

ANNUAL REPORT

2012-2013

Hitachi Home & Life Solutions (India) Limited

OUR PRODUCT RANGE



i-Clean Inverter



i-Clean



Ace Cutout



Ace Followme



Kaze Plus Split



Star



Kampa



Summer TM



Summer QC



Kaze Plus Window



Cassette



Big French
Inverter
Refrigerator



3-Door
Inverter
Refrigerator



2-Door
Inverter
Refrigerator



Takumi Ductable



Concealed Split



Set Free System



Water-Cooled Chiller



Air-Cooled Chiller



Space Maker

MESSAGE FROM THE CHAIRMAN



Shinichi Iizuka
Chairman
Hitachi Home & Life Solutions (India) Ltd.

Greetings to all of you,

The year 2012-13 started with a hope of growth in the Air conditioning industry compared to the previous fiscal year. The last year was difficult and challenging for us. In spite of the slowdown of the Indian Economy and the decline in growth of the Room Air conditioning industry, it was a positive year for our Company. It is indeed a pleasure to share with you the highlights of our Company's financials for the year 2012-13.

HHLI has made an Operating Profit (Profit before Depreciation, Interest and Tax) of ₹ 4805.23 Lacs.

During the year, Room Air conditioning industry has declined by around 5%. A short summer season and other economic conditions had an adverse impact on the industry. However, our Company has grown marginally over last year. We are focusing on Inverter technology for energy saving, therefore, the new line up will include Split Air conditioner with Tropical Inverter technology & Green refrigerant (i-Clean Inverter).

We are increasing our focus on the B2B product range. For the first time in India we are introducing installation-friendly Front Flow and Top Flow VRF systems. During the last quarter, we also introduced Eco-friendly R410A refrigerant Ductables in the scroll range. We continue to be one of the preferred brands in all customer segments. We are the market leader in the Telecom Air conditioner segment. Even though the telecom industry experiences a downward trend in investments and reduction in margins, we had a phenomenal growth mainly due to the introduction of the Free Cooling Unit (FCU) and large replacements done by the Infrastructure companies.

In Refrigerator business, our Company is increasing its focus on models with Inverter Compressors. We now have five models in the inverter range. To differentiate from competitors, we have French Door Bottom Freezer range. The different variants available are 2-Door, 3-Door, 4-Door, and 3-Door Bottom Freezer. A higher growth is expected by introducing these models to the market as the Indian people's buying power is also increasing.

We are constantly strengthening our after-sales service network and operating through our own 35 service centers in 26 towns apart from 600 other service points including multi brand sales and service dealers, exclusive sales and service dealers and franchisees. With this network, the Company is covering 317 towns across the country.

As you are aware, on 18th July, 2012, manufacturing Unit II at Kadi was entirely gutted in a major fire incident. We were fortunate that there were no human casualties. Fighting against any adverse situation is the core of Hitachi's culture. This has enabled us to overcome this disaster, and within a record 165 days, we have rebuilt the factory. We have received unconditional support from all the stakeholders, dealers, customers, vendors and state government, and above all, our employees.

The Board joins me in expressing our appreciation for the support that we have always received from our shareholders, and for the faith and confidence they have shown us throughout difficult times.

I wish all of you the best of health and prosperity in the year of 2013-14.

Shinichi Iizuka

BOARD OF DIRECTORS



Shinichi Iizuka
Chairman



Motoo Morimoto
Managing Director



Amit Doshi
Executive Director



Anil Shah
Executive Director



Vinay Chauhan
Executive Director



Ashok Balwani
Director



Dr. Devender Nath
Director



L G Ramakrishnan
Director



Mukesh Patel
Director



R S Mani
Director



Ravindra Jain
Director



Vinesh Sadekar
Director

BOARD OF DIRECTORS

Shinichi Iizuka	Chairman
Motoo Morimoto	Managing Director
Amit Doshi	Executive Director
Anil Shah	Executive Director
Vinay Chauhan	Executive Director
Ashok Balwani	Director
Dr. Devender Nath	Director
L G Ramakrishnan	Director
Mukesh Patel	Director
R S Mani	Director
Ravindra Jain	Director
Vinesh Sadekar	Director

COMPANY SECRETARY

Parag Dave

AUDITORS

S. R. Batliboi & Associates LLP
Chartered Accountants,
Ahmedabad

BANKERS

State Bank of India
ICICI Bank
Standard Chartered Bank

REGISTERED OFFICE

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

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

CONTENTS

Five Years Financials at a Glance	03
Directors' Report and Management Discussion & Analysis	04
Report on Corporate Governance	09
Auditor's Report	15
Balance sheet	18
Statement of profit and loss	19
Cash Flow Statement	20
Notes to Financial Statements	21

Payment of dividend through ECS / NECS

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

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

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

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

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

FIVE YEARS FINANCIALS AT A GLANCE

(Currency: Rupees in Lacs unless otherwise stated)

PARTICULARS	2012-13	2011-12	2010-11	2009-10	2008-09
Revenue from Operations (Net)	92,999	79,809	76,401	64,090	46,990
Revenue Growth	17%	4%	19%	36%	5%
Other Income	161	87	467	1,183	723
Total Revenue	93,160	79,896	76,868	65,273	47,713
Profit before Depreciation, Interest and Tax (PBDIT)	4,805	3,114	6,336	7,031	3,739
Financial Charges	721	1,003	738	151	267
Depreciation	2,018	1,832	1,605	1,178	799
Profit Before Tax (PBT)	2,066	279	3,993	5,702	2,673
Provision for Taxation	536	(47)	1,061	1,088	565
Profit after Tax (PAT)	1,530	326	2,933	4,614	2,107
Equity Share Capital	2,296	2,296	2,296	2,296	2,296
Reserves & Surplus	15,879	14,826	14,900	12,367	8,155
Net Worth	18,175*	17,122	17,196	14,663	10,451
Net Worth Growth	6%	0%	17%	40%	25%
Gross Fixed Assets	25,988	21,359	19,863	15,886	10,985
Net Fixed Assets	17,755	12,956	13,094	10,457	6,496
Total Net Assets	40,237	27,038	26,237	20,729	15,626
KEY INDICATORS					
Earnings Per Share (₹)	6.67	1.42	12.77	20.10	9.18
Cash Earnings Per Share (₹)	15.46	9.40	19.76	25.23	12.66
Book Value Per Share (₹)	79.16	74.57	74.89	63.87	45.52
Total Debt to Equity	0.91 : 1	0.58 : 1	0.52 : 1	0.41 : 1	0.48 : 1
PBDIT / Revenue from Operations (Net)	5%	4%	8%	11%	8%
Net Profit Margin	2%	0%	4%	7%	4%
Return on Net Worth	8%	2%	17%	31%	20%
Return on Capital Employed	7%	5%	18%	28%	19%

Notes:

Previous years' figures regrouped wherever necessary

*Exclusive of "share application money pending allotment"

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

Your Directors have pleasure in presenting the Twenty Eighth Annual Report and the Audited Financial Statements, for the year ended March 31, 2013.

Financial Highlights

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

(₹ in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue from operations (gross)	101922	86732
Less : Excise Duty	8923	6923
Revenue from operations (net)	92999	79809
Other Income	161	87
Total Revenue	93160	79896
Profit before finance cost, depreciation and tax	4805	3114
Finance Cost	721	1003
Depreciation and amortization expenses	2018	1832
Tax expense	536	(47)
Profit for the year	1530	326

Dividend

Your Directors recommend a dividend of ₹ 1.50 per Equity Share for the year ended March 31, 2013 to the Equity shareholders holding 27,190,884 Equity Shares (including shareholders holding 4,230,876 Equity Shares allotted on 8th April, 2013).

This is subject to the approval of the Members at the ensuing Annual General Meeting.

Issue of Equity Shares on Rights Basis

Company had, vide Letter of Offer dated February 27, 2013, offered fully paid-up Equity Shares at a price of ₹130 per Equity Share (including face value of ₹10 per Equity Share and share premium of ₹120 per Equity Share) to the Equity Shareholders of the Company on a Rights Basis in the ratio of 1(One) equity share for every 5 (Five) Equity Shares(s) held by the equity shareholders on the record date, i.e. March 06, 2013. The Rights Issue was opened on March 14, 2013 and closed on March 28, 2013. Company has made allotment of 4,230,876 Equity Shares on April 8, 2013 aggregating to ₹ 5500 Lacs.

Manufacturing Unit II reconstructed at Kadi (Gujarat)

Manufacturing Unit II situated at Kadi (Gujarat) was entirely gutted in a major fire incident happened on July 18, 2012 and fortunately no human casualty was there. The loss incurred by the Company is adequately covered under insurance claim. Company has received interim payment of ₹ 7,000 Lacs from the Insurance Company.

We have overcome this turbulence and within 165 days' time, we have rebuilt it. The Unit II has been reconstructed and production has recommenced from January 13, 2013.

We have received unconditional support from all stakeholders, dealers, customers, vendors, state government and employees.

Industry Structure & Developments

Air conditioning Industry

Our estimate of the industry performance during FY 2012-13 is given below;

Category	Total Industry Sales		
	2012-13	2011-12	Growth
Room Air conditioners (Units in Lacs)	27.1	28.5	(5%)
Ductable Air conditioners (Tr. in Lacs)	3.4	3.6	(6%)

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 has declined by around 5% in 2012-13 in comparison to de-growth of about 14% in 2011-12. Despite negative growth of industry, Company has grown marginally with 2.34 Lacs units against 2.33 Lacs units in last financial year in Room Air conditioners segment.

