

**Hitachi Home & Life Solutions (India) Limited**

**Recommendations of the Committee of Independent Directors ("IDC") of Hitachi Home & Life Solutions (India) Limited in relation to the open offer ("Offer") made by Johnson Controls, Inc. ("Acquirer") along with Hitachi Appliances, Inc., Hitachi, Limited, JCHAC India Holdco Limited and Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd. as persons acting in concert ("PACs") to the public shareholders of Hitachi Home & Life Solutions (India) Limited ("Target Company") under Regulation 26(7) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("Regulations")**

1.	Date	January 2, 2016
2.	Name of the Target Company	Hitachi Home & Life Solutions (India) Limited
3.	Details of the Offer pertaining to Target Company	<p>The Offer is being made by the Acquirer and the PACs for acquiring 70,00,990 Equity shares of face value of Rs. 10 each representing 25.748% of the fully diluted voting equity share capital of Target Company, at a price of Rs. 880.12 (including interest) (Offer price Rs. 821.38 per equity share ("Offer Price") in line with the Regulation 8(3) of the SEBI SAST Regulations, 2011 and Interest Rs. 58.74).</p> <p>Offer Price has been enhanced by Rs. 58.74 per share, being the interest determined at the rate of 10% per annum on the Offer Price for the period between the date of Master Transaction Agreement ("MTA") triggering the Offer i.e. January 21, 2015 and the date of publication of the Detailed Public Statement (i.e. October 9, 2015); therefore the Enhanced Offer Price is Rs. 880.12 per equity share.</p> <p>The equity shares of the Target Company are frequently traded on BSE and NSE within the meaning of Regulation 2(1)(j) of the Regulations, during the 12 (Twelve) months preceding the date on which the Public Announcement ("PA") was made, and are most frequently traded on NSE.</p> <p>This Offer is a mandatory open offer in compliance with Regulation 3, 4 and 5(1) of the SEBI (SAST) Regulations and is being made as a result of an indirect acquisition of voting rights in and control by the Acquirer and the PACs over the Target Company in terms of the MTA.</p> <p>This Offer is being made in accordance with the MTA dated January 21, 2015 entered into by and among Hitachi Appliances, Inc. (PAC1), Hitachi, Limited (PAC2) and the Acquirer as amended pursuant to the First Amendment to MTA on September 2, 2015 and the Second Amendment to MTA on September 30, 2015. Under the terms of the MTA, the parties agreed to establish a joint venture with respect to the PAC1's global air conditioning business. The assets to be contributed to the Joint Venture included, among other assets, all of the equity shares of the Target Company that were owned by PAC1 and its affiliates, which collectively constitute 74.252% of the fully diluted voting equity share capital of the Target Company.</p>

