**5,548.7**
Inventories at the beginning of the year		
Work-in-progress	152.1	136.1
Finished goods	4,165.3	2,243.6
Stock-in-trade	1,231.3	1,498.8
(B)	**5,548.7**	**3,878.5**
Total	**723.9**	**(1,670.2)**

Note 28: Employee benefit expense

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and other benefits *	1,484.1	1,539.8
Contribution to provident and other funds (Refer Note 36)	116.4	103.7
Workmen and Staff welfare expense	72.9	101.9
Total	**1,673.4**	**1,745.4**

* Includes termination benefits of ₹ Nil (March 31, 2020 ₹ 57.6) to employees who resigned during the year.

Note 29: Finance costs

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Interest Cost on borrowings at amortised cost	68.4	17.2
Interest and finance charges on lease liabilities	61.5	24.4
Interest due and payable towards suppliers registered under MSMED Act	0.8	2.0
Unwinding of interest on provisions	4.9	6.3
Interest-Others	-	0.3
Total	**135.6**	**50.2**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 30: Depreciation and amortization expenses

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment (Refer Note 3)	430.7	413.3
Depreciation on right of use assets (Refer Note 4(ii))	231.1	62.7
Depreciation on investment property (Refer Note 6)	0.2	0.2
Amortization of intangible assets (Refer Note 7)	92.8	86.7
Total	**754.8**	**562.9**

Note 31: Other expenses

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores and spares	29.6	43.5
Power and fuel	149.2	168.6
Contract labour / staff charges	426.7	543.9
Rent (Refer Note 4 (ii))	281.8	373.1
Repairs and maintenance - Machinery	40.8	51.6
Repairs and maintenance - Others	32.7	32.5
Insurance	68.2	43.9
Repair and installation expenes for service operations	137.7	191.3
Rates and taxes	13.2	17.4
Royalty	281.2	422.3
Advertisement and sales promotion	177.0	460.7
Annual Maintenance Contract (AMC) expenses	269.7	324.3
Freight and forwarding expenses	587.7	699.8
Warranty expenses	271.1	489.2
Legal and professional fees	98.1	138.4
Corporate Social Responsibility expenses [Refer Note 31(b)]	29.3	27.3
Provision for doubtful debts	33.3	(16.7)
Bad Debt written off	54.7	7.9
Less: Provision for doubtful debts utilised	(54.7)	-
	-	7.9
Payment to Auditors [Refer Note 31(a)]	5.6	5.7
Net loss on sale of fixed assets	4.9	17.0
Loss on foreign exchange fluctuations (net)	23.5	68.2
Travelling & Conveyance	23.7	88.4
Miscellaneous expenses	315.9	334.2
Total	**3,300.9**	**4,532.5**

Note 31(a): Details of payment to auditors

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Payments to auditors:		
- As auditors	3.6	3.6
- For other audit services	1.9	1.9
- Reimbursement of expenses	0.1	0.2
Total	**5.6**	**5.7**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 31(b): Corporate social responsibility expenses

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
(a) Gross amount required to be spent by the Company :	26.7	27.1
(b) Amount spent : *		
(i) Construction/acquisition of any asset	15.6	14.7
(ii) On purposes other than (i) above	13.7	12.6

* The company has paid ₹ 32 million (March 31, 2020 - ₹ 28.3 million)

The excess CSR spent of ₹ 2.6 million during the year ended March 31, 2021 will be adjusted against the CSR obligation arising within the succeeding three financial years. The Board of Directors have approved the said set-off on May 25, 2021.

Note 32: Current and Deferred Tax

Note 32(a): Movement of Current tax expense

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Income tax expense		
Current tax		
Current tax on profits for the year	123.1	338.0
Adjustments for current tax of prior periods	(12.4)	(14.0)
Total current tax expense	**110.7**	**324.0**
Decrease / (increase) in deferred tax assets	(4.3)	37.5
(Decrease) / increase in deferred tax liabilities	(3.1)	(13.7)
Total deferred tax expense/(credit)	**(7.4)**	**23.8**
Total	**103.3**	**347.8**

Note 32 (b): Income Tax expenses / (credit) of ₹ 0.7 million [March 31, 2020 - (₹ 10.4 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.

Note 32 (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:

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax from continuing operations	**434.3**	**1,183.1**
Rate of income tax	25.168%	25.168%
Income tax expenses	109.3	297.8
Differences due to:		
Expenses not deductible for tax purposes	7.6	7.1
Income exempt from income tax or taxable at concessional rate	(0.3)	(0.3)
Impact of change in tax rate	-	42.2
Tax adjustment of earlier year	(12.4)	-
Others	(0.9)	1.0
Expense recognised	**103.3**	**347.8**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 33: Contingent liabilities, contingent assets & commitments

(a) Contingent liabilities

₹ in million

	As at March 31, 2021	As at March 31, 2020
Legal matters under dispute :		
Service tax	177.2	176.6
Sales tax	159.2	149.8
Excise duty	11.7	11.7
Goods & Services tax	0.9	0.9
Guarantees given by the bankers on behalf of the Company	-	2.2
Claims against the Company not acknowledged as debts	11.0	7.8
Bonus liability pertaining to financial year 2014-15	5.8	5.8
Total	**365.9**	**354.8**

1. **Legal matters under dispute:**
   The Company is contesting the demands and the management believes that its position 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 legal matters, pending resolution of the proceedings with the appellate authorities.
2. **Bonus liability:** Based on stay order of Gujarat High Court dated April 5, 2016, the Company has not provided bonus liability for 2014-15.
3. 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. In the assessment of the management, the aforesaid matter is not likely to have a significant impact.
4. In addition to above, Corporate Guarantee given to tax authority in respect of sales tax matters amounts to ` 103.0 million.

