



# ANNUAL REPORT

2014 - 2015

Hitachi Home & Life Solutions (India) Limited

# OUR PRODUCT RANGE



Kashikoi



Ace Inverter



Kaze Inverter



Zunoh



Ace Cutout



Star Connect



Ace Reidan Hot & Cold



Star Sumo



Kampa



Kaze Neo Supreme



Kaze Neo



Cassette



Summer TM



Summer QC



Kaze Plus Compact



Kaze Reidan  
Hot & Cold



MIJ  
Refrigerator



French Bottom Freezer  
Refrigerator



Big 2  
Refrigerator



Side by Side  
Refrigerator



Takumi Ductable



Set-Free System



Water-Cooled Chiller



Space Maker

# MESSAGE FROM THE CHAIRMAN



**Shinichi Iizuka**

Chairman

Hitachi Home & Life Solutions (India) Ltd.

My Warm Greetings to the all shareholders of Hitachi Home & Life Solutions (India) Limited.

“The year gone by has been historic for many reasons. Not only did the country give a majority mandate to a single party for the first time in 30 years, they also signaled their rising aspirations and impatience to achieve the same. The Business Fraternity which has struggled with bearish demand is now looking to fulfill the aspirations of the New India and enthusiastically looking upto the government to provide the right signals and impetus to unleash the true growth potential of the Indian Economy”.

While the new government has stated its intent through many steps being taken to improve the economy and also boost investment, I would like to draw attention to three specific initiatives that may have an impact on the Company in the coming years.

The First Initiative is the resolve to Roll out the Goods and Service Tax by April'2016. This can be a big game changer for the industry and it would go a long way to simplify the business and goods movements.

The Second Initiative is the “Make in India” Initiative launched by the government. HHLL has been one of early players in setting up manufacturing in India and has generated jobs for thousands of people in the last 30 years of its existence. We are committed to “Make in India” and today are one of the few AC Companies which manufacture the entire range of ACs in India.

The Third Initiative is the launch of Smart Cities Project. While this is still in its initial stage and has a long way to fructify, the project can open up lots of possibilities for HHLL for increased need for energy efficient, environment friendly air conditioning in various application areas. With Strong indigenous D & D focus, HHLL is rightly positioned to take advantage of the demand arising in these application areas.

While the start has been positive, the Indian Economy is still not out of the woods. Many Companies are still reeling under debt and inflation can rear its ugly head at any given time with increase in the petrol and diesel prices. The Dollar is firming up again and with Import content being nearly half of the total cost; this can have a major impact on the overall operations of the business.

In this cautious optimistic environment, it gives me great pleasure to share with you the highlights of the financial performance for 2014-15, which are largely in line with our goals of long term sustainable growth. Gross revenues from operations increased by 42% from ₹ 11993 Million to ₹ 17073 Million. The operating profit for the first time in HHLL History crossed a figure of ₹ 1000 Million. This has been possible due to strong efforts of the entire Company and I Congratulate the Management team for their confidence and belief in setting audacious goals and then achieving the same.

During the year under review, Room Air conditioners segment witnessed a growth of approximately 13% in sales volume terms. Company has achieved growth at 53% in this segment and increased its market share substantially. The Growth came both in the Window as well as Split segments. In Commercial Air conditioners segment, the market of VRF showed a growth of about 14% while the Company achieved a growth of 24% in the segment. In Chillers segment, market has grown marginally over the last year due to slow growth in commercial real estate. This is an emerging business for the Company and the Company intends to grow in this business.

The Application based Air Conditioners consists of Solution for the Telecommunication Industry and the Banking Industry. With Telecom Industry aggressively switching to IME Model to reduce operating costs, the Telecom Air Conditioners business would continue to be under stress. The Company has a monopoly in this segment and continues to serve its existing base. The Company has also launched a specialized product for banking industry and is looking to cover the gap of telecom AC through this product line.

The Home Appliances segment continues to grow at a good pace but on a small base. The Company is operating in over 300 Ltrs Frost Free Refrigerators Market and Over 7.0 Kgs Front Load Washing Machine Market. While this segment is growing at a good pace, the limited range and limited market addressability make it a small player in the market. The Company is looking to expand the range to address a larger market.

In the Years, beginning 2009-10, your Company has continued to invest large amounts in its Facilities and Sales & Service Network to ensure that the Company is well positioned to leverage demand and serve a wide range of customers across product lines. Today, HHLL operates 42 HCS Centers across India in its endeavor to provide the best in class service to the Indian Customers. HHLL will continue to invest with 3-5 years horizon to ensure that the stakeholders enjoy a sustained profitable growth.

I would like to take this opportunity to thank all the stakeholders of Hitachi Home & Life Solutions (India) Limited – the employees for their commitment and delivery, the vendors for their regular support, the customers for their belief in our products and to you, our shareholders for continuing to repose faith in us. We intend to continuously deliver value to all of you.

I wish all of you the best of health and prosperity in the year 2015-16.

Shinichi Iizuka

# BOARD OF DIRECTORS

---



**Shinichi Iizuka**  
Chairman



**Shoji Tsubokuta**  
Managing Director



**Anil Shah**  
CFO & Executive Director



**Gurmeet Singh**  
Executive Director



**Vinay Chauhan**  
Executive Director



**Ashok Balwani**  
Director



**Dr. Devender Nath**  
Director



**Indira Parikh**  
Director



**Mukesh Patel**  
Director



**R S Mani**  
Director



**Ravindra Jain**  
Director



**Vinesh Sadekar**  
Director



**BOARD OF DIRECTORS**

Shinichi Iizuka	Chairman
Shoji Tsubokuta	Managing Director
Anil Shah	Executive Director
Gurmeet Singh	Executive Director
Vinay Chauhan	Executive Director
Ashok Balwani	Independent Director
Dr. Devender Nath	Independent Director
Indira Parikh	Independent Director
Mukesh Patel	Independent Director
R S Mani	Independent Director
Ravindra Jain	Independent Director
Vinesh Sadekar	Independent Director

**COMPANY SECRETARY**

Parag Dave

**AUDITORS**

S R B C & CO LLP  
Chartered Accountants,  
Ahmedabad

**BANKERS**

State Bank of India  
ICICI Bank  
Standard Chartered Bank

**REGISTERED OFFICE**

9th Floor, Abhijeet-I,  
Mithakhali Six Roads,  
Ahmedabad - 380 006

**HEAD OFFICE & WORKS**

Hitachi Complex, Karannagar – 382 715  
Kadi, Dist.: Mehsana, Gujarat

**REGISTRARS & SHARE TRANSFER AGENT**

Sharepro Services (India) Pvt. Ltd.  
416-420,  
Devnandan Mall,  
Opp. Sanyas Ashram,  
Ellisbridge,  
Ahmedabad – 380 006

---

## CONTENTS

Five Years Financials at a Glance .....	03
Directors' Report and Management Discussion & Analysis .....	04
Report on Corporate Governance .....	25
Auditors' Report .....	31
Balance Sheet .....	34
Statement of Profit and Loss .....	35
Cash Flow Statement .....	36
Notes to Financial Statements .....	38

### Payment of dividend through ECS / NECS

Company is going to use Electronic Clearing Service (ECS) / National Electronic Clearing Service (NECS) facility introduced by Reserve Bank of India (RBI) for distributing dividend to investors. In this system, the investor's bank account is directly credited with the dividend amount.

If your bank has not implemented Core Banking Solutions (CBS) or you have not provided your account number allotted by your Bank (which has implemented CBS), ECS may either be rejected or returned.

In this regard, if you are holding shares in electronic form, please furnish your Bank account number allotted by your Bank along with a photo copy of a cheque pertaining to the concerned account, to your Depository Participant (DP) at your earliest convenience.

However, if you are holding the shares in physical form, you are requested to furnish the account number along with a photo copy of a cheque to the Company's Registrars at the following address:

Sharepro Services (India) Pvt. Ltd. 416-420, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad – 380 006

## FIVE YEARS FINANCIALS AT A GLANCE

(Currency: Rupees in Lacs unless otherwise stated)

PARTICULARS	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Revenue from Operations (Gross)</b>	170,726	119,934	101,922	86,732	82,989
Revenue Growth (Gross)	42%	18%	18%	5%	21%
<b>Revenue from Operations (Net)</b>	157,284	109,973	92,999	79,809	76,401
Revenue Growth (Net)	43%	18%	17%	4%	19%
<b>Total Revenue</b>	<b>157,996</b>	<b>110,547</b>	<b>93,160</b>	<b>79,896</b>	<b>76,868</b>
Earning Before Depreciation, Finance Cost and Tax Expenses(EBDIT)	14,520	5,331	4,805	3,114	6,336
Financial Charges	826	1,195	721	1,003	738
Depreciation & Amortisation	3,593	3,004	2,018	1,832	1,605
Profit Before Tax (PBT)	10,101	1,133	2,066	279	3,993
Provision for Taxation	2,325	328	536	(47)	1,061
Profit After Tax (PAT)	7,776	805	1,530	326	2,933
Equity Share Capital	2,719	2,719	2,296	2,296	2,296
Reserves & Surplus	28,569	21,284	15,879	14,826	14,900
Net Worth	31,288	24,003	18,175*	17,122	17,196
Net Worth Growth	30%	32%	6%	0%	17%
Gross Fixed Assets	38,370	30,734	27,076	22,634	20,432
Net Fixed Assets	24,564	19,763	18,842	14,230	13,663
<b>KEY INDICATORS</b>					
Earnings Per Share (₹)	28.60	2.97	6.67	1.42	12.77
Cash Earnings Per Share (₹)	41.81	14.01	15.46	9.40	19.76
Book Value Per Share (₹)	115.07	88.27	79.16	74.57	74.89
Total Debt to Equity	0.44 : 1	0.52 : 1	0.91 : 1	0.58 : 1	0.52 : 1
EBDIT / Revenue from Operations (Net) %	9%	5%	5%	4%	8%
Net Profit Margin %	5%	1%	2%	0%	4%
Return on Net Worth %	25%	3%	8%	2%	17%
Return on Capital Employed %	24%	6%	7%	5%	18%

### Notes:

Previous years' figures regrouped wherever necessary

\* Exclusive of "share application money pending allotment"

---

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

Your Directors have pleasure in presenting the Thirtieth Annual Report and the Audited Financial Statements, for the year ended March 31, 2015.

### FINANCIAL HIGHLIGHTS

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

(₹ In Lacs)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Revenue from operations (gross)	170726	119934
Less : Excise duty	13442	9962
Revenue from operations (net)	157284	109972
Other income	712	575
Total revenue	157996	110547
Profit before finance cost, depreciation and tax	14520	5332
Finance cost	826	1195
Depreciation and amortization expenses	3593	3004
Tax expense	2325	328
Profit for the year	7776	805
Amount transferred to General Reserve	778	80

### DIVIDEND

Your Directors recommend a dividend of ₹ 1.50 per Equity Share for the year ended March 31, 2015. This is subject to the approval of the Members at the ensuing Annual General Meeting.

### ABOUT HITACHI HOME & LIFE SOLUTIONS (INDIA) LIMITED

Hitachi Home & Life Solutions (India) Limited (HHLI) is a subsidiary of Hitachi Appliances Inc. Japan. Since its inception, it is the endeavor of the Company to develop quality products with latest technology that contribute to the overall prosperity of the society. As of today, HHLI produces a range of Air conditioners and trades in Refrigerators and Washing Machines. In the Air conditioning segment, the Company offers Room Air conditioners, Commercial Air conditioners, Chillers, VRF Systems and Rooftops. Apart from the products, the Company has a division for Projects which focuses on the end to end projects for HVAC.

Company's manufacturing facility at Kadi, North Gujarat, is amongst the 10 Hitachi Air conditioner manufacturing facilities worldwide. With a total installed capacity of 430,000 Room Air conditioners per annum (in a single shift), HHLI is amongst the top Air conditioning manufacturing companies in India. In addition to that, the Company also has the capacity to manufacture 120,000 Tons of Ductable Units, 9,000 VRF ODUs and 300 Chillers per annum.

The products are supported by a strong nationwide distribution consisting of 5 regional offices and 21 branch offices. The Company has expanded its distribution network and today has more than 4,000 sales points across the country. The Company has also opened 29 Hitachi Home Centers across India and plans to continue to open more to offer the customers an enriched experience of buying HHLI Products at single spot. To support this wide distribution network, the Company has 42 Company owned 24x7 customer service centers (HCS) and 600 other service points including multi brand S&S and franchisees.

The Company constantly innovates, brings in new technology, adopts newer concepts and incorporates advanced features in its products to meet its objective of simplifying life and providing best in class Air conditioning and service solutions to Indian consumers.

### MACRO ECONOMIC ENVIRONMENT

The Indian economy which was battered under the twin blows – Falling rupee and high inflation for previous two years, is today looking at a new beginning. With the political stability brought in by the election of the new government in May/2014 and the breathing space afforded by favorable global factors of lower oil prices and commodity prices, the inflation and rupee has been stabilized and the fiscal deficit brought under control.



The Indian economy which reeled under a sub 5% growth in real terms for last two years is looking to get back to a plus 7% growth rate and signs of recovery are visible though gradual. This growth is likely to be led by growth in the Industrial Production. The Industrial Production Growth which has been less than 1% for last 2 years is expected to improve to a CAGR of 5.1% for next five years. Declining inflation and lowering of interest rates is expected to lend support to industrial recovery. The “Make In India” thrust by the new government has led to addressing of major structural issues facing the industry and this is expected to kick start the stalled infrastructure projects thus giving impetus to industrial recovery. The services sector is also expected to continue to its growth and may grow at CAGR of 8% over the next 5 years.

Growth in government consumption, which dropped sharply in the last year, has remained subdued so far. It is expected to pick up marginally in the coming year. Investment which is closely related to the growth has remained subdued so far. A number of announcements made in the Budget and the fact that private sector investment is yet to pick up, points to the fact that the government will be upping its investment sharply to kick start the economy. Private consumption which dropped to a low of 4% from a high of 9% is expected to grow back to a level of 5% plus growth.

Consumer price inflation dropped to 6.0% in 2014-15, while wholesale price inflation averaged 2.7%. Inflation has decelerated sharply due to a drop in oil prices and commodity prices. This coupled with stable currency in FY 2014-15 has been a positive factor for companies, who have a reasonable content of imports.

While the economic slowdown bottomed out last year and the positive sentiments led by a new governments with a majority mandate, the Indian economy is ready to get back to its growth path. Some weaknesses though remain: Execution of the governments initiatives on the ground are yet to be seen, structural reforms in key sectors and global factors like as to how long the current low cycle of oil prices and commodity will continue. Given the above factors, one expects that the recovery would be gradual and may encounter some bumps along the way.

## OVERVIEW

1. The Company's Room Air conditioner segment performed much better than expected backed by strong improvement in the distribution. The segment outperformed the competitors in terms of growth and now has become one of the leading brands in the segment.
2. The Company also scored significant success in the Ductable segment. Though this market is struggling to grow due to cannibalization by other technologies like Set Free (VRF), the Company maintained and bettered its position in the segment with a faster than market growth.
3. The Company also saw its Set Free segment pick up speed in terms of order bookings and projects executed. The Company has invested in manpower and infrastructure in this newly fast growing segment in the last one year and expects the segment to drive future growth. The Company was able to book a large number of projects across segments like Banking, Education, Residential, Hospitality etc.
4. The Chiller and Projects segment have been subdued due to tough economic environment in the first half of the year, but the second half has seen good recovery for this business. While this is a new business, the Company is confident that this business can deliver exponential growth in top line over the next 5 years.
5. The Telecom and Special Products segment saw some revival in the year and the Company continues to enjoy a share in excess of 70% in the segment. However, this business is highly dependent on the capital outlay of the telecom operators and with technology of telecom towers improving; the business may struggle in the coming years.
6. The Company also forayed into exports this year on a trial basis and a small batch was exported during the year. With strong design and manufacturing capabilities, this segment offers an opportunity to be expanded and increased in the coming years.
7. The home appliance business for the Company continues to show robust growth and the differentiated product range has enabled the Company to carve out a niche in the segment. The thrust this year has been to increase the range to enable wider distribution and accelerated growth. The Washing Machine segment though continues to struggle amidst lack of demand for its range of self cleaning machines.
8. The Hitachi Customer Service, started to improve the customer satisfaction index continues to perform well and shows a healthy year on year growth. With 42 owned centers, the initiative is truly powerful way to ensure the quality associated with the brand and be in touch with customers directly to catch any trends early on.

## ROOM AIRCONDITIONERS

9. The Room Air conditioners segment after a gap of two years witnessed a growth of approximately 13% in sales volume terms. The growth was helped by a long summer especially in the North India. The Company managed to grow at 53% in this segment and increased its market share substantially. The growth came both in the Window and Split segment. The Company also bettered its performance of selling energy efficient products as compared to the last year and the growth in this segment of 5 star rated and inverter ACs was in excess of 64%.
10. Hitachi has a strong presence in the Room AC segment. The Company's Split range consists of 55 models starting from 1.0 Tr. to 3.25 Tr. The lineup has 2, 3, 4 and 5 star rated AC. The Company also launched the 'Kashikoi' range of Inverter ACs. This range, based on Japanese technology, is another example of HHLI using the technology from Japan and customizing it to suit Indian needs. In India, majority of people needs cool air on their body directly. Considering this, we changed the function of the sensors in India as compared to Japan so that the AC can send cool wind to exactly where the people are. The Window range also enjoys dominance and has 15 Models in 1, 2, 3 and 5 star rating. The Company also has a Hot and Cold range in both Splits and Windows.

- 
11. In order to widen its reach to Tier II & Tier III, the Company has expanded its distribution network in these towns through direct dealers and distributors and today caters to more than 4,000 outlets.
  12. While Room Air conditioners are mainly sold to individuals, there is a large market for institutional buyers in this segment. With its Logicool range, the Company has added significantly to this segment and has increased the number for key accounts from 58 to 90.

#### **COMMERCIAL AIRCONDITIONERS**

13. The Commercial Range of Air conditioners includes Cassette ACs, Ductable ACs, Set Free (Variable Refrigerant Flow - VRF) and Chillers. The Company has presence in all these segments and is strengthening its position in all these segments.
14. The Ductable segment, mainly targeted towards the small corporate offices, banquets halls, etc., has been facing pressure from other solutions like the VRF. The market for this segment is stagnant resulting in consolidation in terms of number of brands operating in this segment. The Company has performed well in the market and grew at 23%. This was helped by the introduction of R410A (Green Gas) range which has been well received in the market. The Company is looking forward to increase its share by outperforming the market consistently.
15. The VRF segment has been the star segment for the industry and has continued to show robust growth in the year. In the year under review the market of VRF showed a growth of about 14% while the Company achieved a growth of 24% in the segment. Based on the Inverter technology, this system enables power savings of 25%-30% and allows design upto 150% of the desired capacity. The Company has a very strong product range of 8 HP – 54 HP and is growing exponentially in this business. The Company in the last three months managed to win several large projects in this segment. The Company intends to continue to focus and invest in this segment in the coming years.
16. The Chiller market has grown marginally over the last year due to slow growth in commercial real estate. The Company is manufacturing Water-cooled Screw Chillers up to 180 HP in its factory in India and is looking to increase the localization content to be more competitive and grow this business. The Chillers over 180 HP are being imported by the Company. This is a nascent business for the Company and the Company intends to grow in this business.
17. Closely allied with the Chiller business is the Projects business. Over the last one year, to increase its share of Chiller business and get economies of scale, the Company has invested in setting up the infrastructure in terms of manpower as well as upgrading their skills to take up this business.

#### **APPLICATION BASED AIRCONDITIONERS**

18. The Application based Air conditioners has two ranges targeted towards the Telecommunication industry and the Banking industry. With Telecom industry laden with debt and aggressively switching to IME Model to reduce operating costs, the Telecom Air conditioners business would continue to be under stress. The Company, however has a near monopoly in this segment and will continue to serve its existing base while looking to develop new product that meets the emerging requirements of the industry. The Company has also launched a specialized product for banking industry and is looking to cover the gap of telecom AC through this product line.

#### **HOME APPLIANCES**

19. The Home Appliances segment continues to grow at a scorching pace albeit on a small base. The Company is operating in over 300 Ltrs Frost Free Refrigerators market and over 7.0 Kgs Front Load Washing Machine market. While this segment is growing at a good pace, the limited range and limited market addressability make it a small player in the market. The Company is looking to expand the range to address a larger market. This segment is also strategically important to the Company as it allows continuous engagement with channel partners during the lean season.

#### **MANUFACTURING**

20. The Company's Supply Chain continues its focus on Product quality, Safe working environment and Productivity improvement. The Product quality of the Company is achieved through rigorous testing standards and each product undergoes more than 40 on line tests to ensure that the product maintains the quality expected out of the brand.
21. This year Company's two testing laboratories have been approved by NABL (National Accreditation Board for Testing and Calibration Laboratories). This formal recognition of competence of a laboratory by an Accreditation body in accordance with international criteria confirms reliability testing of Company's product before they are put into the market.
22. To achieve manufacturing excellence, Company embarked upon the journey of World Class Manufacturing called MONOZUKURI. This is an initiative launched across Hitachi Ltd., and Company is also drawing and executing learning from this global program of Hitachi. Monozukuri focuses on identification, root cause analysis and elimination of non-value adding activities to improve productivity and quality of overall operations across the Supply Chain.
23. For safety and Safe working environment, the Company has started various initiatives to ensure that the importance of safety is carried by every person working in the factory. The year saw various initiatives like competition amongst various departments to improve safety measures and standards, starting of "Safety Patrol" lead by the executive directors and other measures to improve the safety of the people.