The demand of Split Air conditioners is continuously increasing. Now Split Air conditioners contribute to more than 76% of Room Air conditioner market.

Hitachi's Split Air conditioners range comprises of twenty one models, with capacities ranging from 1.0 Tr. to 3.5 Tr. Main models are 'i-Clean', 'Ace Followme', 'Kaze Plus', 'Ace Cutout', 'Star', 'Kampa' and 'Sugham'. The Window Air conditioners range includes eleven models, with capacities ranging from 1.0 Tr. to 2.0 Tr. Main models are 'Summer TM', 'Summer QC' and 'Kaze Plus'.

Commercial range of Air conditioners

Negative sentiments affected the commercial market during this Financial Year. Overall the Ductable Air conditioning industry has also declined in this year. However in case of Company, despite supply constraints due to fire incident, we have done better than industry. During last quarter we also introduced Eco-friendly R410A refrigerant Ductable in scroll range. The range of Ductable products is available from 3.0 Tr. to 16.5 Tr. which are highly appreciated and well received in the market.

In the Chiller category, due to sluggish economic conditions, over all market has grown marginally during the period. However market showed improvement in the last quarter. Due to fire incident, Company could not supply India-made-chillers in last three quarters of 2012-13. However Company kept on supplying chillers to the market from the overseas plants of Hitachi Group. Chiller manufacturing will start from May-2013 onwards and Company is planning to introduce new models in water cooled chiller series with environment friendly R134a refrigerant and with improved performance. Such Chiller range is enhanced upto 180 HP.

In VRF (Variable Refrigerant Flow) product category, market is showing positive trend and this category is continuously growing. During the year under review, industry has grown by about 19%. VRF is based on inverter technology therefore it saves 25% to 30% energy compared to fixed speed compressor. Company has started manufacturing of Front Flow 'Set Free' system in 6 HP, 8 HP, 10 HP and 12 HP capacities. The Front Flow 'Set Free' range is designed specifically to meet hot weather conditions along with space constraints. Moreover, Hitachi 'Set Free' is fitted with 'Scroll Compressor' and advanced heat exchangers to tackle such situation and to deliver the improved efficiency. To meet the growing market demand, Company also imports Out Door Units of Top Flow 'Set Free' system from 8 HP to 54 HP from Hitachi overseas plants. This category has potential and Company is focusing on the same to gain momentum in the market.

Telecom Air conditioners

We are the market leaders in this category. The Telecom industry has observed downward trend in CAPEX expenditure and reduction in margins but we had a phenomenal growth mainly due to introduction of Free Cooling Units (FCU) and large replacements done by the Infrastructure Companies.

Refrigerators

Company is increasing its focus on refrigerator category by introducing models with Inverter Compressors. We have five models in the inverter range. To differentiate from competitors, we have three models in the French Door Bottom Freezer range.

Now we have total twelve models for Refrigerators. The different variants available are 2-Door, 3-Door, 4-Door, 3-Door Bottom Freezer. We are presently operating in 300 Lts. & above Frost Free Refrigerator category which is only 15% approx of the total frost free industry and estimated size of this segment is 3.0 Lacs units. During the year under review Company has grown by 28%.

Service Initiatives

1. **Hitachi owned & operated service centers:** Company has expanded network of Company owned and Company operated service centers to 35 nos. in 26 towns with over 1500 technicians apart from 600 other service points including multi brand sales and service dealers, exclusive sales and service dealers and service franchisees. With this network, Company is covering 317 towns across country.
2. **Hitachi Genuine Accessories:** Company has launched genuine accessories viz. Stabilizers, Copper, Stand and IDUs under the brand "RYOKU".

Future Outlook: Opportunities, Threats, Risks and Concerns

Opportunities:

AC Penetration and Growth in Smaller Towns

Room Air conditioner penetration is very low i.e. approx 3% in the country. It is expected to grow in future. 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 in small-town urban India due to their growing purchasing power and time spent on media.

Increased Affordability of Products

Air conditioners are now affordable both in terms of initial investment and running cost and Air conditioners 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.

Increase in Income Levels

Increasing affluence has led to increased consumption growth in Tier I, II and III towns. Middle income level population is growing; their average income levels are rising. Retailers are marketing their goods more aggressively by providing financing options to the consumers by partnering with banks / NBFCs.

Growth of Modern Retail

While there are established distribution networks in both rural and urban India, the presence of well-known brands and organized sector is increasing. Shopping malls are increasing in Indian cities. This will have a positive impact on the consumer durables industry. 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. India's core inflation has gone up significantly over the past year. Thereby input costs of raw material especially of Aluminum, Copper and Sheet Metal has gone up and has led to reduction of margins. Increasing freight cost and operational costs have led to increase in overall cost of the products.
2. Because of BEE standards of Energy efficiency, the specifications of all Air conditioners have gone up which results in to cost increase for new product development.
3. Banks / NBFCs are tightening their consumer finances. Inventory funding is also very tight, which is not a good situation for dealers to run their operations.
4. The growth of organized sector will hit the margins because they will increase their share and will demand more margins because of their market position.
5. High electricity cost & quality of power supply remain as hindrance in the growth of business. Long power cuts and voltage fluctuations may affect the pace of industry growth.
6. Air conditioner is seasonal product therefore delayed/ short duration summer affects the overall business performance and 2012-13 was affected with the same.

Human Resources

The total strength of employees (staff and operators) of the Company was 960 as on March 31, 2013.

To meet the market challenges and business requirements, the sales team was divided into three major channels focusing the Retail, Commercial & Power Retail segment. To strengthen the sales team as per the above business needs we recruited specialized manpower in various verticals.

Company continued to recruit Engineer Trainees for various departments. They are recruited to meet need of future business expansion.

To reinforce the safety measures at our Kadi plant, we have deployed a separate team for Safety & Security.

At Jammu plant, the Wage Agreement was signed with the operators in August, 2012 for two years.

At Kadi plant, some of the fixed term employees and contractors' employees went on strike on 8th June, 2012. Case was referred to labour court and out of court settlement with striking personnel was concluded on 13th January, 2013 with resumption of their services.

One of the key focus points this year was Training & Development. To create an edge for our manpower, we have formed a separate team to enrich our employees with Technical as well as Behavioral Training programs. We will continue our emphasis on enhancing the man-hours of training during the coming years also.

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.

Directors' Responsibility Statement

Your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- (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, 2013 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.

Particulars about Cost Audit Report

M/s. Kiran J Mehta & Co. (Membership No. 4733), Cost Accountants, Ahmedabad, has been appointed as Cost Auditors of the Company for the year 2012-13. Cost Audit Report for the year 2012-13 will be submitted on or before due date i.e. 27th September, 2013.

Acknowledgement

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

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

For and on behalf of the Board of Directors

Place : Ahmedabad, Gujarat
Date : May 15, 2013

Motoo Morimoto
Managing Director

Anil Shah
Executive Director

ANNEXURE-I

Conservation of Energy

1. In place of Dry Acetylene Gas, PNG Gas Line installed in new plant for Brazing operation which is safe and avoids wastages.
2. Installed Air monitor in new plant to increase Air change from 3 times to 7 times which helps to improve work environment.
3. We have installed LED lamps inside new plant for reduction in electricity during night time which has helped in reduction of electrical load.
4. We have installed new heat exchanger plant and machinery with servo motor technology resulted in 20-30% reduction in electricity consumption.
5. We have installed secondary transformer for only lighting load in night time which helped in reducing transformer losses.

Research and development

1. Development of Air conditioner with graphical user interface.
2. Development of 'I-Clean' with Tropical Inverter technology.
3. Development of Room Air conditioner and Packaged Air conditioner range with Green refrigerant.
4. Development of dedicated chassis for 1.0 Tr. Split Air conditioner range for distributor and B2B segment.
5. Development of Twin Free Cooling Unit (FCU) for telecom application.
6. Development of 2.0 Tr. 5 Star range.
7. Aesthetic improvement in 'Kaze' Window Air conditioner.

Technology absorption

1. Tropical Inverter technology with Heat pump design.
2. Smart application in Split Air conditioner range.
3. R134a refrigerant in Water cooled chiller.
4. R410A refrigerant in Room Air conditioner and Packaged Air conditioner product range.
5. Side Throw 'Set Free' with green refrigerant with more flexibility in installation.
6. Auto Clean technology for Tropical Indian condition.

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 mixture of independent directors in the Board, etc.