(b) Capital commitments

₹ in million

	As at March 31, 2021	As at March 31, 2020
Estimated value of contracts in capital account remaining to be executed and not provided for (net of advances)	23.7	93.1
Total	**23.7**	**93.1**

(c) Other commitments

₹ in million

	As at March 31, 2021	As at March 31, 2020
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:	20.6	47.0
Total	**20.6**	**47.0**

(d) There are no contingent assets recognised as at the year end (March 31, 2020 ₹ Nil)

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 34: Research and Development

The amount of Research and Development expenditure incurred in respect of capital expenditure amounted to Nil (March 31, 2020 ₹ Nil) and in respect of revenue expense amounted to ₹153.2 million (March 31, 2020 ₹ 95.6 million). The Research and Development expenditure is incurred in respect of cooling products for comfort and commercial use.

Note 35: Provisions

(i) Information about provisions:

Provision for Warranty

The Company gives one year complete warranty (service and parts), 2 year warranty on parts, 5 year warranty on controllers and 5/10 years warranty on compressors at the time of sale to the 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 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.

(ii) Movement in provisions:

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

₹ in million

	Provision for Warranty	Provision for litigations and probable claims	Total
As at April 1, 2019	267.8	241.6	509.4
Charged/(credited) to profit or loss			-
-additional provision recognized	274.7	31.2	305.9
-unused amounts reversed	(32.2)	(13.8)	(46.0)
-unwinding of discount	6.3	-	6.3
Amounts used during the year	(165.8)	(7.4)	(173.2)
As at March 31, 2020	**350.8**	**251.6**	**602.4**
Charged/(credited) to profit or loss			
-additional provision recognized	133.4	10.6	144.0
-unused amounts reversed	(14.8)	-	(14.8)
-unwinding of discount	4.9	-	4.9
Amounts used during the year	(94.3)	-	(94.3)
As at March 31, 2021	**380.1**	**262.2**	**642.3**

Note: Provision for warranty during the year and utilization do not include ₹ 152.5 million for the year ended March 31, 2021 (March 31, 2020 - ₹ 246.7 million) contractually payable to dealers and service providers to meet warranty cost.

Note 36: Employee benefit obligations

(a) Compensated absences

The Compensated absences covers the liability for privilege leave and sick leave. The classification of compensated absences into current and non-current is based on the report of independent actuary.

(b) Post employment obligations

Defined contribution plans

The Company contributes to defined contribution plan viz., employees' provident fund / pension fund, employees state insurance and superannuation fund. The obligation of the Company is limited to the amount contributed and it has no further contractual or constructive obligation.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 36: Employee benefit obligations (Contd...)

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

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Employer's Contribution to Provident fund	65.5	62.5
Employer's Contribution to Employee State Insurance	1.3	2.6
Employer's Contribution to Superannuation fund	9.4	7.3
Total	**76.2**	**72.4**

Note : The above amount does not include administrative charges.

Defined benefit plans

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:

₹ in million

	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	**211.6**	**(208.3)**	**3.3**
Current service cost	27.5	-	27.5
Interest expense/(income)	15.7	(15.9)	(0.2)
Total amount recognized in the Statement of Profit and Loss	**43.2**	**(15.9)**	**27.3**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / (income)	-	(1.3)	(1.3)
(Gain)/loss from change in demographic assumptions*	-	-	-
(Gain)/loss from change in financial assumptions	38.3	-	38.3
Experience (gains)/losses	4.1	-	4.1
Total amount recognized in Other comprehensive income	**42.4**	**(1.3)**	**41.2**
Employer contributions	-	(40.0)	(40.0)
Benefit payments	(23.4)	6.1	(17.3)
March 31, 2020	**273.9**	**(259.4)**	**14.5**
Current service cost	35.1	-	35.1
Interest expense/(income)	18.0	(17.2)	0.8
Total amount recognized in the Statement of Profit and Loss	**53.1**	**(17.2)**	**35.9**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / (income)	-	0.8	0.8
(Gain)/loss from change in demographic assumptions	(5.3)	-	(5.3)
(Gain)/loss from change in financial assumptions	(3.5)	-	(3.5)
Experience (gains)/losses	5.0	-	5.0
Total amount recognized in Other comprehensive income	**(3.8)**	**0.8**	**(3.0)**
Employer contributions		(54.9)	(54.9)
Benefit payments	(8.5)	17.9	9.4
March 31, 2021	**314.7**	**(312.8)**	**1.9**

* (Gain)/loss from change in demographic assumptions amounts to ₹ 6010

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 36: Employee benefit obligations (Contd...)