**Hitachi Home & Life Solutions (India) Ltd.**

**a Johnson Controls - Hitachi Air Conditioning Company**

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4.	Name(s) of the acquirer and PACs with the acquirer	<p><u>Name of the Acquirer:</u> Johnson Controls, Inc.</p> <p><u>Persons Acting in Concert with Acquirer:</u></p> <ul style="list-style-type: none"> <li>• Hitachi Appliances, Inc.</li> <li>• Hitachi, Limited</li> <li>• JCHAC India Holdco Limited</li> <li>• Johnson Controls-Hitachi Air Conditioning Holding (UK) Limited</li> </ul>
5.	Name of the Manager to the Offer	<p>DSP Merrill Lynch Limited Express Towers, 16th Floor, Nariman Point, Mumbai– 400 021 Contact Person: Mr. Abhijit Kedia Tel: +91-22-6632 8000 Fax: +91-22-2204 8518 E-mail: dg.hhil_openoffer@baml.com Website: www.dspml.com</p>
6.	Members of the Committee of Independent Directors (Please indicate the chairperson of the committee separately)	<ol style="list-style-type: none"> <li>1. Mr. Mukesh Patel (Chairman)</li> <li>2. Mr. Ashok Balwani</li> </ol>
7.	IDC Member's relationship with the Target Company (Director, Equity shares owned, any other contract/ relationship), if any	<p>All the members of IDC are Independent Directors of the Target Company.</p> <p>The shareholding of Members of IDC or their relatives as on date is as follows:</p> <ol style="list-style-type: none"> <li>1 Mr. Mukesh Patel - 1500</li> <li>2 Mr. Ashok Balwani - Nil</li> </ol> <p>There is no other relationship of IDC Members with the Company except the relationship as Independent directors.</p>
8.	Trading in the Equity shares/other securities of the Target Company by IDC Members	None of the IDC members have traded in the shares of the Target Company in the last twelve months.
9.	IDC Members relationship with the Acquirer (Director, Equity shares owned, any other contract/ relationship), if any.	IDC Members do not have any relationship with the Acquirer.
10.	Trading in the Equity shares/other securities of the Acquirer by IDC Members	None of the IDC members have ever traded in equity shares/ other securities of the Acquirer.
11.	Recommendation on the Open offer, as to whether the offer, is or is not, fair and reasonable	<p>The members of IDC have perused the Detailed Public Statement, the Letter of Offer published by DSP Merrill Lynch Limited and available on the SEBI website, and publicly available information on behalf of the Acquirer and PACs.</p> <p>Based on such review, the Members of the IDC are of the opinion that the Enhanced Offer Price of Rs. 880.12 per equity share (which includes interest amount of Rs. 58.74 per equity share) is in line with the Regulations.</p> <p>The market price of the Target Company on the NSE as of January 1, 2016 is Rs. 1376, which is at a premium to the Enhanced Offer Price.</p> <p>In view of the above, we are of the opinion that it would not be in the interest of shareholders to tender shares in the Offer.</p>



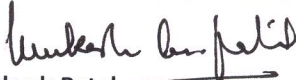
12.	Summary of reasons for recommendation	<p>1. This Offer is a mandatory open offer in compliance with Regulation 3, 4 and 5(1) of the SEBI (SAST) Regulations.</p> <p>2. The Offer Price and Enhanced Offer Price are as per the applicable provisions of the Regulations as below:</p> <p>a. Volume-weighted average market price of the equity shares for a period of 60 (sixty) trading days immediately preceding January 21, 2015 as traded on the NSE (being the exchange on which the equity shares of the Target Company are most frequently traded): Rs. 821.38 per equity share.</p> <p>b. As per regulation 8(5) of the Regulations, where,</p> <p>i. the proportionate net asset value of the target company as a percentage of the consolidated net asset value of the entity or business being acquired; or</p> <p>ii. the proportionate sales turnover of the target company as a percentage of the consolidated sales turnover of the entity or business being acquired; or</p> <p>iii. the proportionate market capitalization of the target company as a percentage of the enterprise value for the entity or business being acquired;</p> <p>is in excess of fifteen per cent, on the basis of the most recent audited annual financial statements, the acquirer shall be required to compute and disclose the per share value of the target company taken into account for the acquisition.</p> <p>The parties to the MTA have allocated a price of Rs. 821 per equity share to the Target Company</p> <p>c. In terms of regulation 8(8) of the Regulations, pursuant to the transaction as set out in the MTA and in order to facilitate the global acquisition, transactions were carried out amongst the Acquirer and the PACs as inter-se transfer of shares at a highest price of Rs 821.38 per share.</p> <p>3. Pursuant to regulation 8(12) of the Regulations, the Offer Price was enhanced by Rs. 58.74 per equity share, being the interest determined at the rate of 10% per annum on the Offer Price for the period between the date of MTA i.e. January 21, 2015 and the date of publication of the Detailed Public Statement (i.e. October 9, 2015), to arrive at the Enhanced Offer Price of Rs. 880.12 per equity share.</p>
13.	Details of Independent Advisors, if any.	Kotak Mahindra Capital Company Limited 27BKC, 1st Floor, Plot No. C-27, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
14.	Any other matter(s) to be highlighted	None

"To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respect, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the Target Company under the Takeover Code."

Place: Delhi  
Date: January 2, 2016



For and on behalf of Independent Directors Committee (IDC)  
of Hitachi Home & Life Solutions (India) Limited

  
Mukesh Patel  
(Chairman – IDC)