

ANNUAL
REPORT



2009-10

Hitachi Home & Life Solutions (India) Limited

OUR PRODUCT RANGE



i-TEC



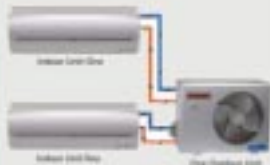
Ace FollowMe



Ace Cutout



Star



Atom²



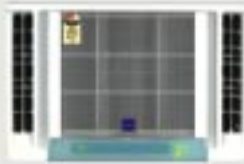
Atom XL



Kaze



Quadricool TM



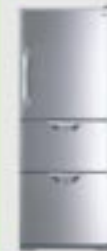
Quadricool



Cassette



Big French Refrigerator



3-Door Refrigerator



2-Door Refrigerator



Takumi Ductables



Concealed Splits



Set Free System



Water-Cooled Chiller



Air-Cooled Chiller



Space maker



Self-Contained AC

MESSAGE FROM THE CHAIRMAN



Shinichi Iizuka

Chairman

Hitachi Home & Life Solutions (India) Ltd.

My warm greetings to all the shareholders of Hitachi Home & Life Solutions (India) Limited, I am pleased to present yet another year of good performance by your Company.

Your Company has made an Operating Profit (Profit before Depreciation, Interest and Tax) of Rs. 703.08 Mn. and contributed to the consolidated accounts of Hitachi Group.

Indian Room Air conditioning industry experienced a growth of about 25% over the last year in sales volume. Extended summer, low penetration rate and increasing disposable income assisted in industry growth. Your Company has also shown good performance and grew by 46% in sales volume of room Air conditioners. Overall in value term your Company grew by 36%.

This year also saw increasing preference of the Split Air conditioners above window Air conditioners amongst the Room Air conditioners segment. Your Company being the pioneer of technological innovations introduced "Direct Efficient Technology" in its range of Split Air conditioners which makes Hitachi Air conditioners sensible & intelligent. During this year Company has launched a wide range of Split Air conditioners, 'i-TEC', 'Ace Followme' and 'Kaze'.

'Kaze', a new range of Split Air conditioner was launched for Tier II & III markets. India is progressing fast. The future growth will come from

smaller towns and the customers in those markets are aspiring for the advanced, high quality & premium products. The customers in smaller towns have enough disposable income and want to upgrade their lifestyle. Keeping all this in mind your Company has launched 'Kaze'. This will help Company to gain market share in Room Air conditioners segment in near future.

The Ductable category of Air conditioners has shown downturn. However from second half of the year it started picking up. The telecom segment has shown a linear trend. Your Company however maintained its leadership position with about 32% market share in this segment.

In case of refrigerator business category your Company introduced a range of stylish & premium refrigerators in 2-Door and Big French (4-Door) models. This should support your Company to increase growth rate in coming years in this category.

Continual endeavor for qualitative functional processes helped the Company in growth and margin. We continued to strengthen our brand equities through innovation, quality products and appropriate business promotion steps. This will support to deliver consistent and profitable growth in future also.

This year your Company has taken new initiatives which should contribute towards a higher market share and increased customer satisfaction. They are defined below as "Steps For Future Growth".

Steps for Future Growth- Taken in 2009-2010

1. Your Company had planned capacity enhancement during the global economic slowdown and with the commitment to Indian market your Company has inaugurated new Air conditioner manufacturing facility. The new facility is adjoining the old plant, was built in a record time of 7½ months. The new facility would manufacture Room & Commercial Air conditioners including large Air conditioners, Chillers and Telecom Air conditioners. It was inaugurated in August 2009 and Commercial production started in October 2009.
2. Launch of 'Kaze', as described above is a stepping stone towards increase in reach which in turn would help to gain higher market share. It was launched through press conferences in 30 towns across country. This model launched for Tier II & III towns at competitive price point to increase the acceptability of Hitachi product while strengthening the position in market.
3. Your Company has started own service centers, called "Hitachi Customer Satisfaction" (HCS), to improve the service quality and better customer satisfaction. In the first phase, it has started in the major towns. Your Company has started 18 centers in 11 towns till March-2010. These will be increased to 30 in the first phase. In addition to this your Company has its own call centre managed by trained professionals to help the customers. These endeavors will further strengthen HHLI's brand image and customer satisfaction.

We believe in Hitachi's founding spirit of harmony, sincerity, and pioneering spirit. The "reliable technologies" that Hitachi creates to contribute to society are not born only from inventions on the front lines of research and development. They are also created by market-driven innovation activities. These innovation activities are essential in every Company and every division throughout the Company.

In conclusion, I would like to reiterate that we will continue to focus on being competitive and profitable to attain sustainable growth.

I convey my gratitude to the members of the Board of Directors for their persistent guidance and support.

I also express deep appreciation of the support that we have always received from our stakeholders and for their faith and confidence. As ever, I seek your whole-hearted support and encouragement in this exciting journey.

BOARD OF DIRECTORS



Shinichi Iizuka
Chairman



Motoo Morimoto
Managing Director



Amit Doshi
Executive Director



Anil Shah
Executive Director



Vinay Chauhan
Executive Director



Dr. Anwar Ali
Director



Ashok Balwani
Director



Dr. Devender Nath
Director



L.G. Ramakrishnan
Director



Mukesh Patel
Director



Ravindra Jain
Director



Tarun Sheth
Director

BOARD OF DIRECTORS

Shinichi Iizuka
Motoo Morimoto
Amit Doshi
Anil Shah
Vinay Chauhan
Dr. Anwar Ali
Ashok Balwani
Dr. Devender Nath
L G Ramakrishnan
Mukesh Patel
Ravindra Jain
Tarun Sheth

Chairman
Managing Director
Executive Director
Executive Director
Executive Director
Director
Director
Director
Director
Director
Director
Director

AUDITORS

S. R. Batliboi & Co.
Chartered Accountants,
Mumbai

BANKERS

State Bank of India
ICICI Bank
Standard Chartered Bank
Mizuho Corporate, Bank

REGISTERED OFFICE

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

WORKS

Hitachi Complex, Karannagar – 382 727
Kadi, Dist.: Mehsana, Gujarat

Canal Road, Baribrahmna – 181 133
Jammu

REGISTRARS & SHARE TRANSFER AGENT

Sharepro Services (India) Pvt. Ltd.
13AB, Samitha Warehousing Complex, 2nd Floor,
Sakinaka Telephone Exchange Road,
Saki Naka, Andheri East,
Mumbai: 400072

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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 based on the information provided by the Company, under intimation to the investor.

If your bank has not implemented Core Banking Solutions (CBS) or you do not provide 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 securities in physical form, you are requested to furnish the new account number along with a photo copy of a cheque to the Company's Registrars at the following address:

Sharepro Services (India) Pvt. Ltd.
13AB, Samitha Warehousing Complex, 2nd Floor,
Sakinaka Telephone Exchange Road,
Saki Naka, Andheri East,
Mumbai: 400072

FIVE YEARS FINANCIALS AT A GLANCE

(Currency: Rupees in thousands unless otherwise stated)

PARTICULARS	2009-10	2008-09	2007-08	2006-07	2005-06
Sales and Services (Net of Excise Duty)	6,405,126	4,698,968	4,466,060	3,248,899	2,575,217
Sales Growth	36%	5%	37%	26%	9%
Other Income	118,310	72,349	104,077	61,716	36,660
TOTAL INCOME	6,523,436	4,771,317	4,570,137	3,310,615	2,611,877
Profit before Depreciation, Interest and Tax (PBDIT)	703,083	373,879	566,892	299,726	232,005
Financial Charges	15,101	26,673	21,766	32,382	29,048
Depreciation	117,770	79,926	76,330	45,050	45,978
Profit Before Tax (PBT)	570,212	267,281	468,796	222,295	156,979
Provision for Taxation	108,810	56,541	46,311	29,030	8,423
Profit after Tax (PAT)	461,402	210,740	422,485	193,265	148,556
Equity Share Capital	229,600	229,600	229,600	229,600	229,600
Reserves & Surplus	1,236,743	815,501	604,761	388,358	388,358
Net Worth	1,466,343	1,045,101	834,361	411,876	218,611
Net Worth Growth	40%	25%	103%	88%	212%
Gross Fixed Assets	1,588,555	1,098,482	733,185	628,487	590,980
Net Fixed Assets	1,045,713	649,650	314,740	266,435	272,185
Total Assets	2,072,863	1,562,632	961,439	952,356	1,045,452
KEY INDICATORS					
Earnings Per Share (Rs.)	20.10	9.18	18.40	8.42	6.47
Cash Earnings Per Share (Rs.)	25.23	12.66	21.73	10.38	8.47
Book Value Per Share (Rs.)	63.87	45.52	36.34	17.94	9.52
Debt to Equity Ratio	0.41 : 1	0.48 : 1	0.14 : 1	0.81 : 1	1.96 : 1
PBDIT / Sales and services (Net of excise duty)	11%	8%	13%	9%	9%
Net Profit Margin	7%	4%	9%	6%	6%
Return on Net Worth	31%	20%	51%	47%	68%
Return on Capital Employed	28%	19%	51%	27%	18%

Note: Previous years' figures regrouped wherever necessary

Hitachi Home & Life Solutions (India) Limited

NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of the Company will be held on Thursday, 29th day of July, 2010 at 9.00 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, 2010, Profit and Loss Account 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 financial year ended March 31, 2010.
3. To appoint a Director in place of Mr. Anil Shah who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vinay Chauhan who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Mukesh Patel who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Tarun Sheth who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
7. To appoint Auditors of the Company in place of the retiring Auditors to hold office from conclusion of this meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

8. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Shinichi Iizuka, appointed as an Additional Director by the Board of Directors with effect from 21st June, 2010 and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Shinichi Iizuka 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.”

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

“RESOLVED THAT Mr. Motoo Morimoto, appointed as an Additional Director by the Board of Directors with effect from April 01, 2010 and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Motoo Morimoto as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company.”

“FURTHER RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof and subject to the approval of the Central Government, if required, consent of the members be and is hereby accorded to the appointment of Mr. Motoo Morimoto as a Managing Director of the company for a period of three years with effect from April 01, 2010 on the terms and conditions including remuneration as set out in the Explanatory Statement attached to this Notice AND THAT period of office of the appointee as a Director is not liable to retire by rotation.”

“FURTHER RESOLVED THAT the Board (term “Board” referred hereinafter includes Board of Directors of the Company 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 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.”

“FURTHER RESOLVED THAT 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 in the Explanatory Statement shall be paid to him as minimum remuneration.”

10. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof and subject to the approval of the Central Government, if required, consent of the members be and is hereby accorded to the re-appointment of Mr. Amit Doshi as an Executive Director of the company for a period of three years with effect from June 1, 2010 on the terms and conditions including remuneration as set out in the Explanatory Statement attached to this Notice AND THAT period of office of the appointee as a Director is liable to retire by rotation.”

“FURTHER RESOLVED THAT the Board (term “Board” referred hereinafter includes Board of Directors of the Company 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 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.”

“FURTHER RESOLVED THAT 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 in the Explanatory Statement shall be paid to him as minimum remuneration.”

11. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof and subject to the approval of the Central Government, if required, consent of the members be and is hereby accorded to the re-appointment of Mr. Anil Shah as Executive Director of the company for a period of three years with effect from June 1, 2010 on the terms and conditions including remuneration as set out in the Explanatory Statement attached to this Notice AND THAT period of office of the appointee as a Director is liable to retire by rotation.”

“FURTHER RESOLVED THAT the Board (term “Board” referred hereinafter includes Board of Directors of the Company 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 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.”

Hitachi Home & Life Solutions (India) Limited

“FURTHER RESOLVED THAT 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 in the Explanatory Statement shall be paid to him as minimum remuneration.”

12.To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendments or modifications thereof and subject to the approval of the Central Government, if required, consent of the members be and is hereby accorded to increase the remuneration payable to Mr. Vinay Chauhan, Executive Director of the company with effect from June 1, 2010 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 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 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.”

“FURTHER RESOLVED THAT 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 in the Explanatory Statement shall be paid to him as minimum remuneration.”

13.To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provision of Section 163 of the Companies Act, 1956, consent of the Company be and is hereby accorded to keep the Register of Members, Register of Debentureholders, Index of Members, Index of Debentureholders and all the Shares related documents at the office of M/s. Sharepro Services (India) Pvt. Ltd. situated at 416-420, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006.

By Order of the Board of Directors

Place: Ahmedabad
Date: June 21, 2010

Parag Dave
Asst. Company Secretary

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.
- (b) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 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 26, 2010 to July 29, 2010 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared, at the Annual General Meeting.
- (d) Dividend, if declared, will be paid on or after July 31, 2010 as under:
 - Physical Shares: To the members whose names appear on the Register of members of the Company as on July 25, 2010.
 - Dematerialised Shares: To the beneficial owners as on July 25, 2010 as per information to be furnished by Depositories for this purpose.
- (e) 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.