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

₹ in million

	As at March 31, 2021	As at March 31, 2020
Fair value of plan assets	(312.8)	(259.4)
Present value of funded obligation	314.7	273.9
Deficit/(Surplus) of gratuity plan	**1.9**	**14.5**

Categories of plan assets are as follows:

₹ in million

	As at March 31, 2021	As at March 31, 2020
Insurer managed fund	312.8	259.4
Total	**312.8**	**259.4**

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	As at March 31, 2021	As at March 31, 2020
Discount rate (p.a.)	6.75%	6.65%
Salary growth rate (p.a.)	Operators : 15% for first 3 years, 8% thereafter, Others : 7.5%	Operators : 15% for first 4 years, 8% thereafter, Others : 7.5%

Future mortality rates are obtained from relevant table of Indian Assured Lives Mortality (2012-14) Ultimate as at March 31, 2021 and March 31, 2020.

Sensitivity analysis

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

₹ in million

Defined benefit obligation	As at March 31, 2021	As at March 31, 2020
Discount rate (Change in assumptions)		
Increase by 1%	281.9	241.0
Decrease by 1%	352.9	313.4
Salary growth rate (Change in assumptions)		
Increase by 1%	351.9	312.3
Decrease by 1%	282.8	241.2

The above sensitivity analysis is 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.

Johnson Controls HITACHI Air conditioning solutions

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 36: Employee benefit obligations (Contd...)

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, 2021 is ₹ 12.3 million, (March 31, 2020 - ₹ 6.4 million)

The weighted average duration of the defined benefit obligation is 14.96 years (March 31, 2020 – 16.72 years). The expected maturity analysis of undiscounted gratuity benefits is as follows:

₹ in million

Duration	As at March 31, 2021	As at March 31, 2020
Less than a year	12.3	6.4
Between 1-2 years	16.5	6.5
Between 2-5 years	60.8	36.0
Over 5 years	125.8	101.4

The above disclosure of obligation is limited to outflows over the period of 10 years.

Note 37: Fair value measurements

(i) Classification of Financial Instruments

This section mentions the classification of financial instruments as under:

₹ in million

	As at March 31, 2021			As at March 31, 2020		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Trade Receivables	-	-	2,640.8	-	-	2,545.6
Loans to Employees	-	-	14.6	-	-	9.9
Derivative Contracts	6.2	-	-	44.4	-	-
Other receivables	-	-	15.4	-	-	190.5
Margin money deposits	-	-	2.7	-	-	2.6
Security deposits	-	-	56.7	-	-	54.2
Cash and cash equivalents	-	-	1,220.3	-	-	176.4
Bank balances other than Cash and cash equivalents above	-	-	2.4	-	-	2.9
Interest accured on fixed deposits	-	-	1.2	-	-	-
Total financial assets	**6.2**	**-**	**3,954.1**	**44.4**	**-**	**2,982.1**
Financial liabilities						
Borrowings	-	-	-	-	-	1,587.2
Trade payables	-	-	6,339.4	-	-	5,499.6
Deposit from dealers and others	-	-	32.9	-	-	32.1
Payable for capital suppliers	-	-	38.1	-	-	50.8
Unclaimed dividends	-	-	2.4	-	-	2.9
Employee related payables	-	-	119.4	-	-	105.5
Derivative Contracts	1.7	-	-	3.1	-	-
Total financial liabilities	**1.7**	**-**	**6,532.2**	**3.1**	**-**	**7,278.1**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 37: Fair value measurements (Contd...)

(ii) Fair value hierarchy

This section explains the judgements & estimates made in determining the fair value 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) Assets and liabilities which are measured at amortised cost for which fair values are disclosed.

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 and no material differences in the values, Difference between fair value of non-current financial instruments carried at amortised cost and the carrying value, except lease liabilities is not considered to be material to the financial statement.

(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 38: Financial risk management and Capital management (Also, Refer Note: 43)

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 and other payables borrowings. 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.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 38: Financial risk management and Capital management (Also, Refer Note: 43) (Contd...)

i) **Trade receivables**

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 ₹ 75.0 million (March 31, 2020 - ₹ 150.0 million). This is not considered significant component to the overall operations of the Company.

The Company does not have a high concentration of credit risk to a single customer exceeding 10% of company revenue. Single largest customer have the total exposure in receivables of ₹ 160.3 million as of March 31, 2021 (March 31, 2020 - ₹ 309.7 million).

The Company uses the Expected Credit Loss (ECL) model to assess the impairment gain or loss. 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 movement in the allowance for impairment in respect of trade receivables is as follows:

₹ in million

Duration	As at March 31, 2021	As at March 31, 2020
Balance at the beginning	77.5	94.2
Impairment loss recognised/(reversed)	33.3	(16.7)
Amounts written off	(54.7)	-
Balance at the end	**56.1**	**77.5**

ii) **Cash and cash equivalents, bank balances, bank deposits and other financial assets**

The bank balances and deposits are held with banks having high credit rating.

None of the other financial instruments of the Company result in material concentration of credit risk.