#### **OPPORTUNITIES AND OUTLOOK**

24. The outlook for the Indian economy coupled with macroeconomic factors that affect the industry directly – Commodity Prices, Stable Rupee, Power Sector, Real Estate Sector and Infrastructure are all looking positive and should augur well for the industry in the coming year.

25. The Company would continue its thrust in the new segments like VRF, Chillers and Projects to lessen its reliance on Room Air conditioners which remain susceptible to weather conditions.
26. The Company would continue to innovate and launch new technology products that focus on bringing the best Air conditioning and service solutions to the Indian customers. The Company also recognizes the need for giving a solution which is environmentally friendly and continues its endeavor to launch the most environmentally friendly solutions for the Indian market.

## **RISKS AND CONCERNS**

27. The result for the Company is highly dependent on the performance on the Room Air conditioner segment which in turn is highly dependent on the length and intensity of the summer season. Unpredictable weather conditions prevailing pose a threat to the overall performance of the Company.
28. With energy standards set to change in the beginning of 2016, the resultant cost and price increase may dampen the volume growth expected by the industry.
29. The segment is overcrowded in terms of number of brands. Many of these brands tend to pursue top line at the expense of bottom-line, thus, affecting the entire industry. Many of these brands import from other countries as a support to their other product categories and end up hurting the market dynamics in the short term.

## **CAUTION**

30. Management Discussion and Analysis on the Company's Objectives, Estimates, Projections and Expectations may be forward looking within the tenets of the applicable laws. The actual result may differ from the views expressed or implied. Factors that can affect the Company performance and outlook are price conditions in the market, global commodity cycle changes, exchange rate, government regulations, weather conditions and other incidental factors.

## **HUMAN RESOURCES**

### **Progressive HR for Organization Excellence**

The Human Resource function at HHLI strives to provide the 'People Edge' to business through continuous performance improvement and innovation. Our employee strategy, systems and processes are aimed at creating required talent pool by attracting, developing and retaining talent in the organization.

Committed and motivated employees are Company's most important assets. HHLI's people philosophy is to enable an organisational culture that values motivated and entrepreneurial working. We are committed to create a transparent organisation that helps our employees hone their skills and enable them to deliver superior performance.

### **People Philosophy**

The total strength of employees (Staff and Operators) of the Company was 1318 as on March 31, 2015. At HHLI, we believe that creating and maintaining a diverse workforce is a business imperative. We see diversity as a competitive advantage and key ingredient for growth. Hence, we are striving to build an inclusive workplace that promotes cultural agility and diversity of experience and thoughts. To augment performance of the organization, HHLI recruited dedicated and focused manpower for all teams and functions.

### **Recruiting Fresh Talent**

To keep pace with the competitive, dynamic business environment with a long term perspective, we have been focusing to induct fresh talent. During this year, we hired 40 Graduate Engineer Trainees and Management Trainees from all parts of the country. They were given 60 Days rigorous Technical Training & Orientation at the Kadi Plant before they were deputed for on-the-job training in various departments. This activity is being done to develop future resource pool for the Company.

### **Creating Competent Employees & Future Leaders**

All development efforts show good results with more and more senior positions being filled internally, while maintaining a healthy external talent intake. Structured appraisal process based on competency review was completed during the year. Talent reviews across levels and cross-functional and cross-location assignments have helped to develop future leaders. We provide growth opportunities to employees through job rotations, cross-geography/function movements etc. These are planned proactively in consultation with the employee and their department heads.

### **Enhancing Competency and Skills of Employee**

During the year 2014-15, the Company has provided training of 10,193 man-days to various categories of employees and indirect team members. It is Company's endeavour to consistently facilitate the learning of employees to enable a continuous business transformation, and hence employee development is focused at different levels at HHLI. Company has focused on both - Technical & Behavioural training programs which covered Plant, Corporate Office and Field employees.

We also launched a Self Development Workshop for Executives. Through this program, the Company intends to boost conscious behaviour and capabilities so as to achieve Company's objectives and outcomes. We also had an intense workshop for Skill Development Program for Hitachi Profile Communicators (HPC) covering entire India.

### **Meeting the Challenges of Employment**

To bridge the gap between drop-out or undertrained youth and high demand by industry of skilled personnel, HHLI launched a Certificate Training program- IKVK in collaboration with Commissioner of Employment and Training, Gandhinagar to provide a single point contact for industries to provide efficient platform for the career growth of Skilled Candidates in Gujarat. Objective of the Program is to test & certify the existing skills of the experienced but unqualified workers and to award skill certificates after upgrading and updating the skills. The course is designed specific to the requirement and to provide simple understanding of Air conditioning and Refrigeration fundamentals.

---

## **Workforce Management**

Settlement with new Union is successfully completed during 2014-15. This has created an atmosphere of harmony and trust between the entire workforce and management. This will also foster motivation for better productivity & discipline to generate more output.

## **Safety and Health – Performance and Initiatives**

The Company provides a safe and healthy workplace for its employees by establishing the right safety culture across the organization. The senior leadership is fully committed to the ultimate Goal of zero injury to its employees and all stakeholders who are associated with the Company's operations. Emphasis is laid on safety not only at work place but also in day-to-day personal living. Continuous safety programs and drives to create safer environment are being practiced.

## **Internal Control and Systems**

The Company has adequate system of internal control to ensure that all the assets pertaining to Company are safeguarded and protected. Internal Audit has also been done through external Auditors at plants as well as at all the branches of the Company as per the detailed scope defined and approved by the Audit Committee. The Internal Audit is planned to substantiate and review the adequacy of controls and laid down procedures & systems.

Observations of Internal Auditors and the detailed plan of action is reviewed and discussed at the meetings of the Audit Committee.

## **Disclosure to Stock Exchange**

During the year under review, Company had intimated Stock Exchanges regarding the Press release issued with respect to Definitive Agreement executed by Johnson Controls, Hitachi Ltd. and Hitachi Appliances Inc.

## **Directors' Responsibility Statement**

Your Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (b) such accounting policies selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) annual accounts have been prepared on a going concern basis;
- (e) internal financial controls which are to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
- (f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **Utilisation of Rights Issue Proceeds**

Company had, vide Letter of Offer dated February 27, 2013, offered fully paid-up Equity Shares at a price of ₹ 130 per Equity Share (including face value of ₹ 10 per Equity Share and share premium of ₹ 120 per Equity Share) to the Equity Shareholders of the Company on a Rights Basis in the ratio of 1(One) Equity Share for every 5 (Five) Equity Shares(s) held by the Equity Shareholders on the record date, i.e. March 06, 2013. Company has made allotment of 4,230,876 Equity Shares on April 08, 2013 aggregating to ₹ 5500 Lacs. Proceeds of the Rights issue has been fully utilized for the objects stated in the Offer Document.

## **Shifting of Jammu manufacturing facilities to Kadi Plant**

During the year under review, Company has shifted Jammu manufacturing facilities to its main plant at Karan Nagar, Kadi, Dist.: Mehsana, Gujarat to centralise the production activity.

## **Performance evaluation**

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

Board has also carried out annual evaluation of the performance of individual Directors, who were evaluated considering level of their engagement and contribution, safeguarding the interests of the Company and its minority shareholders, etc. The performance evaluation of the Chairman and the Non Independent Directors were carried out by the Independent Directors at their separate meeting.

## **Details of establishment of Vigil Mechanism**

Company has established a Vigil Mechanism process as an extension of the Company's Code of Conduct whereby an employee, director, customer, vendor or associate of the Company can disclose his genuine doubt in good faith to any member of Vigil Mechanism Committee about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy, so that appropriate action can be taken to safeguard the interest of the Company. In exceptional cases, a complaint can be reported by a complainant to a Chairperson of Audit Committee. This mechanism is overseen by the Audit Committee.

**Disclosure under Section 197(12) of the Companies Act, 2012 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

Name of Director and KMP	Designation	% increase in remuneration of Director and KMP	Ratio of the remuneration of Director to the median remuneration of the employees of the Company for the financial year
Mr. Shinichi Iizuka	Chairman	Nil	NA
Mr. Shoji Tsubokuta	Managing Director	*	11:1
Mr. Amit Doshi	Executive Director	21%	16:1
Mr. Anil Shah	CFO & Executive Director	22%	15:1
Mr. Gurmeet Singh	Executive Director	**	NA
Mr. Vinay Chauhan	Executive Director	20%	16:1
Mr. Ashok Balwani	Independent Director	150%	0.35:1
Dr. Devender Nath	Independent Director	76%	0.53:1
Ms. Indira Parikh	Independent Director	***	0.07:1
Mr. Mukesh Patel	Independent Director	98%	0.80:1
Mr. R S Mani	Independent Director	100%	0.28:1
Mr. Ravindra Jain	Independent Director	76%	2.53:1
Mr. Vinesh Sadekar	Independent Director	100%	0.28:1
Mr. Parag Dave	Company Secretary	20%	3:1

\* Percentage not given as Mr. Shoji Tsubokuta was appointed as a Managing Director on October 01, 2013

\*\* Percentage not given as Mr. Gurmeet Singh was appointed as an Executive Director on July 21, 2014

\*\*\* Percentage not given as Ms. Indira Parikh was appointed as an Independent Director on November 04, 2014

Comparison of remuneration against Company's performance											
<ul style="list-style-type: none"><li>- Increase in remuneration of each KMP</li><li>- Increase in total remuneration of all Key Managerial Personnel</li><li>- Average increase in remuneration of all employees other than KMP</li></ul> <p>Performance of the Company for the financial year 2014-15</p>	As mentioned in above table Total remuneration of KMP increased by 21% Average increase in remuneration of all employees other than KMP: 20% Financial year 2014-15 Income from operations increased by 42% and Profit before tax increased by 792%										
Percentage increase in the median remuneration of employees in the financial year	24%										
No. of permanent employees on the rolls of Company	1318										
<ul style="list-style-type: none"><li>- Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year</li><li>- Percentage increase / decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer</li></ul>	<table><tr><td></td><td><b>2013-14</b></td><td><b>2014-15</b></td></tr><tr><td>- Market Cap (₹ In Lacs)</td><td>46931</td><td>393724</td></tr><tr><td>- Price earning ratio</td><td>58.11</td><td>50.63</td></tr></table> <p>IPO in 1991 @ ₹10 Market Price as on March 31, 2015 is ₹ 1448 Compounding annual growth rate per year: 22%</p>			<b>2013-14</b>	<b>2014-15</b>	- Market Cap (₹ In Lacs)	46931	393724	- Price earning ratio	58.11	50.63
	<b>2013-14</b>	<b>2014-15</b>									
- Market Cap (₹ In Lacs)	46931	393724									
- Price earning ratio	58.11	50.63									
Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	<ul style="list-style-type: none"><li>- Average % increase in the salaries of employees other than the managerial personnel 20%</li><li>- Average % increase in the managerial remuneration 21%</li></ul>										
Key parameters for any variable component of remuneration availed by the directors	As per the Remuneration Policy of the Company, Variable component of remuneration is decided on basis of Company's performance and individual performance of the Executive Directors.										
Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Mr. Ichio Iwai: Ratio 1 : 1.47 Mr. Tomonaga Watabane: Ratio 1 : 1.47										

We hereby affirm that the remuneration given to all the employees, Directors and KMP is as per the Remuneration policy of the Company.

---

## Risk Management System

Company has implemented Enterprise Risk Management (ERM) system to identify, assess, monitor and mitigate the various risks associated with the Company.

Risks are identified and then classified into different categories such as Strategic, Operational, Business risk and Risk related to act of god. Then score based on level and significance of risk is given and subsequently risk mitigation steps are taken.

Every quarter a statement identifying new risks and updation on pre-identified risks are reported before the Audit Committee.

### Details of directors or Key managerial personnel who were appointed or have resigned during the year under review:

- Mr. L.G. Ramakrishnan has ceased to be a Director of the Company with effect from July 21, 2014.
- Mr. Gurmeet Singh has been appointed as an Additional Director and Executive Director of the Company for a period of 3 years with effect from July 21, 2014.
- Ms. Indira J. Parikh has been appointed as an Additional Director in the category of Independent Director of the Company for the term from November 04, 2014 to March 31, 2017.
- Mr. Ashok Balwani, Mr. Devender Nath, Mr. Mukesh Patel, Mr. R.S. Mani, Mr. Ravindra Jain and Mr. Vinesh Sadekar have been appointed as Independent Directors under Clause 49 of the Listing Agreement. They have been appointed as Independent Directors for the term from July 21, 2014 to March 31, 2019.
- No Independent director has been re-appointed by passing a special resolution during the year under review.

### Internal Financial Control:

Internal Financial Control plan adopted by the Company is adequate with reference to the Financial Statement.

1. Conduct of its business by adherence to Company's policies.
2. Safeguarding of assets.
3. The accuracy and completeness of the accounting records, Prevention and detection of frauds and errors and timely preparation of reliable financial information.

### Other disclosures:

1. **Number of meetings of the Board:** Four meetings of the Board of Directors of the Company were held during the year under review on May 26, 2014, July 21, 2014, November 04, 2014 and January 29, 2015.
2. Members of the Audit Committee are as under:
  - Mr. Mukesh Patel – Chairman
  - Mr. Ravindra Jain – Member
  - Dr. Devender Nath – Member

Mr. L.G. Ramakrishnan ceased to be a member of Audit Committee with effect from July 21, 2014 on his resignation from the Board.

3. The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.
4. Details about the Policy on Corporate Social Responsibility (CSR) and projects implemented by the Company during the year under review, as required under Section 134(3)(o), 135(2) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 have been provided as Annexure A.
5. Formal Appointment and Evaluation Policy of the Board of Directors and Senior Management of the Company which has been formulated and recommended by Nomination and Remuneration Committee and adopted by Board of Directors covering appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) is attached herewith as Annexure B.
6. No commission paid to any Director of the Company, so no disclosure is required to be made under Section 197(14).
7. The details forming part of the extract of the Annual Return in form MGT 9 as provided under sub-Section (3) of section 92 is annexed herewith as Annexure C.
8. No loan was granted by the Company to any person to purchase or subscribe to fully paid-up shares of the Company.
9. **Secretarial Audit Report:** Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Report of the Secretarial Auditor is annexed herewith as Annexure D.
10. There is no fraud reported by Auditors under Section 143(12) of the Companies Act, 2013 during the year under review.

11. The details of familiarisation programme have been disclosed on the Company's website and a weblink is as under:  
[http://www.hitachi-hli.com/images/investor\\_relation\\_reports/aggr\\_0.39343200%201421661808.pdf](http://www.hitachi-hli.com/images/investor_relation_reports/aggr_0.39343200%201421661808.pdf)
12. **Particulars of loans, investments or guarantees under section 186:** Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered under Section 186. Company has not made any investment in securities of other Body Corporate. Company has given guarantee of ₹ 1500 lacs against the credit facilities availed by dealers.
13. There is no subsidiary, associate and joint venture company, so no disclosure is required on the performance and financial position of each of the subsidiaries, associates and joint venture companies in Form AOC 1.
14. There is no Company which has become or ceased to be its subsidiary, joint venture or associate company during the year.
15. During the year, Company has not accepted deposits covered under Chapter V.
16. There is no qualification, reservation or adverse remark or disclaimer made by the Auditors in their report.
17. There is no qualification, reservation or adverse remark or disclaimer made by the Company Secretaries in practice in their Secretarial Audit report.
18. There are no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
19. Details of complaints relating to sexual harassment during the year under review: Received during the year: Nil; Pending as on March 31, 2015: Nil.
20. Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, relating to Conservation of energy, technology absorption and foreign exchange earning and outgo is given as Annexure E to this report.
21. Statement showing particulars of employees under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached with this Annual Report.
22. Contract or arrangement under Section 188(1): There were no contracts or arrangements entered by the party falling under sub-section (1) of Section 188. Particulars of contracts or arrangements with related parties are provided in Form AOC 2 as Annexure F.
23. Policy on dealing with Related Party Transactions has been disclosed on Company's website and a weblink is as under:  
[http://www.hitachi-hli.com/images/investor\\_relation\\_reports/aggr\\_0.17509900%201421661745.pdf](http://www.hitachi-hli.com/images/investor_relation_reports/aggr_0.17509900%201421661745.pdf).
24. **Revision in Accounts or Board's Report:** There are no revisions made in the Accounts or Board's Report.
25. **Issue of Equity Shares with differential rights:** There was no Equity Share issued with differential voting rights during the year under review.
26. **Issue of Sweat Equity Shares:** There was no issue of Sweat Equity Share during the year under review.
27. **Employee Stock Option and Employee Stock Purchase Schemes:** No Employee Stock Option and Employee Stock Purchase Schemes during the year under review.
28. Disclosure under Clause 32 of the Listing Agreement:
  - The Equity Shares of the Company are not delisted or suspended during the year under review.
  - Equity Shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited.
  - Annual listing fees have been paid to both the stock exchanges mentioned above.

#### Acknowledgement

Your Directors thank all Customers, Suppliers, Investors, Bankers - State Bank of India, ICICI Bank and Standard Chartered Bank and other stakeholders of the Company for their co-operation and continued support during the year. We look forward to their continued support in the future also.

We wish to place on record our sincere appreciation for the excellent work put in by the employees of the Company at all levels.

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

Place : Karannagar, Gujarat  
Date : May 29, 2015

**Shoji Tsubokuta**  
Managing Director

**Anil Shah**  
CFO & Executive Director



**Annexure A**  
**CSR Policy and the details of CSR activities initiated by the Company**

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken:

Corporate Social Responsibility (CSR) is the contribution from the Corporate towards Social and Economic development of Society. CSR integrates Organization, Society and Planet. CSR policy should ensure activities which may include sustainable development by skill enhancement, sustainable environment, promotion to gender equality, prevention of health care and sanitation, care for senior citizens and differently abled persons, etc.

Company will undertake projects / activities under Corporate Social Responsibility as specified in Schedule VII of the Companies Act, 2013.

CSR Policy has been disclosed on Company's website and a weblink is as under:

[http://www.hitachi-hli.com/images/investor\\_relation\\_reports/aggr\\_0.01962300%201414404426.pdf](http://www.hitachi-hli.com/images/investor_relation_reports/aggr_0.01962300%201414404426.pdf)

2. Composition of CSR Committee:

Mr. Shoji Tsubokuta - Chairman (Managing Director)  
Mr. Amit Doshi - Member (Executive Director)  
Mr. Anil Shah - Member (Executive Director)  
Mr. Ashok Balwani - Member (Independent Director)  
Mr. Gurmeet Singh - Member (Executive Director)  
Mr. Vinay Chauhan - Member (Executive Director)

3. Average net profit of the Company for last three financial years: Average net profit: ₹ 2877.90 lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 57.56 lakhs.

5. Details of CSR spent during the financial year:

- a. Total amount to be spent for the financial year: ₹ 57.56 lakhs  
b. Amount unspent, if any: 41.49 lakhs  
c. Manner in which the amount spent during the financial year is detailed below:

Sr.	CSR project / activities	Sector	Locations of the project	Amount outlay (budget) project or programs wise	Amount spent on the project or programs Sub heads 1. Direct expenditure 2. Overheads*	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency*
1	Two (2) Ophthalmo scope to Blind Peoples Association, Ahmedabad	Health	Ahmedabad, Gujarat	41,475	41,475	41,475	Direct
2	Expenditure for repairing of toilets in 94 Anganwadi Schools in Kadi Taluka	Sanitation	Kadi, Gujarat	536,550	536,650	578,125	Paid to Taluka Development Officer, State Government of Gujarat
3	343 new Construction of toilets in residence of villagers	Sanitation	Karannagar, Gujarat	1,029,000	1,029,000	1,607,125	Paid to Taluka Development Officer, State Government of Gujarat
		<b>Total</b>		<b>1607125</b>	<b>1607125</b>		

\* There is no overheads expenditure in above CSR Projects.

6. Reasons for not spending the entire amount:

Total amount which was to be spent in the year 2014-15 was ₹ 57.56 Lacs. It has been decided by the Company to spend as much amount as possible on improvement of sanitation. As provided in Section 135(5), Company has given preference to the local area where the Plant of the Company is situated. Considering said view, Company has spent ₹ 15.65 Lacs in construction of toilets in the Village Karan Nagar, Gujarat in the first phase and paid amount to Taluka Development Officer, Gujarat State Government. Company will review the progress and performance of such projects and will decide on spending of CSR in next phase for other villages in Kadi Taluka, Gujarat.

7. Implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**Shoji Tsubokuta**  
Managing Director  
(Chairman CSR Committee)

**Anil Shah**  
CFO & Executive Director

---

**Annexure -B****Formal Appointment and Evaluation Policy of the Board of Directors and Senior Management**

Formal Appointment and Evaluation Policy of the Board of Directors and Senior Management of the Company formulated and recommended by Nomination and Remuneration Committee and adopted by Board of Directors is as under:

**Composition of the Board**

The size of the Board shall not be less than three and not more than fifteen members. The Board shall have a “balanced” membership, with representation of relevant areas of experience, types of expertise, and backgrounds.

At least one half of the Board members shall be independent members. Board shall observe criteria for independence prescribed under Companies Act and Listing Agreement.