- (f) Brief resumes of the directors appointed / re-appointed, as stipulated in Clause 49 of the Listing Agreement, are provided in the report on Corporate Governance forming part of the Annual Report.
- (g) 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. The members are also requested to send all correspondence relating to shares, including transfers and transmissions, to the Registrars and Share Transfer Agent and not to the Company.
- (h) Pursuant to the provisions of the Companies Act, 1956 as amended by the Companies Amendment Act, 1999, 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.
- (i) Members / Proxies are requested to bring the attendance slip sent herewith duly filled in for attending the meeting.
- (j) The shares of the Company have been voluntarily delisted from Ahmedabad Stock Exchange and Delhi Stock Exchange.
- (k) Listing of shares of the Company are continued with Bombay Stock Exchange (BSE), and National Stock Exchange. BSE and NSE have nationwide trading terminals and provide online trading facilities, so as to enable investors to trade the Share of the Company across the country. Company has already paid Listing Fees to the said Stock Exchanges for the year 2010-11.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 8

Pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Shinichi Iizuka was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from 21st June, 2010 and vacates his office at this Annual General Meeting. A Notice under Section 257 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. Shinichi Iizuka for appointment as a Director of the Company.

Mr. Shinichi Iizuka does not hold any Share of the Company either in his name or held by / for other persons on a beneficial basis in the company. He does not have any relation with any other Director of the Company.

None of the other Directors of the Company, is in any way, concerned or interested in the said resolution.

Item No. 9 to 12

Resolution No. 9 relates to the appointment of Mr. Motoo Morimoto as a Director as well as Managing Director of the Company. Pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Motoo Morimoto was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from April 1, 2010 and vacates his office at this Annual General Meeting. A Notice under Section 257 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. Motoo Morimoto for appointment as a Director of the Company. Mr. Motoo Morimoto, appointed as Managing Director for a period of three years with effect from April 1, 2010. The Board of Directors of the Company has, subject to the approval of the members and Central Government, if required, appointed, said Director for a period of three years with effect from April 01, 2010, on the remuneration as stated below, determined by the Remuneration Committee.

Resolution no. 10 relates to the approval of terms of re-appointment and remuneration of Mr. Amit Doshi, re-appointed as Executive Director for a period of three years with effect from June 1, 2010. The Board of Directors of the Company has, subject to the approval of the members and Central Government, if required, appointed, said Director for a period of three years with effect from June 1, 2010, on the remuneration as stated below, determined by the Remuneration Committee.

Resolution no. 11 relates to the approval of terms of re-appointment and remuneration of Mr. Anil Shah, re-appointed as Executive Director for a period of three years with effect from June 1, 2010. The Board of Directors of the Company has, subject to the approval of the members and Central Government, if required, appointed, said Director for a period of three years with effect from June 1, 2010, on the remuneration as stated below, determined by the Remuneration Committee.

Resolution no. 12 relates to the approval of increase in remuneration of Mr. Vinay Chauhan, Executive Director with effect from June 1, 2010. Remuneration Committee has determined the remuneration as stated below.

Hitachi Home & Life Solutions (India) Limited

REMUNERATION OF THE APPOINTEES:

Mr. Motoo Morimoto	Mr. Amit Doshi	Mr. Anil Shah	Mr. Vinay Chauhan
From April-2010 to May-2010 Not to exceed Rs. 400,000/- per month (inclusive of following perquisites).	Not to exceed Rs. 600,000/- per month (Rs, 7,200,000 per annum) (inclusive of following perquisites and increments*).	Not to exceed Rs. 600,000/- per month (Rs, 7,200,000 per annum) (inclusive of following perquisites and increments*).	Not to exceed Rs. 600,000/- per month (Rs, 7,200,000 per annum) (inclusive of following perquisites and increments*).
From June-2010 Not to exceed Rs. 600,000 per month (Rs, 7,200,000 per annum) (inclusive of following perquisites).			

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, they will be entitled to reimbursement of all expenses incurred in connection with the business of the company.

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

The aforesaid remuneration is subject to the limit of 5% of the profit to the Managing Director / Executive Director and further subject to the overall limit of 10% of the profit to all Executive Directors including Managing Director, computed in the manner laid down in Section 349 and 350 of the Companies Act, 1956. Notwithstanding anything contained above, where in any financial year during the currency of tenure of the Executive Director, the Company has no profit or inadequate profit, Company will pay remuneration as per the limits set out in Section II(I)(B) of Part II of Schedule XIII, unless otherwise determined by the Board of Directors or the Remuneration Committee, subject to the approval of the Central Government, if required, as minimum remuneration.

* Annual / interim increments will be decided by the Managing Director on the basis of performance of the appointees.

INFORMATION AS REQUIRED UNDER SECTION II (1)(B) OF THE PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956

I. General Information

- (1) Nature of Industry: Company is engaged in manufacturing and selling of Air conditioners and trading of Refrigerators, Washing Machines and Chillers.
- (2) Date or expected date of commencement of commercial production: Company started its commercial production of Air conditioners 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 2009-10, Income was Rs. 6855.79 Mn. and Profit after tax was Rs.461.40 Mn.
- (5) Export performance and net foreign exchange collaborations: During the year 2009-10, export of the Company was Rs. 10.75 Mn.
- (6) Foreign investments or collaborations, if any: Hitachi of Japan is holding 69.9% of the total paid up share capital as well as Company is having Technical Collaboration with Hitachi of Japan for the products of the Company.

II. Information about the appointees

- (1) Back ground details: Brief resume of the appointees are provided in the report on Corporate Governance forming part of this Annual Report.
- (2) Past remuneration of appointees:
Mr. Motoo Morimoto: Rs. 7,620,000 during the year 2009-10.
Mr. Amit Doshi: Rs. 4,129,388 during the year 2009-10 (inclusive of all perquisites).
Mr. Anil Shah: Rs. 4,137,640 during the year 2009-10 (inclusive of all perquisites).
Mr. Vinay Chauhan: Rs. 4,135,939 during the year 2009-10 (inclusive of all perquisites).

(3) Job Profile and his suitability:

Mr. Motoo Morimoto: He 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.

Mr. Amit Doshi: He will be in-charge of Human resources, Industrial relations, Customer Services, Information Technology & ERP and General Administration functions of the Company and work subject to the superintendence, control and direction of the Board of Directors and perform all such functions as may be delegated to him by the Board of Directors / Managing Director from time to time.

Mr. Anil Shah: He will be in-charge of Finance, Accounts, Budgeting, Costing, Legal, Direct & Indirect Taxation functions of the Company and work subject to the superintendence, control and direction of the Board of Directors and perform all such functions as may be delegated to him by the Board of Directors / Managing Director from time to time.

Mr. Vinay Chauhan: He shall be in-charge of Supply Chain and work subject to the superintendence, control and direction of the Board of Directors and perform all such functions as may be delegated to him by the Board of Directors / Managing Director from time to time.

- (4) Remuneration proposed to all appointees: Not to exceed Rs. 600,000 per month (Rs. 7,200,000 per annum) inclusive of all perquisites.
- (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 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 2009-10, Company has made profit after tax of Rs. 461.40 Mn.

IV. Disclosures

- (1) Remuneration package of the managerial person: Remuneration (inclusive of perquisites) mentioned above.
- (2) The disclosures of remuneration shall be reported in Corporate Governance Report attached to the Directors' Report.

None of the other Directors of the Company, is in any way, concerned or interested in the said 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 302 of the Companies Act, 1956.

Item No. 13

M/s. Sharepro Services (India) Pvt. Ltd. (Sharepro) has been appointed as Registrars and Share Transfer Agent in place of Pinnacle Shares Registry Pvt. Ltd. One of the Offices of Sharepro is at 416-420, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006.

It is considered desirable to keep the Register and Index of Members and Debentureholders and all other Shares related documents at the above referred office of M/s. Sharepro Services (India) Pvt. Ltd. under Section 163 of the Companies Act, 1956.

The Directors, therefore, commend the approval of this resolution.

None of the Directors of the Company, is in any way, concerned or interested in the said resolution.

By Order of the Board of Directors

Place: Ahmedabad
Date: June 21, 2010

Regd Office:
Hitachi Home & Life Solutions (India) Limited
9th Floor, Abhijeet-I,
Mithakhali Six Roads, Ahmedabad : 380 006

Parag Dave
Asst. Company Secretary

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Members,

Your Directors have pleasure in presenting the Twenty Fifth Annual Report and the Audited Financial Statements, for the year ended March 31, 2010.

Financial Highlights

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

	For the year ended March 31, 2010	For the year ended March 31, 2009
		(Rs. in Mn.)
Income from operations	6,855.79	5,190.22
Less : Excise Duty	450.66	491.25
Other Income	118.31	72.35
Total Income	6,523.44	4,771.32
Profit before interest, depreciation and tax	703.08	373.88
Interest	15.10	26.67
Depreciation	117.77	79.93
Tax	108.81	56.54
Profit after tax	461.40	210.74
Amount brought forward from previous year	427.14	216.40
Balance available for appropriation	888.54	427.14
Amount transferred to General Reserve	46.14	-
Proposed Dividend (including Corporate Dividend Tax)	40.16	-
Surplus carried to Balance Sheet	802.24	427.14

Dividend

Your Directors recommend a dividend of Rs. 1.50 per Equity Share for the year ended March 31, 2010. This is subject to the approval of the Members at the ensuing Annual General Meeting.

Industry Structure & Developments

Consumer Appliances Industry

The Indian consumer durable industry is estimated to be in the range of Rs. 350,000 Mn. The home appliances industry (products that your Company deals in) is estimated to be around Rs.55000 Mn. Room Air conditioners contribute to the largest share of this at around Rs. 50,000 Mn. followed by Refrigerators at around Rs. 5,000 Mn. (This size of Rs. 5,000 Mn. is for the Frost Free Refrigerators above 300 Ltrs. capacity).

Air conditioning Industry

Our estimate of the industry performance during FY 2009-10 is given below;

Category	Total Industry Sales (in Mn.)		
	2009-10	2008-09	Growth
Room Air conditioners (in Units)	2.51	2.01	25%
Ductable Air conditioners (in Tr.)	0.33	0.37	-11%

Air conditioner is now much more than a cooling appliance. Its image has transformed to being a stylish and intelligent indoor Air conditioning system. The customer's now look for various other features like aesthetics, comfort features, designs, colours, latest technologies, higher energy efficiency and better service. Split Air conditioners are fuelling the growth of the industry with design innovations, elegant looks in a feature packed indoor unit.

Room Air conditioners

The Room Air conditioner category consists of both the Window and Split Air conditioners for the use in residential and commercial spaces.

The Room Air conditioning industry experienced a growth rate of close to 25% in 2009-10 in comparison to about 7% growth in 2008-09. However penetration of Room Air conditioners in India is still low at around 3% only.

The demand of Split Air conditioners is continuously increasing. The market share of Split Air conditioners is more than 65%, because Split Air conditioners are more elegant in looks, produce much lesser noise and are more energy efficient. Your Company has constantly formulated its strategies to garner more share in this segment which has helped to achieve a growth of over 52% in Split Air Conditioner category. Your company has introduced a new range of Split Air conditioners to further strengthen its position in this segment.

Your Company offers a wide range of Room Air conditioners. Through its extensive research and development, your Company has remained at the forefront of the Air conditioning industry. New technological breakthroughs allow Hitachi to provide high quality, efficient and reliable Air conditioning solutions.

Your company has grown @ 46% over the last year with 1.58 lac units against 1.08 lac units in last financial year in Room Air conditioners segment.

Your Company has launched a new range of Split Air conditioners 'i-TEC' (Inverter AC, Available in 1.5 Tr.) and upgraded "ACE Followme" (Tr. 0.9, 1.2, 1.5 & 2.0). These new Air conditioners, equipped with Direct Efficient Technology are a perfect blend of absolute comfort, silence, durability and elegant design. They ensure consistent cooling and are highly energy efficient as well. This year we have also launched another Split Air conditioner range 'KAZE' for Tier II Cities. We have done media launch of 'KAZE' in 31 towns and received comprehensive & positive coverage in all leading media. Other ranges of Split Air conditioner are 'Atom Square', 'Ace Cutout', 'Star', 'Atom XL', and 'Logiccool' to cater to the specialized need of specific segments. In Window Air conditioner segment 'Quadricool TM' & 'Quadricool SM' are available in Tr. 1.1, 1.5 & 2.0.

This year, the BEE (Bureau of Energy Efficiency, A Government enterprise under the Ministry of Power) has made Energy Star labeling for Room Air conditioners mandatory from January 2010. Your Company had adopted voluntarily the scheme of Star Labeling last year hence the customers were able to choose the Hitachi brand star rated Split Air conditioners. Your Company's star rated Air Conditioners have been received very well in the market. Last year 79% of Hitachi Split Air conditioners sold were having 5 star rating.