(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 credit facilities amounting to ₹ 5,144.0 million as at March 31, 2021 (March 31, 2020 : ₹ 1,559.1 million) from its bankers to address any potential liquidity risk arising out of the existing Covid-19 situation. Further, the Company expects realisation of its current assets including accounts receivables and inventories within twelve months ending March 31, 2022.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 38: Financial risk management and Capital management (Also, Refer Note: 43) (Contd...)

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:

₹ in million

As at March 31, 2021	Note No.	Carrying amount	Less than 12 months	More than 12 months	Total
Non derivatives					
Lease Liabilities		890.1	306.7	768.1	1,074.8
Trade payables	20 (b)	6,339.4	6,339.4	-	6,339.4
Deposits from dealers and others	20 (c)	32.9	32.9	-	32.9
Payable for capital suppliers	20 (c)	38.1	38.1	-	38.1
Unclaimed dividends	20 (c)	2.4	2.4	-	2.4
Employee related payables	20 (c)	119.4	119.4	-	119.4
Derivatives					
Derivative contracts	20 (c)	1.7	1.7	-	1.7
Total liabilities		**7,424.0**	**6,840.6**	**768.1**	**7,608.7**

₹ in million

As at March 31, 2020	Note No.	Carrying amount	Less than 12 months	More than 12 months	Total
Non derivatives					
Current Borrowings	20 (a)	1,587.2	1,587.2	-	1,587.2
Lease Liabilities		281.7	73.0	285.5	358.5
Trade payables	20 (b)	5,499.6	5,499.6	-	5,499.6
Deposits from dealers and others	20 (c)	32.1	32.1	-	32.1
Payable for capital suppliers	20 (c)	50.8	50.8	-	50.8
Unclaimed dividends	20 (c)	2.9	2.9	-	2.9
Employee related payables	20 (c)	105.5	105.5	-	105.5
Derivatives					
Derivative contracts	20 (c)	3.1	3.1	-	3.1
Total liabilities		**7,562.9**	**7,354.2**	**285.5**	**7,639.7**

(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.

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 (₹) 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 parallel foreign exchange rate shift of USD by 5% and JPY by 5% against the functional currency of the Company.

Johnson Controls HITACHI Air conditioning solutions

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 38: Financial risk management and Capital management (Also, Refer Note: 43) (Contd...)

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:

Foreign currency exposure ₹ in million

	As at March 31, 2021		As at March 31, 2020		
	USD	JPY	USD	JPY	Others
Assets					
Trade Receivables	186.9	-	185.1	-	-
Bank Balance in EEFC account	95.8	-	136.0	-	-
Other financial assets	15.8	-	14.3	-	-
	298.5	**-**	**335.3**	**-**	**-**
Liabilities					
Trade Payable	2,499.6	17.1	1,935.7	20.0	2.5
Other financial liabilities	22.3	5.0	42.5	-	-
	2,521.8	**22.1**	**1,978.2**	**20.0**	**2.5**
Derivative to hedge exposure					
Forward contracts (Buy)	1,532.4	-	1,640.4	-	-

Sensitivity - Foreign Currency

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

	Increase / (decrease) in profit after tax	
	March 31, 2021	March 31, 2020
USD Sensitivity		
Depreciation of ₹ against USD by 5% (March 31, 2020 - 5%)*	(25.9)	(0.1)
Appreciation of ₹ against USD by 5% (March 31, 2020 - 5%)*	25.9	0.1
JPY Sensitivity		
Depreciation of ₹ against JPY by 5% (March 31, 2020 - 5%)*	(0.8)	(0.6)
Appreciation of ₹ against JPY by 5% (March 31, 2020 - 5%)*	0.8	0.6

* 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 & securities premium.

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 is not subject to financial covenants in any of its significant financing agreements.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 38: Financial risk management and Capital management (Also, Refer Note: 43) (Contd...)

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. Refer the below note for dividend declared and paid.

(b) Dividend

₹ in million

	March 31, 2021	March 31, 2020
Equity shares		
Final Dividend for the year ended March 31, 2020 - ₹ Nil (March 31, 2019 - ₹ 1.5) per fully paid-up share	-	40.8
Dividends not recognised at the end of the reporting period		
The Board of Directors did not recommend dividend subsequent to the year ended March 31, 2021 and March 31, 2020.	-	-

Note 39: Related party disclosure (As per Ind AS -24)

I Relationship

A. Parties exercising control	**Ultimate Parent**
	Johnson Controls International PLC, Inc., Ireland (JC)
	Immediate Parent
	JCHAC India Holdco Limited, UK
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 Pvt. Ltd.
	Johnson Controls, Inc., USA
	Johnson Controls-Hitachi Air Conditioning Spain, S.A.
	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 Air Conditioning And Refrigeration Fze., Dubai
	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 Ar Condicionado do Brasil Ltda.
	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 Trading (Hong Kong) Limited
	Johnson Controls (S) PTE Ltd., Singapore
	Johnson Controls Technology Company,(USA).
	Johnson Controls-Hitachi Air Conditioning Technology (Wuxi) Co. Ltd., China
	Johnson Controls-Hitachi Air Conditioning Taiwan Co. Ltd.
	Johnson Controls Building Efficiency Technology (Wuxi) Co.,Ltd
	Hitachi Johnson Controls Air Conditioning Inc., Japan
	Rola Star Pvt. Limited, India
	York International (SA) Inc, USA
	Tyco Fire & Security India Private Limited
C. Associate/Joint Venture in JC Group	Highly Electrical Appliances India Pvt. Ltd.