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

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

II. Board of Directors, Committees and Remuneration of Directors

Board of Directors

Present strength of the Board of Directors of your Company is 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. Shinichi Iizuka	Chairman / Non-Executive	-	-	-
Mr. Motoo Morimoto	Executive	-	-	1
Mr. Amit Doshi	Executive	-	-	-
Mr. Anil Shah	Executive	-	-	1
Mr. Vinay Chauhan	Executive	-	-	-
Mr. L G Ramakrishnan	Non-Executive	-	1	1
Mr. Ashok Balwani	Non-Executive / Independent	-	-	-
Dr. Devender Nath	Non-Executive / Independent	-	-	1
Mr. Mukesh Patel	Non-Executive / Independent	8	5	4
Mr. Ravindra Jain	Non-Executive / Independent	1	-	1
Mr. Vinesh Sadekar	Non-Executive / Independent	2	-	-
Mr. R S Mani	Non-Executive / Independent	-	-	-

[^]Includes only Audit Committee and Investors' Grievance Committee

Attendance of Board Meeting and Annual General Meeting

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

During the year from April 01, 2012 to March 31, 2013, Four Board Meetings were held i.e. on May 24, 2012, August 9, 2012, November 01, 2012 and January 25, 2013. The last Annual General Meeting (AGM) was held on August 9, 2012. The attendance of Directors at these Board Meetings and the last AGM were as under:

Name of Director	Board Meetings	Annual General Meeting
Mr. Shinichi Iizuka	3	Present
Mr. Motoo Morimoto	4	Present
Mr. Amit Doshi	4	Present
Mr. Anil Shah	4	Present
Mr. Vinay Chauhan	4	Present
Mr. L G Ramakrishnan	3	Present
Mr. Ashok Balwani	4	Present
Dr. Devender Nath	4	Present
Mr. Mukesh Patel	4	Present
Mr. R S Mani	3	Present
Mr. Ravindra Jain	4	Absent
Mr. Vinesh Sadekar	4	Present

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, 2013 are as under:

Name of Director	No of Shares held
Mr. Shinichi Iizuka	Nil
Mr. L G Ramakrishnan	Nil
Mr. Mukesh Patel	1000
Mr. Ravindra Jain	Nil
Mr. Ashok Balwani	Nil
Dr. Devender Nath	Nil
Mr. Vinesh Sadekar	Nil
Mr. R S Mani	Nil

Inter-se relationship between Directors

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

Audit Committee

Audit Committee comprises of 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.

Members of the Audit Committee are as under:

- Mr. Mukesh Patel – Chairman
- Mr. L G Ramakrishnan – Member
- Mr. Ravindra Jain – Member
- Dr. Devender Nath – Member

During the year from April 01, 2012 to March 31, 2013, Four Audit committee meetings were held i.e. on May 24, 2012, August 9, 2012, November 01, 2012 and January 25, 2013. 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	3
Mr. Ravindra Jain	4
Dr. Devender Nath	4

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:

- Dr. Devender Nath – Member
- Mr. Mukesh Patel – Member
- Mr. Ravindra Jain – Member

During the year under review Two Remuneration Committee Meetings were held i.e. on May 24, 2012 and January 25, 2013. Attendance of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Dr. Devender Nath	2
Mr. Mukesh Patel	2
Mr. Ravindra Jain	2

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 ₹ 20,000/- for attending Board meeting, ₹ 20,000/- for attending Audit Committee Meeting, ₹ 10,000/- for attending Remuneration Committee Meeting and ₹ 5000/- for attending Investors' Grievance Committee Meeting.

Remuneration of directors during the year under review:

(₹ in Lacs)

Name of Director	Salary*	Sitting Fees	Total Remuneration
Mr. Shinichi Iizuka	Nil	Nil	Nil
Mr. Motoo Morimoto	48.13	Nil	48.13
Mr. Vinay Chauhan	69.48	Nil	69.48
Mr. Amit Doshi	63.61	Nil	63.61
Mr. Anil Shah	67.59	Nil	67.59
Mr. L G Ramakrishnan	Nil	Nil	Nil
Mr. Mukesh Patel	Nil	2.40	2.40
Mr. Ravindra Jain	Nil	1.80	1.80
Mr. Ashok Balwani	Nil	0.80	0.80
Dr. Devender Nath	Nil	1.80	1.80
Mr. Vinesh Sadekar	Nil	0.80	0.80
Mr. R S Mani	Nil	0.60	0.60

*Salary includes basic salary, allowances, perquisites, contribution to provident fund and superannuation funds.

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, 2013:

Mr. L G Ramakrishnan – Chairman
Mr. Motoo Morimoto – Member
Mr. Mukesh Patel – Member
Mr. Anil Shah – Member

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

Sr. No.	Nature of Complaints	Received	Redressed	Pending as at March 31, 2013
1.	Non-receipt of share certificate(s) after transfer	Nil	Nil	Nil
2.	Non-receipt of Dividend Warrant	5	5	Nil
3.	Query regarding demat credit	Nil	Nil	Nil
4.	Non-receipt of Duplicate Share Certificates	Nil	Nil	Nil
5	Others : Non-receipt of Annual Report	Nil	Nil	Nil

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

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

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

III. Other disclosures

Statutory Disclosures:

- There were no materially significant related party transactions that may have potential conflict with the interests of Company at large.
- There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalty or strictures imposed on the Company for such matters by Stock Exchange or SEBI or any statutory authority.
- Accounting Standards have been followed in preparation of financial statement of the Company for the year ended March 31, 2013 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 29, 2010	9.00 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad	1. To appoint Mr. Motoo Morimoto as Managing Director. 2. To re-appoint Mr. Amit Doshi as Executive Director. 3. To re-appoint Mr. Anil Shah as Executive Director. 4. To increase remuneration of Mr. Vinay Chauhan as Executive Director. 5. 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.
July 28, 2011	9.00 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad	No Special resolution passed.
August 9, 2012	9.00 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad	To re-appoint Mr. Vinay Chauhan as Executive Director.

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

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
Monday, July 29, 2013	9.30 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad : 380 015

Financial year : From April 01, 2012 to March 31, 2013

Book closure : From July 22, 2013 to July 26, 2013 (Both days inclusive)

Dividend Payment Date : Dividend, if declared, will be paid on August 13, 2013.

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 2013-14 to the above Stock Exchanges.

Market Price Data

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

	HHLI Share Price quoted at BSE		SENSEX		HHLI Share Price quoted at NSE		NIFTY	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
April-2012	162.80	125.20	17664.10	17010.16	162.40	125.00	5378.75	5154.30
May-2012	153.25	116.10	17432.33	15809.71	153.45	113.40	5279.60	4788.95
June-2012	121.90	110.40	17448.48	15748.98	122.15	110.35	5286.25	4770.35
July-2012	157.95	98.00	17631.19	16598.48	158.00	96.55	5348.55	5032.40
August-2012	122.00	107.10	17972.54	17026.97	122.00	104.30	5448.60	5164.65
September-2012	135.25	113.40	18869.94	17250.80	135.40	113.05	5735.15	5215.70
October- 2012	145.00	125.55	19137.29	18393.42	143.90	125.25	5815.35	4888.20
November-2012	139.80	118.50	19372.70	18255.69	139.50	117.95	5885.25	5548.35
December-2012	161.00	124.00	19612.18	19149.03	161.05	123.95	5965.15	5823.15
January-2013	171.00	139.70	20203.66	19508.93	171.00	140.10	6111.80	5935.20
February-2013	145.75	128.85	19966.69	18793.97	146.00	128.80	6052.95	5671.90
March-2013	144.80	124.05	19754.66	18568.43	141.00	121.15	5971.20	5604.85

Registrars and Share Transfer Agent

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

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

Share Transfer System

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

Shareholding Pattern as on March 31, 2013

Category	No. of Shares Held	% of Shareholding
Promoters' Holding	16,050,000	69.90
Non-Promoters' Holding		
Mutual Funds and UTI	226,669	0.99
Banks, Financial Institutions, Insurance Companies	13,132	0.06
Foreign Institutional Investors	72,552	0.32
Bodies Corporate	1,912,853	8.33
Indian Public	4,492,022	19.56
Non Resident Indians	192,780	0.84
Total	22,960,008	100.00

Distribution of shareholding as on March 31, 2013

Shares Balance	No. of Holders	% of Holders	No. of Shares	% of Shares
1-500	16672	92.15	2085994	9.09
501-1000	795	4.39	629907	2.74
1001-2000	294	1.63	446418	1.94
2001-3000	121	0.67	314817	1.38
3001-4000	44	0.24	158948	0.69
4001-5000	46	0.25	214502	0.93
5001-10000	57	0.32	425483	1.85
10001-99999999	64	0.35	18683939	81.38
Total	18093	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, 2013 97.40% 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, Mithakhali Six Roads, Ahmedabad : 380 006 Ph.: 079-30414800

Registrar and Share Transfer Agent:

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

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

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

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

for Hitachi Home & Life Solutions (India) Ltd.