**Qualifications of Members and Senior Management**

A candidate should meet the following criteria who is proposed to be appointed as a member on the Board or in the Senior Management:

- (a) He/she has proven integrity with a record of substantial achievement in an area of relevance to the Company.
- (b) He/she has demonstrated ability and sound judgment that usually will be based on broad experience.
- (c) He/she must be able and willing to devote the required amount of time to the Company's affairs and in case of Directors, to attend Board meetings, Board committee meetings.
- (d) He/she must possess a judicious and critical temperament that will enable objective appraisal of management's plans and programs.
- (e) He/she must be committed to building sound, long-term Company's growth.

**Function of the Board and Senior Management:**

The mission of the Board, its committees and Senior Management is to protect the interests of the Company's shareholders. (Senior Management includes the persons who are in cadre of Asst. Vice President and above who directly report to Managing Director or Executive Directors of the Company.) The Board is responsible for affairs of the Company. Following duties of the Board are prescribed under the Companies Act.

- (1) Subject to the provisions of this Act, a Director of a Company shall act in accordance with the articles of the Company.
- (2) A Director of a Company shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.
- (3) A Director of a Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A Director of a Company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- (5) A Director of a Company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such Director is found guilty of making any undue gain, he shall compensate the Company by any amount equivalent to gain made by him.

These duties should be discharged by the Board, committees, or the independent members of the Board, Senior Management as appropriate in the circumstance.

**Remuneration and Compensation of Board Members and Senior Management**

While deciding the candidature of the Board Member and Senior Management of the Company, the Nomination and Remuneration Committee will ensure that:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

**Assessment of the Board and Committees**

The Board will assess its effectiveness as a body and take necessary steps to improve its collective capability to represent the shareholders and guide the Company.

The performance evaluation of individual Directors shall be done by the Board of Directors, excluding the Director being evaluated. While making assessment, Board will consider the active participation and the guidance and direction given in the subject matter of the Agenda on the basis of his experience and expert knowledge.

Further Board will assess annually, the performance of the Committees against the role assigned to such Committee. In case it is required, Board will decide to reconstitute the Committee.

**Annexure - C**  
**FORM NO. MGT - 9**  
**Extract of Annual return**

As on the financial year ended March 31, 2015  
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1)  
of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i. CIN : L29300GJ1984PLC007470
- ii. Registration Date : 7th December, 1984
- iii. Name of the Company : Hitachi Home & Life Solutions (India) Limited
- iv. Category / Sub-Category of the Company : Public Limited Company having Share Capital
- v. Address of the Registered Office and contact details : 9th Floor, Abhijeet, Mithakhali Six Roads,  
Ahmedabad: 380006  
Ph. 079-26402024
- vi. Whether listed Company : Yes
- vii. Name, address and contact details of Registrar and Transfer Agent, if any : Sharepro Services (India) Pvt. Limited  
416-420, 4th Floor, Devnandan Mall, Opp. Sanyas  
Ashram, Ellisbridge Ahmedabad: 380006  
Ph. 079-26582381

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1	Sales and service of Air conditioners	29192	92%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	Hitachi Appliances Inc. New Pier Takeshiba South Tower, 16-1, Kaigan 1-chome, Minato-ku, Tokyo, Japan	Not applicable	Holding Company	72.41%	Section 2(87)(ii)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Shareholding**

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters &amp; Promoters Group</b>									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	500000	-	500000	1.84	500000	-	500000	1.84	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1)</b>	<b>500000</b>	<b>-</b>	<b>500000</b>	<b>1.84</b>	<b>500000</b>	<b>-</b>	<b>500000</b>	<b>1.84</b>	<b>-</b>

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	19689894	-	19689894	72.41	19,689,894	-	19689894	72.41	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	19689894	-	19689894	72.41	19689894	-	19689894	72.41	-
<b>Total Shareholding of Promoters (A) = (A)(1)+(A)(2)</b>	<b>20189894</b>	<b>-</b>	<b>20189894</b>	<b>74.25</b>	<b>20189894</b>	<b>-</b>	<b>20189894</b>	<b>74.25</b>	<b>74.25</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds/ UTI	67860	3,600	71460	0.26	1660303	3,600	1663903	6.12	5.86
b) Banks / FI	175	100	275	-	10573	100	10673	0.04	0.04
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	800	800	-	-	800	800	-	-
g) FIIs	197500	-	197500	0.73	392262	-	392262	1.11	0.72
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1):</b>	<b>265535</b>	<b>4500</b>	<b>270035</b>	<b>0.99</b>	<b>2063138</b>	<b>4500</b>	<b>2067638</b>	<b>7.60</b>	<b>6.61</b>
<b>2. Non Institutions</b>									
a) Bodies Corporate									
i) Indian	2365550	11101	2376651	8.74	1468743	11101	1479844	5.44	(3.30)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	2739986	569744	3309730	12.17	2018264	534156	2552420	9.39	(2.79)
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	836794	-	836794	3.08	790423	-	790423	2.91	(0.17)
c) Others (NRI)	207380	400	207780	0.76	110265	400	110665	0.41	(0.36)
<b>Sub-Total (B)(2)</b>	<b>6149710</b>	<b>581245</b>	<b>6730955</b>	<b>24.75</b>	<b>4387695</b>	<b>545657</b>	<b>4933352</b>	<b>18.14</b>	<b>(6.61)</b>
<b>Total Shareholding of Promoters (B)= (B)(1)+(B)(2)</b>	<b>6415245</b>	<b>585745</b>	<b>7000990</b>	<b>25.75</b>	<b>6450833</b>	<b>550157</b>	<b>7000990</b>	<b>25.75</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>26605139</b>	<b>585745</b>	<b>27190884</b>	<b>100</b>	<b>26640727</b>	<b>550157</b>	<b>27190884</b>	<b>100</b>	<b>-</b>

**(ii) Shareholding of promoters**

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Hitachi Appliances Inc.	19689894	72.41	-	19689894	72.41	-	-
2	Hitachi India Pvt. Ltd.	500000	1.84	-	500000	1.84	-	-
	<b>Total</b>	<b>20189894</b>	<b>74.25</b>	<b>-</b>	<b>20189894</b>	<b>74.25</b>	<b>-</b>	<b>-</b>

**iii) Change in Promoters' Shareholding (Please specify, if there is no change)**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	There is no change in Promoters' Shareholding during the year			
2	Date wise increase/decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
3	At the end of the year				

**iv) Shareholding Pattern of Top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Name of Shareholder	At the beginning of the year		Date wise increase/decrease in shareholding based on weekly beneficiary position of shareholders					At the end of the year	
		No of Shares	% of total shares of the Company	Date	Increase / Decrease No of Shares	Cumulative Shareholding	Reasons for increase / decrease	% of total shares of the Company	No of Shares	% of total shares of the Company
1	Bajaj Allianz Life Insurance Company Ltd.	1213672	4.46	04.04.14	-90000	1123672	Transfer	4.13	701205	2.58
				11.04.14	-100000	1023672	Transfer	3.76		
				18.04.14	-20000	1003672	Transfer	3.69		
				23.05.14	-100000	903672	Transfer	3.32		
				30.05.14	-200000	703672	Transfer	2.59		
				30.06.14	-50000	653672	Transfer	2.40		
				25.07.14	-24240	629432	Transfer	2.31		
				23.01.15	5000	634432	Transfer	2.33		
				27.02.15	46897	681329	Transfer	2.51		
				06.03.15	10000	691329	Transfer	2.54		
				31.03.15	9876	701205	Transfer	2.58		
2	Meenakshi Mercantile Ltd.	300000	1.10	20.06.14	-15000	285000	Transfer	1.05	0	0.00
				30.06.14	-35000	250000	Transfer	0.92		
				04.07.14	-33267	216733	Transfer	0.80		
				11.07.14	-19233	197500	Transfer	0.73		
				18.07.14	-22500	175000	Transfer	0.64		
				25.07.14	-35000	140000	Transfer	0.51		
				29.08.14	-70000	70000	Transfer	0.26		
				05.09.14	-20000	50000	Transfer	0.18		
				12.09.14	-20000	30000	Transfer	0.11		
				19.09.14	-30000	0	Transfer	0.00		

Sr. No.	Name of Shareholder	At the beginning of the year		Date wise increase/decrease in shareholding based on weekly beneficiary position of shareholders					At the end of the year	
		No of Shares	% of total shares of the Company	Date	Increase / Decrease No of Shares	Cumulative Share-holding	Reasons for increase / decrease	% of total shares of the Company	No of Shares	% of total shares of the Company
3	Jf India Smaller Companies Fund	197500	0.73	16.05.14	27141	224641	Transfer	0.83	110745	0.41
				23.05.14	42802	267443	Transfer	0.98		
				12.09.14	-30000	237443	Transfer	0.87		
				03.10.14	-5000	232443	Transfer	0.85		
				10.10.14	-35000	197443	Transfer	0.73		
				17.10.14	-30000	167443	Transfer	0.62		
				12.12.14	-3500	163943	Transfer	0.60		
				31.12.14	-10000	153943	Transfer	0.57		
				30.01.15	-31198	122745	Transfer	0.45		
				13.03.15	-12000	110745	Transfer	0.41		
4	Priti Agarwal	91610	0.34	19.09.14	-1610	90000	Transfer	0.33	90000	0.33
5	Sundaram Mutual Fund	86873	0.32	18.07.14	-373	86500	Transfer	0.32	67971	0.25
				08.08.14	-6500	80000	Transfer	0.29		
				05.09.14	-2923	77077	Transfer	0.28		
				12.09.14	-1824	75253	Transfer	0.28		
				21.11.14	-4144	71109	Transfer	0.26		
				23.01.15	-2262	68847	Transfer	0.25		
				30.01.15	-876	67971	Transfer	0.25		
6	Ramesh Damani	62238	0.23	23.05.14	-2238	60000	Transfer	0.22	0	0.00
				30.05.14	-2500	57500	Transfer	0.21		
				06.06.14	-2500	55000	Transfer	0.20		
				20.06.14	-12500	42500	Transfer	0.16		
				30.06.14	-7500	35000	Transfer	0.13		
				04.07.14	-5000	30000	Transfer	0.11		
				11.07.14	-1140	28860	Transfer	0.11		
				18.07.14	-4980	23880	Transfer	0.09		
				25.07.14	-4000	19880	Transfer	0.07		
				15.08.14	-2500	17380	Transfer	0.06		
				22.08.14	-1250	16130	Transfer	0.06		
				29.08.14	-2500	13630	Transfer	0.05		
				30.09.14	-3630	10000	Transfer	0.04		
				31.10.14	-500	9500	Transfer	0.03		
				21.11.14	-2500	7000	Transfer	0.03		
				19.12.14	-7000	0	Transfer	0.00		
7	Rajat Sabharwal	60000	0.22	0	0	0	Transfer	0.00	60000	0.22
8	Vinar Naryat Pvt. Ltd.	59150	0.22	30.05.14	-10000	49150	Transfer	0.18	20000	0.07
				30.06.14	-5000	44150	Transfer	0.16		
				11.07.14	-5000	39150	Transfer	0.14		
				25.07.14	-19150	20000	Transfer	0.07		
				05.09.14	-5643	14357	Transfer	0.05		
				12.09.14	-4092	10265	Transfer	0.04		
				19.09.14	-10265	0	Transfer	0.00		
				31.10.14	20000	20000	Transfer	0.07		
				05.12.14	-14585	5415	Transfer	0.02		
				09.01.15	-5415	0	Transfer	0.00		
				06.03.15	1086	1086	Transfer	0.00		
				13.03.15	18914	20000	Transfer	0.07		

Sr. No.	Name of Shareholder	At the beginning of the year		Date wise increase/decrease in shareholding based on weekly beneficiary position of shareholders					At the end of the year	
		No of Shares	% of total shares of the Company	Date	Increase / Decrease No of Shares	Cumulative Share-holding	Reasons for increase / decrease	% of total shares of the Company	No of Shares	% of total shares of the Company
9	Sunderam Mutual Fund	55969	0.21	08.08.14	-3969	52000	Transfer	0.19	44346	0.16
				05.09.14	-1607	50393	Transfer	0.19		
				12.09.14	-1184	49209	Transfer	0.18		
				21.11.14	-2929	46280	Transfer	0.17		
				23.01.15	-1362	44918	Transfer	0.17		
				30.01.15	-572	44346	Transfer	0.16		
10	Jhaveri Bullion Pvt Ltd.	52454	0.19	31.10.14	-954	51500	Transfer	0.19	0	0.00
				07.11.14	-1500	50000	Transfer	0.18		
				14.11.14	-7275	42725	Transfer	0.16		
				21.11.14	-17725	25000	Transfer	0.09		
				19.12.14	-1500	23500	Transfer	0.09		
				31.12.14	-3500	20000	Transfer	0.07		
				09.01.15	-850	19150	Transfer	0.07		
				16.01.15	-4150	15000	Transfer	0.06		
				23.01.15	-7000	8000	Transfer	0.03		
				30.01.15	-8000	0	Transfer	0.00		
11	Reliance Capital Trustee Co. Ltd.	0	0.00	20.06.14	128145	128145	Transfer	0.47	300587	1.11
				11.07.14	17498	145643	Transfer	0.54		
				18.07.14	35426	181069	Transfer	0.67		
				25.07.14	7942	189011	Transfer	0.70		
				08.08.14	46213	235224	Transfer	0.87		
				22.08.14	22787	258011	Transfer	0.95		
				24.10.14	575	258586	Transfer	0.95		
				31.10.14	27001	285587	Transfer	1.05		
				07.11.14	55000	340587	Transfer	1.25		
				13.03.15	-40000	300587	Transfer	1.11		
12	L&T Mutual Fund Trustee Limited	0	0.00	30.09.14	103823	103823	Transfer	0.38	167996	0.62
				03.10.14	11256	115079	Transfer	0.42		
				17.10.14	13348	128427	Transfer	0.47		
				31.10.14	10473	138900	Transfer	0.51		
				21.11.14	15600	154500	Transfer	0.57		
				31.12.14	13496	167996	Transfer	0.62		
13	Franklin India Smaller Companies Fund	0	0.00	01.08.14	93400	93400	Transfer	0.34	232279	0.85
				08.08.14	106600	200000	Transfer	0.74		
				15.08.14	5675	205675	Transfer	0.76		
				29.08.14	46474	252149	Transfer	0.93		
				05.09.14	12669	264818	Transfer	0.97		
				12.09.14	12836	277654	Transfer	1.02		
				19.09.14	50000	327654	Transfer	1.21		
				10.10.14	-10000	317654	Transfer	1.17		
				21.11.14	-25000	292654	Transfer	1.08		
				19.12.14	-375	292279	Transfer	1.07		
				23.01.15	-20000	272279	Transfer	1.00		
				30.01.15	-20000	252279	Transfer	0.93		
				13.03.15	-3551	248728	Transfer	0.91		
				20.03.15	-16449	232279	Transfer	0.85		



Sr. No.	Name of Shareholder	At the beginning of the year		Date wise increase/decrease in shareholding based on weekly beneficiary position of shareholders					At the end of the year	
		No of Shares	% of total shares of the Company	Date	Increase / Decrease No of Shares	Cumulative Share-holding	Reasons for increase / decrease	% of total shares of the Company	No of Shares	% of total shares of the Company
14	Akash Bhanshali	0	0.00	23.05.14	25709	25709	Transfer	0.09	110933	0.41
				30.06.14	85197	110906	Transfer	0.41		
				04.07.14	87	110993	Transfer	0.41		
				19.09.14	-60	110933	Transfer	0.41		
15	Canara HSBC Oriental Bank of Commerce	0	0.00	21.11.14	207545	207545	Transfer	0.76	202189	0.74
				28.11.14	-722	206823	Transfer	0.76		
				05.12.14	-489	206334	Transfer	0.76		
				12.12.14	-679	205655	Transfer	0.76		
				19.12.14	-639	205016	Transfer	0.75		
				31.12.14	-298	204718	Transfer	0.75		
				02.01.15	-362	204356	Transfer	0.75		
				09.01.15	2172	206528	Transfer	0.76		
				16.01.15	1655	208183	Transfer	0.77		
				23.01.15	-1719	206464	Transfer	0.76		
				30.01.15	-1380	205084	Transfer	0.75		
				06.02.15	-853	204231	Transfer	0.75		
				13.02.15	-827	203404	Transfer	0.75		
				20.02.15	-1065	202339	Transfer	0.74		
				06.03.15	-548	201791	Transfer	0.74		
				20.03.15	-547	201244	Transfer	0.74		
				27.03.15	1485	202729	Transfer	0.75		
				31.03.15	-540	202189	Transfer	0.74		
16	Birla Sun Life Trustee Company Private Ltd.	0	0.00	12.12.14	32900	32900	Transfer	0.12	214923	0.79
				19.12.14	43999	76899	Transfer	0.28		
				31.12.14	11810	88709	Transfer	0.33		
				23.01.15	42800	131509	Transfer	0.48		
				30.01.15	33748	165257	Transfer	0.61		
				06.02.15	6500	171757	Transfer	0.63		
				13.02.15	2061	173818	Transfer	0.64		
				06.03.15	3520	177338	Transfer	0.65		
				20.03.15	16809	194147	Transfer	0.71		
				27.03.15	9500	203647	Transfer	0.75		
				31.03.15	11276	214923	Transfer	0.79		
17	Birla Sun Life Trustee Company Private Ltd.	0	0.00	12.12.14	21600	21600	Transfer	0.08	168049	0.62
				19.12.14	47465	69065	Transfer	0.25		
				31.12.14	7385	76450	Transfer	0.28		
				16.01.15	1472	77922	Transfer	0.29		
				23.01.15	42800	120722	Transfer	0.44		
				30.01.15	30989	151711	Transfer	0.56		
				06.02.15	6500	158211	Transfer	0.58		
				13.02.15	2013	160224	Transfer	0.59		
				20.03.15	7825	168049	Transfer	0.62		
18	Franklin Templeton Mutual Fund	0	0.00	13.02.15	61718	61718	Transfer	0.23	150000	0.55
				20.02.15	29168	90886	Transfer	0.33		
				27.02.15	59114	150000	Transfer	0.55		

v) **Shareholding of Directors and Key Managerial Personnel**

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr. Mukesh Patel	1500	0.01	1500	0.01
Mr. Vinay Chauhan	440	0.00	440	0.00

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ In Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3472	9020	Nil	12492
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	20	151	Nil	171
<b>Total (i+ii+iii)</b>	<b>3492</b>	<b>9171</b>	<b>Nil</b>	<b>12663</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	Nil	3240	Nil	3240
Reduction	(1777)	Nil	Nil	(1777)
<b>Net Change</b>	<b>(1777)</b>	<b>3240</b>	<b>Nil</b>	<b>1463</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1695	12260	Nil	13955
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	76	Nil	76
<b>Total (i+ii+iii)</b>	<b>1695</b>	<b>12336</b>	<b>Nil</b>	<b>14031</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. **Remuneration to Managing Director, Whole-time Directors and/or Manager:** (₹ In Lacs)

Sr. No.	Particulars of Remuneration	Mr. Shoji Tsubokuta	Mr. Anil Shah	Mr. Amit Doshi	Mr. Gurmeet Singh*	Mr. Vinay Chauhan	Total Amount
		Managing Director	CFO & Executive Director	Executive Director	Executive Director	Executive Director	
<b>1</b>	Gross Salary						
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	60.93	82.51	84.19	42.78	86.26	356.67
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	3.46	5.37	4.39	8.53	4.92	26.67
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-	-	-
<b>2</b>	Stock Options	-	-	-	-	-	-
<b>3</b>	Sweat Equity	-	-	-	-	-	-
<b>4</b>	Commission	-	-	-	-	-	-
	- as % of profit	-	-	-	-	-	-
	- others, specify....	-	-	-	-	-	-
<b>5</b>	Others, please specify – Retrials	-	-	-	-	-	-
	<b>Total (A)</b>	<b>64.39</b>	<b>87.88</b>	<b>88.58</b>	<b>51.31</b>	<b>91.18</b>	<b>383.34</b>
	Ceiling as per the Act (10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)						<b>1053.90</b>

\* Appointed with effect from July 21, 2014

## B. Remuneration to other Directors:

(₹ In Lacs)

		Name of Director							Total Amount	
1. Independent Directors										
Sr. No	Particulars of Remuneration	Mr. Ashok Balwani	Mr. Devender Nath	Ms. Indira Parikh	Mr. Mukesh Patel	Mr. Ravindra Jain	Mr. R S Mani	Mr. Vinesh Sadekar		
1	Fee for attending Board /Committee Meetings	2.00	3.00	0.40	4.55	3.00	1.60	1.60	16.15	
2	Commission	-	-	-	-	-	-	-	-	
3	Others, please Specify	-	-	-	-	-	-	-	-	
	Total (1)								16.15	
2. Other Non Executive Directors										
					Mr. Shinichi Iizuka		Mr. L G Ramakrishnan			
1	Fee for attending Board /Committee Meetings				-		-		-	
2	Commission				-		-		-	
3	Others, please Specify				-		-		-	
	Total (2)								-	
	Total (B)=(1+2)								16.15	
Total Managerial Remuneration (Excluding Sitting Fees)										383.34
Overall Ceiling as per the Act (11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)										1159.29

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ In Lacs)

Sr. No.	Particulars of Remuneration	Parag Dave Company Secretary	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	13.88	13.88
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	0.93	0.93
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2	Stock Options	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify....	-	-
5	Others, please specify - Retirals	-	-

## VII. MATERIAL PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers in Default					
Penalty	None				
Punishment					
Compounding					

---

**Annexure D**  
**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2015**  
*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9*  
*of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
Hitachi Home and Life Solutions (India) Limited,  
9<sup>th</sup> Floor, Abhijeet,  
Mithakhali Six Roads,  
Ahmedabad – 380 006

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hitachi Home and Life Solutions (India) Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Hitachi Home and Life Solutions (India) Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Hitachi Home and Life Solutions (India) Limited (CIN: L29300GJ1984PLC 007470) ("the Company") having its Registered Office at 9<sup>th</sup> Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad – 380 006 for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not applicable to the Company during the Audit Period)**;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**
- (vi) The Company has materially complied with the following specifically other applicable laws to the Company:
  - (a) E-waste Management Rules, 2012

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. **(Not notified hence not applicable to the Company during the Audit Period)**

(ii) Listing Agreement clauses.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were usually sent seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

There were no dissenting views on any matter.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

FOR M C Gupta & Co,  
Company Secretaries

Place : Ahmedabad  
Date : May 29, 2015

Mahesh C Gupta  
FCS: 2047 (CP: 1028)

---

**Annexure E**

Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, relating to Conservation of energy, technology absorption and foreign exchange earnings and outgo

**Conservation of Energy**

1. New additional powder coating plant installed with conveyer speed of 3.5 meter / minutes. This has helped to reduce the outsourcing of painted components, resulting into indirect savings of transportation cost (Diesel cost).
2. In Injection molding shop, another 3 sets of new machine installed, resulting into reduction of outsourcing of molded parts. This has again helped in savings of transportation cost (Diesel cost)
3. Assembly lines modified / new lines installed. This has resulted into stoppage of night shift working in Assembly shop during peak season. Thereby savings of energy cost (lighting power).
4. New fin press installed with servo motor mechanism resulting into savings of power cost.
5. Factory roof is covered with moveable cover to control working temperature inside the plant.