Ductable Range of Air conditioners

The spread of the global economic downturn significantly affected business environment in India as well. Your Company also faced similar pressure in Commercial AC business. Because of restricted investment in infrastructure, retail and IT & ITES, the Commercial AC business was affected. Your Company has had a de-growth in the last financial year in the Ductable Split range and Chillers. However, in the Telecom Air conditioner category your Company continued and strengthen its leadership position.

In Commercial Air conditioning business, in the first half of financial year market was sluggish due to global slow down impact, while from second half of the year market started positive movement. In first half of year, your Company de-grew but lower than the market de-growth rate, while in second half of the year, your Company registered higher growth than the market, which helped us to restrict de-growth lower than the market. Your Company gained around 1% in market share in year 2009-10.

Your Company has the Takumi range of Ductable Air conditioners, which is the emergence of Hitachi's engineered system to create One-of-a-kind solution to Air conditioning industry. Its unique energy efficient engineering design and flexibility in application provides pragmatic solutions to suit best for cooling requirements. The range of these products available is from 3.0 Tr. to 16.5 Tr. which are highly appreciated and well received in the market. The customer of this segment comprises of Retail Chains, MNCs, IT/ITES sectors, BPOs, Call Centers, Institutes, Malls, etc.

Telecom Air conditioners

This cutting edge Air conditioning system is specially designed for unmanned Telecom Shelters/ Telecom BTS sites. Our specialized & unique product, Spacemaker comes with higher cooling capacity, unique safety features, lower power consumption and lower operating costs. Market share of your Company in this segment is above 32%. Looking to the future growth of the telecom industry, it is expected that we shall maintain our share in this segment.

Refrigerators

Your Company offers a wide range of stylish & premium refrigerators available in 2-Door, 3-Door and Big French (4-Door) models. Range of refrigerators not only adds depth and character to the consumer's kitchen but also compliments with the strong cutting-edge technology to make beautiful solutions for household needs.

Hitachi Home & Life Solutions (India) Limited

The refrigerators are differentiated on account of their innovative functionality, style and utility intertwined with the advanced features. The Minus Zero Cooling, New Front Jet Freezing, Electronic Temperature Control, Nano Titanium Filter Treatment and Digital Control Panel features allow the food to stay fresh and healthy for longer periods. The advanced Minus Zero Cooling mode preserves the nutritional value and the moisture in the food stored and the Digital Control Panel helps in controlling the temperature inside the refrigerator without opening the doors, thereby saving energy consumption.

Your Company has grown by over 4% against last year. New models have been introduced in 2-door & big French category. It is expected that your Company will perform better in coming years in this category.

Set up of New Air conditioner Manufacturing Facility

Your company has inaugurated new Air conditioner manufacturing facility in August 2009. This facility is one of the largest Air conditioner manufacturing facilities in India and also one of the largest Air conditioner manufacturing facilities of Hitachi in the world. The new facility is adjoining the old plant, was built in a record time of 7½ months. The plant is state of art and equipped with advanced machinery. With this new plant the annual production capacity has increased to 2.30 Lac units in single shift working. The new facility would manufacture Room & Commercial Air conditioners including Ductable Air conditioners and Telecom Air conditioners. The Chiller manufacturing will start in the next financial year.

Set up of Hitachi Customer Satisfaction Centers

During the year under review, your Company has set up its own Service Centers. These centers will be entirely owned & operated by your Company, thereby assuring better & personalized service to every customer. In the first phase, Company has opened Service Centers, in the major cities. Gradually this concept will be expanded to smaller towns across the country.

Future Outlook: Opportunities, Threats, Risks and Concerns

Opportunities:

Growth in Smaller Towns

Smaller towns are showing encouraging growth. These towns are very critical, as the next round of growth will come from them. The relevant consumer base is large and growing, as are affluence levels, which will result in augmentation of purchasing power and branded product consumption.

Increased Affordability of Products

Air conditioners are now affordable both in terms of initial investment and running cost and are now treated as a necessity rather than a luxury item. The reduction of the price gap between the Split Air conditioner and Window Air conditioner has fuelled the growth of the Split Air conditioner segment. With the emergence of the apartment culture in metros and non metros the need of below 1.0 Tr. and between 1 Tr. and 1.5 Tr. capacities has emerged. Understanding that need of the market your Company has extended 'ACE Followme' range to 0.9, 1.2, 1.5 & 2.0 Tr. and other models 'KAZE' & 'Ace Cutout' also have the same tonnage class.

Increase in Income Levels

Increasing affluence levels across the country will lead to increase in consumption growth. Growing middle class with increasing disposable income supported with robust economic growth are good signs for the industry. Retailers are marketing their goods more aggressively by providing easy financing options to the consumers by partnering with banks.

Increasing Share of Organised Retail

The Indian retail market, which is the fifth largest retail destination globally, has been ranked as the most attractive emerging market for investment in the retail sector. The organised retail sector is all set to witness maximum number of large format malls and branded retail stores in the next two years. Tier II cities are emerging as the favoured destinations for the retail sector with their huge growth potential. Shopping malls are becoming increasingly common in Indian cities. This will have a positive impact on the consumer durable industry, as organised retailing would not only streamline the supply chain, but also facilitate increased demand, especially for high-end and branded products.

Threats, Risks and Concerns:

1. During last one year the cost of steel, copper & plastic have been rising sharply. Energy labeling initiated by the government is also adding to the input cost of product.

2. Banks / NBFCs are tightening their consumer finances. In view of problems at the world level in the banking sector, the funding options have minimized. Inventory funding is also very tight, which is not a good situation for dealers to run their operations.
3. Excise duty has gone upto 10% in the last union budget. Some of the states have also increased VAT additionally upto 2.5%.
4. High electricity cost & quality of power supply remain a hindrance in the growth of business. Long power cuts and voltage fluctuations may affect the pace of industry growth.
5. The import of low cost products from neighboring countries continues to be a threat to the consumer durable industry.

Human Resources

The total strength of employees (staff and operators) of your company was 557 as on March 31, 2010.

Hitachi Customer Satisfaction (HCS) was formed as a new Process at HHLI for enhancing the service delivery to customers. A pool of Service Engineers has been inducted into the system at 19 HCS centers.

In order to streamline the Customer Complaints redressal, the National Service Centre (NSC) was strengthened with deployment of 25 Engineers alongwith regular Customer Service Executives to centrally handle customer's issues at Head Office level. It is handling regular customer issues as well as Institutional Customers service co-ordination.

Re-Modeling of Compensation Structure was done with a uniform step wise structure of Position Classes during the annual appraisal. Variable Salary limits were also enhanced at all levels.

A unique team building programme was organised for all employees in which each employee got an opportunity to visit and learn about the new State of Art Plant at Kadi and then participate in the Out Bound Training (OBT) with a cross-functional groups. This programme educated our employees about the growth plans of the Company for 2010-11, the challenges to be taken and the team work and passion required to take it forward.

Forty eight Graduate Engineer Trainees (GETs) were recruited. After the intensive Plant Training, the GETs were assigned specific On the Job Training (OJT) in various departments in Plant and Field under senior staff for guiding and mentoring them.

The Central Air-conditioning business team is being continuously strengthened with addition of manpower in areas of Project Design, Estimation, Execution and Commercial for handling Central AC Projects.

Internal Control and Systems

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.

Change in Managing Director

During the year Mr. Shinichi Iizuka, Managing Director, has moved to Hitachi Appliances Inc., Tochigi, Japan on his new assignment. Board of Directors do place on record its sincere appreciation for his significant contribution made during his tenure in development and progress of the Company by giving his mature advice and guidance. Mr. Motoo Morimoto has been appointed as Managing Director of the Company with effect from April 01, 2010.

Auditors

The Company's Auditors, M/s. S.R. Batliboi & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment, but have expressed their unwillingness to be re-appointed.

Directors' Responsibility Statement

Your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed ;
- (ii) such accounting policies have been 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 ended March 31, 2010 and of the profit of the Company for that year ;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- (iv) annual accounts have been prepared on a going concern basis.

Report of Corporate Governance

Report on Corporate Governance under clause 49 of the Listing Agreement is attached to this Report.

Particulars as per Section 217 of the Companies Act, 1956

A statement showing particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is attached with this Annual Report and information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, relating to Conservation of energy, technology absorption and foreign exchange earning and outgo is given as Annexure-I to this report.

Acknowledgement

Your Directors thank all Customers, Suppliers, Investors, Bankers - State Bank of India, ICICI Bank, Standard Chartered Bank and Mizuho Corporate 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

Motoo Morimoto
Managing Director

Anil Shah
Executive Director

Place: Ahmedabad, Gujarat
Date: May 24, 2010

Annexure-I

Information regarding Conservation of Energy, Technology Absorbtion, Research and Development and Foreign Exchange Earnings & Outgo

Conservation of Energy

While setting up new plant, Company grabbed an opportunity to invest in Green Technology like:

1. Use of natural lightening, turbo vent natural air circulation and epoxy painted light reflective floor which help in saving of electricity and improve illumination.
2. Installation of efficient compressed Air pressure system which ensures zero air leakage.
3. Reciprocating air compressors are replaced by screw compressors having variable frequency drive which is giving significant power saving compared to earlier reciprocating system.
4. Further, at new factory electrical installation, designed by experts, minimizes overheating of cables and energy loss.
5. Company has installed new DG Set for Power backup having best fuel efficiency and lowest sound level.

Research and Development (R & D)

R & D is key for ensuring local insights lead to Innovative models.

1. Company has launched Tropical DC Inverter in Split Air conditioner category in which there is 50% power saving as compared to any 5 star rated Split Air conditioner.
2. Company has launched 1.8 Tr. and 2.2 Tr. Star Series models in Split Air conditioner category with 3.45 Coefficient of Performance (COP) which is highest COP with Highest Cooling Capacity in its class.
3. Company has launched New 'KAZE' series specially for Tier II cities with 3 Star rating.
4. Company has upgraded "ACE Followme" technology in its Premium segment category.
5. Company has launched Window Air conditioner with 3 star rating. COP is highest in its class.

Technology Absorption

Your Company has successfully absorbed latest technology from Hitachi Appliances Inc. Shimizu Plant.

1. Tropical Inverter Technology in Room Air conditioner category with many unique patented subsystems and cycle components, use of 8 DC motor, make it highest SEER machines.
2. Development of Water Cooled chiller with R-407C refrigerant with 0 ODP (Ozone depletion potential).
3. Design and Development of standalone Free Cooling unit which can be used in existing telecom sites and can use ambient cool air in winter season. There is 30% saving in running cost.

Foreign exchange earnings and outgo during the year under consideration

The required information in respect of Foreign Exchange Earnings and Outgo has been given in the notes forming part of the Annual Report.

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 mix 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 goals.
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. Timely disclosure of operational and financial information of the Company to the stakeholders 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 & Remuneration of Directors

Board of Directors

Present strength of the Board of Directors of your Company is twelve 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 Four(4) Executive Directors (including Managing Director), Two(2) Non-executive Directors and Six(6) 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. Kenichi Munakata	Chairman/Non-Executive upto 20-Jun-2010	-	-	-
Mr. Motoo Morimoto	Executive w.e.f. 01-Apr-2010	-	-	1
Mr. Shinichi Iizuka	Executive upto 28-Mar-2010, Chairman/Non-Executive w.e.f. 21-Jun-2010	-	-	1
Mr. Amit Doshi	Executive	-	-	-
Mr. Anil Shah	Executive	-	-	1
Mr. Vinay Chauhan	Executive	-	-	-
Mr. L G Ramakrishnan	Non-Executive	-	1	1
Dr. Anwar Ali	Non-Executive / Independent	-	-	-
Mr. Ashok Balwani	Non-Executive / Independent	-	-	-
Dr. Devender Nath	Non-Executive / Independent	-	-	-
Mr. Mukesh Patel	Non-Executive / Independent	7	5	4
Mr. Ravindra Jain	Non-Executive / Independent	-	-	1
Mr. Tarun Sheth	Non-Executive / Independent	5	1	4

*Includes only Audit Committee and Investors' Grievance Committee

Hitachi Home & Life Solutions (India) Limited

Attendance of Board Meeting and Annual General Meeting

Schedule of Board meetings for the year are 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, 2009 to March 31, 2010 4 (Four) Board Meetings were held on May 15, 2009, July 23, 2009, October 15, 2009 and January 29, 2010. The last Annual General Meeting (AGM) was held on July 23, 2009. The attendance of Directors at these Board Meetings and the last AGM were as under:

Name of Director	Board Meeting	Annual General Meeting
Mr. Kenichi Munakata	2	Present
Mr. Shinichi Iizuka*	4	Present
Mr. Amit Doshi	4	Present
Mr. Anil Shah	4	Present
Mr. Vinay Chauhan	4	Present
Mr. L G Ramakrishnan	4	Present
Dr. Anwar Ali	1	Absent
Mr. Ashok Balwani	4	Present
Dr. Devender Nath	3	Present
Mr. Mukesh Patel	4	Present
Mr. Ravindra Jain	4	Present
Mr. Tarun Sheth	0	Absent

*Ceased as Managing Director on March 28, 2010

Number of Shares held by Non-executive Directors

Number of Shares held by Non-executive Directors in their own name or in the name of other persons on a beneficial basis, as on March 31, 2010 are as under :

Name of Director	No of Shares held
Mr. Kenichi Munakata	Nil
Mr. L G Ramakrishnan	Nil
Mr. Mukesh Patel	1000
Mr. Ravindra Jain	Nil
Mr. Tarun Sheth	1000
Dr. Anwar Ali	Nil
Mr. Ashok Balwani	Nil
Dr. Devender Nath	Nil

Brief Resume of Directors seeking Appointment / Re-appointment

Mr. Motoo Morimoto

Mr. Motoo Morimoto is a Japanese National. He is a graduate from Kyoto University, Japan in the faculty of Physics. He is associated with Hitachi since 1987 and has an extensive experience of about 23 years in related fields. He was in Design department of Hitachi Appliances Inc. Japan and Production Department of Shanghai Hitachi Home Appliances Co. Ltd. China.