Johnson Controls HITACHI Air conditioning solutions

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 39: Related party disclosure (As per Ind AS -24) (Contd...)

D. Associates	**Entities having significant influence over the Company**
	Hitachi Global Life Solution Inc.
	Subsidiaries of entities having significant influence over the Company
	Hitachi Automotive System (India) Pvt. Limited
	Hitachi Consumer Products (Thailand) Ltd.
	Hitachi High Technologies Hong Kong Ltd.
	Hitachi High- Technologies India Pvt. Ltd.
	Hitachi High-Technologies Corporation
	Hitachi Hirel Power Electronics Pvt. Ltd.
	Hitachi Home Electronics Asia (S) Pte. Ltd.
	Hitachi India Pvt. Ltd.
	Hitachi Lift India Pvt. Ltd.
	Hitachi Metals Singapore Pte Ltd.
	Hitachi Sales Middle East Fze
	Hitachi Payment Services Pvt. Ltd
	Hitachi Systems Micro Clinic Pvt Ltd.
	Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd., China
	Tata Hitachi Construction Machinery Company Pvt. Ltd.
E. Key Managerial Personnel	Mr. Gurmeet Singh (Chairman and Managing Director)
	Mr. Shinichi Iizuka (Non-executive non-independent Director)
	Mr. Yoshikazu Ishihara (Non-executive non-independent Director)
	Mr. Mukesh Patel (Independent Director)
	Mr. Ashok Balwani (Independent Director)
	Ms. Indira Parikh (Independent Director)

F. Post employment benefit plan of Johnson Controls-Hitachi Air Conditioning India Limited

Johnson Controls-Hitachi Air Conditioning India Limited Employees Gratuity Scheme (Trust) (Refer Note 36 for contribution made)

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 39: 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:

₹ in million

Sr. No.	Transactions	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		For the year ended		For the year ended		For the year ended		For the year ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
A	**Transaction during the year**										
1	Purchase of raw material										
	Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	1,145.3	2,145.5	-	-	-	-
	Johnson Controls-Hitachi Components (Thailand) Co. Ltd.	-	-	639.6	834.3	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	-	25.2	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Taiwan Co. Ltd.	-	-	-	48.1	-	-	-	-	-	-
	Hitachi High-Technologies Corporation	-	-	-	-	-	-	1.3	63.4	-	-
	Hitachi High Technologies Hong Kong Ltd.	-	-	-	-	-	-	0.3	-	-	-
	Others	-	-	38.7	6.8	-	-	-	2.5	-	-
	Total	**-**	**-**	**678.3**	**914.4**	**1,145.3**	**2,145.5**	**1.6**	**65.9**	**-**	**-**
2	Purchase of stock-in-trade										
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	-	-	421.4	726.9	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	74.5	32.2	-	-	-	-	-	-
	Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd	-	-	-	-	-	-	358.5	632.7	-	-
	Johnson Controls-Hitachi Wanbao Air Conditioning Systems (Shanghai) Co.Ltd	-	-	8.1	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Wanbao Air Conditioning Guangzhou Co. Ltd., China	-	-	50.5	-	-	-	-	-	-	-
	Johnson Controls-Hitachi Air Conditioning Wuhu Co. Ltd., China	-	-	9.9	-	-	-	-	-	-	-
	Others	-	-	12.7	38.9	-	-	0.4	0.7	-	-
	Total	**-**	**-**	**155.7**	**71.1**	**-**	**-**	**780.3**	**1,360.3**	**-**	**-**
3	Technical know-how fees (capitalised)										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	7.0	0.6	-	-	-	-	-	-
	Total	**-**	**-**	**7.0**	**0.6**	**-**	**-**	**-**	**-**	**-**	**-**
4	Liabilities no longer required written back										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	8.5	-	-	-	-	-	-	-
	Total	**-**	**-**	**8.5**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