Sd/-

Motoo Morimoto

Managing Director

Place : Ahmedabad

Date : May 7, 2013

AUDITOR'S 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 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number:101049W

per Arpit K Patel

Partner

Membership Number: 34032

Place : Ahmedabad

Date : May 15, 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of Hitachi Home and Life Solutions (India) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Hitachi Home and Life Solutions (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

per Arpit K Patel

Partner

Membership Number: 34032

Place: Ahmedabad

Date: May 15, 2013

**Annexure referred to in paragraph 1 under heading
“Report on Other Legal and Regulatory Requirements” of our report of even date
Re: Hitachi Home and Life Solutions (India) Limited (‘the Company’)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets are physically verified by the management during the year and no material discrepancies identified on such verification.
- (c) There was no disposal of a substantial part 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) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in the internal control system in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (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 accounts 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, related to the manufacturing of air conditioners and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (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, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees’ state insurance, income-tax, wealth-tax, service tax, sales-tax, custom duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues outstanding of sales tax, service tax, excise duty, custom duty and cess on account of any dispute that have not been deposited, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act (Central & States)	Demand raised in assessments at various locations	255.27	2000-01 to 2011-12	Deputy Commissioner Appeals / Joint Commissioner Appeals
Finance Act, 1994 (Service tax)	Demand raised on advertisement expenses including interest and penalty	118.69	2005-06 to 2010-11	CESTAT, Ahmedabad
	Demand raised on Consulting Engineers Services including interest and penalty	48.61	2000-01 to 2003-04	CESTAT, Ahmedabad
	Demand raised on Commission including interest and penalty	8.76	2004-05	CESTAT, Ahmedabad
Central Excise Act, 1944	Cenvat Credit taken on Inputs	0.29	2009 to 2011	CESTAT, Ahmedabad
	Assessable value dispute	32.74	2005-06 to 2009-10	CESTAT, Delhi
Customs Act	Dispute over classification	0.92	2000-01	Deputy Commissioner Appeals

- (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 banks. 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 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading 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 the 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 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 year.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

per Arpit K Patel

Partner

Membership Number: 34032

Place: Ahmedabad

Date: May 15, 2013

Balance sheet as at March 31, 2013

	Notes	As at March 31, 2013 ₹ Lacs	As at March 31, 2012 ₹ Lacs
Equity and liabilities			
Shareholders' funds			
(a) Share capital	3	2,296.00	2,296.00
(b) Reserves and surplus	4	15,878.79	14,825.63
		18,174.79	17,121.63
Share Application Money Pending Allotments	5	5,466.84	-
Non-current liabilities			
(a) Long-term borrowings	6	5,520.00	-
(b) Deferred tax liabilities (net)	7	4.53	-
(c) Other long-term liabilities	8	0.96	4.59
(d) Long-term provisions	9	1,375.33	1,032.73
		6,900.82	1,037.32
Current liabilities			
(a) Short-term borrowings	10	8,389.00	7,031.36
(b) Trade payables	11	34,734.17	25,643.95
(c) Other current liabilities	12	8,592.77	7,788.00
(d) Short-term provisions	9	862.34	917.41
		52,578.28	41,380.72
TOTAL		83,120.73	59,539.67
Assets			
Non-current assets			
(a) Fixed assets	13		
(i) Tangible assets		16,147.43	11,240.31
(ii) Intangible assets		1,607.07	1,715.81
(iii) Capital work-in-progress		429.42	603.74
(iv) Intangible assets under development		657.89	670.52
(b) Deferred tax assets (net)	7	-	257.82
(c) Long-term loans and advances	14	1,793.30	1,660.43
(d) Other non-current assets	18	0.51	0.51
		20,635.62	16,149.14
Current assets			
(a) Inventories	15	30,564.29	26,807.37
(b) Trade receivables	16	16,452.60	14,813.77
(c) Cash and bank balances	17	7,157.90	264.05
(d) Short-term loans and advances	14	2,816.69	1,436.77
(e) Other current assets	18	5,493.63	68.57
		62,485.11	43,390.53
TOTAL		83,120.73	59,539.67

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

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Arpit K. Patel
Partner
Membership No: 34032

Place : Ahmedabad
Date : May 15, 2013

For and on behalf of the Board of Directors

Motoo Morimoto
Managing Director

Anil Shah
Executive Director

Parag Dave
Company Secretary

Place : Ahmedabad
Date : May 15, 2013

Statement of profit and loss for the year ended March 31, 2013

	Notes	For the year ended March 31, 2013 ₹ Lacs	For the year ended March 31, 2012 ₹ Lacs
Income			
Revenue from operations (gross)	19	101,922.09	86,731.93
Less : Excise duty recovered (refer note 44)		8,922.93	6,923.02
Revenue from operations (net)		92,999.16	79,808.91
Other income	20	160.70	87.41
Total Revenue		93,159.86	79,896.32
Expenses			
Cost of raw material and components consumed	21	50,765.32	43,093.44
Purchase of stock-in-trade	22	12,895.20	5,715.63
Decrease / (Increase) in inventories of finished goods, work-in-progress and stock-in-trade	23	(3,272.29)	3,362.25
Employee benefits expense	24	6,412.89	5,278.50
Finance costs	25	720.73	1,002.84
Depreciation and amortization expense	13	2,018.42	1,831.74
Other expenses	26	21,553.51	19,332.65
Total Expenses		91,093.78	79,617.05
Profit before tax		2,066.08	279.27
Tax expense			
Current tax [Including ₹ 15.44 lacs (Previous year: ₹ 22.97 lacs) pertaining to earlier years]		490.37	251.67
MAT Credit entitlement		(216.98)	-
Deferred tax charge / (credit)		262.35	(298.57)
		535.74	(46.90)
Profit for the year		1,530.34	326.17
Basic and diluted (₹) earnings per share	27	6.67	1.42
[Nominal value of share ₹ 10 (Previous year: ₹ 10)]			
Statement of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Arpit K. Patel
Partner
Membership No: 34032

Place : Ahmedabad
Date : May 15, 2013

For and on behalf of the Board of Directors

Motoo Morimoto
Managing Director

Anil Shah
Executive Director

Parag Dave
Company Secretary

Place : Ahmedabad
Date : May 15, 2013

Cash Flow Statement for the year ended March 31, 2013

	For the year ended March 31, 2013 ₹ Lacs	For the year ended March 31, 2012 ₹ Lacs
A. Cash Flow from Operating Activities		
Net profit before Tax	2,066.08	279.27
Adjustments for :		
(Profit)/ loss on sale of assets (net)	(5.28)	(7.29)
Unrealised foreign exchange (gain)/loss (net)	(252.10)	52.81
Depreciation and amortisation	2,018.42	1,831.74
Bad Debt Written off	6.63	-
Provision for doubtful debts	15.38	94.27
Interest income	(109.42)	(30.88)
Finance Costs	541.91	891.04
Operating profit before working capital changes	4,281.62	3,110.96
Adjustments for :		
Decrease / (Increase) in trade receivables	(1,660.84)	(2,387.27)
Decrease / (Increase) in loans and advances	(1,424.28)	240.43
Decrease / (Increase) in other current assets	(14.02)	8.54
Decrease / (Increase) in inventories	(10,554.67)	5,865.61
(Decrease) / Increase in current liabilities	9,496.62	(4,061.58)
Increase in other provisions	210.62	249.60
Cash from operating activities	335.05	3,026.29
Direct Taxes paid	(434.62)	(407.19)
Net cash from operating activities before extraordinary items	(99.57)	2,619.10
Proceeds from Insurance Claim on Fire (net)	6,873.44	-
Net cash from operating activities	6,773.87	2,619.10
B. Cash flow from investing activities		
Purchase of tangible assets	(11,146.12)	(1,708.30)
Proceeds from sale of fixed assets	56.11	67.47
Purchase of intangible assets	(324.51)	(463.55)
Decrease/(increase) in deposits (with maturity more than three months)	(14.43)	19.56
Interest received	109.08	31.39
Net cash used in investing activities	(11,319.87)	(2,053.43)
C. Cash flow from financing activities		
Proceeds from long-term borrowings	5,520.00	-
Repayment of long-term borrowings	-	(2,502.86)
Proceeds from short term borrowings (net)	1,357.64	3,036.25
Interest paid	(523.10)	(626.36)
Share Application Money received	5,466.84	-
Dividend paid (including tax provision thereon)	(395.96)	(396.01)
Net cash flow from / (used in) financing activities	11,425.42	(488.98)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	6,879.42	76.69
Cash and cash equivalents at the beginning of the year	227.05	150.36
Cash and cash equivalents at the end of the year (refer note 2 below)	7,106.47	227.05
Components of Cash and Cash Equivalents:		
Cash on hand	14.79	6.22
Bank balance in current accounts	196.23	122.39
Unclaimed dividend account	13.10	8.79
Balance in cash credit accounts	1,415.51	89.65
Balance in Rights issue Share Application money	5,466.84	-
Balance in margin accounts	51.94	37.51
Total	7,158.41	264.56
Less: Balance in margin accounts	51.94	37.51
Cash and Cash Equivalents	7,106.47	227.05

Notes :

- Cash flow statement has been prepared under the indirect method.
- Includes ₹ 5466.84 lacs (previous year ₹ Nil) and ₹ 23.16 lacs (previous year ₹ 20.34 lacs), being balances with restricted use towards purpose of rights issue and unpaid dividend & employees deposits respectively.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W

per Arpit K. Patel

Partner

Membership No: 34032

Place : Ahmedabad

Date : May 15, 2013

For and on behalf of the Board of Directors

Motoo Morimoto
Managing Director

Anil Shah
Executive Director

Parag Dave
Company Secretary

Place : Ahmedabad

Date : May 15, 2013

Notes to Financial Statements for the year ended March 31, 2013

1. Background

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

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

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

2. Statement of Significant Accounting Policies

2.1 Basis of preparation

The financial statements 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 financial statements are prepared on accrual basis and under the historical costs method. 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 best estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of financial statements and the reported amounts of revenue and expenses during the reporting period. 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 recognized in the period in which the results are known or materialize.

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 capitalized and depreciated over the balance useful life of such fixed assets.

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 and Tools	: 3 years	b. Computers	: 3 to 4 years
c. Furniture & Fittings	: 5 to 8 years	d. Office Equipments	: 3 to 5 years
e. Electrical Fittings	: 7 years	f. Toolkits	: 3 years
g. Vehicles	: 4 to 6 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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Depreciation on individual tangible assets costing up to Rs. 5,000 are provided at the rate of 100% in the month of purchase.