He is not holding Directorship in any other public limited Company incorporated in India.

Mr. Shinichi Iizuka

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 experience of about 31 years in the related field. He was in the Design Department of Hitachi of Japan. In 2003, he was deputed in the Company as Chief Operating Officer. He served Company as Managing Director from October 01, 2006 to March 28, 2010 and then he moved to Hitachi Appliances Inc., Tochigi, Japan on his new assignment. He has been appointed as Non-executive Chairman of the Company with effect from June 21, 2010.

He is not holding Directorship in any other public limited Company incorporated in India.

Mr. Amit Doshi

Mr. Amit Doshi is a Graduate of Engineering and has done Post Graduate Diploma in Management. He has an extensive experience of around 26 years in various areas like Sales, Marketing, Service, New Business Development, Logistics, HR, etc. He is associated with the Company since 1994.

He is not holding Directorship in any other public limited Company incorporated in India.

Mr. Anil Shah

Mr. Anil Shah is a Graduate of Commerce and a Chartered Accountant. He has an extensive experience of around 29 years in various areas like Finance, Accounts, Budgeting, Costing, Legal, Direct and Indirect Taxation, etc. He is associated with the Company since 1984.

He is not holding Directorship in any other public limited Company incorporated in India.

Mr. Vinay Chauhan

Mr. Vinay Chauhan is Bachelor of Engineering and has done Post Graduate Diploma in Industrial Engineering. He has an experience of around 26 years in various areas like Design and Development, Quality Management, Manufacturing, etc. He is associated with the Company since 1993.

He is not holding Directorship in any other public limited Company incorporated in India.

Mr. Mukesh Patel

Mr. Mukesh Patel, an eminent Advocate and International Tax Expert has been in legal practice since 1977, with specialization in the fields of Tax Planning, Appellate Matters, International Taxation, Tax and Investment Planning for Non-Resident Indians and Foreign Collaborations. He has been actively involved in Legal Education and Tax Journalism for the past over three decades, as a Visiting Faculty with the Gujarat Law Society and the Indian Institute of Management, Ahmedabad and as a Columnist through his popular weekly columns on Direct Taxes with 'Sandesh', 'Gujarat Samachar' and 'The Times of India'. He has also authored a number of acclaimed books on Personal Tax & Investment Planning and Self Development and anchored TV Serials 'Tax Free' and 'Money Magic.' In recognition of his noteworthy contribution and achievements as an Eloquent Speaker, he received 'Fellowship of the World Academy of Speakers' in 1981 and 'Outstanding Speaker of the 20th Century Award' in 2000. Widely traveled around the world, he is an ardent photographer. He has served as the President of the Ahmedabad Management Association, Gujarat Chamber of Commerce and Industry, All Gujarat Federation of Tax Consultants, and several other bodies. Currently, he is the President of Indian Red Cross Society, Ahmedabad and the Indo-Japan Friendship Association, Gujarat. He is also a member of the National Executive Committee of FICCI and a Director on the Board of a number of leading public companies.

In following public limited companies incorporated in India he is a Director and Chairman/Member of the Committee:

Cadila Healthcare Ltd.

Zydus Wellness Ltd.

Sandesh Ltd.

Desai Brothers Ltd.

German Remedies Ltd.

Zydus Pharmaceuticals Ltd.

B A Research India Ltd.

Mr. Tarun Sheth

Mr. Tarun Sheth has done his post-graduation in Arts from M. S. University - Baroda and ITP from Harvard Business School. He provides consultancy services in various areas including planning, organization restructuring, recruitment, training, etc. He was also associated as Lecturer with M.S. University-Baroda, Faculty Member with IIM-Ahmedabad and Faculty with Motorola University. He was the Head of National Management Resources-Unilever Group of Companies and Unilever Training advisor. He was President of Bombay Management Association. He has worked as Consultant and Trainer in several Countries.

In following public limited companies incorporated in India he is a Director and Chairman/Member of the Committee:

Arvind Mills Ltd.

Renfro (India) Ltd.

Kerala Ayurveda Pharmacy Ltd.

Textrade Ltd.

Arvind Brands Ltd.

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 four members, all being Non-executive Directors out of which three are Independent Directors. Audit Committee effectively exercises its role, responsibilities and powers as prescribed in Clause 49(II)(c) to (e) of the Listing Agreement and Section 292A of the Companies Act, 1956.

Hitachi Home & Life Solutions (India) Limited

Members of the Audit Committee are as under:

Mr. Mukesh Patel	– Chairman
Mr. L G Ramakrishnan	– Member
Mr. Ravindra Jain	– Member
Mr. Tarun Sheth	– Member

During the year from April 01, 2009 to March 31, 2010, the Audit Committee Meetings were held on May 15, 2009, July 23, 2009, October 15, 2009 and January 29, 2010. Attendance of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	4
Mr. L G Ramakrishnan	4
Mr. Ravindra Jain	4
Mr. Tarun Sheth	0

Remuneration Committee

A Remuneration Committee takes all decisions relating to remuneration of Executive Directors subject to such approval of Shareholders and Central Government as and when required.

Members of the Remuneration Committee are as under:

Mr. Tarun Sheth	– Chairman
Mr. L G Ramakrishnan	– Member
Mr. Mukesh Patel	– Member
Mr. Ravindra Jain	– Member

During the year under review the Remuneration Committee Meeting was held on May 15, 2009. Attendance of the members at the meeting was as under:

Name of Members of Committee	Meetings attended
Mr. Tarun Sheth	0
Mr. L G Ramakrishnan	1
Mr. Mukesh Patel	1
Mr. Ravindra Jain	1

Terms of Appointment / Remuneration

Executive Directors including Managing Director are usually appointed for three years at the remuneration within the limit prescribed under Schedule XIII of the Companies Act, 1956.

Independent Directors are paid sitting fees of Rs. 20,000/- for attending Board meeting, Rs. 20,000/- for attending Audit Committee Meeting, Rs. 10,000/- for attending Remuneration Committee Meeting and Rs. 5000/- for Investors' Grievance Committee Meeting.

Remuneration of directors during the year under review :

(in Rupees)

Name of Director	Salary*	Sitting Fees	Total Remuneration
Mr. Kenichi Munakata	Nil	Nil	Nil
Mr. Shinichi Iizuka	4,206,202	Nil	4,206,202
Mr. Vinay Chauhan	4,135,939	Nil	4,135,939
Mr. Amit Doshi	4,129,388	Nil	4,129,388
Mr. Anil Shah	4,137,640	Nil	4,137,640
Mr. L G Ramakrishnan	Nil	Nil	Nil
Mr. Mukesh Patel	Nil	230,000	230,000
Mr. Ravindra Jain	Nil	170,000	170,000
Mr. Tarun Sheth	Nil	Nil	Nil
Dr. Anwar Ali	Nil	20,000	20,000
Mr. Ashok Balwani	Nil	80,000	80,000
Dr. Devender Nath	Nil	60,000	60,000

* Salary includes basic salary, allowances, perquisites, contribution to provident fund and superannuation funds from the date of appointment as Director.

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

Investors' Grievance Committee

An Investors' Grievance Committee of Directors was consisting of following members as on March 31, 2010:

Mr. L G Ramakrishnan	– Chairman
Mr. Shinichi Iizuka*	– Member
Mr. Mukesh Patel	– Member
Mr. Anil Shah	– Member

*Ceased as Managing Director on March 28, 2010

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

Sr. No.	Nature of Complaints	Received	Redressed	Pending as on March 31, 2010
1.	Non-receipt of share certificates after transfer	0	0	0
2.	Non-receipt of Dividend Warrants	0	0	0
3.	Query regarding demat credit	2	2	0
4.	Non-receipt of Duplicate Share Certificates	0	0	0
5	Others : Annual Report	0	0	0

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

Name and designation of Compliance Officer: Mr. Parag Dave – Asst. 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 having potential conflict with the interest of the 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.
- Accounting Standards have been followed in preparation of financial statement of the Company for the year ended March 31, 2010 and no accounting treatment different than prescribed Accounting Standards have been given.
- 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
July 25, 2007	9.30 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrpur, Ahmedabad	1. To appoint Mr. Shinichi Iizuka as Managing Director 2. To appoint Mr. Amit Doshi as Director, Process Owner-Corporate Affairs. 3. To appoint Mr. Anil Shah as Director, Process Owner-Finance & Accounts.
July 28, 2008	9.30 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrpur, Ahmedabad	No Special Resolution passed.
July 23, 2009	9.00 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association Dr. Vikram Sarabhai Marg, Vastrpur, Ahmedabad	1. To re-appoint Mr. Shinichi Iizuka as Managing Director 2. To re-appoint Mr. Vinay Chauhan as Executive Director 3. To increase remuneration of Mr. Amit Doshi, Executive Director. 4. To increase remuneration of Mr. Anil Shah, Executive Director

No special resolution proposed through postal ballot in last Annual General Meeting.

Hitachi Home & Life Solutions (India) Limited

Means of Communication

The quarterly results are published in Economic Times (English) and Economic Times (Gujarati). The information is being made available to the Stock Exchanges to upload the same on their websites.

General Shareholder Information

Ensuing Annual General Meeting

Day and Date	Time	Venue
Thursday, July 29, 2010	9.00 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, 2009 to March 31, 2010

Book closure: From July 26, 2010 to July 29, 2010 (Both days inclusive)

Dividend Payment Date: Dividend will be paid after July 31, 2010.

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 2010-11 to the above Stock Exchanges.

Market Price Data

Highest & Lowest 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:

Month	HHLI Share Price quoted at BSE		SENSEX		HHLI Share Price quoted at NSE		NIFTY	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
April-2009	61.40	33.50	11,492.10	9,546.29	61.40	33.20	3,517.25	2,965.70
May-2009	76.15	49.00	14,930.54	11,621.30	75.80	47.25	4,509.40	3,478.70
June-2009	86.95	59.05	15,600.30	14,016.95	87.50	59.60	4,693.20	4,143.25
July-2009	81.80	53.00	15,732.81	13,219.99	82.00	53.00	4,669.75	3,918.75
August-2009	98.40	73.10	16,002.46	14,684.45	98.05	72.15	4,743.75	4,353.45
September-2009	103.30	89.55	17,142.52	15,356.72	102.95	89.25	5,087.60	4,576.60
October- 2009	138.65	91.25	17,493.17	15,805.20	139.25	91.55	5,181.95	4,687.50
November-2009	154.05	110.25	17,290.48	15,330.56	155.00	111.60	5,138.00	4,538.50
December-2009	157.00	133.00	17,530.94	16,577.78	158.00	133.60	5,221.85	4,943.95
January-2010	170.70	135.00	17,790.33	15,982.08	170.65	137.00	5,310.95	4,766.00
February-2010	198.00	152.00	16,669.25	15,651.99	197.90	148.00	4,992.00	4,675.40
March-2010	258.90	170.00	17,793.01	16,438.45	258.90	170.05	5,329.55	4,935.35

Registrars and Share Transfer Agent

Sharepro Services (India) Pvt. Ltd.
13AB, Samitha Warehousing Complex, 2nd Floor,
Sakinaka Telephone Exchange Road,
Saki Naka, Andheri East,
Mumbai: 400072
Contact person: Mr. G. R. Rao
Contact no. : 022-67720300

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, 2010

Category	No. of Shares Held	% of Shareholding
Promoters' Holding	16,050,000	69.90
Non-Promoters' Holding		
Mutual Funds and UTI	195129	0.85
Banks, Financial Institutions, Insurance Companies	1150	0.01
Foreign Institutional Investors	170000	0.74
Bodies Corporate	1039618	4.53
Indian Public	5009941	21.82
Non Resident Indians	494170	2.15
Total	22,960,008	100.00

Distribution of shareholding as on March 31, 2010

Shares Balance	No. of Holders	% of Holders	No. of Shares	% of Shares
1-500	12340	89.99	1701052	7.41
501-1000	731	5.33	558132	2.43
1001-2000	285	2.08	441278	1.92
2001-3000	109	0.79	275041	1.20
3001-4000	52	0.38	188715	0.82
4001-5000	49	0.36	231566	1.01
5001-10000	75	0.55	558508	2.43
10001-99999999	72	0.53	19005716	82.78
Total	13713	100.00	22960008	100.00

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, 2010 74.51% shares of the Company were in Dematerialised form. Demat ISIN No. of the Equity Shares of the Company: INE782A01015.