**Research and development**

1. Development of premium segment Inverter with Image Sensor technology for increase in comfort and power saving.
2. Development of I Sense technology for Comfort Sleep.
3. Development of 5 Star Split air conditioner with new 997mm chassis.
4. Development of New aesthetic Indoor unit with high specifications for premium segment.
5. Development of high reliability fire proof product for ATM industry.
6. Development of Cooling Solution for high density telecom shelter enabling HITACHI to be no. 1 in telecom industry.
7. Development of high efficiency high ambient Air conditioning solution for telecom industry.
8. Development of Low Noise level hide away type unit for light commercial application.
9. Development of Customized chiller with soft start facility.
10. Development of highest efficiency Top Throw Set Free product lineup with green refrigerant.

---

**Technology absorption**

1. Localization of I Clean technology products.
2. Low Sound level T flow fan with Wave blade design.
3. Technical recommendation for formalizing standard for defining efficiency of Inverter range by ISEER calculation.
4. Improving incoming electronics inspection quality by high speed automatic function checkers.
5. High sensible Cooling solution for localized equipment cooling for panel / ATM.
6. Study of High static Air handling unit operation with Set Free outdoor unit.
7. Improvement in Chiller performance by improving cycle design.
8. Centralized control & Monitoring system for AC and other peripherals of ATM.

**Foreign exchange earnings and outgo**

The required information in respect of foreign exchange earnings and outgo has been given in the notes forming part of the Annual Report.

---

**Annexure F**  
**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis :

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts / arrangements / transactions including the value, if any	Justification for entering into such contracts / arrangements / transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
No such transaction							

2. Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Salient terms of the contracts / arrangements / transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any	Duration of the contracts / arrangements / transactions
(a)	(b)	(d)	(e)	(f)	(c)
Details of Related party transactions are disclosed in Note No. 34 of the Financial Statement			Approval of Board of Directors is not required	No advance amount paid for Related party transactions	Royalty payment: Seven years. Technical Know how fees: On receipt of Technical Information. Other transactions: Ongoing nature

## REPORT ON CORPORATE GOVERNANCE

### I. Company's Philosophy on Code of Corporate Governance

Your Company is committed to adopt best management practices for achieving its pre-defined objectives with ethical standards and transparent & fair conduct of the business.

Company believes that vital components of prudent Corporate Governance are - compliance of laws, internal control systems, transparent accounting practices and policies, timely disclosures, optimum mixture of Independent Directors in the Board, etc.

Company's Corporate Governance is framed on the basis of following principles:

1. Ethical and fair conduct of business to achieve its goal by enhancing the brand equity and value of the Company.
2. Internal Control systems applied to all operations of the Company.
3. Appropriate size and mixture of the Board containing one half of Independent Directors. Directors have expertise in different areas.
4. Compliance of laws and regulations applicable to the Company with true letter and spirit.
5. To ensure awareness of the Shareholders, Customers, Suppliers, Employees. Timely disclosure of all operational and financial information of the Company within the purview of the laws.
6. To create, maintain and ensure safe and clean environment for sustainable development for next generation.

### II. Board of Directors, Committees and Remuneration of Directors

#### Board of Directors

Present strength of the Board of Directors of your Company is thirteen members. Directors have expertise in diversified fields viz. Business Planning, Production Planning, Sales & Marketing, Finance, Taxation, Human Resources, etc. The Executive Board members provide a vision, strategic guidance and leadership to the professional managers while Independent Board Members review the periodical financial results, performance of operations of the Company, Internal Control Systems, etc.

The composition of the Board is in conformity with Clause 49 of the Listing Agreement executed by Company with Stock Exchanges. The Board of Company has optimum combination of Non-independent and Independent Directors. Board of the Company consists of five (5) Executive Directors (including Managing Director), One (1) Non-executive Director and Seven (7) Independent Directors. Details of their position and number of Board / Committees in which they are Chairman / Member are as under:

Name of Director	Executive / Non-executive / Independent	No. of Directorship in other Public Limited Indian Companies	No. of Committees* Position held as	
			Chairman	Member
Mr. Shinichi Iizuka	Chairman / Non-Executive	-	-	-
Mr. Shoji Tsubokuta	Executive	-	-	1
Mr. Amit Doshi	Executive	-	-	-
Mr. Anil Shah	Executive	-	-	1
Mr. Vinay Chauhan	Executive	-	-	-
Mr. Gurmeet Singh**	Executive	-	-	-
Mr. L.G. Ramakrishnan***	Non-Executive	-	1	1
Mr. Ashok Balwani	Non-Executive / Independent	-	-	-
Dr. Devender Nath	Non-Executive / Independent	1	-	1
Mr. Mukesh Patel	Non-Executive / Independent	6	5	2
Mr. Ravindra Jain	Non-Executive / Independent	-	-	1
Mr. Vinesh Sadekar	Non-Executive / Independent	-	-	-
Mr. R S Mani	Non-Executive / Independent	-	-	-
Ms. Indira Parikh****	Non-Executive / Independent	7	-	6

\* Includes only Audit Committee and Stakeholders Relationship Committee.

\*\* Mr. Gurmeet Singh was appointed as an Executive Director of the Company with effect from July 21, 2014.

\*\*\* Mr. L.G.Ramakrishnan ceased to be a Director of the Company with effect from July 21, 2014.

\*\*\*\* Ms. Indira Parikh was appointed as a Non-Executive, Independent Director of the Company with effect from November 04, 2014.



---

**Attendance of Board Meeting and Annual General Meeting**

Schedule of Board meetings for the year is decided at the beginning of the year. The Board meets at least once in a quarter, inter-alia, to review the performance of the quarter.

During the year from April 01, 2014 to March 31, 2015, Four Board Meetings were held i.e. on May 26, 2014, July 21, 2014, November 04, 2014 and January 29, 2015. The last Annual General Meeting (AGM) was held on July 21, 2014. The attendance of Directors at these Board Meetings and the last AGM were as under:

Name of Director	Board Meetings	Annual General Meeting
Mr. Shinichi Iizuka	1	Present
Mr. Shoji Tsubokuta	4	Present
Mr. Amit Doshi	4	Present
Mr. Anil Shah	4	Present
Mr. Vinay Chauhan	4	Present
Mr. Gurmeet Singh*	3	Not Applicable
Mr. L G Ramakrishnan**	2	Present
Mr. Ashok Balwani	4	Present
Dr. Devender Nath	3	Present
Mr. Mukesh Patel	4	Present
Mr. R S Mani	4	Present
Mr. Ravindra Jain	3	Present
Mr. Vinesh Sadekar	4	Present
Ms. Indira Parikh***	1	Not Applicable

\* Mr. Gurmeet Singh was appointed as an Executive Director of the Company with effect from July 21, 2014.

\*\* Mr. L G Ramakrishnan ceased to be a Director with effect from July 21, 2014.

\*\*\* Ms. Indira Parikh was appointed as an Independent Director of the Company with effect from November 04, 2014.

**Number of Shares held by Non-Executive Directors**

Details of Number of Shares held by Non-executive Directors in their own name or in the name of other persons on beneficial basis as on March 31, 2015 are as under:

Name of Director	No of Shares held
Mr. Shinichi Iizuka	Nil
Mr. Mukesh Patel	1500
Mr. Ravindra Jain	Nil
Mr. Ashok Balwani	Nil
Dr. Devender Nath	Nil
Mr. Vinesh Sadekar	Nil
Mr. R S Mani	Nil
Ms. Indira Parikh	Nil

**Inter-se relationship between Directors**

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

**Audit Committee**

Audit Committee comprises of three members, all being Non-executive Independent Directors. Audit Committee effectively exercises its role, responsibilities and powers as prescribed in Clause 49(III)(a) to(e) of the Listing Agreement and Section 177A of the Companies Act, 2013.

Members of the Audit Committee are as under:

Mr. Mukesh Patel – Chairman

Mr. L G Ramakrishnan\* – Member

Mr. Ravindra Jain – Member

Dr. Devender Nath – Member

\* Ceased to be a Director with effect from July 21, 2014.

During the year from April 01, 2014 to March 31, 2015 4 (Four) Audit committee meetings were held i.e. on May 26, 2014, July 21, 2014, November 04, 2014 and January 29, 2015. Attendances of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	4
Mr. L G Ramakrishnan	2
Mr. Ravindra Jain	3
Dr. Devender Nath	3

## Nomination and Remuneration Committee

Nomination and Remuneration Committee takes all decisions relating to remuneration of Executive Directors and recommends appointment of Directors and Senior Management Personnel of the Company subject to such approval of Shareholders and Central Government as and when required.

Members of the Nomination and Remuneration Committee are as under:

Dr. Devender Nath – Member

Mr. Mukesh Patel – Member

Mr. Ravindra Jain – Member

During the year under review, Four Nomination and Remuneration Committee Meetings were held i.e. on May 26, 2014, July 21, 2014, November 04, 2014 and January 29, 2015. Attendance of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Dr. Devender Nath	3
Mr. Mukesh Patel	4
Mr. Ravindra Jain	3

## Terms of Appointment / Remuneration

Executive Directors including Managing Director are usually appointed for three years at the remuneration within the limit prescribed under the Companies Act, 2013.

Independent Directors are paid sitting fees of ₹ 40,000/- for attending Board meeting, ₹ 40,000/- for attending Audit Committee Meeting, ₹ 40,000/- for attending CSR Committee meeting, ₹ 20,000/- for attending Nomination and Remuneration Committee Meeting and ₹ 5,000/- for attending Stakeholders Relationship Committee Meeting.

Remuneration of Directors during the year under review:

(₹ in Lacs)

Name of Director	Salary	Perquisites	Sitting Fees	Total Remuneration
Mr. Shinichi Iizuka	Nil	Nil	Nil	Nil
Mr. Shoji Tsubokuta	60.93	3.46	Nil	64.39
Mr. Vinay Chauhan	86.26	4.92	Nil	91.18
Mr. Amit Doshi	84.19	4.39	Nil	88.58
Mr. Anil Shah	82.51	5.37	Nil	87.88
Mr. Gurmeet Singh*	42.78	8.53	Nil	51.31
Mr. L G Ramakrishnan**	Nil	Nil	Nil	Nil
Mr. Mukesh Patel	Nil	Nil	4.55	4.55
Mr. Ravindra Jain	Nil	Nil	3.00	3.00
Mr. Ashok Balwani	Nil	Nil	2.00	2.00
Dr. Devender Nath	Nil	Nil	3.00	3.00
Mr. Vinesh Sadekar	Nil	Nil	1.60	1.60
Mr. R S Mani	Nil	Nil	1.60	1.60
Ms. Indira Parikh***	Nil	Nil	0.40	0.40

\* Appointed with effect from July 21, 2014

\*\* Ceased to be a Director with effect from July 21, 2014

\*\*\* Appointed with effect from November 04, 2014

There was no other pecuniary relationship or transaction of the Non-executive Director vis-à-vis the Company during the year under review.

Formal appointment and evaluation policy of the Board and Senior Management has been placed as Annexure B as a part of Directors' Report.

### Stakeholders Relationship Committee

Stakeholders Relationship Committee consisted of following members as on March 31, 2015:

Mr. Mukesh Patel – Chairman

Mr. Shoji Tsubokuta – Member

Mr. Anil Shah – Member

During the year under review, Mr. L.G.Ramakrishnan Ceased to be a Chairman of the Committee with effect from July 21, 2014.

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

Sr. No.	Nature of Complaints	Received	Redressed	Pending as at March 31, 2015
1.	Non-receipt of share certificate(s) after transfer	Nil	Nil	Nil
2.	Non-receipt of dividend warrants	6	6	Nil
3.	Query regarding demat credit	Nil	Nil	Nil
4.	Non-receipt of duplicate share certificates	Nil	Nil	Nil
5	Others : Non-receipt of Annual Report	Nil	Nil	Nil

None of the complaints and share transfers are pending for a period exceeding one month.

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

**E-mail ID of Compliance Officer:** compliance.officer@hitachi-hli.com

### III. Other Disclosures

#### Statutory Disclosures:

- There were no materially significant related party transactions that may have potential conflict with the interests of Company at large.
- There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalty or strictures imposed on the Company for such matters by Stock Exchange or SEBI or any statutory authority.
- The Whistle Blower policy has been put on the website of the Company and we affirm that the Company has an adequate Whistle Blower mechanism and that no personnel was denied access to the Audit Committee.
- All mandatory requirements have been complied with by the Company during the year.
- No non-mandatory requirements adopted by the Company except Remuneration Committee has been constituted by the Company.

#### Information relating to last three Annual General Meetings

Date	Time	Venue	Special resolutions passed
August 09, 2012	9.00 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad	To re-appoint Mr. Vinay Chauhan as Executive Director.
July 29, 2013	9.30 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad	<ul style="list-style-type: none"><li>• To re-appoint Mr. Motto Morimoto as Managing Director.</li><li>• To re-appoint Mr. Vinay Chauhan as Executive Director.</li><li>• To re-appoint Mr. Amit Doshi as Executive Director.</li><li>• To re-appoint Mr. Anil Shah as Executive Director.</li></ul>
July 21, 2014	9.30 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad - 380015	<ul style="list-style-type: none"><li>• To appoint Mr. Shoji Tsubokuta as Managing Director for a period of three years w.e.f 1st October, 2013</li><li>• Alteration of Articles of association</li><li>• Authority to Board of Directors for Borrowing Powers under Section 180(1)(c) of the Companies Act, 2013</li><li>• Consent to Board of Directors for creation of charges under Section 180(1)(a) of the Companies Act, 2013</li><li>• Approval for entering into Related party transactions</li></ul>

No special resolution has been passed through postal ballot in last Annual General Meeting.

## Means of communication

The quarterly results are published in Economic Times (English), Hindu Business Line (English), Economic Times (Gujarati) and Jaihind (Gujarati) and the same are also displayed on the website of the Company [www.hitachi-hli.com](http://www.hitachi-hli.com). The information is being made available to the Stock Exchanges to upload the same on their websites.

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

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

## General Shareholder Information

### Ensuing Annual General Meeting

Day and Date	Time	Venue
Friday, July 24, 2015	9.30 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad : 380 015

Financial year : From April 01, 2014 to March 31, 2015

Book closure : From July 20, 2015 to July 24, 2015 (Both days inclusive)

Dividend Payment Date: Dividend, if declared, will be paid on August 11, 2015.

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

Stock Code	Stock Exchange
523398	Bombay Stock Exchange Limited
HITACHIOM	National Stock Exchange of India Limited

The Company has paid Annual Listing Fees for the year 2015-16 to the Stock Exchanges.

### Market Price Data

Highest & Lowest market prices of the shares during each month in last financial year and performance in comparison to broad based indices such as BSE Sensex and NSE Nifty are as under:

	HHLI Share Price quoted at BSE		SENSEX		HHLI Share Price quoted at NSE		NIFTY	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
April-2014	176.00	156.75	22939.31	22197.51	176.90	156.35	6869.85	6650.40
May-2014	256.60	158.10	25375.63	22277.04	257.65	158.15	7563.50	6638.55
June-2014	306.00	224.65	25725.12	24270.20	306.40	225.00	7700.05	7239.50
July-2014	414.00	257.80	26300.17	24892.00	407.00	255.10	7840.95	7422.15
August-2014	528.40	355.00	26674.38	25232.82	528.95	352.00	7968.25	7540.10
September-2014	705.00	460.00	27354.99	26220.49	707.00	478.00	8180.20	7841.80
October- 2014	675.45	551.00	27894.32	25910.77	673.45	561.05	8330.75	7723.85
November-2014	908.65	621.45	28822.37	27739.56	909.00	630.00	8617.00	8290.25
December-2014	949.90	716.00	28809.64	26469.42	950.40	761.00	8626.95	7961.35
January-2015	1307.00	842.50	29844.16	26776.12	1310.00	847.95	8996.60	8065.45
February-2015	1192.75	1040.00	29560.32	28044.49	1193.30	1040.00	8941.10	8470.50
March-2015	1470.00	1169.95	30024.74	27248.45	1468.00	1170.95	9119.20	8269.15

### Registrars and Share Transfer Agent

M/s. Sharepro Services (India) Pvt. Ltd.

416-420, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006

### Share Transfer System

Since the Company's shares are compulsorily traded in the demat segment on Stock Exchanges, bulk of the transfers take place in the electronic form. For expediting transfers of physical shares, the authority has been delegated to the Registrars and Share Transfer Agent to complete share transfer formalities at least once in a fortnight.

### Shareholding Pattern as on March 31, 2015

Category	No. of Shares Held	% of Shareholding
<b>Promoters' Holding</b>	20,189,894	74.25
<b>Non-Promoters' Holding</b>		
Mutual Funds and UTI	1,663,903	6.12
Banks, Financial Institutions, Insurance Companies	11,473	0.04
Foreign Institutional Investors	392,262	1.44
Bodies Corporate	1,479,844	5.44
Indian Public	3,342,843	12.29
Others	110,665	0.42
<b>Total</b>	27,190,884	100.00

---

**Distribution of Shareholding as on March 31, 2015**

Shares Balance	No. of Holders	% of Holders	No. of Shares	% of Shares
1-500	14,607	93.83	1,541,556	5.67
501-1000	533	3.42	413,798	1.52
1001-2000	197	1.27	291,009	1.07
2001-3000	81	0.52	208,840	0.77
3001-4000	23	0.15	83,404	0.31
4001-5000	18	0.12	86,123	0.32
5001-10000	41	0.26	298,362	1.10
10001-20000	30	0.19	447,402	1.65
Above 20000	38	0.24	23,820,390	87.60
<b>Total</b>	<b>15,568</b>	<b>100.00</b>	<b>27,190,884</b>	<b>100.00</b>

**Dematerialization of shares and liquidity**

The Company's shares are available for dematerialisation on both the depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). As on March 31, 2015, 97.98% shares of the Company were in dematerialised form. Demat ISIN No. of the Equity Shares of the Company: INE782A01015.

**Plant Address**

Hitachi Complex, Village : Karannagar – 382 715 Ta.: Kadi, Dist.: Mehsana, Gujarat

**Addresses for Correspondence for shares related query****Company:**

Hitachi Home & Life Solutions (India) Ltd.

9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad : 380 006 Ph.: 079-26402024

**Registrar and Share Transfer Agent:**

M/s. Sharepro Services (India) Pvt. Ltd.

416-420, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006 Ph. : 079-26582381-2

**Declaration under Code of Conduct****To the Shareholders of****Hitachi Home & Life Solutions (India) Ltd.**

On the basis of the affirmation letters received from Board Members and Senior Management Personnel, I declare that, they have complied with all the provisions of Code of Conduct laid down by the Board of Directors of the Company.