₹ in million

Sr. No.	Transactions	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		For the year ended		For the year ended		For the year ended		For the year ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
5	Other Operating Revenue										
	Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	-	2.6	-	-	-	-
	Johnson Controls Air Conditioning and Refrigeration, Inc (Dubai Branch)	-	-	-	1.1	-	-	-	-	-	-
	Total	**-**	**-**	**-**	**1.1**	**-**	**2.6**	**-**	**-**	**-**	**-**
6	Sale of products										
	Johnson Controls India Private Limited	-	-	-	155.5	-	-	-	-	-	-
	Hitachi Home Electronics Asia (S) Pte. Ltd.	-	-	-	-	-	-	81.6	101.5	-	-
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	-	307.3	107.2	-	-	-	-	-	-
	Johnson Control International (L.L.C).,(UAE)	-	-	-	66.7	-	-	-	-	-	-
	Highly Electrical Appliances India Private Limited.	-	-	-	-	0.7	-	-	-	-	-
	Hitachi Payment Services Pvt. Ltd	-	-	-	-	-	-	35.5	-	-	-
	York International (SA) Inc.	-	-	129.3	-	-	-	-	-	-	-
	Others	-	-	22.8	5.2	-	1.0	0.3	4.1	-	-
	Total	**-**	**-**	**459.4**	**334.6**	**0.7**	**1.0**	**117.4**	**105.6**	**-**	**-**
7	Sale of services										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	513.0	619.0	-	-	-	-	-	-
	Hitachi Payment Services Pvt. Ltd	-	-	-	-	-	-	5.5	-	-	-
	Hitachi Hirel Power Electronics Pvt. Ltd.	-	-	-	-	-	-	1.3	-	-	-
	Hitachi Automotive System (India) Pvt. Limited	-	-	-	-	-	-	0.8	-	-	-
	Others	-	-	0.1	0.1	-	0.5	0.3	14.5	-	-
	Total	**-**	**-**	**513.1**	**619.1**	**-**	**0.5**	**7.9**	**14.5**	**-**	**-**
8	Advertisement, Salary & Other Expense recovery										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	63.9	67.5	-	-	-	-	-	-
	Johnson Controls Hitachi Air Conditioning Europe Sas, France	-	-	27.2	-	-	-	-	-	-	-
	Others	-	-	6.2	0.5	-	4.9	-	5.4	-	-
	Total	**-**	**-**	**97.3**	**68.0**	**-**	**4.9**	**-**	**5.4**	**-**	**-**
9	Testing Expense										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	-	24.5	-	-	-	-	-	-
	Others	-	-	-	0.5	-	0.1	-	2.1	-	-
	Total	**-**	**-**	**-**	**25.0**	**-**	**0.1**	**-**	**2.1**	**-**	**-**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

₹ in million

Sr. No.	Transactions	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		For the year ended		For the year ended		For the year ended		For the year ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
10	Commission										
	Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	-	-	3.7	-	-	-	-	-	-	-
	Hitachi Sales Middle East Fze	-	-	-	-	-	-	0.1	-	-	-
	Total	**-**	**-**	**3.7**	**-**	**-**	**-**	**0.1**	**-**	**-**	**-**
11	Key management personnel compensation										
	Mr. Gurmeet Singh										
	- Short term employee benefits	-	-	-	-	-	-	-	-	21.7	17.7
	- Post employment benefits	-	-	-	-	-	-	-	-	1.4	1.2
	Directors sitting fees										
	Mr. Mukesh Patel	-	-	-	-	-	-	-	-	0.8	0.6
	Mr. Ashok Balwani	-	-	-	-	-	-	-	-	0.8	0.7
	Ms. Indira Parikh	-	-	-	-	-	-	-	-	0.8	0.6
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.8**	**20.8**
12	Royalty										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	147.1	233.4	-	-	-	-	-	-
	Hitachi Global Life Solution Inc.	-	-	-	-	-	-	133.9	188.0	-	-
	Others	-	-	0.2	0.9	-	-	-	-	-	-
	Total	**-**	**-**	**147.3**	**234.3**	**-**	**-**	**133.9**	**188.0**	**-**	**-**
13	Purchase of capital goods										
	Tyco Fire & Security India Private Limited	-	-	2.3	12.1	-	-	-	-	-	-
	Johnson Controls, Inc., USA	-	-	-	13.6	-	-	-	-	-	-
	Johnson Controls (S) PTE Ltd., Singapore	-	-	-	3.9	-	-	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	5.3	-	-	-	-	-	-	-
	Johnson Controls India Private Limited	-	-	33.6	-	-	-	-	-	-	-
	Others	-	-	-	0.2	-	-	-	3.9	-	-
	Total	**-**	**-**	**41.2**	**29.8**	**-**	**-**	**-**	**3.9**	**-**	**-**
14	Reimbursement of salaries & other expenses										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	25.4	3.6	-	-	-	-	-	-
	Johnson Controls Hitachi Air Conditioning Europe Sas, France	-	-	-	13.8	-	-	-	-	-	-
	Johnson Controls, Inc., USA	-	-	19.7	29.2	-	-	-	-	-	-
	Hitachi Global Life Solution Inc.	-	-	-	-	-	-	7.7	6.0	-	-
	Others	-	-	3.0	-	-	-	-	2.4	-	-
	Total	**-**	**-**	**48.1**	**46.6**	**-**	**-**	**7.7**	**8.4**	**-**	**-**
15	Proceeds from Loan										
	Rola Star Pvt. Limited, India	-	-	30.0	-	-	-	-	-	-	-
	Total	**-**	**-**	**30.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