Plant Locations

Hitachi Complex, Village : Karannagar – 382727 Ta.: Kadi, Dist.: Mehsana, Gujarat
Jammu Plant : Canal Road, Bari Brahmna : 181 133, Jammu

Addresses for Correspondence for any shares related query

Company :

Hitachi Home & Life Solutions (India) Ltd. 9th Floor, Abhijeet-I, Mithakhali Six Roads,
Ahmedabad : 380 006 Ph.: 079-30414800

Registrars and Share Transfer Agent :

Sharepro Services (India) Pvt. Ltd.
13AB, Samitha Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Road,
Saki Naka, Andheri East, Mumbai: 400072 Ph.: 022-67720300

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.

Sd/-

Motoo Morimoto

Managing Director

Place : Ahmedabad

Date : May 18, 2010

AUDITORS' CERTIFICATE

To

The Members of Hitachi Home & Life Solutions (India) Limited

We have examined the compliance of conditions of corporate governance by Hitachi Home & Life Solutions (India) Limited, for the year ended on March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

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. Batliboi & Co.

Firm Registration No.:301003E

Chartered Accountants

per Vijay Maniar

Partner

Membership No.: 36738

Place: Mumbai

Date: May 24, 2010

AUDITORS' REPORT

To

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

1. We have audited the attached Balance Sheet of Hitachi Home and Life Solutions (India) Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
 - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.

Firm Registration No.:301003E

Chartered Accountants

per Vijay Maniar

Partner

Membership No.: 36738

Place: Mumbai

Date: May 24, 2010

**Annexure referred to in paragraph 3 of our report of even date
Re: Hitachi Home and Life Solutions (India) Limited**

- (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.
- (c) There was no substantial disposal of fixed assets during the year.
- (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) As informed, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause (iii) (b), (c), (d), (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, 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, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed 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, custom duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in '000)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Penalty on	609	A.Y. 2000-01	Commissioner of Income Tax (Appeals)
	disallowance of	475	A.Y. 2001-02	
	expenditure	182	A.Y. 2004-05	
Sales Tax Act (Central & States)	Demands raised in assessments at various locations	23,481	1998-99 to 2007-08	Deputy Commissioner Appeals / Joint Commissioner Appeals

Name of the statute	Nature of dues	Amount (Rs. in '000)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (Service Tax)	Demand raised on Consulting Engineers Services including interest and penalty.	4,864	2000-01 to 2003-04	CESTAT - Ahmedabad
	Demand raised on Commission Income including interest and penalty.	876	2004-05	CESTAT - Ahmedabad
		875	2007-08	Commissioner Appeals
	Demand raised on Advertisement expense including interest and penalty.	11,710	2005-06 to 2009-10	CESTAT - Ahmedabad
	Demand raised on wrong availment for input credit including interest and penalty.	4,078	2006-07 to 2007-08	Commissioner Appeals
Customs Act, 1962	Dispute over classification	92	2000-01	Deputy Commissioner Appeals
	Dispute over classification	17,144	2008-09	CESTAT - Mumbai

As Informed there are no disputed wealth tax dues payable.

- (x) 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.
- (xi) 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 bank. The Company has no outstanding dues to debenture holders and financial institutions.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order, are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) 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 course of our audit.

For S.R. Batliboi & Co.
Firm Registration No.:301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No.: 36738

Place: Mumbai
Date: May 24, 2010

BALANCE SHEET AS AT MARCH 31, 2010

(Currency: Rupees in thousands unless otherwise stated)

	Schedules	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	229,600	229,600
Reserves and Surplus	2	1,236,743	815,501
		<u>1,466,343</u>	<u>1,045,101</u>
Loan Funds			
Secured Loans	3	153,232	8,137
Unsecured Loans	4	447,284	497,120
		<u>600,516</u>	<u>505,257</u>
Deferred Tax Liabilities (Net) (Refer Note No. 9 of Schedule 20)		6,004	12,274
TOTAL		<u>2,072,863</u>	<u>1,562,632</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1,588,555	1,098,482
Less: Accumulated Depreciation and Amortisation		542,842	448,832
Net Block		1,045,713	649,650
Capital Work-in-Progress (including capital advances)		151,790	177,235
		<u>1,197,503</u>	<u>826,885</u>
Current Assets, Loans and Advances			
Inventories	6	1,804,032	1,164,452
Sundry Debtors	7	959,806	818,255
Cash and Bank Balances	8	283,775	228,601
Other Current Assets	9	1,218	1,457
Loans and Advances	10	253,267	190,714
		<u>3,302,098</u>	<u>2,403,479</u>
Current Liabilities and Provisions			
Current Liabilities	11	2,296,039	1,619,446
Provisions	12	130,699	48,286
		<u>2,426,738</u>	<u>1,667,732</u>
Net Current Assets		<u>875,360</u>	<u>735,747</u>
TOTAL		<u>2,072,863</u>	<u>1,562,632</u>
Notes to Accounts	20		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.
As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No.301003E
Chartered Accountants
per Vijay Maniar
Partner
Membership No: 36738

For and on behalf of the Board of Directors

Motoo Morimoto
Managing Director

Anil Shah
Executive Director
Parag Dave
Asst. Company Secretary
Ahmedabad, Gujarat
May 24, 2010

Place: Mumbai
Date: May 24, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Currency: Rupees in thousands unless otherwise stated)

	Schedules	For the year ended March 31, 2010	For the year ended March 31, 2009
INCOME			
Manufacturing Sales - Domestic		6,029,552	4,509,640
Manufacturing Sales - Export (Including Export Benefits)		10,754	7,417
Trading Sales		506,131	437,234
Service Income		309,355	235,932
Turnover (Gross)		6,855,792	5,190,223
Less: Excise Duty Recovered (Refer Note No. 16 of Schedule 20)		450,666	491,255
Turnover (Net)		6,405,126	4,698,968
Other Income	13	118,310	72,349
TOTAL		6,523,436	4,771,317
EXPENDITURE			
Raw Material Consumed and Cost of Trading Goods Sold	14	4,520,281	3,043,158
Personnel Expenses	15	312,788	235,380
Operating and Other Expenses	16	570,143	564,049
Selling and Distribution Expenses	17	806,745	563,834
(Increase) in Inventories	18	(389,604)	(8,984)
Depreciation and Amortisation	5	117,770	79,926
Financial Expenses	19	15,101	26,673
TOTAL		5,953,224	4,504,036
Profit Before Tax		570,212	267,281
Provision for Income Tax (Refer Note No. 9 of Schedule 20)			
Current Tax		115,080	47,389
Deferred Tax (credit)/charge		(6,270)	2,749
Fringe Benefit Tax		-	6,403
Net Profit after Tax		461,402	210,740
Balance brought forward from previous year		427,143	216,403
Profit available for appropriations		888,545	427,143
Appropriations			
Proposed Dividend		34,440	-
Tax on dividend		5,720	-
Transfer to General Reserve		46,140	-
Balance carried to Balance Sheet		802,245	427,143
Basic and diluted earnings per share (Rs.) (Refer Note No. 8 of Schedule 20)		20.10	9.18
Nominal Value of Shares Rs.10 (Previous year: Rs. 10)			

Notes to Accounts

20

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S.R. Batliboi & Co.

Firm Registration No.301003E

Chartered Accountants

per Vijay Maniar

Partner

Membership No: 36738

For and on behalf of the Board of Directors

Motoo Morimoto

Managing Director

Anil Shah

Executive Director

Parag Dave

Asst. Company Secretary

Ahmedabad, Gujarat

May 24, 2010

Place: Mumbai

Date: May 24, 2010

Hitachi Home & Life Solutions (India) Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Currency: Rupees in thousands unless otherwise stated)

	For the year ended March 31, 2010	For the year ended March 31, 2009
A. Cash Flow from Operating Activities		
Net Profit before Tax	570,212	267,281
Adjustments For :		
Loss/(Profit) on sale/discard of assets (net)	3,284	(1,156)
Unrealised foreign exchange (gain)/loss (net)	(45,549)	43,449
Depreciation and Amortisation	117,770	79,926
Provision for doubtful debts	-	1,309
Financial Expenses (net)	(4,018)	5,309
Operating profit before working capital changes	641,699	396,118
Adjustments for :		
(Increase)/Decrease in Trade Receivables	(141,551)	80,715
(Increase) in Loans and Advances	(63,591)	(46,250)
(Increase) in Other Current Assets	(325)	(171,071)
(Increase)/Decrease in Inventories	(639,580)	40,109
Increase in Current Liabilities	646,990	484,812
Increase/(Decrease) in Other Provisions	12,174	(438,460)
Cash from Operating Activities	455,816	345,973
Fringe Benefit Tax paid	-	(7,811)
Direct Taxes paid	(85,000)	(25,150)
Net cash from Operating Activities	370,816	313,012
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(390,088)	(419,384)
Proceeds from sale of Fixed Assets	1,996	3,597
Purchase of Intangibles	(56,675)	(74,515)
Increase in deposits (with maturity more than three months)	(44,620)	(11,103)
Interest received	19,683	20,710
Net cash used in investing activities	(469,704)	(480,695)
C. Cash Flow from Financing Activities		
Proceeds from long-term borrowings	146,218	339,504
Repayment of long-term borrowings	(167,424)	-
Proceeds from short term borrowings	145,095	7,851
Interest paid	(14,447)	(25,565)
Net cash flow (used in) Financing Activities	109,442	321,790
Net increase in Cash and Cash Equivalents (A+B+C)	10,554	154,107
Cash and Cash Equivalents at the beginning	216,178	62,071
Cash and Cash Equivalents at the end	226,732	216,178
Components of Cash and Cash Equivalents:		
Cash on hand	294	300
Bank balance in current accounts	22,720	21,641
Balance in cash credit accounts	83,718	28,937
Balance in fixed deposit accounts	170,000	175,300
Balance in margin Accounts	7,043	2,423
Total	283,775	228,601
Less:- Balance in margin accounts	7,043	2,423
Less:- Fixed deposits not considered as cash equivalents	50,000	10,000
Cash and Cash Equivalents	226,732	216,178

As set out in our attached report

Note : Cash Flow Statement has been prepared under the indirect method.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No.301003E
Chartered Accountants
per Vijay Maniar
Partner
Membership No: 36738

For and on behalf of the Board of Directors

Motoo Morimoto
Managing Director

Anil Shah
Executive Director

Parag Dave
Asst. Company Secretary
Ahmedabad, Gujarat
May 24, 2010

Place: Mumbai
Date: May 24, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(Currency: Rupees in thousands unless otherwise stated)

	As at March 31, 2010	As at March 31, 2009
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SCHEDULE 1: SHARE CAPITAL

Authorised

30,000,000 (Previous year: 30,000,000) Equity shares of Rs. 10 each	300,000	300,000
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	300,000	300,000
--	----------------	---------

Issued, Subscribed and Paid-up

22,960,008 (Previous year: 22,960,008) Equity shares of Rs. 10 each fully paid up	229,600	229,600
--	----------------	---------

	229,600	229,600
--	----------------	---------

Notes:

1. Of the above, 15,550,000 (Previous year: 15,550,000) Equity shares of Rs.10 each are held by Hitachi Appliances, Inc., Japan (the Holding Company) (formerly known as Hitachi Home & Life Solutions Inc., Japan) and 500,000 (Previous year: 500,000) Equity shares of Rs.10 each are held by Hitachi India Trading Pvt. Ltd. (the Subsidiary of Ultimate Holding Company).
2. 45,671(Previous year: 45,671) Equity shares of Rs.10 each have been kept in abeyance pending final allotment of rights issue.