Impairment

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

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

2.4 Inventories

Inventories are valued as follows:

Raw materials and stores and spare parts are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be utilised are expected to be sold at or above cost.

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

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

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

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

Custom duty on goods where title has passed to the Company and material has reached Indian ports is included in the value of inventories.

2.5 Revenue recognition

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

(i) Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are inclusive of freight, octroi and insurance, installation charges in some cases, and net of sales returns, trade discounts and cash discounts. 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) Revenue from long term contracts

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

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

(iv) Commission Income

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

(v) Interest

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

2.6 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 Statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund.

(ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

(iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is on projected unit credit method made at the end of each financial year. The bifurcation of compensated absences into Current & Non-current as shown in financial statements is as per actuary certificates.

(iv) Actuarial gains/losses are immediately taken to Statement of profit and loss and are not deferred.

2.7 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.

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 and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

The deferred tax in respect of timing differences which reverse during the tax holiday period is not recognised to the extent the enterprise's gross total income is subject to the deduction during the tax holiday period as per the requirements of the Income-tax Act, 1961. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has 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.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the 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.

2.10 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.

2.11 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 Statement of profit and loss on a straight-line basis over the lease term.

2.12 Cash and Cash equivalents

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

2.13 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.

2.14 Capital work in progress & intangible asset under development

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

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

2.15 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 exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest and any other cost that an entity incurs in connection with the borrowing of funds.

2.16 Research and Development Costs

All revenue expenses pertaining to research and development costs are charged to Statement of profit and loss in the year in which they are incurred and development expenditure of a capital nature is capitalized as fixed assets when the company can demonstrate all the following:

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

2.17 Share Issue Expenses:

Share issue expenses are charged to profit and loss account as and when it is incurred.

3. Share capital

	As at March 31, 2013 ₹ Lacs	As at March 31, 2012 ₹ Lacs
Authorized shares		
30,000,000 (Previous year: 30,000,000) Equity shares of ₹ 10 each	3,000.00	3,000.00
Issued, subscribed and fully paid-up shares		
22,960,008 (Previous year: 22,960,008) Equity shares of ₹ 10 each fully paid up	2,296.00	2,296.00
	2,296.00	2,296.00

39,401 (Previous year 45,671) Equity shares of ₹ 10/- each have been kept in abeyance pending final allotment of right issue (2003-04).

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

Equity Shares	As at March 31, 2013		As at March 31, 2012	
	Nos	₹ Lacs	Nos	₹ Lacs
At the beginning of the period	22,960,008	2,296.00	22,960,008	2,296.00
Add : Issued during the period	-	-	-	-
Outstanding at the end of the period	22,960,008	2,296.00	22,960,008	2,296.00

(b) Terms / rights attached to Equity shares

The Company has only one class of Equity shares having a face value of ₹ 10/- per share. Each holder of Equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2013, the amount per share recognised as dividend distributions to Equity shareholders (including shareholders of 4,230,876 equity shares issued/allotted on April 8, 2013) is ₹ 1.50 (Previous year: ₹ 1.50).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

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

	As at March 31, 2013 ₹ Lacs	As at March 31, 2012 ₹ Lacs
Hitachi Appliances Inc., Japan - Holding Company		
15,550,000 (Previous year: 15,550,000) Equity Shares of ₹ 10/- each fully paid up	1,555.00	1,555.00
Hitachi India Pvt. Ltd. - Subsidiary of Ultimate holding Company		
500,000 (Previous year: 500,000) Equity Shares of ₹ 10/- each fully paid up	50.00	50.00

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

	As at March 31, 2013	As at March 31, 2012
Equity shares of ₹ 10 each fully paid (Nos.)		
Hitachi Appliances Inc., Japan - Holding Company	15,550,000	15,550,000
% holding	67.73%	67.73%

4. Reserves and surplus

	As at March 31, 2013 ₹ Lacs	As at March 31, 2012 ₹ Lacs
Capital Reserve		
Balance as per last financial statements	6.66	6.66
Securities Premium account		
Balance as per last financial statements	3,876.92	3,876.92
General Reserve		
Balance as per last financial statements	787.28	754.66
Add: Amount transferred from surplus balance in Statement of profit and loss	153.03	32.62
Closing balance	940.31	787.28
Surplus in Statement of profit and loss		
Balance as per last financial statements	10,154.77	10,261.49
Profit for the year	1,530.34	326.17
Less: Appropriations		
Proposed dividend on Equity shares	(407.86)	(344.40)
Tax on dividend	(69.32)	(55.87)
Transferred to general reserve	(153.03)	(32.62)
Net Surplus in Statement of profit and loss	11,054.90	10,154.77
Total Reserves and surplus	15,878.79	14,825.63

5. Share Application Money Pending Allotments

The Company has offered 4,599,882 Equity Shares of ₹ 10 each fully paid up ("Rights Issue") for cash at a price of ₹ 130 per Equity Share including a share premium of ₹ 120 per equity share aggregating to ₹ 5,979.85 Lacs to the equity shareholders of the Company on a Rights Basis in the ratio of 1 (One) fully paid-up equity share(s) for every 5 (Five) fully paid-up equity share(s) held by the equity shareholders on the record date, i.e. March 6, 2013. The Rights Issue was closed on March 28, 2013 and applications received for 4,205,259 equity shares amounting to ₹ 5,466.84 lacs (excluding 28,161 equity shares amounting ₹ 36.60 lacs received through ASBA process) is disclosed as Share Application money pending allotment as on the date of Balance Sheet.

Subsequent to the Balance Sheet, on April 8, 2013, the Company has issued and allotted 4,230,876 equity shares of ₹ 10 each against above share application money.

6. Long-term borrowings

	As at March 31, 2013		As at March 31, 2012	
	Non-current ₹ Lacs	Current ₹ Lacs	Non-current ₹ Lacs	Current ₹ Lacs
External commercial borrowing (ECB) from a Bank (Unsecured)	5,520.00	-	-	-
External commercial borrowing (ECB) from the Holding Company (Unsecured)	-	2,681.89	-	2,885.09
Amount disclosed under the head "Other Current Liabilities" (refer note 12)	-	(2,681.89)	-	(2,885.09)
	5,520.00	-	-	-

ECB of USD 10 million, taken from a Bank during the year, carries interest @ 6 month LIBOR plus 125 basis points which is repayable in two equal installments due in year 2014-15 and 2016-17. The principal and interest payment under above loan has been fully hedged under Indian Rupees.

ECB from Holding Company, carrying interest of 1.65% p.a., was taken in financial year 2008-09 and 2009-10 from the Holding Company. The same was repayable in two equal instalments, out of which first instalment has been repaid in financial year 2011-12 and second instalment was repayable in financial year 2012-13, however, deferred to financial year 2013-14.

7. Deferred tax assets / (liabilities) (net)

	As at March 31, 2013 ₹ Lacs	As at March 31, 2012 ₹ Lacs
Deferred tax liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	(520.88)	(221.85)
Gross deferred tax liabilities	(520.88)	(221.85)
Deferred tax assets		
a. Deferment of foreign exchange fluctuation loss under Income Tax Act	73.17	149.14
b. Expenditure debited in Statement of profit and loss but allowed under Income Tax Act on payment basis in subsequent years	362.89	258.88
c. Provision for doubtful debts	80.29	71.65
Gross deferred tax assets	516.35	479.67
Net deferred tax assets / (liabilities)	(4.53)	257.82

8. Other long-term liabilities

	As at March 31, 2013 ₹ Lacs	As at March 31, 2012 ₹ Lacs
Deposits (from employees)	0.96	4.59
	0.96	4.59

9. Provisions

	As at March 31, 2013		As at March 31, 2012	
	Long-term ₹ Lacs	Short-term ₹ Lacs	Long-term ₹ Lacs	Short-term ₹ Lacs
Provision for employee benefits				
- Compensated absences	240.91	92.02	210.95	61.28
- Gratuity	-	2.49	-	-
Other provisions				
- 5 years warranty provision (refer note 43)	564.50	290.65	535.37	267.80
- Provision for litigations (refer note 43)	569.92	-	286.41	188.06
- Provision for proposed dividend	-	407.86	-	344.40
- Provision for tax on proposed dividend	-	69.32	-	55.87
	1,375.33	862.34	1,032.73	917.41

10. Short-term borrowings

	As at March 31, 2013 ₹ Lacs	As at March 31, 2012 ₹ Lacs
Loans repayable on demand from banks:		
- Working capital loans (secured)	5,706.14	1,149.20
- Working capital loan (unsecured)	-	2,000.00
Others:		
Buyers' credit (secured)	2,682.86	3,882.16
	8,389.00	7,031.36
Aggregate amount of secured borrowings	8,389.00	5,031.36
Aggregate amount of unsecured borrowings	-	2,000.00

Working capital loan (Rate of Interest ranging from 8.70% to 14% per annum) and Buyers' credit (Rate of Interest ranging from LIBOR plus 70 basis points to LIBOR plus 120 basis points per annum) facilities from banks are secured by hypothecation of inventories, book debts, movable fixed assets and by equitable mortgage of certain land and buildings of the Company.