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

**Shoji Tsubokuta**

**Managing Director**

---

**AUDITORS' CERTIFICATE**

**To**

**The Members of Hitachi Home and Life Solutions (India) Limited**

We have examined the compliance of conditions of corporate governance by Hitachi Home and Life Solutions (India) Limited, for the year ended on March 31, 2015, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number:324982E

**per Arpit K Patel**

Partner

Membership Number: 34032

Place : Ahmedabad

Date : May 29, 2015

**INDEPENDENT AUDITORS' REPORT****To the Members of Hitachi Home and Life Solutions (India) Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of Hitachi Home & Life Solutions (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit, and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E

**per Arpit K. Patel**

Partner

Membership Number: 34032

Place of Signature: Ahmedabad

Date: May 29, 2015

**Annexure referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements  
of our report of even date of Hitachi Home & Life Solutions (India) Limited for year ended 31 March 2015.**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of certain intangible assets are of proprietary nature for which alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products / services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.  
(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act (Central & States)	Demand raised in assessments at various locations	386.70	2000-01 to 2013-14	Deputy Commissioner Appeals / Joint Commissioner Appeals
Finance Act, 1994 (Service tax)	Demand on claiming service tax credit on warranty services	581.67	2006-07 to 2012-13	CESTAT (Appeals), Ahmedabad
	Demand on claiming service tax credit on advertisement expenses including interest and penalty	118.69	2005-06 to 2010-11	CESTAT (Appeals), Ahmedabad
	Demand raised on Consulting Engineers Services including interest and penalty	48.61	2000-01 to 2003-04	CESTAT (Appeals), Ahmedabad
	Demand raised on Service Tax credit taken on Sales Promotion, Event Management, Foreign Tour etc	8.07	Audit Para – March-2012 to Feb-2013	Commissioner (Appeals) - Ahmedabad
	Demand raised on Commission including interest and penalty	8.76	2004-05	CESTAT, Ahmedabad
Central Excise Act, 1944	Cenvat Credit taken on Inputs	0.29	2009 to 2011	CESTAT, Ahmedabad
	Demand of excess excise duty collected	2.51	2008-09	Commissioner Appeals, Chandigarh
	Assessable value dispute	32.74	2005-06 to 2009-10	CESTAT, Delhi



- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues in respect of a financial institution or debentures during the year.
- (x) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E

**per Arpit K. Patel**

Partner

Membership Number: 34032

Place of Signature: Ahmedabad

Date: May 29, 2015

## Balance sheet as at March 31, 2015

	Notes	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
(a) Share capital	3	2,719.09	2,719.09
(b) Reserves and surplus	4	28,568.98	21,283.58
		<b>31,288.07</b>	<b>24,002.67</b>
<b>Non-current liabilities</b>			
(a) Long-term borrowings	5	2,760.00	2,760.00
(b) Deferred tax liabilities (net)	6	148.54	-
(c) Other long-term liabilities	7	5.20	0.64
(d) Long-term provisions	8	3,253.24	2,767.16
		<b>6,166.98</b>	<b>5,527.80</b>
<b>Current liabilities</b>			
(a) Short-term borrowings	9	11,194.81	6,973.12
(b) Trade payables	10	49,875.80	30,416.13
(c) Other current liabilities	11	8,172.50	8,112.21
(d) Short-term provisions	8	1,133.12	1,004.90
		<b>70,376.23</b>	<b>46,506.36</b>
<b>TOTAL</b>		<b>107,831.28</b>	<b>76,036.83</b>
<b>Assets</b>			
<b>Non-current assets</b>			
(a) Fixed assets	12		
(i) Tangible assets		21,575.89	17,242.56
(ii) Intangible assets		2,726.70	2,303.95
(iii) Capital work-in-progress		143.20	31.91
(iv) Intangible assets under development		117.92	184.78
(b) Deferred tax assets (net)	6	-	57.80
(c) Long-term loans and advances	13	2,468.07	3,058.60
		<b>27,031.78</b>	<b>22,879.60</b>
<b>Current assets</b>			
(a) Inventories	14	49,031.15	29,047.75
(b) Trade receivables	15	28,383.98	18,837.99
(c) Cash and bank balances	16	573.85	2,199.35
(d) Short-term loans and advances	13	2,709.81	2,927.83
(e) Other current assets	17	100.71	144.31
		<b>80,799.50</b>	<b>53,157.23</b>
<b>TOTAL</b>		<b>107,831.28</b>	<b>76,036.83</b>

Statement of significant accounting policies 2  
The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No. 324982E

**per Arpit K. Patel**

Partner

Membership No: 34032

Place : Ahmedabad

Date : May 29, 2015

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

**Shoji Tsubokuta**  
Managing Director

**Anil Shah**  
CFO & Executive Director

**Vinay Chauhan**  
Executive Director

**Parag Dave**  
Company Secretary

Place : Karannagar, Gujarat

Date : May 29, 2015

## Statement of profit and loss for the year ended March 31, 2015

	Notes	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs
<b>Income</b>			
Revenue from operations (gross)	18	170,726.25	119,934.16
Less : Excise duty (refer note 43)		13,442.21	9,961.57
<b>Revenue from operations (net)</b>		<b>157,284.04</b>	<b>109,972.59</b>
Other income	19	711.80	574.85
<b>Total Revenue</b>		<b>157,995.84</b>	<b>110,547.44</b>
<b>Expenses</b>			
Cost of raw material and components consumed	20	80,497.86	56,417.50
Purchase of stock-in-trade	21	25,685.03	13,603.55
Decrease / (Increase) in inventories of finished goods, work-in-progress and stock-in-trade	22	(10,221.58)	(326.44)
Employee benefits expense	23	11,378.30	8,184.52
Finance costs	24	825.78	1,194.98
Depreciation and amortization expense	12	3,592.91	3,003.82
Other expenses	25	36,136.26	27,336.98
<b>Total Expenses</b>		<b>147,894.56</b>	<b>109,414.91</b>
<b>Profit before tax</b>		<b>10,101.28</b>	<b>1,132.53</b>
<b>Tax expense</b>			
Current tax [Including ₹ (6.36) lacs (Previous year: ₹ (0.53) lacs) pertaining to earlier years]		2,131.34	467.41
MAT Credit entitlement [Including ₹ 25.64 lacs (Previous year: ₹ 29.93 lacs) pertaining to earlier years]		(12.69)	(77.47)
Deferred tax charge / (credit) [Including ₹ (89.26) lacs (Previous year: ₹ Nil lacs) pertaining to earlier years]		206.34	(62.33)
		<u>2,324.99</u>	<u>327.61</u>
<b>Profit for the year</b>		<b>7,776.29</b>	<b>804.92</b>
<b>Basic and diluted (₹) earnings per share</b>	26	28.60	2.97
[Nominal value of share ₹ 10 (Previous year: ₹ 10)]			
Statement of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No. 324982E

**per Arpit K. Patel**

Partner

Membership No: 34032

Place : Ahmedabad

Date : May 29, 2015

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

**Shoji Tsubokuta**  
Managing Director

**Anil Shah**  
CFO & Executive Director

**Vinay Chauhan**  
Executive Director

**Parag Dave**  
Company Secretary

Place : Karannagar, Gujarat

Date : May 29, 2015

## Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs
<b>A. Cash Flow from Operating Activities</b>		
<b>Net profit before tax</b>	<b>10,101.28</b>	<b>1,132.53</b>
Adjustments for :		
(Profit)/ loss on sale of assets (net)	(3.74)	(3.10)
Unrealised foreign exchange (gain)/loss (net)	271.92	(374.17)
Depreciation and amortisation	3,592.91	3,003.82
Provision for doubtful debts	58.08	15.88
Interest income	(451.82)	(425.04)
Surplus on insurance claim (fire)	-	(84.49)
Finance Costs	825.78	842.47
<b>Operating profit before working capital changes</b>	<b>14,394.41</b>	<b>4,107.90</b>
Adjustments for :		
Decrease / (Increase) in trade receivables	(9,603.49)	(2,401.26)
Decrease / (Increase) in loans and advances	239.27	(463.08)
Decrease / (Increase) in other current assets	37.70	(19.69)
Decrease / (Increase) in inventories	(19,983.40)	1,516.54
(Decrease) / Increase in current liabilities	21,942.66	(3,301.28)
Increase in other provisions	600.58	1,534.39
<b>Cash from operating activities</b>	<b>7,627.73</b>	<b>973.52</b>
Direct taxes paid (Net)	(2,161.46)	(655.40)
<b>Net cash from operating activities before extraordinary items</b>	<b>5,466.27</b>	<b>318.12</b>
Proceeds from Insurance Claim on Fire (net)	-	5,483.68
<b>Net cash from operating activities</b>	<b>5,466.27</b>	<b>5,801.80</b>
<b>B. Cash flow from investing activities</b>		
Purchase of tangible assets (including capital work in progress and capital advance)	(6,579.93)	(4,173.49)
Proceeds from sale of fixed assets	130.11	62.85
Purchase of intangible assets (including capital work in progress and capital advance)	(1,167.90)	(1,448.69)
Redemption in bank deposits (with maturity more than three months)	2,003.32	6.69
Investment in bank deposits (with maturity of more than three months)	-	(2,000.00)
Interest received	493.59	383.35
<b>Net cash used in investing activities</b>	<b>(5,120.81)</b>	<b>(7,169.29)</b>

**Cash Flow Statement for the year ended March 31, 2015**

	<b>For the year ended March 31, 2015 ₹ Lacs</b>	<b>For the year ended March 31, 2014 ₹ Lacs</b>
<b>C. Cash flow from financing activities</b>		
Repayment of long-term borrowings	(2,760.00)	(2,896.45)
Proceeds from short term borrowings (net)	4,221.69	(1,415.89)
Finance cost paid	(956.73)	(833.31)
Share Application Money received	-	33.30
Dividend paid (including tax provision thereon)	(472.60)	(472.53)
<b>Net cash flow from / (used in) financing activities</b>	<b>32.36</b>	<b>(5,584.88)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>377.82</b>	<b>(6,952.37)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>154.10</b>	<b>7,106.47</b>
<b>Cash and cash equivalents at the end of the year (refer note 2 below)</b>	<b>531.92</b>	<b>154.10</b>
<b>Components of Cash and Cash Equivalents:</b>		
Cash on hand	9.82	8.16
Bank balance in current accounts	156.07	118.17
Unclaimed dividend account	22.33	17.75
Balance in cash credit accounts	343.70	10.02
<b>Cash and Cash Equivalents</b>	<b>531.92</b>	<b>154.10</b>

**Notes :**

- Cash flow statement has been prepared under the indirect method.
- Includes ₹ 37.75 lacs (previous year ₹ 24.53 lacs), being balances with restricted use towards purpose of unpaid dividend & employees deposits.

As per our report of even date  
**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No. 324982E  
**per Arpit K. Patel**  
Partner  
Membership No: 34032  
Place : Ahmedabad  
Date : May 29, 2015

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

**Shoji Tsubokuta**      **Anil Shah**  
Managing Director      CFO & Executive Director

**Vinay Chauhan**  
Executive Director

**Parag Dave**  
Company Secretary

Place : Karannagar, Gujarat  
Date : May 29, 2015

---

## Notes to Financial Statements for the year ended March 31, 2015

### 1. Background

Hitachi Home and Life Solutions (India) Limited (‘the Company’) was incorporated in December 1984 as “Acquest Air conditioning Systems Private Limited” under the provisions of Companies Act, 1956.

The Company is engaged in the business of manufacturing, selling and trading of ‘Hitachi’ brand of Air conditioners, refrigerators, washing machines, chillers and VRF (variable refrigerant flow) systems. Manufacturing facility for Air conditioners is set up at Kadi (North Gujarat). The Company performs its marketing activities through twenty branches and forty service centers spread across India.

The Company is a subsidiary of Hitachi Appliances, Inc., Japan.

### 2. Statement of Significant Accounting Policies

#### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

#### 2.2 Accounting estimates

The preparation of the financial statements in accordance with Indian GAAP requires that the management makes best estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### 2.3 Fixed assets and depreciation

Fixed assets (Tangible assets and Intangible assets) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Machine spares which are specific to a particular item of fixed asset and their use is expected to be irregular have been capitalized and depreciated over the balance useful life of such fixed assets.

Depreciation on tangible fixed assets is provided on the straight line method at the rates which fairly reflect the useful lives prescribed in Schedule II of the Companies Act, 2013, which coincides with management’s estimate of useful life, on all assets except for the following assets which are depreciated at higher rates based on management’s estimate of the useful life:

a. Moulds and Tools	: 3 years	b. Computers (server & network)	: 4 years
c. Furniture & Fittings	: 5 to 7 years	d. Office Equipments	: 3 to 5 years
e. Electrical Fittings	: 7 years	f. Toolkits	: 3 years
g. Vehicles	: 5 to 8 years		

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

Intangible assets are amortised, based on management’s estimate of its useful economic life using straight line method, on pro-rata basis as under:

a. Technical Know-how fees	: 5 years	b. Software	: 3 years
----------------------------	-----------	-------------	-----------

Depreciation on individual tangible assets costing up to ₹ 5,000 are provided at the rate of 100% in the month of purchase.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### 2.4 Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal or external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset’s net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 2.5 Capital work in progress & intangible asset under development

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.

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

## **2.6 Inventories**

Raw materials and stores and spare parts are valued at lower of cost and net realizable value. However, 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.

Work in progress is valued at lower of cost and net realizable value. Costs include material cost, direct expenses and a proportion of manufacturing overheads.

Manufactured finished goods are valued at lower of cost and net realizable value. Cost includes material cost, excise duty, direct expenses and a proportion of manufacturing overheads based on normal operating capacity.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Goods in transit are valued at lower of cost and net realizable value.

Cost is determined on the basis of weighted average method and includes all costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less 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.

## **2.7 Revenue recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### **(i) Sale of Goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are inclusive of freight, octroi and insurance, installation charges in some cases, and net of sales returns, trade discounts and cash discounts. The Company collects sales taxes (CST) and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Excise duty deducted from the sales (gross) is the amount which is included in the amount of sales (gross) and not the entire amount of liability that arose during the year.

### **(ii) Service Income**

Revenue from service operations is recognised as and when services are rendered in accordance with the terms of the contract. Maintenance revenue is recognised over the period of respective contracts. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

### **(iii) Revenue from long term contracts**

Revenue from long term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. The total costs of contracts are estimated based on technical and other estimates. When the current estimate of total costs and revenue is a loss, provision is made for the entire loss on the contract irrespective of the amount of work done.

Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue is reflected under "Current Liabilities" in the balance sheet.

### **(iv) Commission Income**

Commission income is recognized as and when earned, unless there is significant uncertainty regarding realization thereof.

### **(v) Interest**

Interest Income is recognised on a time proportion basis taking into account the outstanding amount and the applicable rate.

## **2.8 Employee benefits**

- (i) Retirement benefits in the form of Provident and Superannuation Fund is a defined contribution scheme and the contributions are charged to the Statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

- 
- (ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
  - (iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is on projected unit credit method made at the end of each financial year. The bifurcation of compensated absences into Current & Non-current as shown in financial statements is as per actuary certificates.
  - (iv) Actuarial gains/losses are immediately taken to Statement of profit and loss and are not deferred.

## **2.9 Foreign currency transactions**

### **(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### **(ii) Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

### **(iii) Exchange Differences**

All exchange differences are recognized as income or as expenses in the period in which they arise.

### **(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

## **2.10 Derivative Contracts**

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

## **2.11 Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

### **Warranty provisions**

Provisions for long term warranty-related costs are recognized when the product is sold or service provided. Provision is based on historical experience. The estimate of such warranty-related costs is revised annually.

## **2.12 Income Taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

The deferred tax in respect of timing differences which reverse during the tax holiday period is not recognised to the extent the enterprise's gross total income is subject to the deduction during the tax holiday period as per the requirements of the Income-tax Act, 1961. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carried forward of unabsorbed depreciation and tax losses, all deferred tax assets are recognised only if there is virtual certainty backed by convincing evidence that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed at the balance sheet date and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.



### **2.13 Earnings Per Share (EPS)**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **2.14 Leases**

*Where the Company is lessee*

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

*Where the Company is the lessor*

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of profit and loss.

### **2.15 Cash and Cash equivalents**

Cash and cash equivalents in the cash flow statement and Balance Sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### **2.16 Segment Reporting**

Identification of Segment

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

### **2.17 Borrowing Costs**

Borrowing cost includes interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### **2.18 Government grants and subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is either shown separately under 'other income' or deducted from the related expense. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

### **2.19 Research and Development Costs**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) its intention to complete the asset;
- c) its ability to use or sell the asset;
- d) how the asset will generate future economic benefits;
- e) the availability of adequate resources to complete the development and to use or sell the asset; and
- f) its ability to measure reliably the expenditure attributable to the intangible asset during development.

### **2.20 Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### 3. Share capital

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
<b>Authorized shares</b>		
30,000,000 (Previous year: 30,000,000) Equity shares of ₹ 10 each	3,000.00	3,000.00
<b>Issued, subscribed and fully paid-up shares</b>		
27,190,884 (Previous year: 27,190,884) Equity shares of ₹ 10 each fully paid up	2,719.09	2,719.09
	2,719.09	2,719.09

47,281 (Previous year 47,281) Equity shares of ₹ 10/- each have been kept in abeyance pending final allotment of rights issue (2003-04) and rights Issue (2013-14).

#### (a) Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at March 31, 2015		As at March 31, 2014	
	Nos	₹ Lacs	Nos	₹ Lacs
At the beginning of the year	27,190,884	2,719.09	22,960,008	2,296.00
Add : Issued during the year	-	-	4,230,876	423.09
Outstanding at the end of the year	27,190,884	2,719.09	27,190,884	2,719.09

#### (b) Terms / rights 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 Company declares and pays dividend in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2015, the amount per share recognised as dividend distributions to Equity shareholders is ₹ 1.50 (Previous year: ₹ 1.50).

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.

#### (c) Shares held by Holding Company and subsidiaries of Ultimate holding Company

Out of Equity shares issued by the Company, Equity shares held by Holding Company and subsidiary of Ultimate holding Company are as below:

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Hitachi Appliances Inc., Japan - Holding Company		
19,689,894 (Previous year: 19,689,894) Equity Shares of ₹ 10/- each fully paid up	1,968.99	1,968.99
Hitachi India Pvt. Ltd. - Subsidiary of Ultimate holding Company		
500,000 (Previous year: 500,000) Equity Shares of ₹ 10/- each fully paid up	50.00	50.00

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

	As at March 31, 2015	As at March 31, 2014
Equity shares of ₹ 10 each fully paid (Nos.)		
Hitachi Appliances Inc., Japan - Holding Company	19,689,894	19,689,894
% holding	72.41%	72.41%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownerships of shares.

## 4. Reserves and surplus

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
<b>Capital Reserve</b>		
Balance as per last financial statements	6.66	6.66
<b>Securities Premium account</b>		
Balance as per last financial statements	8,953.97	3,876.92
Add : Premium on issue of right issue shares	-	5,077.05
<b>Closing balance</b>	<b>8,953.97</b>	<b>8,953.97</b>
<b>General Reserve</b>		
Balance as per last financial statements	1,020.80	940.31
Add: Amount transferred from surplus balance in Statement of profit and loss	777.63	80.49
<b>Closing balance</b>	<b>1,798.43</b>	<b>1,020.80</b>
<b>Surplus in Statement of profit and loss</b>		
Balance as per last financial statements	11,302.15	11,054.90
Profit for the year	7,776.29	804.92
Less : Appropriations		
Proposed dividend on Equity shares	(407.86)	(407.86)
Tax on dividend	(83.03)	(69.32)
Transferred to general reserve	(777.63)	(80.49)
<b>Net Surplus in Statement of profit and loss</b>	<b>17,809.92</b>	<b>11,302.15</b>
<b>Total Reserves and surplus</b>	<b>28,568.98</b>	<b>21,283.58</b>

## 5. Long-term borrowings

	As at March 31, 2015		As at March 31, 2014	
	Non-current ₹ Lacs	Current ₹ Lacs	Non-current ₹ Lacs	Current ₹ Lacs
External commercial borrowing (ECB) from a Bank (Unsecured) *	2,760.00	-	2,760.00	2,760.00
Amount disclosed under the head "Other Current Liabilities" (refer note 11)	-	-	-	(2,760.00)
	<b>2,760.00</b>	<b>-</b>	<b>2,760.00</b>	<b>-</b>

\* ECB of USD 100 lacs, taken from a Bank, carries interest @ 6 month LIBOR plus 125 basis points which is repayable in two equal installments i.e in year 2014-15 (paid) and 2016-17. The principal and interest payment under above loan has been fully hedged under Indian Rupees and interest liability has been swapped against fixed interest @ 7.45% per annum.

## 6. Deferred tax assets / (liabilities) (net)

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
<b>Deferred tax liabilities</b>		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	(1,076.56)	(693.82)
<b>Gross deferred tax liabilities</b>	<b>(1,076.56)</b>	<b>(693.82)</b>
<b>Deferred tax assets</b>		
a. Deferral of foreign exchange fluctuation loss/(gain) under Income Tax Act, 1961	(5.57)	17.48
b. Expenditure debited in Statement of profit and loss but allowed under Income Tax Act in subsequent years	843.96	658.16
c. Provision for doubtful debts	89.63	75.98
<b>Gross deferred tax assets</b>	<b>928.02</b>	<b>751.62</b>
<b>Net deferred tax assets / (liabilities)</b>	<b>(148.54)</b>	<b>57.80</b>

## 7. Other long-term liabilities

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Deposits (from employees)	5.20	0.64
	<b>5.20</b>	<b>0.64</b>

## 8. Provisions

	As at March 31, 2015		As at March 31, 2014	
	Long-term ₹ Lacs	Short-term ₹ Lacs	Long-term ₹ Lacs	Short-term ₹ Lacs
<b>Provision for employee benefits</b>				
- Compensated absences	325.52	120.68	251.98	98.85
- Gratuity (refer note 29)	-	4.14	-	16.42
<b>Other provisions</b>				
- 5/10 years warranty provision (refer note 42)	1,210.08	517.41	784.59	412.45
- Provision for litigations (refer note 42)	1,717.64	-	1,730.59	-
- Provision for proposed dividend	-	407.86	-	407.86
- Provision for tax on proposed dividend	-	83.03	-	69.32
	<b>3,253.24</b>	<b>1,133.12</b>	<b>2,767.16</b>	<b>1,004.90</b>

## 9. Short-term borrowings

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
<b>Loans repayable on demand from banks:</b>		
- Working capital loans (secured)*	1,694.81	3,473.12
- Working capital loans (unsecured)**	3,500.00	3,500.00
- Commercial papers (unsecured)***	6,000.00	-
	<b>11,194.81</b>	<b>6,973.12</b>
Aggregate amount of secured borrowings	1,694.81	3,473.12
Aggregate amount of unsecured borrowings	9,500.00	3,500.00

\* Working capital loans (Rate of Interest ranging from 9.75% to 13.25% per annum) from banks are secured by hypothecation of inventories, book debts, movable fixed assets and by equitable mortgage of certain land and buildings of the Company.