SCHEDULE 2: RESERVES AND SURPLUS

Capital Reserve	666	666
Securities Premium account	387,692	387,692

General Reserve		
Balance as per last account	-	-

Add : Transferred from profit and loss account	46,140	
Profit and Loss account	802,245	427,143

	1,236,743	815,501
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SCHEDULE 3: SECURED LOANS

Working capital from banks	153,232	8,137
	153,232	8,137

(Refer Note No. 18 of Schedule 20)

SCHEDULE 4: UNSECURED LOANS

External commercial borrowings from the Holding Company	447,284	497,120
	447,284	497,120

[Amount repayable within one year aggregating to Rs.Nil (Previous year: Rs.167,424)]

Hitachi Home & Life Solutions (India) Limited
SCHEDULE 5: FIXED ASSETS

(Currency: Rupees in thousands unless otherwise stated)

Particulars	Gross Block			Depreciation and Amortisation				Net Block		
	As on 1-Apr-09	Additions	Deductions	As on 31-Mar-10	As on 1-Apr-09	For the year	Deductions	As on 31-Mar-10	As on 31-Mar-10	As on 31-Mar-09
Intangible assets										
Trade mark	21,000	-	-	21,000	21,000	-	-	21,000	-	-
Software capitalisation	39,141	5,498	-	44,639	34,563	2,635	-	37,198	7,441	4,578
Technical know how	133,307	22,495	-	155,802	36,536	24,713	-	61,249	94,553	96,771
Tangible assets										
Free hold land	184,877	16,729	-	201,606	-	-	-	-	201,606	184,877
Buildings	63,188	284,682	672	347,198	18,310	7,029	672	24,667	322,531	44,878
Plant and machinery	509,032	118,575	24,750	602,857	251,580	60,209	19,859	291,930	310,927	257,452
Computers	57,753	7,700	1,335	64,118	44,134	6,073	1,266	48,941	15,177	13,619
Furniture, fixture and office equipments	44,591	15,140	492	59,239	26,656	7,201	392	33,465	25,774	17,935
Electrical installations	10,964	41,159	-	52,123	4,704	3,709	-	8,413	43,710	6,260
Vehicles	34,629	7,135	1,791	39,973	11,349	6,201	1,571	15,979	23,994	23,280
TOTAL	1,098,482	519,113	29,040	1,588,555	448,832	117,770	23,760	542,842	1,045,713	649,650
Previous year	733,185	417,277	51,980	1,098,482	418,445	79,926	49,539	448,832	649,650	
Capital work in progress									151,790	177,235
TOTAL									1,197,503	826,885

Notes:

- Plant and Machinery includes testing equipments and moulds with net block of Rs. 106,872 (Previous year: Rs. 99,026) gross block Rs.261,717 (Previous year Rs. 214,732).
- Buildings include Rs. 13,036 (Previous year: Rs. 13,036) in respect of ownership of premises in a co-operative housing society and non trading corporations. Shares with face value of Rs. 1 (Previous year : Rs.1) are fully paid up and unquoted.
- Capital work in progress includes Rs. 17,324 towards capital advance (Previous year Rs. 19,782).

As at	As at
March 31, 2010	March 31, 2009

SCHEDULE 6: INVENTORIES (at lower of cost and net realisable value)

Raw Materials (including goods in transit Rs. 270,703 (Previous year Rs. 246,428))	853,089	649,245
Work-in-Progress	139,944	74,985
Finished Goods	627,423	302,778
Trading Goods (including goods in transit Rs. 27,259 (Previous year Rs. 4,808))	178,586	136,343
Stores and Spares	4,990	1,101
	1,804,032	1,164,452
	=====	=====

SCHEDULE 7: SUNDRY DEBTORS
Debts outstanding for a period exceeding six months

Unsecured, Considered good	25,373	27,514
Considered doubtful	17,596	17,596
	42,969	45,110

Other debts

Secured, Considered good	14,166	12,238
Unsecured, Considered good	920,267	778,503
	934,433	790,741

	977,402	835,851
Less: Provision for doubtful debts	17,596	17,596

Of the total provision existing as at March 31, 2009, the management has identified and written off bad debts aggregating to Rs. Nil (Previous year: Rs. 2,667)	959,806	818,255
	=====	=====

(Currency: Rupees in thousands unless otherwise stated)

As at **As at**
March 31, 2010 **March 31, 2009**

SCHEDULE 8: CASH AND BANK BALANCES

Cash on hand	294	300
Bank balance with scheduled banks		
on current accounts	22,720	21,641
on cash credit accounts	83,718	28,937
on margin accounts	7,043	2,423
on fixed deposits accounts	170,000	175,300
	<u>283,775</u>	<u>228,601</u>

SCHEDULE 9: OTHER CURRENT ASSETS

Unamortised premium on forward contracts	1,104	779
Interest accrued on fixed deposits	114	678
	<u>1,218</u>	<u>1,457</u>

SCHEDULE 10: LOANS AND ADVANCES

(Unsecured)

Advances recoverable in cash or in kind or for value to be received		-
- Considered good	203,434	142,966
- Considered doubtful	58,040	30,513
	<u>261,474</u>	<u>173,479</u>
Less: Provision for doubtful advances (Refer Note No. 19 of Schedule 20)	58,040	30,513
	<u>203,434</u>	<u>142,966</u>
 MAT Credit Entitlement	 3,733	 21,557
Less : MAT Credit Availed	3,733	17,824
	-	3,733
 Advance payment of tax	 -	 120,172
Add : MAT Credit Availed	-	17,824
Less : Provision for tax	-	126,999
	-	<u>10,997</u>
 VAT credit receivable	 40,236	 29,292
Balances with excise, customs and port trust authorities	9,597	3,726
	<u>253,267</u>	<u>190,714</u>

Advances considered good includes due from Principal Officer Rs.Nil (Previous year: Nil) and Directors Rs.235 (Previous year: Rs.269). Maximum amount outstanding during the period from Principal Officer Rs.24 (Previous year: Rs.20) and Directors Rs.550 (Previous year: Rs.819).

Hitachi Home & Life Solutions (India) Limited

(Currency: Rupees in thousands unless otherwise stated)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 11: CURRENT LIABILITIES		
Acceptances	437,659	424,276
Sundry creditors (Refer Note No. 7 of Schedule 20)		
- Outstanding dues of micro and small enterprises	-	-
- Outstanding dues of other than micro and small enterprises	1,610,335	1,037,683
Advance from customers	47,251	29,498
Income received in advance	21,791	22,622
Unclaimed fixed deposit and interest *	46	66
Other liabilities	157,445	88,729
Deposits	15,862	14,104
Interest accrued but not due on loans	2,275	1,621
Forward contracts	3,375	847
	<u>2,296,039</u>	<u>1,619,446</u>

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

SCHEDULE 12: PROVISIONS

Compensated absences	19,216	13,692
VAT related matters	18,397	13,972
5 Years warranty	50,133	20,622
Proposed dividend	34,440	-
Tax on dividend	5,720	-
Income tax (net of advance tax)	2,793	-
	<u>130,699</u>	<u>48,286</u>

	For the year ended March 31, 2010	For the year ended March 31, 2009
SCHEDULE 13: OTHER INCOME		
Commission income	20,295	36,122
Gain on foreign exchange fluctuation (net)	74,821	-
Profit on sale of fixed assets (net)	-	1,156
Interest from bank deposits (gross) (Tax deducted at source Rs. 1,975 (Previous Year: Rs. 4,599))	18,518	21,016
Interest others	601	349
Miscellaneous income	4,075	13,706
	<u>118,310</u>	<u>72,349</u>

SCHEDULE 14: RAW MATERIAL CONSUMED AND COST OF TRADING GOODS SOLD

Raw Material (including processing charges)	4,153,165	2,738,706
Cost of Trading Goods sold	367,116	304,452
	<u>4,520,281</u>	<u>3,043,158</u>

SCHEDULE 15: PERSONNEL EXPENSES

Salaries, wages and bonus	284,462	220,790
Contribution to provident and other funds	12,426	10,460
Gratuity expenses	8,124	(668)
Workmen and staff welfare expenses	7,776	4,798
	<u>312,788</u>	<u>235,380</u>

(Currency: Rupees in thousands unless otherwise stated)

For the year ended
March 31, 2010

For the year ended
March 31, 2009

SCHEDULE 16: OPERATING AND OTHER EXPENDITURE

AMC (Annual Maintenance Contracts) expenses	208,086	160,969
Customer service expenses	107,161	81,770
Travelling and conveyance	29,374	33,633
Legal and professional fees (Refer Note No. 15 (i) of Schedule 20)	12,022	12,281
Power and fuel	25,980	20,340
Communication expenses	9,200	10,705
Rent (Refer Note No. 11 of Schedule 20)	18,965	14,713
Repairs and maintenance		
- Plant and machinery	15,604	10,527
- Building	1,243	2,759
- Others	7,956	9,082
Rates and taxes	12,160	11,348
Insurance	4,276	2,996
Printing and stationery expenses	3,058	3,004
Loss on sale/discard of fixed assets	3,284	-
Loss on foreign exchange fluctuation (net)	-	116,411
Loose tools consumed	1,658	924
Increase/(decrease) of excise duty on inventories	7,977	(2,393)
Provision for doubtful debts	-	1,309
Contract labour charges	50,715	26,012
Project Installation Cost	4,395	18,059
Miscellaneous expenses	47,029	29,600
	570,143	564,049

SCHEDULE 17: SELLING AND DISTRIBUTION EXPENSES

Sales commission and warranty expenses (other than sole selling agents)	213,890	140,347
Advertisement and sales promotion (net of recoveries)	283,413	171,942
Freight and forwarding expenses	228,681	201,291
Royalty	80,761	50,254
	806,745	563,834

SCHEDULE 18: (INCREASE) IN INVENTORIES

Closing Inventories

Work in Progress	139,944	74,985
Finished Goods	627,423	302,778
Total	767,367	377,763

Opening Inventories

Work in Progress	74,985	79,213
Finished Goods	302,778	289,566
Total	377,763	368,779
(Increase) in Inventories	(389,604)	(8,984)

SCHEDULE 19: FINANCIAL EXPENSES

Interest on fixed loans	9,560	3,376
Interest others	1,163	15,841
Bank charges	4,378	7,456
	15,101	26,673

SCHEDULE 20: NOTES TO ACCOUNTS

For the year ended March 31, 2010

(Currency: Rupees in thousands unless otherwise stated)

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 primarily engaged in the business of manufacturing and selling of 'Hitachi' brand of air conditioners and trading of 'Hitachi' brand of refrigerators, washing machines and chillers. Manufacturing facility for air conditioners is set up at Kadi (North Gujarat) and Jammu. The Company performs its marketing activities through eighteen branches.

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

2. Statement of Significant Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies applied by the Company are consistent with those used in the previous year.

2.2 Accounting estimates

The preparation of the financial statements in accordance with generally accepted accounting principles ('GAAP') requires that management makes 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. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any difference between the actual result and estimates are recognised in the period in which the results are known or materialise.

2.3 Fixed assets and depreciation

Fixed 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 capitalised.

Depreciation is provided on the straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on all assets except for the following assets which are depreciated at the higher rates based on management's estimate of the useful life:

a. Moulds	: 3 years	b. Computers	: 4 years
c. Furniture & Fittings	: 7 years	d. Office Equipments	: 5 years
e. Electrical Fittings	: 7 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
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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 at the weighted average cost of capital.

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

2.4 Inventories

Inventories are valued as follows:

- (i) Raw materials and stores and spare parts are valued at lower of cost and net realisable 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.
- (ii) Work in progress is valued at lower of cost and net realisable value. Costs include material cost, direct expenses and a proportion of manufacturing overheads.
- (iii) Manufactured finished goods are valued at lower of cost and net realisable value. Cost includes material cost, excise duty, direct expenses and a proportion of manufacturing overheads based on normal operating capacity. Traded finished goods are valued at lower of cost and estimated net realisable value.

(Currency: Rupees in thousands unless otherwise stated)

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 realisable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

- (iv) Goods in transit are valued at cost incurred till date.
- (v) Custom duty on goods where title has passed to the Company and material has reached Indian ports is included in the value of inventories.

2.5 Revenue recognition

Revenue is recognised 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, export incentives, scrap sales and net of sales returns and trade discounts. Excise duty deducted from the sales (gross) is the amount that is included in the amount of sales (gross) and not the entire amount of liability arising 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.
- (iii) **Interest**
Interest Income is recognised on a time proportion basis taking into account the outstanding amount and the applicable rate.

2.6 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 Profit and Loss Account 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.
- (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.
- (iv) Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

2.7 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 reported using the closing rate. Non-monetary items which are carried 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**
Exchange differences arising on account of settlement of monetary items or exchange differences arising on monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.
- (iv) **Forward exchange contracts not intended for trading or speculation purpose**
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.

(Currency: Rupees in thousands unless otherwise stated)

2.8 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.

2.9 Income Taxes

Tax expense comprises current, deferred and fringe benefit tax. Current income-tax and fringe benefit 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.

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 carry forward of unabsorbed depreciation and tax losses, 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.

2.10 Minimum Alternate Tax (MAT) Credit

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 Profit and Loss Account 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.

2.11 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.