11. Trade payables

Trade payables (including Acceptances)

- Outstanding dues of micro and small enterprises (refer note 42)
- Outstanding dues of other than micro and small enterprises

As at March 31, 2013 ₹ Lacs	As at March 31, 2012 ₹ Lacs
-	-
34,734.17	25,643.95
34,734.17	25,643.95

12. Other current liabilities

Current maturities of long-term borrowings (refer note 6)

Advance from customers

Service income received in advance

Interest accrued but not due on borrowings

Unclaimed dividends*

Others:

Deposits (from dealers and others)

Amount due to customers

Forward contracts

Payable for capital goods

Statutory dues payable

Other payables

As at March 31, 2013 ₹ Lacs	As at March 31, 2012 ₹ Lacs
2,681.89	2,885.09
865.01	456.99
332.58	308.43
54.55	35.74
13.10	8.79
201.28	178.22
109.64	64.81
6.50	-
1,405.69	779.39
2,664.52	2,811.87
258.01	258.67
8,592.77	7,788.00

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

13. Tangible and Intangible assets

(₹ Lacs)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 1-Apr-12	Additions	Deductions (Refer note c)	As at 31-Mar-13	As at 1-Apr-12	For the year	Deductions (Refer note c)	As at 31-Mar-13	As at 31-Mar-13	As at 31-Mar-12
Tangible assets:										
Freehold Land	2,084.71	-	-	2,084.71	-	-	-	-	2,084.71	2,084.71
Buildings	3,523.97	2,340.64	1,783.10	4,081.51	474.92	88.87	167.76	396.03	3,685.48	3,049.05
Plant & Machinery	9,233.03	8,395.90	5,271.49	12,357.44	4,396.86	952.01	1,673.13	3,675.74	8,681.70	4,836.17
Computers	695.55	104.93	54.89	745.59	516.11	75.72	41.23	550.60	194.99	179.44
Furniture and fixture	522.26	114.90	69.95	567.21	285.62	54.21	29.23	310.60	256.61	236.64
Office equipments	358.75	106.46	74.62	390.59	206.63	60.12	51.27	215.48	175.11	152.12
Electrical installations	574.33	416.23	345.64	644.92	227.99	44.84	124.92	147.91	497.01	346.34
Vehicles	580.13	354.87	125.04	809.96	224.29	99.21	85.36	238.14	571.82	355.84
Total Tangible assets	17,572.73	11,833.93	7,724.73	21,681.93	6,332.42	1,374.98	2,172.90	5,534.50	16,147.43	11,240.31
Intangible assets:										
Trade mark	210.00	-	-	210.00	210.00	-	-	210.00	-	-
Software capitalisation	504.94	9.58	14.85	499.67	455.88	40.36	14.85	481.39	18.28	49.06
Technical know how	3,071.64	525.12	-	3,596.76	1,404.89	603.08	-	2,007.97	1,588.79	1,666.75
Total Intangible assets	3,786.58	534.70	14.85	4,306.43	2,070.77	643.44	14.85	2,699.36	1,607.07	1,715.81
TOTAL	21,359.31	12,368.63	7,739.58	25,988.36	8,403.19	2,018.42	2,187.75	8,233.86	17,754.50	12,956.12
Previous year	19,863.26	1,753.75	257.70	21,359.31	6,768.96	1,831.74	197.51	8,403.19	12,956.12	
Capital Work in Progress									429.42	603.74
Intangible assets under development									657.89	670.52

Notes:

- Plant & Machinery includes testing equipment and moulds and tools with gross block ₹ 5,087.07 Lacs (Previous year ₹ 3,239.35 Lacs) and net block of ₹ 2,117.09 Lacs (Previous year ₹ 845.56 Lacs).
- Buildings include ₹ 130.36 lacs (Previous year: ₹ 130.36 lacs) in respect of ownership of premises in co-operative housing society and non trading corporations. Shares with face value of ₹ 1 (Previous year: ₹ 1) are fully paid up and unquoted.
- Deductions include gross block of ₹ 7,501.28 (Previous year ₹ Nil) and accumulated depreciation of ₹ 2,014.90 (Previous year ₹ Nil) pertaining to fixed assets destroyed in fire.

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

		As at March 31, 2013		As at March 31, 2012	
		Long-term ₹ Lacs	Short-term ₹ Lacs	Long-term ₹ Lacs	Short-term ₹ Lacs
Capital advances (considered good)	(A)	64.90	-	135.02	-
Deposits (considered good)	(B)	256.24	137.44	306.99	43.65
Advances recoverable in cash or kind					
- Considered good		155.19	1,925.33	245.80	1,310.22
- Considered doubtful		536.19	-	1,144.01	-
		691.38	1,925.33	1,389.81	1,310.22
Provision for doubtful advances		(536.19)	-	(1,144.01)	-
	(C)	155.19	1,925.33	245.80	1,310.22
Other loans and advances (considered good)					
- Advance income-tax (net of provision for taxation)		191.62	-	247.37	-
- MAT credit entitlement		216.98	-	-	-
- VAT credit receivable (refer note 45)		908.37	0.80	725.25	-
- Balances with statutory / government authorities		-	753.12	-	82.90
	(D)	1,316.97	753.92	972.62	82.90
Total (A+B+C+D)		1,793.30	2,816.69	1,660.43	1,436.77

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

	As at March 31, 2013 ₹ Lacs	As at March 31, 2012 ₹ Lacs
Raw material [including goods in transit ₹ 6,044 lacs (Previous year ₹ 2,719 lacs)]	13,199.05	12,903.31
Work-in-progress (refer note 23)	2,052.71	1,723.09
Finished goods (refer note 23)	11,084.54	9,588.54
Stock-in-trade [including goods in transit ₹ 645 lacs (Previous year ₹ 503 lacs)] (refer note 23)	4,157.63	2,535.58
Stores and spares	70.36	56.85
	30,564.29	26,807.37

16. Trade receivables

	As at March 31, 2013 ₹ Lacs	As at March 31, 2012 ₹ Lacs
Debts outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered good	234.49	391.56
Considered doubtful	236.23	220.86
Provision for doubtful debts	(236.23)	(220.86)
(A)	234.49	391.56
Other debts		
Secured, Considered good	190.19	169.75
Unsecured, Considered good	16,027.92	14,252.46
(B)	16,218.11	14,422.21
Total (A+B)	16,452.60	14,813.77

17. Cash and bank balances

		As at March 31, 2013		As at March 31, 2012	
		Non-current ₹ Lacs	Current ₹ Lacs	Non-current ₹ Lacs	Current ₹ Lacs
Cash and cash equivalents					
Cash on hand	(A)	-	14.79	-	6.22
Balances with bank					
- on current account		-	196.23	-	122.39
- on unpaid dividend account		-	13.10	-	8.79
- on cash credit account		-	1,415.51	-	89.65
- on rights issue share application money account (Use restricted for objects of Rights Issue)		-	5,466.84	-	-
	(B)	-	7,091.68	-	220.83
Other bank balances					
- Margin money deposit		0.51	51.43	0.51	37.00
	(C)	0.51	51.43	0.51	37.00
Total (A+B+C)		0.51	7,157.90	0.51	264.05
Amount disclosed under the head "Non-current assets" (refer note 18)		(0.51)	-	(0.51)	-
		-	7,157.90	-	264.05

18. Other assets

	As at March 31, 2013		As at March 31, 2012	
	Non-current ₹ Lacs	Current ₹ Lacs	Non-current ₹ Lacs	Current ₹ Lacs
Unamortised premium on forward contract	-	2.32	-	17.86
Interest accrued on margin money deposits	-	0.64	-	0.30
Foreign currency receivable (on forward contract)	-	1.13	-	22.40
Non-current bank balances	0.51	-	0.51	-
Insurance claim receivable (refer note 46)	-	5,410.68	-	-
Unbilled Revenue	-	78.86	-	28.01
	0.51	5,493.63	0.51	68.57

19. Revenue from operations

	For the year ended March 31, 2013 ₹ Lacs	For the year ended March 31, 2012 ₹ Lacs
Sale of products	94,365.42	80,616.31
Sale of services	6,653.44	5,162.50
Other operating revenue	903.23	953.12
Revenue from operations (gross)	101,922.09	86,731.93
Details of products sold		
Air conditioners (including chillers and VRF systems)	82,710.00	72,414.80
Refrigerators	5,986.68	4,464.47
Spares and accessories	3,712.38	2,743.67
Others	1,956.36	993.37
	94,365.42	80,616.31
Details of Services rendered		
Annual Maintenance Contract service	5,397.97	4,215.34
Repair & Installation service	1,255.47	947.16
	6,653.44	5,162.50
Details of Other operating revenue		
Scrap sales	709.02	730.05
Commission income	191.39	218.15
Miscellaneous income	2.82	4.92
	903.23	953.12

20. Other income

	For the year ended March 31, 2013 ₹ Lacs	For the year ended March 31, 2012 ₹ Lacs
Interest income		
from banks	101.95	3.34
from others	7.47	27.54
Net gain on sale of fixed assets	5.28	7.29
Miscellaneous income	46.00	49.24
	160.70	87.41

21. Cost of raw-material and components consumed

	For the year ended March 31, 2013 ₹ Lacs	For the year ended March 31, 2012 ₹ Lacs
Cost of raw material and other components consumed	50,765.32	43,093.44
Details of raw material consumed		
Compressors	14,069.87	11,670.67
Copper	6,005.87	6,297.15
Fan Motors	4,987.48	3,430.14
Others (Including packing materials)	25,702.10	21,695.48
	50,765.32	43,093.44