\*\* Working capital loans from banks which are unsecured, carries interest rate from 9% to 13.6% per annum.

\*\*\* Commercial papers issued at discount @ 8.60% per annum for 105 days, starting from January 12, 2015.

## 10. Trade payables

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
<b>Trade payables (including Acceptances)</b>		
- Outstanding dues of micro and small enterprises (refer note 41)	-	-
- Outstanding dues of other than micro and small enterprises	49,875.80	30,416.13
	<b>49,875.80</b>	<b>30,416.13</b>

## 11. Other current liabilities

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Current maturities of long-term borrowings (refer note 5)	-	2,760.00
Advance from customers	1,408.83	652.24
Service income received in advance	676.16	417.58
Interest accrued but not due on borrowings	76.26	171.34
Unclaimed dividends*	22.33	17.75
<b>Others:</b>		
Deposits (from dealers and others)	230.20	211.84
Amount due to customers (refer note 27)	182.78	164.75
Forward contracts	25.12	180.50
Payable for capital goods	565.82	433.67
Statutory dues payable	4,709.50	2,843.20
Other payables	275.50	259.34
	<b>8,172.50</b>	<b>8,112.21</b>

\* Investor education and protection fund shall be credited as and when due.

## 12. Tangible and Intangible assets

(₹ Lacs)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 1-Apr-14	Additions	Deductions	As at 31-Mar-15	As at 1-Apr-14	For the year	Deductions	As at 31-Mar-15	As at 31-Mar-15	As at 31-Mar-14
<b>Tangible assets:</b>										
Freehold Land	2,084.71	-	-	2,084.71	-	-	-	-	2,084.71	2,084.71
Buildings (refer b)	4,221.95	213.29	-	4,435.24	573.42	164.16	-	737.58	3,697.66	3,648.53
Plant & Machinery (refer a)	14,855.26	6,006.31	518.49	20,343.08	5,249.17	2,034.71	479.89	6,803.99	13,539.09	9,606.09
Computers	865.02	140.07	114.32	890.77	629.52	100.78	105.64	624.66	266.11	235.50
Furniture and fixture	576.39	107.42	21.62	662.19	308.17	69.81	19.58	358.40	303.79	268.22
Office equipments	489.10	144.68	44.60	589.18	244.27	82.08	34.92	291.43	297.75	244.83
Electrical installations	748.37	210.17	13.22	945.32	242.23	102.49	13.05	331.67	613.65	506.14
Vehicles	920.97	365.48	171.60	1,114.85	272.43	173.70	104.41	341.72	773.13	648.54
<b>Total Tangible assets</b>	<b>24,761.77</b>	<b>7,187.42</b>	<b>883.85</b>	<b>31,065.34</b>	<b>7,519.21</b>	<b>2,727.73</b>	<b>757.49</b>	<b>9,489.45</b>	<b>21,575.89</b>	<b>17,242.56</b>
<b>Intangible assets:</b>										
Trade mark	210.00	-	-	210.00	210.00	-	-	210.00	-	-
Software capitalisation	533.09	72.48	0.30	605.27	502.34	47.33	0.30	549.37	55.90	30.75
Technical know how	5,012.49	1,215.45	-	6,227.94	2,739.29	817.85	-	3,557.14	2,670.80	2,273.20
<b>Total Intangible assets</b>	<b>5,755.58</b>	<b>1,287.93</b>	<b>0.30</b>	<b>7,043.21</b>	<b>3,451.63</b>	<b>865.18</b>	<b>0.30</b>	<b>4,316.51</b>	<b>2,726.70</b>	<b>2,303.95</b>
<b>TOTAL</b>	<b>30,517.35</b>	<b>8,475.35</b>	<b>884.15</b>	<b>38,108.55</b>	<b>10,970.84</b>	<b>3,592.91</b>	<b>757.79</b>	<b>13,805.96</b>	<b>24,302.59</b>	<b>19,546.51</b>
Previous year	<b>25,988.36</b>	<b>4,859.67</b>	<b>330.68</b>	<b>30,517.35</b>	<b>8,233.86</b>	<b>3,003.82</b>	<b>266.84</b>	<b>10,970.84</b>	<b>19,546.51</b>	
Capital Work in Progress									<b>143.20</b>	<b>31.91</b>
Intangible assets under development									<b>117.92</b>	<b>184.78</b>

### Notes:

- Plant & Machinery includes moulds and tools, testing equipments and tool kits with gross block ₹ 8,960.01 Lacs (Previous year ₹ 5,062.88 Lacs) and net block of ₹ 4,485.17 Lacs (Previous year ₹ 1,582.61 Lacs).
- Buildings include ₹ 130.36 lacs (Previous year: ₹ 130.36 lacs) in respect of ownership of premises in co-operative housing society and non trading corporations. Shares with face value of ₹ 1 (Previous year: ₹ 1) are fully paid up and unquoted. During the current year, part of the building having gross block ₹ 86.23 lacs, cumulative depreciation ₹ 21.11 lacs and depreciation for the year ₹ 1.41 lacs has been given on operating lease for the period of 11 months.

**13. Loans and advances  
(Unsecured)**

		As at March 31, 2015		As at March 31, 2014	
		Long-term ₹ Lacs	Short-term ₹ Lacs	Long-term ₹ Lacs	Short-term ₹ Lacs
<b>Capital advances (considered good)</b>	<b>(A)</b>	<b>101.78</b>	<b>-</b>	<b>741.60</b>	<b>-</b>
<b>Deposits (considered good)</b>	<b>(B)</b>	<b>250.78</b>	<b>42.60</b>	<b>270.19</b>	<b>88.83</b>
<b>Advances recoverable in cash or kind</b>					
- Considered good		309.36	2,342.45	297.37	1,959.39
- Considered doubtful		482.26	-	534.50	-
		791.62	2,342.45	831.87	1,959.39
Provision for doubtful advances		(482.26)	-	(534.50)	-
	<b>(C)</b>	<b>309.36</b>	<b>2,342.45</b>	<b>297.37</b>	<b>1,959.39</b>
<b>Other loans and advances (considered good)</b>					
- Advance income-tax (net of provision for taxation)		409.74	-	379.62	-
- MAT credit entitlement		307.14	-	294.45	-
- VAT credit receivable		1,089.27	290.26	1,075.37	0.07
- Balances with statutory / government authorities		-	34.50	-	879.54
	<b>(D)</b>	<b>1,806.15</b>	<b>324.76</b>	<b>1,749.44</b>	<b>879.61</b>
<b>Total (A+B+C+D)</b>		<b>2,468.07</b>	<b>2,709.81</b>	<b>3,058.60</b>	<b>2,927.83</b>

**14. Inventories (valued at lower of cost and net realizable value)**

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Raw material [including goods in transit ₹ 7,333.61 lacs (Previous year ₹ 3,508.83 lacs) and material lying with third Party ₹1,097.08 lacs (Previous year ₹ 917.54 lacs)]	19,626.93	11,507.04
Work-in-progress (refer note 22)	1,684.93	1,879.70
Finished goods (refer note 22)	17,545.54	10,688.84
Stock-in-trade [including goods in transit ₹ 2,339.24 lacs (Previous year ₹ 753.46 lacs)] (refer note 22)	9,826.20	4,893.46
Stores and spares	347.55	78.71
	<b>49,031.15</b>	<b>29,047.75</b>

## 15. Trade receivables

### Debts outstanding for a period exceeding six months from the date they are due for payment

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Unsecured, Considered good	684.33	294.89
Considered doubtful	259.00	223.53
Provision for doubtful debts	(259.00)	(223.53)

(A) **684.33** **294.89**

### Other debts

Secured, Considered good	211.41	201.00
Unsecured, Considered good	27,488.24	18,342.10

(B) **27,699.65** **18,543.10**

### Total (A+B)

**28,383.98** **18,837.99**

## 16. Cash and bank balances

### Cash and cash equivalents

Cash on hand (A) 9.82 8.16

### Balances with bank

- on current account	156.07	118.17
- on unpaid dividend account	22.33	17.75
- on cash credit account	343.70	10.02

(B) **522.10** **145.94**

### Other bank balances

- Margin money deposit (against LC and bank guarantee)	41.93	45.25
- on fixed deposit account (Use restricted for objects of Rights Issue)	-	2,000.00

(C) **41.93** **2,045.25**

### Total (A+B+C)

**573.85** **2,199.35**

## 17. Other assets

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Unamortised premium on forward contract	10.53	22.24
Interest accrued on margin money deposits & fixed deposits	0.57	42.33
Unbilled Revenue (refer note 27)	53.74	79.74
Unamortised ancillary borrowing cost	35.87	-
	<b>100.71</b>	<b>144.31</b>

**18. Revenue from operations**

	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs
<b>Sale of products</b>	162,313.13	111,336.10
<b>Sale of services</b>	6,907.57	7,502.48
<b>Other operating revenue</b>	1,505.55	1,095.58
<b>Revenue from operations (gross)</b>	<b>170,726.25</b>	<b>119,934.16</b>
Less : Excise duty recovered (refer note 43)	13,442.21	9,961.57
	<b>157,284.04</b>	<b>109,972.59</b>

Excise duty on sales amounting to ₹ 13,442.21 lacs (previous year ₹ 9,961.57 lacs) has been reduced from sales in Statement of profit and loss and excise duty on (increase)/decrease in stock amounting to ₹ 1,373.09 lacs (previous year ₹ (213.17) lacs) has been considered as (income)/expense in note 22 of financial statements.

**Details of products sold**

Air conditioners (including chillers and VRF systems)	139,032.57	96,514.62
Refrigerators	13,258.42	7,689.10
Spares and accessories	7,897.77	5,141.56
Others	2,124.37	1,990.82
	<b>162,313.13</b>	<b>111,336.10</b>

**Details of Services rendered**

Annual Maintenance Contract service	4,989.94	5,928.06
Repair & Installation service	1,917.63	1,574.42
	<b>6,907.57</b>	<b>7,502.48</b>

**Details of Other operating revenue**

Scrap sales	1,419.18	947.51
Commission and rebate income	82.90	140.48
Miscellaneous income	3.47	7.59
	<b>1,505.55</b>	<b>1,095.58</b>

**19. Other income**

	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs
Interest income		
from banks	436.13	388.28
from others	15.69	36.76
Net gain on sale of fixed assets	3.74	3.10
Surplus on insurance claim (fire)	-	84.49
Lease rent income (refer note 30)	20.11	-
Miscellaneous income	236.13	62.22
	<b>711.80</b>	<b>574.85</b>

**20. Cost of raw-material and components consumed**

	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs
Cost of raw material and other components consumed (refer note 40)	80,497.86	56,417.50
Details of raw material consumed		
Compressors	23,334.61	15,340.83
Copper	12,842.53	7,990.73
Fan Motors	6,481.07	5,585.76
Others (Including packing materials)	37,839.65	27,500.18
	<b>80,497.86</b>	<b>56,417.50</b>



## 21. Purchase of stock-in-trade

	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs
Purchase of stock-in-trade	25,685.03	13,603.55
<b>Details of purchase of stock-in-trade</b>		
Air conditioners (including chillers and VRF systems)	6,084.12	2,677.23
Refrigerators	10,978.34	5,440.21
Spares and accessories	6,627.13	4,074.26
Others	1,995.44	1,411.85
	<b>25,685.03</b>	<b>13,603.55</b>

## 22. Decrease / (Increase) in inventories of finished goods, work-in-progress and stock-in-trade

	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs	Decrease / (Increase) ₹ Lacs
Inventories at the end of the year			
Work-in-progress	1,684.93	1,879.70	194.77
Finished goods	17,545.54	10,688.84	(6,856.70)
Stock-in-trade	9,826.20	4,893.46	(4,932.74)
	<b>29,056.67</b>	<b>17,462.00</b>	<b>(11,594.67)</b>
Inventories at the beginning of the year			
Work-in-progress	1,879.70	2,052.71	173.01
Finished goods	10,688.84	11,084.54	395.70
Stock-in-trade	4,893.46	4,211.48	(681.98)
	<b>17,462.00</b>	<b>17,348.73</b>	<b>(113.27)</b>
(Increase)/decrease of excise duty on inventories	(1,373.09)	213.17	
	<b>(10,221.58)</b>	<b>(326.44)</b>	

### Details of inventories

	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs
<b>Work-in-progress</b>		
Coils (Heat exchangers)	490.42	747.98
Sheet metal parts	176.62	139.18
Others	1,017.89	992.54
	<b>1,684.93</b>	<b>1,879.70</b>
<b>Finished goods</b>		
Air conditioners (including chillers and VRF systems)	17,545.54	10,688.84
<b>Stock-in-trade</b>		
Air conditioners (including chillers and VRF systems)	2,983.90	730.42
Refrigerators	3,427.14	1,754.12
Spares and accessories	3,130.75	2,257.55
Others	284.41	151.37
	<b>9,826.20</b>	<b>4,893.46</b>

## 23. Employee benefits expense

	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs
Salaries, wages and bonus	9,883.18	7,297.89
Contribution to provident and other funds	574.09	422.43
Gratuity expenses (refer note 29)	220.33	52.05
Workmen and staff welfare expenses	700.70	412.15
	<b>11,378.30</b>	<b>8,184.52</b>

**24. Finance costs**

	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs
Interest	671.58	821.35
Bank charges and other finance costs	154.20	21.12
Exchange difference as an adjustment to borrowing cost	-	352.51
	<b>825.78</b>	<b>1,194.98</b>

**25. Other expenses** [Refer note 46]

	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs
Consumption of stores and spares (refer note 40)	175.43	46.03
Power and Fuel	736.43	452.75
Rent (refer note 30)	1,666.25	1,177.46
Repairs & Maintenance - Building	28.37	16.90
Repairs & Maintenance - Machinery	222.53	208.83
Repairs & Maintenance - Others	145.25	127.90
Insurance	213.87	104.25
Rates & Taxes	287.85	271.94
Advertisement and sales promotion (net of recoveries)	10,916.50	4,928.36
Annual Maintenance Contract (AMC) expenses	2,990.14	3,730.44
Freight and forwarding expenses	5,919.81	3,756.60
Legal and professional fees	357.56	288.01
Provision for doubtful debts	58.08	15.88
Bad Debt Written off	22.61	28.58
Less : Adjusted against provision for doubtful debts	<u>22.61</u>	- (28.58)
Contract labour charges	1,292.58	1,027.72
Loss on Foreign Exchange Fluctuations (net)	321.23	1,351.49
Payment to Auditors*	33.41	33.02
Royalty	3,441.45	2,413.81
Warranty expenses	2,303.66	1,602.55
CSR expenses (refer note 47)	16.07	0.11
Miscellaneous expenses	5,009.79	5,782.93
	<b>36,136.26</b>	<b>27,336.98</b>

**\*Payment to Auditors**

	March 31, 2015 ₹ Lacs	March 31, 2014 ₹ Lacs
<b>As auditor:</b>		
- Statutory Audit fees	15.00	15.00
- Tax audit fees	4.50	4.50
- Limited reviews	12.00	12.00
<b>In other capacity:</b>		
- Certification fees	0.90	0.93
Reimbursement of expenses	1.01	0.59
	<b>33.41</b>	<b>33.02</b>

## 26. Earnings per share (EPS)

	March 31, 2015 ₹ Lacs	March 31, 2014 ₹ Lacs
Net profit after tax for calculation of basic EPS	7,776.29	804.92
Weighted average number of Equity shares considered in calculating basic and diluted EPS	27,190,884	27,109,744
Earning per share (Basic and Diluted) ₹	28.60	2.97
[Nominal value of share ₹ 10 (Previous year: ₹ 10)]		

## 27. Disclosure in terms of revised Accounting Standard 7 on the Accounting of Construction Contracts

	March 31, 2015 ₹ Lacs	March 31, 2014 ₹ Lacs
1) Contract Revenue recognised for the year	2,102.53	1,954.43
2) For on-going contracts as on 31st March		
Cost incurred plus recognised profits (or, less recognised losses)	5,080.70	4,495.26
Advances received	871.30	3.91
Retention amount	256.15	309.17
Gross amount due from customers	53.74	79.74
Gross amount due to customers	182.78	164.75

## 28. Segment reporting

### Business segment:

The Company is engaged in the business of manufacturing, trading and other related services of Air Conditioners, Refrigerators, washing machines, chillers and VRF (variable refrigerant flow) systems. Since the Company's business falls within a single business segment of Cooling Products for comfort and commercial use, disclosures under Accounting Standard (AS) 17 - Segment Reporting are not reported upon separately.

### Geographical segment:

Secondary segment reporting is based on the geographical areas of operations. The geographical segments have been identified based on revenues within India (sales to customers within India) and revenues outside India (sales to customers located outside India).

Since the export market revenue and assets constitute less than 10% of the total revenue and assets respectively, the same has not been disclosed.

## 29. Disclosure as per Accounting Standard-15 (Revised) on Employee Benefits

### Gratuity:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

### Statement of profit and loss

	March 31, 2015 ₹ Lacs	March 31, 2014 ₹ Lacs
<b>Net employee benefit expense (recognised in Employee benefits expense)</b>		
Current service cost	83.64	76.87
Interest cost on benefit obligation	50.58	40.78
Expected return on plan assets	(55.46)	(42.96)
Net actuarial loss / (gain) recognised in the year	143.10	(22.64)
Adjustment to the opening fund	(1.53)	-
<b>Net benefit expense</b>	<b>220.33</b>	<b>52.05</b>
Actual return on plan assets	55.53	48.77

**Balance sheet**

	<b>March 31, 2015</b>	March 31, 2014
	<b>₹ Lacs</b>	₹ Lacs
Benefit asset / liability		
Fair value of plan assets	840.19	584.88
Present value of defined benefit obligation	844.33	601.30
Benefit asset / (liability)	<b>(4.14)</b>	<b>(16.42)</b>

**Changes in the present value of the defined benefit obligation are as follows**

	<b>March 31, 2015</b>	March 31, 2014
	<b>₹ Lacs</b>	₹ Lacs
<b>Opening defined benefit obligation</b>	601.30	517.57
Interest cost	50.58	40.78
Current service cost	83.64	76.87
Benefits paid	(33.53)	(15.69)
Actuarial (gains) / losses on obligation	142.34	(18.23)
<b>Closing defined benefit obligation</b>	<b>844.33</b>	<b>601.30</b>

**Changes in the fair value of plan assets are as follows**

	<b>March 31, 2015</b>	March 31, 2014
	<b>₹ Lacs</b>	₹ Lacs
<b>Opening fair value of plan assets</b>	584.88	515.08
Adjustment to the opening fund	1.53	-
Expected return	55.46	42.96
Contributions by employer	199.08	22.42
Actuarial gains / (losses)	(0.76)	4.42
<b>Closing fair value of plan assets</b>	<b>840.19</b>	<b>584.88</b>

The Company expects to contribute ₹ 125 lacs (Previous year: ₹ 50 lacs) to gratuity fund in the next Financial year

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	<b>March 31, 2015</b>	March 31, 2014
Investments with insurer	<b>100%</b>	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	<b>March 31, 2015</b>	March 31, 2014
Discount rate	7.85%	8.80%
Expected rate of return on assets	9.25%	9.25%
Increase in Compensation cost	7.00%	7.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**Amounts for the current year and last four years are as follows:**

	March 31, 2015 ₹ Lacs	March 31, 2014 ₹ Lacs	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs	March 31, 2011 ₹ Lacs
Defined benefit obligation	844.33	601.30	517.57	315.39	297.71
Plan assets	840.19	584.88	515.08	402.60	330.43
Surplus / (deficit)	(4.14)	(16.42)	(2.49)	87.21	32.72
Experience adjustments on plan liabilities	88.98	12.16	41.75	7.12	(11.61)
Experience adjustments on plan assets	0.76	(4.41)	(3.75)	1.74	(19.12)

**Defined Contribution Plan:**

Amount recognised as expense for the period towards contribution to the following funds:

	March 31, 2015 ₹ Lacs	March 31, 2014 ₹ Lacs
Employer's Contribution to Provident Fund	358.74	271.62
Employer's Contribution to ESIC	122.42	80.63
Employer's Contribution to Super Annuation	42.82	32.21
Employer's Contribution to Employee Deposit Linked Insurance	11.28	8.01
	<b>535.26</b>	<b>392.47</b>

**30. Leases**

**(a) Company as lessee**

Certain premises are obtained on cancellable and non-cancellable operating leases that are renewable either at the option of lessor or lessee or both. Further, there are no subleases nor any restrictions imposed in lease agreements. Lease rentals debited to Statement of profit and loss for the year is ₹ 1,666.25 lacs (Previous year ₹ 1,177.46 lacs).