2.12 Leases

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 Profit and Loss Account on a straight-line basis over the lease term.

2.13 Cash and Cash equivalents

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

2.14 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 locations of Customers.

2.15 Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant or subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, such grant or subsidy is reduced from the expense item which it is intended to compensate.

2.16 Capital work in progress

All expenditure, including advances given during the project construction period, are accumulated and shown as capital work in progress until the assets are ready for commercial use. Assets under construction are not depreciated.

2.17 Borrowing Costs

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. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(Currency: Rupees in thousands unless otherwise stated)

3. Segment Reporting

Business Segment:

The Company is engaged in the business of manufacturing, sales and other related services of Air Conditioners. Since Company's business falls within a single reportable business segment, disclosures under Accounting Standard (AS) 17 – Segment Reporting are not reported upon separately.

The Company is also engaged in trading of Chillers, Washing Machines and Refrigerators. However, the revenue generated from trading activity is insignificant in comparison with the total revenue, hence segment reporting in respect of such activities is not provided.

Geographical Segment:

Secondary segment reporting is based on the geographical location of customers. 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, results and assets constitute less than 10% of the total revenue, results and assets, the same has not been disclosed.

4. Related Party Transactions

(a) List of related Parties and Relationship

Relation	Party
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 Asia Ltd. – Hong Kong Hitachi Household Appliances (Wuhu) Co. Ltd. Hitachi Procurement Service Co. Ltd. Hitachi Metglas (India) Pvt. Ltd. Luvata Hitachi Cable (Thailand) Ltd. Shanghai Hitachi Electrical Appliances Co. Ltd. Shanghai Hitachi Household Appliances Co. Hitachi Consumer Products (Thailand) Ltd. Taiwan Hitachi Co. Ltd. Renesas Technology Singapore Pte. Ltd. Hitachi Home Electronics Asia (S) Pte. Ltd. Hitachi Data Systems Hitachi Koki India Ltd. Hitachi Air Conditioning & Refrigerating Products (Guangzhou) Co. Ltd. Hitachi India Trading Pvt. Ltd. Hitachi India Pvt. Ltd. Hitachi Air Conditioning Systems Co. Ltd. Hitachi Lift India Private Ltd. Hitachi Transport System (Asia) Pte. Ltd. Hitachi Transport System India Pvt. Ltd.

Hitachi Home & Life Solutions (India) Limited

(Currency: Rupees in thousands unless otherwise stated)

C. Key Managerial personnel	Mr. Shinichi Iizuka	(Managing Director upto 28/03/2010)
	Mr. Vinay Chauhan	(Executive Director)
	Mr. Amit Doshi	(Executive Director)
	Mr. Anil Shah	(Executive Director)

(b) Related Party Transactions
(Figures in parenthesis represent previous year numbers)

Sr. No.	Transactions	Holding Company	Fellow Subsidiaries	Key Management Personnel
1	Purchase of raw material			
	Shanghai Hitachi Electrical Appliances Co. Ltd.	- (-)	633,889 (393,096)	- (-)
	Hitachi Household Appliances (Wuhu) Co. Ltd.	- (-)	347,596 (139,004)	- (-)
	Luvata Hitachi Cable (Thailand) Ltd.	- (-)	336,437 (183,047)	- (-)
	Hitachi Appliances Inc.	2,369 (388)	- (-)	- (-)
	Others	- (-)	29,515 (22,294)	- (-)
2	Purchase of trading material			
	Hitachi Asia Ltd., Singapore	- (-)	29,868 (30,324)	- (-)
	Hitachi Consumer Products (Thailand) Ltd.	- (-)	245,243 (157,940)	- (-)
	Hitachi Appliances Inc.	921 (-)	- (-)	- (-)
3	Purchase of material for developmental work			
	Hitachi Procurement Service Co. Ltd.	- (-)	921 (-)	- (-)
4	Technical know-how fees paid			
	Hitachi Appliances Inc.	77,298 (64,581)	- (-)	- (-)
5	Consultancy fees paid			
	Hitachi Appliances Inc.	27,491 (21,870)	- (-)	- (-)
6	Commission income			
	Hitachi Asia Ltd., Singapore	- (-)	20,295 (36,122)	- (-)
7	Sale of goods			
	Hitachi Metglass (India) Pvt. Ltd.	- (-)	1,755 (-)	- (-)
	Hitachi Appliances Inc.	- (-54)	- (-)	- (-)
	Hitachi Lift India Pvt. Ltd.	- (-)	- (329)	- (-)
	Hitachi India Trading Pvt. Ltd.	- (-)	- (222)	- (-)
	Others	- (-)	205 (-16)	- (-)
8	Rendering of services			
	Hitachi India Trading Pvt. Ltd.	- (-)	50 (19)	- (-)
9	Interest expenses (including interest on external commercial borrowings)			
	Hitachi Appliances Inc.	9,560 (3,376)	- (-)	- (-)
10	Advertisement recovery			
	Hitachi Asia Ltd., Singapore	- (-)	- (389)	- (-)
	Hitachi Consumer Products (Thailand) Ltd.	- (-)	11,368 (-)	- (-)
	Hitachi Appliances Inc.	253 (-)	- (-)	- (-)

(Currency: Rupees in thousands unless otherwise stated)

Sr. No.	Transactions	Holding Company		Fellow Subsidiaries		Key Management Personnel	
11	Sales commission paid						
	Hitachi Appliances Inc.	163	(324)	-	(-)	-	(-)
12	Remuneration paid						
	Mr. Shinichi Iizuka	-	(-)	-	(-)	4,206	(3,757)
	Mr. Vinay Chauhan	-	(-)	-	(-)	4,136	(3,643)
	Mr. Amit Doshi	-	(-)	-	(-)	4,129	(3,677)
	Mr. Anil Shah	-	(-)	-	(-)	4,138	(3,742)
13	Royalty paid						
	Hitachi Appliances Inc.	79,605	(49,293)	-	(-)	-	(-)
14	Foreign travel expenses paid						
	Hitachi Appliances Inc.	56	(1,434)	-	(-)	-	(-)
15	Purchase of capital goods						
	Hitachi Appliances Inc.	1,627	(2,960)	-	(-)	-	(-)
	Hitachi Asia Ltd., Singapore	-	(-)	-	(284)	-	(-)
16	Reimbursement paid						
	Hitachi Appliances Inc.	4,721	(4,441)	-	(-)	-	(-)
17	Import freight, local freight and custom clearing expenses						
	Hitachi Transport Systems India Pvt. Ltd.	-	(-)	64,798	(40,987)	-	(-)
18	Repayment of long term loan						
	Hitachi Appliances Inc.	173,374	(-)	-	(-)	-	(-)
19	Other Income						
	Hitachi Appliances Inc.	69	(-)	-	(-)	-	(-)
20	Receipt of long term loan						
	Hitachi Appliances Inc.	146,218	(339,504)	-	(-)	-	(-)
21	Training Expenses						
	Hitachi Asia Ltd., Singapore	-	(-)	-	(122)	-	(-)
	Debit balance outstanding as on Balance sheet date						
	Hitachi Consumer Products (Thailand) Ltd.	-	(-)	-	(135)	-	(-)
	Hitachi Air Conditioning Products (M) Sdn. Bhd.	-	(-)	-	(21)	-	(-)
	Hitachi Asia Ltd.	-	(-)	6,813	(-)	-	(-)
	Others	-	(-)	1	(-)	235	(269)
	Credit balance outstanding as on Balance sheet date						
	Hitachi Appliances Inc.	479,152	(534,344)	-	(-)	-	(-)
	Shanghai Hitachi Electrical Appliances Co. Ltd.	-	(-)	221,051	(141,856)	-	(-)
	Luvata Hitachi Cable (Thailand) Ltd.	-	(-)	49,755	(5,812)	-	(-)
	Others	-	(-)	39,499	(17,914)	-	(-)

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

Hitachi Home & Life Solutions (India) Limited

(Currency: Rupees in thousands unless otherwise stated)

5. Contingent Liabilities Particulars

	As at March 31, 2010	As at March 31, 2009
Income tax matters	1,266	1,266
Excise duty, service tax, sales tax and customs duty matters under dispute:		
Excise duty	-	2,760
Service tax	22,403	7,430
Sales tax	29,895	29,616
Customs duty	92	92
Guarantees given by the bankers to various authorities on behalf of the Company	4,349	3,566
Miscellaneous Claims against the Company not acknowledged as debts	4,231	3,536
Total	62,236	48,266

6. Capital Commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 42,980 (Previous year: Rs. 197,252).

7. 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 March 31, 2010. Accordingly, no disclosures are required to be made under said Act and Schedule VI to the Companies Act, 1956.

8. Earnings per share (EPS) Particulars

	For the year ended March 31, 2010	For the year ended March 31, 2009
Net profit as per Profit and Loss Account (Rs. In 000's)	461,402	210,740
Weighted average number of equity shares considered in calculating basic EPS	22,960,008	22,960,008
Weighted average number of equity shares considered in calculating diluted EPS	22,960,008	22,960,008
Basic earnings per share	20.10	9.18
Diluted earnings per share	20.10	9.18

9. Income Tax

Current Tax -

The Company has taxable earnings. Provision for tax has been computed under normal taxation after claiming deductions under section 80-IB of Income Tax Act, 1961 for Jammu unit. Tax expense for the year is net of reversal of excess provision of Rs.4,126 (previous year Rs. Nil) created in earlier years.

Deferred Tax -

Components of deferred tax are as under:

Particulars

	As at March 31, 2010	As at March 31, 2009
Deferred Tax Liabilities recognised for timing difference due to:		
Differences in depreciation in block of fixed assets as per Tax books and Financial books	(24,607)	(23,327)
Gain on Foreign Exchange Fluctuation on Long Term Loan for Fixed Assets as per section 43A of Income Tax Act.	(9,877)	-
Deferred Tax Liabilities	(34,484)	(23,327)
Deferred Tax Assets recognised for timing difference due to:		
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years.	22,635	5,072
Provision for doubtful debts	5,845	5,981
Deferred Tax Assets	28,480	11,053
Net Deferred Tax (Liabilities)	(6,004)	(12,274)

(Currency: Rupees in thousands unless otherwise stated)

10. Provisions (AS-29 disclosure)

The movement in the product warranty and other provisions during the year is as under:
(Figures in parenthesis represent previous year numbers).

Particulars	Balance as on Mar 31, 2009 (Rs.)	Provision during the year (Rs.)	Utilised during the year (Rs.)	Reversal during the year (Rs.)	Balance as on Mar 31, 2010 (Rs.)
Provision for 5 Years Warranty	20,622 (26,812)	50,278 (11,161)	16,189 (11,851)	4,578 (5,500)	50,133 (20,622)
Other Provision	13,972 (-)	4,425 13,972	- (-)	- (-)	18,397 13,972

Note:

(a) The Company gives 5 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 years.

(b) Other provision includes likely claims against the Company in respect of VAT related matters.

11. Lease

Assets taken under operating leases are cancellable leases. Amount debited to Profit and Loss Account for the year Rs. 18,965 (Previous year: Rs. 14,713).

12. Forward contracts outstanding as at Balance Sheet date

Particulars	(Currency in thousands)	
	As at March 31, 2010	As at March 31, 2009
Sundry Creditors (hedged)	US\$ 4,938	US\$ 462
	JPY 19,118	-
Buyers Credit (hedged)	US\$ 3,312	US\$ 1,787

13. Particulars of unhedged foreign currency exposure as at the Balance Sheet date

(Currency in thousands)

Particulars	Currency	As at March 31, 2010	As at March 31, 2009
Sundry Creditors for goods	US\$	7,549	13,325
and expenses including Acceptances	JPY	91,978	72,006
Advance to vendors	US\$	870	404
	JPY	-	4,573
	Euro	25	-
	SGD	12	-
Sundry Debtors	US\$	5	56
Other Receivables	US\$	145	7
	US\$	6	-
External Commercial Borrowings	JPY	930,000	965,000
ECB Interest (accrued but not due)	JPY	4,730	3,147

14. Disclosure as per Accounting Standard-15(Revised) on Employee Benefit.

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 profit and loss account and the funded status and amounts recognised in the balance sheet for the plan.