22. Purchase of stock-in-trade

	For the year ended March 31, 2013 ₹ Lacs	For the year ended March 31, 2012 ₹ Lacs
Purchase of stock-in-trade	12,895.20	5,715.63
Details of purchase of stock-in-trade		
Air conditioners (including chillers and VRF systems)	2,819.62	424.48
Refrigerators	5,603.37	2,384.41
Spares and accessories	2,720.45	2,101.24
Others	1,751.76	805.50
	12,895.20	5,715.63

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

	For the year ended March 31, 2013 ₹ Lacs	For the year ended March 31, 2012 ₹ Lacs	Decrease / (Increase) ₹ Lacs
Inventories at the end of the year			
Work-in-progress	2,052.71	1,723.09	(329.62)
Finished goods	11,084.54	9,588.54	(1,496.00)
Stock-in-trade	4,157.63	2,535.58	(1,622.05)
	17,294.88	13,847.21	(3,447.67)
Inventories at the beginning of the year			
Work-in-progress	1,723.09	2,258.32	535.23
Finished goods	9,588.54	11,899.07	2,310.53
Stock-in-trade	2,535.58	3,188.60	653.02
	13,847.21	17,345.99	3,498.78
(Increase)/decrease of excise duty on inventories	175.38	(136.53)	
	(3,272.29)	3,362.25	

Details of inventories

	For the year ended March 31, 2013 ₹ Lacs	For the year ended March 31, 2012 ₹ Lacs
Work-in-progress		
Coils (Heat exchangers)	420.96	471.82
Cooling coil Assembly	383.94	288.05
Others	1,247.81	963.22
	2,052.71	1,723.09
Finished goods		
Air conditioners	11,084.54	9,588.54
Stock-in-trade		
Air conditioners (including chillers and VRF systems)	129.45	13.57
Refrigerators	2,061.01	858.94
Spares and accessories	1,814.43	1,594.24
Others	152.74	68.83
	4,157.63	2,535.58

24. Employee benefits expense

[Refer note 47(b)]

	For the year ended March 31, 2013 ₹ Lacs	For the year ended March 31, 2012 ₹ Lacs
Salaries, wages and bonus	5,661.56	4,788.24
Contribution to provident and other funds	309.20	241.80
Gratuity expenses (refer note 30)	170.86	8.98
Workmen and staff welfare expenses	271.27	239.48
	6,412.89	5,278.50

25. Finance costs

	For the year ended March 31, 2013 ₹ Lacs	For the year ended March 31, 2012 ₹ Lacs
Interest	504.34	386.97
Bank charges	37.57	63.77
Exchange difference as an adjustment to borrowing cost	178.82	552.10
	720.73	1,002.84

26. Other expenses

[Refer note 47(a)]

	For the year ended March 31, 2013 ₹ Lacs	For the year ended March 31, 2012 ₹ Lacs
Consumption of stores and spares	54.74	25.32
Power and Fuel	332.64	287.41
Rent	971.06	1,024.84
Repairs & Maintenance - Building	20.18	14.12
Repairs & Maintenance - Machinery	180.56	197.04
Repairs & Maintenance - Others	111.35	90.92
Insurance	101.73	56.51
Rates & Taxes	261.09	147.52
Advertisement and sales promotion (net of recoveries)	4,090.58	4,218.54
Annual Maintenance Contract (AMC) expenses	3,529.08	2,917.46
Freight and forwarding expenses	3,101.28	2,853.71
Legal and professional fees	288.30	185.20
Provision for doubtful debts	15.38	94.27
Bad Debt Written off	6.63	-
Contract labour charges	1,155.27	1,149.35
Loss on Foreign Exchange Fluctuations (net)	332.79	441.91
Payment to Auditors*	40.46	28.59
Royalty	2,065.94	1,745.12
Warranty expenses	1,010.40	1,009.25
Miscellaneous expenses	3,884.05	2,845.57
	21,553.51	19,332.65

*Payment to Auditors

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
As auditor:		
- Statutory Audit fees	14.50	12.50
- Tax audit fees	4.00	4.00
- Limited reviews	10.50	10.50
- Certification for Rights Issue	10.00	-
In other capacity:		
- Certification fees	0.97	1.20
Reimbursement of expenses	0.49	0.39
	40.46	28.59

27. Earnings per share (EPS)

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
Net profit after tax for calculation of basic EPS	1,530.34	326.17
Weighted average number of Equity shares considered in calculating basic and diluted EPS	22,960,008	22,960,008
Earning per share (Basic and Diluted) ₹	6.67	1.42

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

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
1) Contract Revenue recognised for the year	1978.69	992.07
2) For on-going contracts as on 31st March		
Cost incurred plus recognised profits (or, less recognised losses)	2,953.79	1,090.26
Advances received	116.66	191.55
Retention amount	242.10	75.50
Gross amount due from customers	78.86	28.01
Gross amount due to customers	109.64	64.81

29. Segment reporting

Business segment:

The Company is engaged in the business of manufacturing, trading and other related services of Air conditioners, Chillers and Refrigerators. Since the Company's business falls within a single business segment of Cooling Products for comfort and commercial use, disclosures under Accounting Standard (AS) 17 – Segment Reporting are not required.

Geographical segment:

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

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

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

Gratuity:

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

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

Statement of profit and loss

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
Net employee benefit expense (recognised in Employee benefits expense)		
Current service cost	62.95	35.70
Interest cost on benefit obligation	26.51	24.56
Expected return on plan assets	34.93	32.48
Net actuarial loss/(gain) recognised in the year	116.33	(18.80)
Net benefit expense	170.86	8.98
Actual return on plan assets	33.10	32.29

Balance sheet

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
Benefit asset/liability		
Fair value of plan assets	515.08	402.60
Present value of defined benefit obligation	517.57	315.39
Benefit asset / (liability)	(2.49)	87.21

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

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
Opening defined benefit obligation	315.39	297.71
Interest cost	26.51	24.56
Current service cost	62.95	35.70
Benefits paid	7.36	22.04
Actuarial (gains) / losses on obligation	120.08	(20.54)
Closing defined benefit obligation	517.57	315.39

Changes in the fair value of plan assets are as follows

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
Opening fair value of plan assets	402.60	330.44
Expected return	34.93	32.48
Contributions by employer	73.80	41.42
Actuarial gains / (losses)	3.75	(1.74)
Closing fair value of plan assets	515.08	402.60

The Company expects to contribute ₹ 60 lacs (Previous year: ₹ Nil) to gratuity fund in the next Financial year.

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

	March 31, 2013	March 31, 2012
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:

	March 31, 2013	March 31, 2012
Discount rate	8.00%	8.50%
Expected rate of return on assets	9.25%	9.25%
Increase in Compensation cost	7.00%	6.00%

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

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

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs	March 31, 2011 ₹ Lacs	March 31, 2010 ₹ Lacs	March 31, 2009 ₹ Lacs
Defined benefit obligation	517.57	315.39	297.71	248.94	163.81
Plan assets	515.08	402.60	330.43	250.23	175.78
Surplus / (deficit)	(2.49)	87.21	32.72	1.29	11.97
Experience adjustments on plan liabilities	41.73	7.12	(11.61)	33.40	(41.90)
Experience adjustments on plan assets	(3.75)	1.74	(19.12)	4.28	12.86

Defined Contribution Plan:

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

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
Employer's Contribution to Provident Fund	197.40	156.48
Employer's Contribution to ESIC	56.81	41.04
Employer's Contribution to Super Annuation	25.59	19.34
Employer's Contribution to Employee Deposit Link Insurance	8.58	9.01
	288.38	225.87

31. Leases

Certain premises are obtained on cancellable and non-cancellable operating lease that are renewable either at the option of lessor or lessee or both. Further, there are no subleases nor any restrictions imposed in lease agreements. Lease rentals debited to Statement of profit and loss for the year is ₹ 971.06 lacs (Previous year ₹ 1024.84 lacs).

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

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
Not later than one year	259.76	183.83
Later than one year but not later than five years	632.13	386.51
Later than five years	164.17	267.86

32. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as on March 31, 2013: ₹ 149.87 lacs (Previous year: ₹ 643.68 lacs).

33. Contingent Liabilities

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
Legal matters under dispute *:		
Service tax	144.80	199.57
Sales tax	284.18	264.77
Customs duty	0.92	0.92
Excise duty	17.16	0.50
Guarantees given by the bankers on behalf of the Company	78.15	44.09
Claims against the Company not acknowledged as debts	64.32	59.21
	589.53	569.06

* The company is contesting the demands and the management believe that its position will likely be upheld in the appellate process. It is not practicable to estimate the timing of cash outflows, if any in respect of legal matters, pending resolution of the proceedings with the appellate authorities.