The future minimum lease rentals payable at the balance sheet date in respect of non-cancellable operating leases are as follows:

	March 31, 2015 ₹ Lacs	March 31, 2014 ₹ Lacs
Not later than one year	307.36	366.06
Later than one year but not later than five years	517.33	662.02
Later than five years	0.00	60.48

**(b) Company as lessor**

Certain premises are given on cancellable operating leases that are renewable either at the option of lessor or lessee or both. Further, there are no subleases nor any restrictions imposed in lease agreements. Lease rentals credited to Statement of profit and loss for the year is ₹ 20.11 lacs (Previous year ₹ Nil lacs)

**31. Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as on March 31, 2015: ₹ 252.89 lacs (Previous year: ₹ 1389.66 lacs).

**32. Contingent Liabilities**

	March 31, 2015 ₹ Lacs	March 31, 2014 ₹ Lacs
Legal matters under dispute *:		
Service tax	734.54	734.54
Sales tax	355.10	373.39
Excise duty	29.54	19.16
Guarantees given by the bankers on behalf of the Company	10.40	6.40
Corporate guarantees given to bank against the credit facilities availed by dealers **	1,500.00	-
Claims against the Company not acknowledged as debts	93.14	72.03
	<b>2,722.72</b>	<b>1,205.52</b>

\* 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.

\*\* The first loss default guarantees given to bank are excluding interest and other charges payable.

### 33. Research & Development Expenditure

	March 31, 2015 ₹ Lacs	March 31, 2014 ₹ Lacs
Revenue expenditure	628.19	467.00
Capital expenditure	968.64	34.72

### 34. Related Party Disclosures

#### (a) List of related Parties and Relationship

Relation	Parties
A. Related parties exercising control	Hitachi Ltd. Japan (Ultimate Holding Company) Hitachi Appliances Inc. Japan (Holding Company)
B. Parties under common control (Fellow Subsidiaries)	Hitachi Air Conditioning Products (M) Sdn. Bhd. Hitachi Asia Ltd. – Singapore Hitachi Household Appliances (Wuhu) Co. Ltd. Hitachi Procurement Service Co. Ltd. Shanghai Hitachi Electrical Appliances Co. Ltd. Hitachi Consumer Products (Thailand) Ltd. Hitachi Koki India Ltd. Hitachi Air Conditioning & Refrigerating Products (Guangzhou) Co. Ltd. Hitachi India Pvt. Ltd. Hitachi Lift India Pvt. Ltd. Shizuoka Hitachi Co. Ltd. Hitachi Hi-rel Power Electronics Pvt. Ltd. Taiwan Hitachi Co. Ltd. Hitachi High Technologies Hong Kong Ltd. Luvata Heating Cooling Technologies (Thailand) Ltd. (Upto 23rd February, 2015) Flyjac Logistics Pvt. Ltd. Tata Hitachi Construction Machinery Co. Ltd. Hitachi Plant Technologies India Pvt. Ltd. Hitachi Tochigi Electronics (Thailand) Co. Ltd. Hitachi Metals Singapore Pte Ltd. Hitachi Solution India Pvt. Ltd. Hitachi Consumer Marketing Inc. Hitachi Consulting Software Services Highly Electrical Appliances India Pvt. Ltd.
C. Key Managerial personnel	Mr. Motoo Morimoto (Managing Director) (Upto 30th September, 2013) Mr. Shoji Tsubokuta (Managing Director) Mr. Vinay Chauhan (Executive Director) Mr. Amit Doshi (Executive Director) Mr. Anil Shah (CFO & Executive Director) Mr. Gurmeet Singh (Executive Director) (21st July, 2014 Onwards) Mr. Parag Dave (Company Secretary)

## (b) Related Party Transactions

Sr. No.	Transactions	Holding Company		Fellow Subsidiaries		Key Managerial Personnel	
		For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs
1	<b>Purchase of raw material</b>						
	Shanghai Hitachi Electrical Appliances Co. Ltd.	-	-	12,571.32	11,516.89	-	-
	Luvata Heating Cooling Technologies (Thailand) Ltd.	-	-	8,382.32	6,184.78	-	-
	Highly Electrical Appliances India Pvt. Ltd.	-	-	8,089.86	-	-	-
	Hitachi Appliances Inc.	663.04	6.55	-	-	-	-
	Others	-	-	3,999.82	2,166.72	-	-
2	<b>Purchase of stock-in-trade</b>						
	Hitachi Consumer Products (Thailand) Ltd.	-	-	8,820.44	4,423.95	-	-
	Hitachi Appliances Inc.	759.78	1,922.35	-	-	-	-
	Luvata Heating Cooling Technologies (Thailand) Ltd.	-	-	1,651.36	1,616.23	-	-
	Hitachi Household Appliances (Wuhu) Co. Ltd.	-	-	-	155.35	-	-
3	<b>Technical know-how fees (capitalised)</b>						
	Hitachi Appliances Inc.	1,093.90	696.16	-	-	-	-
4	<b>Consultancy fees paid (capitalised)</b>						
	Hitachi Appliances Inc.	-	31.71	-	-	-	-
5	<b>Commission income</b>						
	Hitachi Appliances Inc.	82.90	140.48	-	-	-	-
6	<b>Sale of products</b>						
	Hitachi Asia Ltd. – Singapore	-	-	51.83	-	-	-
	Tata Hitachi Construction Machinery Co. Ltd.	-	-	21.96	-	-	-
	Hitachi Plant Technologies India Pvt. Ltd.	-	-	41.51	192.95	-	-
	Others	-	-	31.44	9.12	-	-
7	<b>Sale of services</b>						
	Hitachi Metglass (India) Pvt. Ltd.	-	-	-	5.23	-	-
	Hitachi Hi-rel Power Electronics Pvt. Ltd.	-	-	12.86	9.95	-	-
	Hitachi Plant Technologies India Pvt. Ltd.	-	-	5.06	-	-	-
	Others	-	-	0.12	2.04	-	-
8	<b>Interest expenses on external commercial borrowings</b>						
	Hitachi Appliances Inc.	-	30.24	-	-	-	-
9	<b>Advertisement, Sales Promotion &amp; Other Expense recovery</b>						
	Hitachi Appliances Inc.	14.09	17.18	-	-	-	-
	Hitachi Consumer Products (Thailand) Ltd.	-	-	68.13	219.05	-	-
10	<b>Remuneration paid</b>						
	Mr. Motoo Morimoto	-	-	-	-	-	23.94
	Mr. Shoji Tsubokuta	-	-	-	-	64.39	25.32
	Mr. Vinay Chauhan	-	-	-	-	91.18	75.92
	Mr. Amit Doshi	-	-	-	-	88.58	72.91
	Mr. Anil Shah	-	-	-	-	87.88	71.94
	Mr. Gurmeet Singh	-	-	-	-	51.31	-
	Mr. Parag Dave	-	-	-	-	14.81	-

Sr. No.	Transactions	Holding Company		Fellow Subsidiaries		Key Managerial Personnel	
		For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs	For the year ended March 31, 2014 ₹ Lacs
11	<b>Royalty paid</b>						
	Hitachi Appliances Inc.	3,395.29	2,356.54	-	-	-	-
12	<b>Purchase of capital goods</b>						
	Hitachi High Technologies Hong Kong Ltd.	-	-	1,236.84	-	-	-
	Hitachi Appliances Inc.	0.69	2.58	-	-	-	-
	Others	-	-	22.64	-	-	-
13	<b>Reimbursement of salaries &amp; other expenses</b>						
	Hitachi Appliances Inc.	67.91	81.45	-	-	-	-
	Hitachi Consumer Marketing Inc	-	-	61.73	-	-	-
14	<b>Import freight, local freight and custom clearing expenses</b>						
	Flyjac Logistics Pvt. Ltd.	-	-	936.81	757.01	-	-
15	<b>Repayment of External Commercial Borrowings</b>						
	Hitachi Appliances Inc.	-	2,896.46	-	-	-	-
16	<b>Training Expenses</b>						
	Hitachi India Pvt. Ltd.	0.52	-	-	-	-	-
17	<b>Development Charges</b>						
	Hitachi Tochigi Electronics (Thailand) Co. Ltd.	-	-	1.88	-	-	-
18	<b>Dividend Payment</b>						
	Hitachi Appliances Inc.	295.35	295.35	-	-	-	-
	Hitachi India Pvt. Ltd.	-	-	7.50	7.50	-	-
19	<b>Debit balance outstanding as on Balance sheet date</b>						
	Hitachi Plant Technologies India Pvt. Ltd.	-	-	10.20	170.32	-	-
	Hitachi Asia Ltd. – Singapore	-	-	49.36	-	-	-
	Others	-	-	12.21	10.24	-	-
20	<b>Credit balance outstanding as on Balance sheet date</b>						
	Hitachi Appliances Inc.	(1,918.77)	(1,495.39)	-	-	-	-
	Shanghai Hitachi Electrical Appliances Co. Ltd.	-	-	(6,487.20)	(4,419.77)	-	-
	Luvata Heating Cooling Technologies (Thailand) Ltd.	-	-	-	(2,541.50)	-	-
	Hitachi Consumer Products (Thailand) Ltd.	-	-	(1,510.55)	(821.57)	-	-
	Hitachi Household Appliances (Wuhu) Co. Ltd.	-	-	(1,338.54)	(82.82)	-	-
	Highly Electrical Appliances India Pvt. Ltd.	-	-	(3,223.81)	-	-	-
	Others	-	-	(646.14)	(818.37)	-	-

Note: The Company does not have transactions with enterprises over which key managerial personnel can exercise significant influence.



**35. Derivative instruments and unhedged foreign currency exposure**
**a. Particulars of unhedged foreign currency exposure**

	<b>Currency</b>	<b>March 31, 2015 Lacs</b>	<b>March 31, 2014 Lacs</b>
Trade payables (including acceptances)	USD	185.82	76.91
	JPY	170.98	195.31
	Equivalent INR	11,713.04	4,710.21
Payables for capital goods	USD	0.05	-
	JPY	720.00	540.00
	Equivalent INR	374.77	315.09
Loans and Advances (including Capital Advances)	USD	12.08	15.86
	JPY	18.17	24.76
	Equivalent INR	764.62	961.87
Trade Receivables	USD	1.41	0.46
	Equivalent INR	87.59	27.28

**b. Forward Contracts outstanding**

The Company uses forward exchange contracts to hedge its exposure in foreign currency. The information on outstanding forward exchange contracts is given below:

	<b>Currency</b>	<b>March 31, 2015 Lacs</b>	<b>March 31, 2014 Lacs</b>
Trade payables	USD	94.82	82.50
External Commercial Borrowings*	USD	50.00	100.00
ECB Interest (accrued but not due)	USD	0.29	0.56

\*ECB of USD 100 lacs, taken from a Bank, carries interest @ 6 month LIBOR plus 125 basis points which is repayable in two equal installments i.e. in year 2014-15 (paid) and 2016-17. The principal and interest payment under above loan has been fully hedged under Indian Rupees and interest liability has been swapped against fixed interest @ 7.45% per annum.

**36. Earnings in foreign exchange (accrual basis)**

	<b>March 31, 2015 ₹ Lacs</b>	<b>March 31, 2014 ₹ Lacs</b>
Export of goods (on FOB basis)	51.83	-
Commission income	82.90	140.48
Reimbursement of advertisement and other expenses	82.22	233.98
	<b>216.95</b>	<b>374.46</b>

**37. Expenditure in foreign currency (accrual basis)**

	<b>March 31, 2015 ₹ Lacs</b>	<b>March 31, 2014 ₹ Lacs</b>
Interest	73.06	119.58
Royalty	3,055.77	2,120.89
Technical know how (capitalised)	984.51	626.54
Salaries	127.69	81.45
Consultancy fees and other expenses (capitalised)	32.02	28.53
Others	75.28	38.97
	<b>4,348.33</b>	<b>3,015.96</b>

**38. Value of imports calculated on CIF basis**

	<b>March 31, 2015</b> ₹ Lacs	March 31, 2014 ₹ Lacs
Capital goods	4,246.65	489.54
Raw materials, components & spares parts	45,192.21	28,569.41
Stock-in-trade	15,219.71	8,397.14
	<b>64,658.57</b>	<b>37,456.09</b>

**39. Net dividend remitted in foreign exchange**

	<b>March 31, 2015</b>	March 31, 2014
Amount remitted (₹ in Lacs)	295.35	295.35
Amount remitted (JPY in Lacs)	483.38	457.20
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	19,689,894	19,689,894
Year to which dividend relates to	2013-14	2012-13

**40. Imported and indigenous raw material and spare parts consumed**

	<b>% of total consumption</b> <b>March 31, 2015</b>	<b>Value</b> <b>March 31, 2015</b> ₹ Lacs	<b>% of total consumption</b> <b>March 31, 2014</b>	<b>Value</b> <b>March 31, 2014</b> ₹ Lacs
<b>Consumption of raw materials</b>				
Indigenous	50.84%	40,923.49	44.48%	25,092.30
Imported	49.16%	39,574.37	55.52%	31,325.20
	<b>100.00%</b>	<b>80,497.86</b>	<b>100.00%</b>	<b>56,417.50</b>
<b>Consumption of stores and spares</b>				
Indigenous	95.87%	168.18	82.34%	37.90
Imported	4.13%	7.25	17.66%	8.13
	<b>100.00%</b>	<b>175.43</b>	<b>100.00%</b>	<b>46.03</b>

**41. Details of dues to Micro & Small enterprises as defined under MSMED Act, 2006**

Based on information available with the Company, there are no suppliers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprise Development Act, 2006" (Act) till 31st March, 2015. Accordingly, no disclosures are required to be made under said Act.

**42. Provisions**

The movement in the product warranty and other provisions during the year is as under:

(Figures in parenthesis represent previous year numbers)

(₹ Lacs)

	<b>March 31, 2014</b>	<b>Provision</b> <b>during the year</b>	<b>Utilised</b> <b>during the year</b>	<b>Reversal</b> <b>during the year</b>	<b>March 31, 2015</b>
Provision for 5/10 Years Warranty	<b>1,197.04</b> (855.15)	<b>870.43</b> (626.07)	<b>277.95</b> (237.09)	<b>62.03</b> (47.09)	<b>1,727.49</b> (1,197.04)
Provision for litigations	<b>1,730.59</b> (569.92)	<b>67.08</b> (1,161.55)	<b>69.12</b> (0.88)	<b>10.91</b> -	<b>1,717.64</b> (1,730.59)

**Note :**

- a) The Company gives 5/10 years warranty on compressors at the time of sale to purchasers of its products. Product warranty expense is calculated based on past historical data of replacement of compressors and cost incurred thereon and is provided for in the year of sale. It is expected that the most of expenses against the provision will be incurred within next five / ten years, as the case may be.
- b) Other provision includes likely claims against the Company in respect of certain legal matters like VAT, Service tax, excise duty etc, whose outcome depends on ultimate settlement / conclusion with relevant authorities.

**43.** The Company is eligible for refund of excise duty paid on goods manufactured and removed from Jammu unit, other than the amount of duty paid by utilisation of CENVAT credit, in terms of Notification No. 56/2002-CE dated 14-11-2002. Excise duty recovered as disclosed in the Statement of profit and loss is net of such refund of ₹ 52.30 lacs (Previous year ₹ 478.71 lacs).

**44.** On January 22, 2015, Company has intimated Stock Exchanges that Hitachi Appliances Inc., our parent Company, has agreed to divest its stake in Hitachi Home & Life Solutions (India) Ltd. into a global Joint venture, as referred in the press release dated January 21, 2015 submitted to Stock Exchanges.

**45.** On 8th April 2013, the Company issued and allotted 4,230,876 Equity Shares of ₹ 10/- each on rights basis to its existing shareholders. Status of Utilisation of Rights Issue proceeds :

		(₹ lacs)
Particulars	Amount available for utilisation	Actual Utilisation upto March 31, 2015
Capital Expenditure	4,350.00	4,350.00
Working Capital	1,062.08	1,062.08
Issue related expenses	88.06	88.06
<b>Total</b>	<b>5,500.14</b>	<b>5,500.14</b>

**46.** The Company accrues certain sales related expenses on an estimated basis, which are reviewed at the each period end and any excess or short provisions are reversed or accounted for in respective expense heads. Accordingly, respective expenses under the head "Other Expenses" are net of write back of excess provision of earlier years amounting to ₹ 758.82 lacs (Previous year ₹ 650.00 lacs).

**47. CSR Expenditure**

Gross amount required to be spent during the year : ₹ 57.56 lacs

Amount spent during the year (construction, repairing of toilets and others) paid in cash : ₹ 16.07 lacs

**48. Prior year comparatives**

The previous year figures have been regrouped wherever necessary to confirm to current year's classification.

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No. 324982E

**per Arpit K. Patel**

Partner

Membership No: 34032

Place : Ahmedabad

Date : May 29, 2015

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

**Shoji Tsubokuta**  
Managing Director

**Anil Shah**  
CFO & Executive Director

**Vinay Chauhan**  
Executive Director

**Parag Dave**  
Company Secretary

Place : Karannagar, Gujarat  
Date : May 29, 2015



# GLIMPSES OF THE YEAR



Product Launch 2015



Award Ceremony



Student Connect Aquest Partner 2015



Acrex 2015



Overseas Factory Visit



Foreign Trip - Prague & Vienna



Foreign Trip - Singapore



Kaizen Award at Annual Day Celebration



Technical Training at Knowledge Center, Kadi



# PRESS ADVERTISING



Kashikoi Ad



Exchange Offer Ad



Tactical Ad



Tactical Ad



Free Installation Ad



Window AC Stabilizer Ad



Refrigerator Range Ad



Refrigerator Exchange Offer Ad



Refrigerator Festive Ad



B2B Range Ad



Customised Comfort Ad (VRF System)

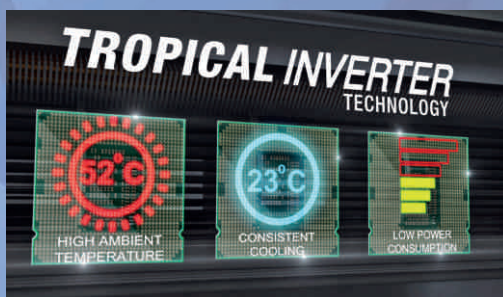


Front Flow Ad (VRF System)

# TELEVISION COMMERCIAL



iCare Campaign TVC



Tropical Inverter Technology TVC



# HITACHI

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

Regd. Office: 9th Floor, Abhijeet-1, Mithakhali Six Roads,  
Ahmedabad - 380006, Gujarat, India.

Head Office & Works: Hitachi Complex, Karan Nagar,  
Kadi, Distt. - Mehsana - 382715, Gujarat, India.

E-mail: [hitachi@hitachi-hli.com](mailto:hitachi@hitachi-hli.com); Website: [www.hitachi-hli.com](http://www.hitachi-hli.com)



# HITACHI HOME & LIFE SOLUTIONS (INDIA) LIMITED

## NOTICE

Notice is hereby given that the Thirtieth Annual General Meeting of the members of the Hitachi Home & Life Solutions (India) Limited will be held on Friday, 24th day of July, 2015 at 9.30 a.m. at H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad: 380 015 to transact the following business:

### **ORDINARY BUSINESS:**

1. To consider and adopt the audited Balance Sheet as at March 31, 2015, Statement of Profit and Loss for the year ended on that date and the reports of Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended March 31, 2015.
3. To appoint a Director in place of Mr. Shinichi Iizuka having Director Identification Number 00266660, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vinay Chauhan having Director Identification Number 00267806, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, Members of the Company at the Annual General Meeting held on July 21, 2014, appointed M/s. S R B C & Co LLP, Chartered Accountants (Firm Registration No. 324982E), as Auditors of the Company to hold office from the conclusion of Annual General Meeting held on July 21, 2014 till the conclusion of the third consecutive Annual General Meeting AND THAT their appointment as Auditors be ratified to hold office from conclusion of this Annual General Meeting to conclusion of next Annual General Meeting at such remuneration as may be agreed upon by Board of Directors and Auditors.

### **SPECIAL BUSINESS:**

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and Rules framed there under and any amendment of such provisions from time to time, M/s. Kiran J Mehta & Co. (FRN - 000025), Cost Accountants, appointed by the Board of Directors of the Company to conduct the Audit of Cost records of the Company for the financial year starting from April 01, 2015, be paid a remuneration of Rs 1 Lac and reimbursement of actual travel and out-of-pocket expenses."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Ms. Indira Parikh (DIN 00143801), appointed as an Additional Director by the Board of Directors with effect from November 04, 2014 and who holds office upto the date of this Annual General Meeting and in respect of whom notice under Section 160 of the Companies Act, 2013 has been received from a member signifying his intention to propose Ms. Indira Parikh as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office as a director is not liable to retire by rotation."

"FURTHER RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Ms. Indira Parikh be and is hereby appointed as an Independent Director of the Company for the term from November 04, 2014 to March 31, 2017."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT Mr. Gurmeet Singh (DIN 06938403), appointed as an Additional Director by the Board of Directors with effect from July 21, 2014 and who holds office upto the date of this Annual General Meeting and in respect of whom notice under Section 160 of the Companies Act, 2013 has been received from a member signifying his intention to propose Mr. Gurmeet Singh as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office as a director is liable to retire by rotation."