Profit and Loss Account

Net employee benefit expense (recognised in Personnel Expenses)

Particulars	As at March 31, 2010	As at March 31, 2009
Current service cost	2,658	2,083
Add : Interest cost on benefit obligation	1,351	1,439
Less : Expected return on plan assets	1,753	1,286
Add : Net actuarial (gain) / loss recognised in the year	5,868	(2,904)
Past service cost	-	-
Net benefit expense	8,124	(668)
Actual return on plan assets	1,326	883

Balance Sheet

Details of Provision for gratuity

Particulars	As at March 31, 2010	As at March 31, 2009
Defined benefit obligation	24,894	16,381
Less : Fair value of plan assets	25,023	17,578
Net	(129)	(1,197)
Less: Unrecognised past service cost	-	-
(Plan asset) / liability	(129)	(1,197)

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

Particulars	As at March 31, 2010	As at March 31, 2009
Opening defined benefit obligation	16,381	17,989
Add : Interest cost	1,351	1,439
Add : Current service cost	2,658	2,083
Less : Benefits paid	936	940
Add : Actuarial (gains) / losses on obligation	5,440	(4,190)
Closing defined benefit obligation	24,894	16,381

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

Particulars	As at March 31, 2010	As at March 31, 2009
Opening fair value of plan assets	17,578	12,682
Add : Expected return	1,754	1,286
Add : Contributions by employer	6,192	4,921
Less : Benefits paid	73	25
Add : Actuarial gains / (losses)	(428)	(1,286)
Closing fair value of plan assets	25,023	17,578

The Company expects to contribute Rs.4,000* (Previous year Rs. 3,000) to gratuity fund in 2010-11.

* Estimated at 8.36% of Projected Annual Salary Bill

(Currency: Rupees in thousands unless otherwise stated)

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

Particulars	As at March 31, 2010	As at March 31, 2009
Investments with insurer	100%	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:

Particulars	As at March 31, 2010	As at March 31, 2009
Discount rate	8.25%	8%
Expected rate of return on assets	8.5%	8.5%
Increase in Compensation cost	7%	6%
Employee turnover*	3%	3%

* 3% at younger ages reducing to 1% at older ages.

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 three years are as follows:

Particulars	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Defined benefit obligation	24,894	16,381	17,989	12,738
Plan assets	25,023	17,578	12,682	8,158
Surplus / (deficit)	129	1,197	(5,307)	(4,580)
Experience adjustments on plan liabilities	3,340	(4,190)	3,387	N.A
Experience adjustments on plan assets	428	1,286	(35)	N.A

Defined Contribution Plan:

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

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Employer's Contribution to Provident Fund	9,152	7,636
Employer's Contribution to ESIC	611	953
Employer's Contribution to Super Annuation	1,511	860
Total	11,274	9,449

15. Supplementary statutory information

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
(i) Auditors' remuneration (excluding Service Tax) (included in legal and professional fees)		
As audit fees	1,000	1,000
As tax audit fees	400	400
For other services (Limited Reviews and Certification)	906	975
Out of pocket expenses	88	129
Total	2,394	2,504

Hitachi Home & Life Solutions (India) Limited

(Currency: Rupees in thousands unless otherwise stated)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
(ii) Managerial remuneration		
Personnel Expenses include managerial remuneration for directors as set out below:		
Salary	3,169	5,858
Allowances and Perquisites	12,421	8,203
Provident Fund and Superannuation	1,019	758
Total	16,609	14,819
As the future liability for Gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and therefore not included above.		
As there is no commission payable to the directors, the computation of profits under section 198 and 350 of the Companies act, 1956 has not been disclosed.		
(iii) Research and development expenditure incurred and charged to the Profit and Loss Account	29,721	27,262
(iv) Earnings and expenditure in foreign exchange		
(a) Earnings in Foreign currency on accrual basis		
Export of goods (on FOB basis)	10,694	7,819
Commission Income	20,295	36,122
Others	11,702	389
Total	42,691	44,330
(b) Expenditure in foreign exchange on accrual basis		
Interest	8,613	3,039
Royalty	71,644	44,364
Travelling	1,706	7,405
Commission	178	324
Technical know how (capitalised)	69,568	58,123
Salaries	4,722	4,441
Expenses capitalized	25,062	40,196
Others	557	446
Total	182,050	158,338
(c) Value of imports calculated on CIF basis		
Capital goods	84,015	40,968
Raw materials, components & spares parts	2,027,269	1,206,611
Trading Goods	294,470	211,710
Total	2,405,754	1,459,289

16. 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 Profit and Loss Account is net of such refund of Rs. 39,453 (Previous year: Rs.46,245).

17. The Company is of the view, supported by the external opinion, that it can avail the input tax credit in respect of the purchases effected by it from the dealers availing VAT Remission Scheme under the Jammu and Kashmir Value Added Tax Act, 2005 (J&K VAT Act). Accordingly, the Company has accounted input tax credit as per section 21 & 22 of J&K VAT Act aggregating Rs.11,960 (Previous year Rs. 8,066) during the year net of amount adjusted against payment of Central Sales Tax and Value Added Tax liabilities on sales made from Jammu and Kashmir unit. An amount of Rs.41,250 (Previous year Rs. 29,192) is outstanding as recoverable/adjustable on account of input tax credit at year end.

18. The Company has working capital facilities from banks secured by hypothecation of inventories, book debts and movable fixed assets and by equitable mortgage of certain immovable fixed assets of the Company.

(Currency: Rupees in thousands unless otherwise stated)

19. The Company has paid custom duties of Rs.27,527 (previous year Rs.Nil) during the year for which provision has been created by debiting 'raw material consumed and cost of trading goods sold' account.

20. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956:

(i) **Capacities and Production**

Particulars	March 31, 2010			March 31, 2009	
	Annual licensed capacity	Annual installed capacity*	Actual production	Annual installed capacity	Actual production
Airconditioners	Delicensed	230,000	206,254	150,000	132,417

* The installed capacity has been certified by the management. This is a technical matter and is calculated based on the single shift Working.

(ii) **Sales of Goods**

Particulars	For the year ended March 31, 2010		For the year ended March 31, 2009	
	Quantity (Nos.)	Value	Quantity (Nos.)	Value
Manufacturing Items (Including of excise duty)				
Air conditioners	190,347	5,997,050	133,131	4,484,087
Scrap Sales	Assorted	43,256	Assorted	32,970
Total		<u>6,040,306</u>		<u>4,517,057</u>
Trading Items				
Air conditioners	3*	-	-	-
Spares-Air conditioner	Assorted	46,154	Assorted	45,259
Air conditioning Systems	Assorted	44,106	Assorted	23,247
Stabilisers	8,773	17,303	8,686	15,889
Gas tables	37	2	40	18
Refrigerators	11,845	395,713	11,248	340,482
Washing Machines	243	1,501	617	11,728
Refrigerators and Washing Machines Spares	Assorted	1,352	Assorted	611
Total		<u>506,131</u>		<u>437,234</u>

* discarded

(iii) **Trading Items**

Particulars	For the year ended March 31, 2010		For the year ended March 31, 2009	
	Quantity (Nos.)	Value	Quantity (Nos.)	Value
Opening Stocks				
Air conditioners	5	222	5	222
Spares-Air conditioner	Assorted	47,489	Assorted	33,007
Air conditioning Systems	Assorted	36,787	Assorted	26,559
Stabilisers	816	1,251	920	1,436
Gas tables	65	106	105	151
Refrigerators	1,839	32,208	1,986	41,855
Washing Machines	455	3,804	490	6,449
Refrigerators and Washing Machines Spares	Assorted	14,476	Assorted	7,407
Total		<u>136,343</u>		<u>117,086</u>

(Currency: Rupees in thousands unless otherwise stated)

Particulars	For the year ended March 31, 2010		For the year ended March 31, 2009	
	Quantity (Nos.)	Value	Quantity (Nos.)	Value
Purchases				
Spares-Air conditioner	Assorted	19,685	Assorted	30,985
Air conditioning Systems	Assorted	37,884	Assorted	34,390
Stabilisers	8,350	12,814	8,582	13,509
Refrigerators	14,240	334,056	11,101	233,429
Washing Machines		-	582	6,655
Refrigerators and Washing Machines Spares	Assorted	4,920	Assorted	4,741
Total		409,359		323,709
Closing Stocks				
Air conditioners	2	71	5	222
Spares-Air conditioner	Assorted	51,190	Assorted	47,489
Air conditioning Systems	Assorted	34,961	Assorted	36,787
Stabilisers	393	602	816	1,251
Gas tables	28	47	65	106
Refrigerators	4,234	72,816	1,839	32,208
Washing Machines	212	1,797	455	3,804
Refrigerators and Washing Machines Spares	Assorted	17,102	Assorted	14,476
Total		178,586		136,343

(iv) Inventories

Class of Goods	For the year ended March 31, 2010		For the year ended March 31, 2009	
	Quantity (Nos.)	Value	Quantity (Nos.)	Value
Finished Goods (Closing Stocks) of manufactured Air conditioners	28,937	627,423	13,030	302,778
Finished goods (Opening Stocks) of manufactured Air conditioners	13,030	302,778	13,744	289,566

(v) Raw material consumed

Particulars	Unit	For the year ended March 31, 2010		For the year ended March 31, 2009	
		Quantity	Value	Quantity	Value
Compressors	Nos	237,545	924,374	157,419	574,471
Fan Motors	Nos	328,368	355,758	212,417	237,655
CRC A / GP Sheets	Kgs	5,703,785	257,501	4,287,615	211,290
Copper	Kgs	1,076,867	405,755	771,060	314,790
AHU	Nos	133,474	476,904	75,564	313,566
Others (Including packing material and processing charges)	Assorted		1,732,873		1,086,934
Total			4,153,165		2,738,706

(vi) Imported and indigenous raw material and spare parts consumed

	For the year ended March 31, 2010		For the year ended March 31, 2009	
	Value	% of total consumption	Value	% of total consumption
Imported	2,209,971	53	1,321,413	48
Indigenous	1,943,194	47	1,417,293	52
Total	4,153,165	100	2,738,706	100

21. Prior year comparatives

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

For S.R. Batliboi & Co.
Firm Registration No.301003E
Chartered Accountants

For and on behalf of the Board of Directors

per Vijay Maniar
Partner
Membership No: 36738

Motoo Morimoto
Managing Director

Anil Shah
Executive Director

Parag Dave
Asst. Company Secretary

Place: Mumbai
Date: May 24, 2010

Ahmedabad, Gujarat
May 24, 2010

(Currency: Rupees in thousands unless otherwise stated)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	07470
State Code	04
Balance Sheet Date	31.03.2010

II Capital raised during the year

Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-
Naked warrants Pref. offer	-

III Position of mobilisation and deployment of funds

Total Liabilities	2,072,863
Total Assets	2,072,863

Sources of Funds

Paid up Capital	229,600
Reserves and surplus	1,236,743
Secured Loans	153,232
Unsecured Loans	447,284
Deferred Tax Liabilities	6,004

Application of Funds

Net fixed assets	1,197,503
Net current assets	875,360

IV Performance of Company

Total income	6,523,436
Total expenditure	5,953,224
Profit before tax	570,212
Profit after tax	461,402
Earning per share (Rs.)	20.10
Dividend rate %	15%

V Generic names of three principal products/ services of Company (As per monetary terms)

Item Code No. (ITC Code)	Product Description
8415	Room Air Conditioners & Packaged Air Conditioners
8418	Household Refrigerators and Chillers
8450	Washing Machines

For and on behalf of the Board of Directors

Motoo Morimoto
Managing Director

Anil Shah
Executive Director

Parag Dave
Asst. Company Secretary

Place: Ahmedabad, Gujarat
Date: May 24, 2010

GLIMPSES OF THE YEAR



Inauguration of New Manufacturing Facility by Hon. Chief Minister of Gujarat, Mr. Narendra Modi.
Seating (L-R) Mr. Taga (Asia Chief Executive, Hitachi Ltd.), Mr. Izuka (Past MD, Current Chairman-HHLI),
Mr. Nitin Patel (Hon. Minister, Urban Development), Mr. Noda (M.D. Hitachi India Pvt. Ltd.)



Commissioning Ceremony of New Plant



Dealer Award Ceremony at Macau



Employees' Family Visit to the New Plant



Outbound Training Programme

PRESS ADVERTISING



New Plant Inauguration



Launch Ad



0.9 & 1.2 Tr. Category



Festive (Navaratra) Ad Campaign



AC Range for B2B Space



Festive (New Year) Ad Campaign



3-Door Advantage



Festive (Durga Puja) Ad Campaign



5 Star Rated Hitachi ACs

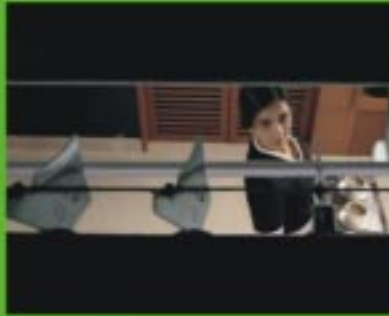


Spacemaker - Telecom Air Conditioner



Festive (Diwali) Ad Campaign

TELEVISION COMMERCIAL



"Ace Followme with Direct Efficient Technology, Follows wherever you go"
Duration: 30 Sec



"Direct Efficient Technology for Energy Efficient Air-Conditioning"
Duration: 30 Sec



"Direct Efficient Technology for Silent Air-Conditioning"
Duration: 35 Sec

HITACHI

Inspire the Next

Hitachi Home & Life Solutions (India) Limited

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