₹ in million

Sr. No.	Transactions	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		For the year ended		For the year ended		For the year ended		For the year ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
16	Repayment of Loan										
	Rola Star Pvt. Limited, India	-	-	30.0	-	-	-	-	-	-	-
	Total	**-**	**-**	**30.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
17	Interest on Loan										
	Rola Star Pvt. Limited, India	-	-	0.2	-	-	-	-	-	-	-
	Total	**-**	**-**	**0.2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
18	Dividend Payment										
	JCHAC India Holdco Limited, UK	-	30.3	-	-	-	-	-	-	-	-
	Total	**-**	**30.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(B)	**Balance at year end**										
	Receivable										
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	55.7	70.0	-	-	-	-	-	-
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	-	-	15.4	14.3	-	-
	Johnson Controls-Hitachi Air Conditioning (S) Pte Ltd	-	-	16.4	-	-	-	-	-	-	-
	Johnson Controls (S) PTE Ltd., Singapore	-	-	-	70.8	-	-	-	-	-	-
	Hitachi Payment Services Pvt. Ltd	-	-	-	-	-	-	23.8	-	-	-
	York International (SA) Inc.	-	-	23.2	-	-	-	-	-	-	-
	Hitachi Home Electronics Asia (S) Pte. Ltd.	-	-	-	-	-	-	15.6	-	-	-
	Others	-	-	10.3	6.8	-	0.30	0.6	3.5	-	-
	Total Amount	**-**	**-**	**105.5**	**147.6**	**-**	**0.3**	**55.4**	**17.8**	**-**	**-**
	Payable										
	Hitachi Consumer Products (Thailand) Ltd.	-	-	-	-	-	-	209.9	130.2	-	-
	Hitachi Johnson Controls Air Conditioning Inc., Japan	-	-	202.0	95.6	-	-	-	-	-	-
	Highly Electrical Appliances India Pvt. Ltd.	-	-	-	-	546.3	682.7	-	-	-	-
	Johnson Controls-Hitachi Components (Thailand) Co. Ltd., Thailand	-	-	247.3	408.5	-	-	-	-	-	-
	Qingdao Hisense Hitachi Air- Conditioning Systems Co. Ltd., China	-	-	-	-	-	-	155.0	20.9	-	-
	Hitachi Global Life Solution Inc	-	-	-	-	-	-	80.8	-	-	-
	Others	-	-	37.5	52.7	-	-	-	70.5	-	-
	Total Amount	**-**	**-**	**486.8**	**556.8**	**546.3**	**682.7**	**445.7**	**221.6**	**-**	**-**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

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 provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

III. Terms and Conditions

Transactions relating to dividends were on same terms and conditions that applied to other shareholders. All other transactions were made on normal commercial terms and condition.

All outstanding balances are unsecured and will be settled in cash.

Note 40: Segment Reporting

A. Description

The Company's chief operating decision maker (CODM), Chairman & Managing Director (CMD), assesses the financial performance and position of the Company, and make strategic decisions. The Company has identified the following two reportable segments.

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 to group company outside India and to the Company's segment-Cooling Product for comfort and commercial use.

The Company's chief operating decision maker (CODM), Chairman & Managing Director (CMD) 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.

₹ in million

	2020-21			2019-20		
	Cooling products for comfort and commercial use	**Design and development Services**	**Total**	**Cooling products for comfort and commercial use**	**Design and development Services**	**Total**
Segment Revenue						
External Sales	15,952.4	650.3	16,602.7	21,354.8	700.8	22,055.6
Less : Inter - Segment Sales	-	137.3	137.3	-	81.9	81.9
Total Revenue from operations	**15,952.4**	**513.0**	**16,465.4**	**21,354.8**	**618.9**	**21,973.7**
Segment Results						
Earnings before Interest and Tax and Exceptional items	413.3	85.5	498.8	1,137.6	103.2	1240.8
Less: Exceptional items	(71.1)	-	(71.1)	7.5	-	7.5
Less: Interest expense	135.6	-	135.6	50.2	-	50.2
Profit before tax	**348.8**	**85.5**	**434.3**	**1,079.9**	**103.2**	**1,183.1**
Segment Assets	**13,377.0**	**1,523.6**	**14,900.6**	**13,733.4**	**1618.3**	**15,351.7**
Unallocated corporate assets	-	-	1,525.6	-	-	489.0
Total Segment assets	**13,377.0**	**1,523.6**	**16,426.2**	**13,733.4**	**1618.3**	**15,840.7**
Segment Liabilities	**8,986.9**	**164.5**	**9,151.4**	**8,763.2**	**189.4**	**8,952.6**
Unallocated corporate liabilities	-	-	56.3	-	-	2.9
Total Segment Liabilities	**8,986.9**	**164.5**	**9,207.7**	**8,763.2**	**189.4**	**8,955.5**

Johnson Controls HITACHI
Air conditioning solutions

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 40: Segment Reporting (Contd...)

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.

₹ in million

	2020-21			2019-20		
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total
Segment revenue						
India	15,236.2	137.3	15,373.5	20,763.1	81.9	20,845.0
Outside India	716.2	513.0	1,229.2	591.7	618.9	1,210.6
Total	**15,952.4**	**650.3**	**16,602.7**	**21,354.8**	**700.8**	**22,055.6**
Less: Inter Segment Revenue	-	(137.3)	(137.3)	-	(81.9)	(81.9)
Total segment revenue from operations	**15,952.4**	**513.0**	**16,465.4**	**21,354.8**	**618.9**	**21,973.7**

D. Non-current segment asset

₹ in million

	2020-21	2019-20
India	4,818.5	4,540.2
Outside India	-	-
Total Non-current Segment assets	**4,818.5**	**4,540.2**

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

Note 41: Revenue from contracts with customers

Reconciliation of revenue recognised with contract price:

₹ in million

	Year ended March 31, 2021	Year ended March 31, 2020
Contract Price	17,455.3	23,508.2
Adjustment for:		
Incentives and performance bonus	(989.9)	(1,534.5)
Revenue recognised	**16,465.4**	**21,973.7**

In the following table, revenue is disaggregated 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.