"FURTHER RESOLVED that pursuant to the provisions of Sections 196 and 197 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the rules framed there under and any further statutory modification(s) thereof time being in force, and subject to the approval of the Central Government, if required, the consent of the members be and is hereby accorded to the appointment of Gurmeet Singh as an Executive Director of the Company for a period of three years with effect from July 21, 2014, on the terms and conditions of appointment and remuneration as set out in the explanatory statement attached to this notice."

"FURTHER RESOLVED THAT the Board (term "Board" referred hereinafter includes Board of Directors of the Company and Nomination and Remuneration Committee) be and is hereby authorised to vary and / or modify the terms and conditions including remuneration, benefits and perquisites payable / made available to the appointee in such manner as may be agreed upon between the Board and the appointee."

"FURTHER RESOLVED THAT in the event of loss, absence or inadequacy of profits of the Company during the term of the office of the appointee, the remuneration as mentioned in the Explanatory Statement shall be paid to him as minimum remuneration."

"FURTHER RESOLVED THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings, as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or to any director or to any employee of the Company to give effect to the aforesaid resolutions."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Sections 196 and 197 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the rules framed there under and any further statutory modification(s) thereof time being in force, and subject to the approval of the Central Government, if required, the consent of the members be and is hereby accorded to increase the remuneration of Mr. Shoji Tsubokuta (DIN 06718928) as Managing Director of the Company with effect from April 01, 2015, as set out in the explanatory statement attached to this notice.”

“FURTHER RESOLVED THAT the Board (term “Board” referred hereinafter includes Board of Directors of the Company and Nomination and Remuneration Committee) be and is hereby authorised to vary and / or modify the terms of remuneration, benefits and perquisites payable / made available to Mr. Tsubokuta.”

“FURTHER RESOLVED THAT in the event of loss, absence or inadequacy of profits of the Company during the term of the office of the appointee, the remuneration as mentioned in the Explanatory Statement shall be paid to him as minimum remuneration.”

“FURTHER RESOLVED THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings, as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or to any director or to any employee of the Company to give effect to the aforesaid resolutions.”

**Notes:**

- (a) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The instrument appointing proxy must be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for the meeting.
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (b) The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect to the Special business to be transacted at the Meeting is annexed hereto.
- (c) The Register of Members and Share transfer books of the Company will be closed from July 20, 2015 to July 24, 2015 (both days inclusive).
- (d) Dividend, if declared, will be paid on August 11, 2015 as under:
- Physical Shares: To the members whose names appear on the Register of members of the Company as on July 17, 2015.
  - Dematerialised Shares: To the beneficial owners as on July 17, 2015 as per information to be furnished by Depositories for this purpose.
- (e) Members are requested to notify promptly any change in their address to the Company's Registrars and Share Transfer Agent, M/s. Sharepro Services (India) Pvt. Ltd., 416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad: 380006. The members are also requested to send all correspondence relating to Shares, including transfers and transmissions to the Registrars and Share Transfer Agent.
- (f) All members who have not encashed their dividend warrants for the financial years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 are requested to write to the Company's Registrars and Share Transfer Agent, for issuance of duplicate dividend warrant(s).
- (g) The facility for making nominations is available for members in respect of the shares held by them. Nomination form can be obtained from the Company's Registered Office.
- (h) Electronic copy of the Annual Report for the year 2014-15, Notice of the Annual General Meeting of the Company along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company / Depository Participant for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies are being sent in the permitted mode.
- (i) Members desirous of obtaining information in respect of accounts of the Company are requested to send queries in writing to the Company at the registered office, so as to reach at least seven days before the date of the meeting.
- (j) The shares of the Company have been listed at BSE Limited and National Stock Exchange of India Limited and Company has already paid Listing Fees to the said Stock Exchanges for the year 2015-16.
- (k) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule framed thereunder the Company is pleased to provide members, a facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

**By Order of the Board of Directors**

Place : Karannagar, Gujarat  
Date : May 29, 2015  
Hitachi Home & Life Solutions (India) Limited  
Corporate Identification Number (CIN): L29300GJ1984PLC007470  
Regd. Office: 9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380006  
Phone: 079-26402024  
E-mail:compliance.officer@hitachi-hli.com, Web: www.hitachi-hli.com

**Parag Dave**  
Company Secretary

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**

### **Item No. 6**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 14 of the Rules framed there under, on recommendation of Audit Committee, the Board has considered and approved appointment of M/s. Kiran J Mehta & Co. (FRN - 000025), Cost Accountants, as Cost Auditors to conduct Audit of Cost records of the Company for the financial year starting from April 01, 2015 at a remuneration of ₹ 1 Lac plus Service Tax and reimbursement of actual travel and out-of-pocket expenses.

Such remuneration has to be ratified by the Shareholders of the Company. Therefore, consent of the Members is sought for passing an Ordinary resolution for ratification of the Remuneration payable to Cost Auditors for the Financial year starting from April 01, 2015.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution.

The Board commends the resolution for approval of the members.

### **Item No. 7**

Pursuant to the provisions of Section 149 of the Act, every listed Company is required to have at least one woman Director on the Board of the Company.

In compliance of the above provisions, Ms. Indira Parikh (DIN 00143801) was appointed as an additional Director of the Company by the Board of Directors of the Company with effect from November 04, 2014 and holds her office upto the date of this Annual General Meeting. A Notice under Section 160 of the said Act with the prescribed deposit has been received from a member of the Company signifying his intention to propose the name of Ms. Indira Parikh for appointment as a Director of the Company.

Ms. Indira Parikh has been appointed as an Independent Director of the Company for the term from November 04, 2015 to March 31, 2017. She has given a declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Companies Act and in the opinion of the Board, she fulfils the conditions specified in the Act and the Rules framed there under for appointment as an Independent Director and she is independent of the Management.

Except Ms. Indira Parikh, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution.

The Board commends the resolution for approval of the members.

### **Item No. 8 and 9**

Special resolution as set out in Item No. 8 relates to appointment of Mr. Gurmeet Singh (DIN 06938403) as an additional Director of the Company by the Board of Directors of the Company with effect from July 21, 2014 and holds his office upto the date of this Annual General Meeting. A Notice under Section 160 of the said Act with the prescribed deposit has been received from a member of the Company signifying his intention to propose the name of Mr. Gurmeet Singh for appointment as a Director of the Company.

Board of Directors of the Company has, subject to the approval of the members and Central Government, appointed Mr. Gurmeet Singh as an Executive Director for a period of three years with effect from July 21, 2014. It is proposed to seek the approval of Members for the appointment and remuneration of Mr. Gurmeet Singh as an Executive Director in terms of the applicable provisions of the Act.

Remuneration of Mr. Gurmeet Singh has been determined by the Nomination and Remuneration Committee as under:

#### **Salary, Perquisites and Allowances per annum of the appointee:**

Not to exceed Rs 10,000,000 per Annum (inclusive of perquisites as stated under).

#### **Perquisites:**

##### **Category A:**

The Company shall provide furnished accommodation or house rent allowance and any other perquisites as may be decided by the Company from time to time.

##### **Category B:**

Company's car and telephone at residence. Extent of usage of these perquisites for official duties, shall not be included in the computation of the limit of the above remuneration ceiling.

Apart from the aforesaid remuneration, he will be entitled to reimbursement of all expenses incurred in connection with the business of the company.

The appointee shall not be entitled to any sitting fees for Board / Committee meetings.

In the event of loss, absence or inadequacy of profits of the Company in any financial year during the term of the office of the appointee, the remuneration as mentioned above shall be paid to him as minimum remuneration.

Annual / interim increments will be decided by as per the policy of the Company on the basis of performance of the appointee.

Special resolution as set out in Item No. 9 relates to the increase of Remuneration of Mr. Shoji Tsubokuta with effect from April 01, 2015.

Nomination and Remuneration Committee, at the meeting held on January 29, 2015, has, subject to the consent of the members, increased the remuneration of Mr. Shoji Tsubokuta with effect from April 01, 2015 as under:

#### **Salary, Perquisites and Allowances per annum of the appointee:**

Not to exceed ₹ 15,000,000 per Annum (inclusive of perquisites as stated under).

#### **Perquisites:**

##### **Category A:**

The Company shall provide furnished accommodation or house rent allowance and any other perquisites as may be decided by the Company from time to time.

Category B:

Company's car and telephone at residence. Extent of usage of these perquisites for official duties, shall not be included in the computation of the limit of the above remuneration ceiling.

Apart from the aforesaid remuneration, he will be entitled to reimbursement of all expenses incurred in connection with the business of the company.

The appointee shall not be entitled to any sitting fees for Board / Committee meetings.

In the event of loss, absence or inadequacy of profits of the Company in any financial year during the term of the office of the appointee, the remuneration as mentioned above shall be paid to him as minimum remuneration."

**Information as required under Section II of the Part II of Schedule V of the Companies Act, 2013**

**I. General Information**

- (1) Nature of Industry: Company is engaged in manufacturing and selling of Air conditioners and trading of Refrigerators, Washing Machines.
- (2) Date or expected date of commencement of commercial production: Company commenced its business in the year 1985.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.
- (4) Financial performance based on the given indicators: For the year 2014-15, Income was ₹ 170726.25 Lacs and Profit before tax was 10101.28 Lacs.
- (5) Foreign investments or collaborations, if any: Hitachi Appliances Inc. is holding 72.41% of the total paid up share capital as well as Company has entered into Technical Collaboration agreements with Hitachi Appliances Inc. for the products of the Company.

**II. Information about the appointees**

- (1) Back ground details: Brief resume of the appointees are provided as part of this notice.
- (2) Past remuneration:  
Mr. Gurmeet Singh: For the year 2014-15: ₹ 70.88 Lacs  
Mr. Shoji Tsubokuta: For the year 2014-15: ₹ 136.93 Lacs (includes remuneration paid by the Company of ₹ 64.39 Lacs and the remuneration paid by Hitachi, Japan as a difference of remuneration he would have been entitled to get from Hitachi and the remuneration he would be receiving from the Company).
- (3) Job Profile and his suitability:  
Mr. Gurmeet Singh shall be in-charge of Sales, Marketing and Business Planning and shall report to the Managing Director and shall work subject to the superintendence, control and direction of the Board of Directors and shall perform all such functions as may be delegated to him by the Managing Director from time to time.  
Mr. Shoji Tsubokuta shall be in-charge of all day to day functions and shall report to the Board of Directors and shall work subject to the superintendence, control and direction of the Board of Directors and shall perform all such functions as may be delegated to him by the Board of Directors from time to time.
- (4) Remuneration proposed to appointees: Remuneration as stated above.
- (5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): With globalisation and liberalisation taking roots in India, the demand for the knowledge and skill in various fields are on the rise and there has been a phenomenal growth in the remuneration package for key positions in the last few years.
- (6) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Apart from the remuneration they do not have any pecuniary relationship with the Company or with the managerial personnel or with the other Directors of the Company.

**III. Other Information**

Reasons of loss or inadequate profits: Not applicable since, during the year 2014-15, Company has made profit before tax of ₹ 10101.28 Lacs.

**IV. Disclosures**

The disclosures of remuneration shall be reported in Corporate Governance Report attached to the Directors' Report.

Except Mr. Gurmeet Singh and Mr. Shoji Tsubokuta, being appointees, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution.

The above explanatory statement sets out an abstract of material terms and conditions of the appointment and hence the same may be treated as an abstract of memorandum of interest in accordance with Section 190 of the Companies Act, 2013.

The Board commends the resolution for approval of the members.

**By Order of the Board of Directors**

Place : Karannagar, Gujarat  
Date : May 29, 2015  
Hitachi Home & Life Solutions (India) Limited  
Corporate Identification Number (CIN): L29300GJ1984PLC007470  
Regd. Office: 9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380006  
Phone: 079-26402024  
E-mail:compliance.officer@hitachi-hli.com, Web: www.hitachi-hli.com

**Parag Dave**  
Company Secretary

### Instructions for E-voting

1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule framed thereunder the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
2. Facility for voting, either through ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
3. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
4. Tejal Shah & Associates, Company Secretaries in practice (Membership no. ACS-13316), has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
5. The instructions for shareholders voting electronically are as under:
  - (a) The voting period begins on July 21, 2015 (09.00 am IST) and ends on July 23, 2015 (5.00 pm IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 17, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (b) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (c) Click on Shareholders.
  - (d) Now Enter your User ID
    - i. For CDSL : 16 digits beneficiary ID,
    - ii. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
    - iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (e) Next enter the Image Verification as displayed and Click on Login.
  - (f) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - (g) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. The Sequence Number is provided along with this notice.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (d).</li> </ul>

- (h) After entering these details appropriately, click on "SUBMIT" tab.
- (i) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (j) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (k) Click on the EVSN of Hitachi Home & Life Solutions (India) Ltd.
- (l) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (m) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (n) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- (o) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (p) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (q) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (r) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (s) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Brief resume of the Directors seeking appointment or re-appointment at this Annual General Meeting (Pursuant to clause 49(IV)(G)(i) of the Listing Agreement)**

<b>Name</b>	<b>Mr. Shinichi Iizuka</b>	<b>Mr. Shoji Tsubokuta</b>	<b>Mr. Vinay Chauhan</b>
Brief Resume	Mr. Shinichi Iizuka is a Graduate from Sophia University, Japan in the faculty of Electronics Engineering in 1979. He is associated with Hitachi since April, 1979 and has an extensive experience of about 36 years in related field.	Mr. Shoji Tsubokuta is a graduate from Kagoshima Technical College, Japan in Mechanical Engineering. He is associated with Hitachi since 1975 and has an extensive experience of about 40 years in related field.	Mr. Vinay Chauhan is Bachelor of Engineering and has done Post Graduate Diploma in Industrial Engineering. He is having an experience in various areas like Design and Development, Quality Management, Manufacturing, etc. He is associated with the Company since 1993.
Directorship / Membership of Committee of the Board held in other public limited companies in India	None	None	None
No. of Shares held in Company	Nil	Nil	440

<b>Name</b>	<b>Mr. Gurmeet Singh</b>	<b>Ms. Indira Parikh</b>
Brief Resume	Mr. Gurmeet Singh is an Honours Graduate in Physics from the University of Delhi with a Post Graduate Diploma in Management. In his total experience of nearly 28 years has worked in various companies and product categories. In his career he has worked in fields of Sales, Marketing, Business Planning, Service and Strategy.	Prof. Indira J Parikh is the Founder President of FLAME at present. She has been involved in creating the academic vision and shaping FLAME. She has conceptualized the Center for Organizational Growth and Excellence (COGE) with its focus on thresholds of life, lifelong learning, development and growth. The focus of COGE is on transformation from entry to career transition at the end of working life. Prof. Indira J Parikh has done M.Ed from University of Rochester, New York USA and the Doctorate from Gujarat University. She was a faculty at IIM-Ahmedabad for over 30 years and Dean from 2002 to 2005. She has taught at INSEAD, Fontainebleau (France) and Texas A&M University. She has specialized in organization development and design, and institution building. She has designed and offered management and leadership development programs in public sector, private sector and multinational organizations. She has been a consultant to various national and international organizations. Prof. Parikh has been honored with several life time achievement awards both nationally and internationally. She has written numerous articles published in National & International Journals and is the co-author/ author of several books.
Directorship / Membership of Committee of the Board held in other public limited companies in India	None	Sintex Industries Limited Zydus Wellness Ltd. Foseco India Ltd. Force Motors Ltd. Deepak Nitrite Ltd. Anil Ltd. Amanta Healthcare Ltd.
No. of Shares held in Company	Nil	Nil

**Particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2015**

<b>Name of the Employee</b>	<b>Designation</b>	<b>Qualification</b>	<b>Age (Yrs)</b>	<b>Experience (Yrs)</b>	<b>Remuneration (₹ in Lacs)</b>	<b>Date of commencement of employment</b>	<b>Last Employment held</b>
Mr. Shoji Tsubokuta	Managing Director	B.E. (Mechanical)	60	39	64.39	01-Oct-2013	Hitachi Home Appliances (Wuhu) Ltd.
Mr. Vinay Chauhan	Executive Director	B.E. (Mechanical) PGD in Industrial Engineering	55	30	91.18	06-Dec-1993	Koron Business Systems Ltd.
Mr. Amit Doshi	Executive Director	B.E. (Mechanical) PGD in Business Management	55	30	88.58	07-Mar-1994	Bradma (India) Ltd.
Mr. Anil Shah	Executive Director	B.Com., A.C.A.	56	33	87.88	07-Dec-1984	Amal Investments Ltd.
Mr. Gurmeet Singh	Executive Director	Graduate in Physics & PGD in Management	49	27	70.88	08-Feb-2014	Orient Paper And Industries Ltd.
Mr. Tomonaga Watanabe	General Manager	B.E. (Mechanical)	52	29	134.17	29-Mar-2014	Hitachi Appliances Inc.
Mr. Ichio Iwai	General Manager	Graduate in Politics and Economics	53	29	133.65	10-Jun-2013	Hitachi Appliances Inc.
Mr. Varghese Joseph	Senior Vice President	B.Com (Management), PGPM	46	26	65.01	19-Mar-2012	Samsung India Electronics Pvt. Ltd.
Mr. Pravin Patel*	Vice President	B.E. (Mechanical)	49	27	67.65	03-Jul-1989	-

\* Date of leaving : January 31, 2015



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

Corporate Identification Number (CIN): L29300GJ1984PLC007470

Regd. Office: 9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380006 Phone: 079-26402024

E-mail:compliance.officer@hitachi-hli.com, Web: www.hitachi-hli.com

Name of Sole / First named Member : \_\_\_\_\_

Registered Folio No. / DP ID No.-Client No. : \_\_\_\_\_

Number of Shares Held : \_\_\_\_\_

I/We hereby record my / our presence at the 30th Annual General Meeting of the Company held on July 24, 2015 at H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad : 380 015 at 9.30 a.m.

Member's / Proxy's Name

Signature of Member / Proxy

Shareholders / Proxy holders are requested to bring the attendance slip with them duly completed when they come to the meeting and hand over at the Gate duly signed.

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

Corporate Identification Number (CIN): L29300GJ1984PLC007470

Regd. Office: 9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380006 Phone: 079-26402024

E-mail:compliance.officer@hitachi-hli.com, Web: www.hitachi-hli.com

**30th Annual General Meeting on July 24, 2015**

Name of the Member(s) : \_\_\_\_\_

Registered Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

Folio No. / DP ID No.-Client No. : \_\_\_\_\_

I/We being the member(s) of \_\_\_\_\_ shares of the above named Company hereby appoint:

(1) Name \_\_\_\_\_ Address \_\_\_\_\_

e-mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him

(2) Name \_\_\_\_\_ Address \_\_\_\_\_

e-mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him

(3) Name \_\_\_\_\_ Address \_\_\_\_\_

e-mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held on Friday, 24th July, 2015 at H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad : 380 015 at 9.30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below :

1. Adoption of Financial Statement for the year ended 31st March, 2015
2. To declare Dividend for the year ended 31st March, 2015
3. To re-appoint Mr. Shinichi Iizuka as Director who retires by rotation
4. To re-appoint Mr. Vinay Chauhan as Director who retires by rotation
5. To ratify appointment of S R B C & Co LLP as Auditors of the Company
6. To appoint Cost Auditors for the year starting from April 01, 2015
7. To appoint Mr. Indira Parikh as an Independent Director of the Company
8. To appoint Mr. Gurmeet Singh as an Executive Director of the Company
9. To increase remuneration of Mr. Shoji Tsubokuta, Managing Director of the Company

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature of Shareholder \_\_\_\_\_

Signature of Proxy Holder(s) \_\_\_\_\_

Affix  
15 paise  
Revenue  
stamp

Note : This form of Proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the meeting.

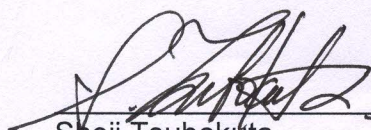




**FORM A**

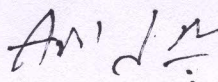
**Disclosure under Clause 31 of the Listing Agreement**

1.	Name of the Company:	Hitachi Home & Life Solutions (India) Limited
2.	Annual financial statements for the year ended	31st March, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable

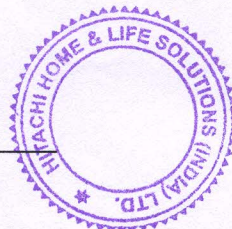


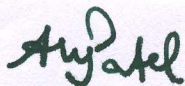
Shoji Tsubokuta  
Managing Director





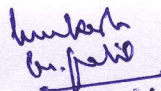
Anil Shah  
CFO & Executive Director  
Finance & Accounts



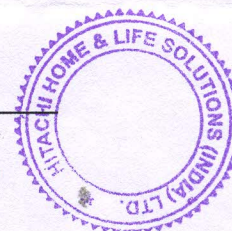


Arpit K. Patel,  
Partner  
For S R B C & Co LLP  
(Statutory Auditor of the Company)





Mukesh Patel  
Audit Committee Chairman



Hitachi Home & Life Solutions (India) Limited

Regd. Off. 9th Floor, Abhijeet-1, Mithakhali Six Roads, Ahmedabad 380006, Gujarat, India

Tel : 91-79-26402024 E-mail : hitachi@hitachi-hli.com

CIN: L29300GJ1984PLC007470

www.hitachi-hli.com