₹ in million

	2020-21			2019-20		
	Cooling products for comfort and commercial use	Design and development Services	Total	Cooling products for comfort and commercial use	Design and development Services	Total
Major Products /service lines						
Room air conditioners	10,954.1	-	10,954.1	15,075.4	-	15,075.4
Commercial air conditioners	1,920.7	-	1,920.7	2,651.4	-	2,651.4
Home appliances	775.8	-	775.8	1,160.5	-	1,160.5
Service Income	777.1	513.0	1,290.1	904.5	618.9	1,523.4
Others	1,524.7	-	1,524.7	1,563.0	-	1,563.0
Total	**15,952.4**	**513.0**	**16,465.4**	**21,354.8**	**618.9**	**21,973.7**
Timing of revenue recognition						
Goods / Services Transferred at a point of time	15,297.0	-	15,297.0	20,600.8	-	20,600.8
Service transferred over time	655.3	513.0	1,168.3	754.0	618.9	1,372.9
	15,952.4	**513.0**	**16,465.4**	**21,354.8**	**618.9**	**21,973.7**

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 41: Revenue from contracts with customers (Contd...)

Information about Contract assets and Contract Liabilities

	Contract assets	Contract liabilities
As at April 1, 2019	**214.9**	**299.9**
Revenue recognised that was included in the contract liability balance at the beginning of the period		233.8
Increases due to cash received, excluding amounts recognised as revenue during the period		222.1
Transfers from contract assets recognised at the beginning of the period to receivables	189.8	
Increases as a result of changes in the measure of progress	86.8	
As at March 31, 2020	**111.9**	**288.2**
Revenue recognised that was included in the contract liability balance at the beginning of the period		183.8
Increases due to cash received, excluding amounts recognised as revenue during the period		164.2
Transfers from contract assets recognised at the beginning of the period to receivables	74.2	
Increases as a result of changes in the measure of progress	42.0	
As at March 31, 2021	**79.7**	**268.6**

Unsatisfied performance obligation

	As at March 31, 2021	As at March 31, 2020
Aggregate amount of the transaction price allocated to construction contracts that are partially unsatisfied as at reporting date	243.1	277.0
Revenue recognised from performation obligation unsatisfied in previous period	33.5	319.7

Management expects that 40% (March 31, 2020: 35%) of transaction price allocated to the unsatisfied contracts as on March 31, 2021 will be recognised as revenue during the next reporting period 2021-22.

Note 42: Exceptional Items

In the month of August 2019, there was a major fire at one of the Company's warehouse and due to this, there was a loss of inventory. During the year ended March 31, 2020, such loss (net of estimated insurance claim receivable) of ₹ 7.5 million was recognized. Based on the final assessment by Surveyor, an amount of ₹ 71.1 million was recognized as income during the year ended March 31, 2021 towards insurance claim receivable.

Note 43: Impact due to Covid-19 pandemic

The Central/State government authorities have imposed various restrictions to control the spread of Covid-19 pandemic and these restrictions have been prevalent during the seasonal period of the Company's business. The Company predominantly operates in air-conditioning business which is seasonal in nature, and the seasonal period is the first and the last quarter of every financial year. The low market demand due to Covid-19 pandemic has impacted the Company's financial results for the year ended March 31, 2021.

The Company's management has done an assessment of the situation including the liquidity position, and the recoverability and carrying value of all its assets and liabilities as at March 31, 2021, and concluded that there are no material adjustments required in the financial statements as at March 31, 2021. However, the Company will continue to monitor any material changes as the situation evolves.

Notes forming part of the Financial Statements

for the year ended March 31, 2021

Note 44: Earnings per share

	As at March 31, 2021	As at March 31, 2020
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in million)	331.0	835.3
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 ₹)	10.0	10.0
Basic and diluted earnings per share (in ₹)	12.2	30.7

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

Note 45: Disclosures pursuant to section 186(4) of the Companies Act, 2013

₹ in million

	Purpose	As at March 31, 2021	As at March 31, 2020
Corporate guarantees given to bank against the credit facilities availed by dealers	To partially address dealers working capital requirement	75.0	150.0

Note 46: Events occurring after reporting period

The Company evaluated subsequent events through May 25, 2021, 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

Sachin Parekh
Partner
Membership No.: 107038

Place: Mumbai
Date: May 25, 2021

For and on behalf of the Board of Directors

Gurmeet Singh
Chairman & Managing Director
DIN : 06938403
Place: New Delhi

Yoshikazu Ishihara
Director
DIN : 07998690
Place: Tokyo

Rishi Mehta
Chief Financial Officer
Place: Kadi
Date: May 25, 2021

Parag Dave
Company Secretary
Membership No.: 12626
Place: Kadi
Date: May 25, 2021