34. Research & Development Expenditure

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
Revenue expenditure	397.92	371.65
Capital expenditure	10.11	11.03

35. Related Party Disclosures

(a) List of related Parties and Relationship

Relation	Parties
A. Related parties exercising control	Hitachi Ltd., Japan, (Ultimate Holding Company) Hitachi Appliances Inc., Japan (Holding Company)
B. Parties under common control (Fellow Subsidiaries)	Hitachi Air Conditioning Products (M) Sdn. Bhd. Hitachi Asia Ltd. – Singapore Hitachi Household Appliances (Wuhu) Co. Ltd. Hitachi Procurement Service Co. Ltd. Hitachi Metglass (India) Private Ltd. Shanghai Hitachi Electrical Appliances Co. Ltd. Hitachi Consumer Products (Thailand) Ltd. Hitachi Koki India Ltd. Hitachi Air Conditioning & Refrigerating Products (Guangzhou) Co. Ltd. Hitachi India Private Ltd. Hitachi Lift India Private Ltd. Hitachi Transport System India Private Ltd. Shizuoka Hitachi Co., Ltd. Hitachi Data Systems Hitachi Hi-rel Power Electronics Private Ltd. Taiwan Hitachi Co., Ltd. Hitachi Cable Asia Pacific (HCAP) Pte Ltd. Hitachi High Technologies Hong Kong Ltd. Luvata Heating Cooling Technologies (Thailand) Ltd. (earlier known as 'Luvata Hitachi Cable (Thailand) Ltd'.) Flyjac Logistics Private Ltd. Tata Hitachi Construction Machinery Co. Ltd.
C. Key Managerial personnel	Mr. Motoo Morimoto (Managing Director) 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.	-	(-)	11,118.48	(9,478.07)	-	(-)
	Hitachi Household Appliances (Wuhu) Co. Ltd.	-	(-)	4,024.35	(1,710.56)	-	(-)
	Luvata Heating Cooling Technologies (Thailand) Limited	-	(-)	4,840.59	(4,551.65)	-	(-)
	Hitachi Appliances Inc.	27.11	(13.39)	-	(-)	-	(-)
	Others	-	(-)	302.89	(393.48)	-	(-)
2	Purchase of stock-in-trade						
	Hitachi Asia Ltd., Singapore	-	(-)	206.64	(487.75)	-	(-)
	Hitachi Consumer Products (Thailand) Ltd.	-	(-)	4,157.42	(1,632.65)	-	(-)
	Hitachi Appliances Inc.	466.66	(-)	-	(-)	-	(-)
	Hitachi Household Appliances (Wuhu) Co. Ltd.	-	(-)	1,518.21	(-)	-	(-)
3	Technical know-how fees (capitalised)						
	Hitachi Appliances Inc.	324.22	(995.99)	-	(-)	-	(-)
4	Consultancy fees paid (capitalised)						
	Hitachi Appliances Inc.	352.01	(311.48)	-	(-)	-	(-)
5	Commission income						
	Hitachi Asia Ltd., Singapore	-	(-)	54.40	(218.15)	-	(-)
	Hitachi Appliances Inc.	136.99	(-)	-	(-)	-	(-)
6	Sale of products						
	Hitachi Koki India Ltd.	-	(-)	1.39	(8.02)	-	(-)
	Hitachi Hi-rel Power Electronics Private Ltd.	-	(-)	26.46	(24.37)	-	(-)
	Others	-	(-)	2.85	(6.85)	-	(-)
7	Sale of services						
	Hitachi Metglass (India) Private Ltd.	-	(-)	9.94	(8.61)	-	(-)
	Hitachi Hi-rel Power Electronics Private Ltd.	-	(-)	12.88	(-)	-	(-)
	Others	-	(-)	0.26	(6.54)	-	(-)
8	Interest expenses on external commercial borrowings						
	Hitachi Appliances Inc.	51.65	(82.09)	-	(-)	-	(-)
9	Advertisement recovery						
	Hitachi Appliances Inc.	31.61	(-)	-	(-)	-	(-)
	Hitachi Consumer Products (Thailand) Ltd.	-	(-)	109.77	(127.36)	-	(-)
10	Remuneration paid						
	Mr. Motoo Morimoto	-	(-)	-	(-)	48.13	(46.84)
	Mr. Vinay Chauhan	-	(-)	-	(-)	69.48	(58.57)
	Mr. Amit Doshi	-	(-)	-	(-)	63.61	(56.77)
	Mr. Anil Shah	-	(-)	-	(-)	67.59	(57.37)

Sr. No.	Transactions		Holding Company		Fellow Subsidiaries		Key Management Personnel
11	Royalty paid						
	Hitachi Appliances Inc.	2,015.89	(1,702.44)	-	(-)	-	(-)
12	Purchase of capital goods						
	Hitachi Procurement Service Co. Ltd.	-	(-)	1.54	(1.40)	-	(-)
	Shizuoka Hitachi Co., Ltd.	-	(-)	247.89	(2.55)	-	(-)
	Hitachi Appliances Inc.	57.63	(-)	-	(-)	-	(-)
13	Reimbursement paid						
	Hitachi Appliances Inc.	60.13	(70.93)	-	(-)	-	(-)
14	Import freight, local freight and custom clearing expenses						
	Hitachi Transport Systems India Private Ltd.	-	(-)	298.46	(484.73)	-	(-)
	Flyjac Logistics Private Limited	-	(-)	369.27	(-)	-	(-)
15	Repayment of External Commercial Borrowings						
	Hitachi Appliances Inc.	-	(3,125.11)	-	(-)	-	(-)
16	Other Income						
	Hitachi Appliances Inc.	6.00	(0.55)	-	(-)	-	(-)
	Hitachi India Private Ltd.	-	(-)	2.29	(-)	-	(-)
17	Dividend Payment						
	Hitachi Appliances Inc.	233.25	(233.25)	-	(-)	-	(-)
	Hitachi India Private Ltd.	-	(-)	7.50	(7.50)	-	(-)
18	Towards Rights Issue Application Money						
	Hitachi Appliances Inc.	5,381.86	(-)	-	(-)	-	(-)
	Mr. Vinay Chauhan	-	(-)	-	(-)	0.05	(-)
19	External Commercial Borrowings outstanding as on Balance sheet date						
	Hitachi Appliances Inc.	2,681.89	(2,885.09)				
20	Debit balance outstanding as on Balance sheet date						
	Hitachi Asia Ltd.	-	(-)	-	(12.56)	-	(-)
	Hitachi Hi-rel Power Electronics Private Ltd.	-	(-)	2.77	(-)	-	(-)
	Tata Hitachi Construction Machinery Co. Ltd.	-	(-)	1.76	(-)	-	(-)
	Others	-	(-)	2.54	(7.40)	-	(-)
21	Credit balance outstanding as on Balance sheet date						
	Hitachi Appliances Inc.	2,589.02	(1,333.16)	-	(-)	-	(-)
	Shanghai Hitachi Electrical Appliances Co. Ltd.	-	(-)	6,013.14	(4,778.40)	-	(-)
	Hitachi Household Appliances (Wuhu) Co. Ltd.	-	(-)	1,198.95	(-)	-	(-)
	Luvata Heating Cooling Technologies (Thailand) Limited	-	(-)	1,758.56	(2,092.87)	-	(-)
	Others	-	(-)	1,005.65	(1,218.78)	-	(-)

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

36. Derivative instruments and unhedged foreign currency exposure

a. Particulars of unhedged foreign currency exposure

	Currency	March 31, 2013 Lacs	March 31, 2012 Lacs
Trade payables (including acceptances)	USD	213.98	133.34
	JPY	19.33	21.66
	Equivalent INR	11,632.84	6,798.68
Payables for capital goods	USD	7.46	-
	JPY	1,331.19	1,129.19
	EURO	0.03	-
	Equivalent INR	1,172.01	700.38
Buyers' credit	USD	20.53	57.70
	Equivalent INR	1,115.33	2,935.86
Loans and Advances (including Capital Advances)	USD	3.49	3.60
	JPY	2.49	-
	EURO	-	0.38
	SGD	0.12	-
	Equivalent INR	196.27	209.07
Trade Receivables	USD	0.74	1.03
	JPY	15.00	-
	Equivalent INR	48.83	52.47
External Commercial Borrowings	JPY	4,650.00	4,650.00
	Equivalent INR	2,681.89	2,885.09
ECB Interest (accrued but not due)	JPY	23.65	23.84
	Equivalent INR	13.64	14.79
Buyers' credit interest	USD	0.11	0.22
	Equivalent INR	6.04	11.24

b. Forward Contracts outstanding

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

	Currency	March 31, 2013 Lacs	March 31, 2012 Lacs
Trade payables	USD	15.91	48.32
Buyers' credit	USD	28.86	18.60
External Commercial Borrowings*	USD	100.00	-
ECB Interest (accrued but not due)	USD	0.59	-

*ECB of USD 10 million, taken from a Bank during the year, carries interest @ 6 month LIBOR plus 125 basis points which is repayable in two equal installments due in year 2014-15 and 2016-17. The principal and interest payment under above loan has been fully hedged under Indian Rupees and interest liability has been swapped against fixed interest @ 7.45% per annum.

37. Earnings in foreign exchange (accrual basis)

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
Export of trading goods (on FOB basis)	0.16	0.02
Commission income	191.39	218.15
Reimbursement of advertisement and other expenses	147.00	127.92
	338.55	346.09

38. Expenditure in foreign currency (accrual basis)

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
Interest	136.57	103.06
Royalty	1,815.26	1,532.20
Technical know how (capitalised)	291.80	896.39
Salaries	60.13	70.93
Consultancy fees and other expenses (capitalised)	316.81	280.33
Others	14.06	25.33
	2,634.63	2,908.24

39. Value of imports calculated on CIF basis

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
Capital goods	4,689.68	339.39
Raw materials, components & spares parts	28,666.37	22,238.99
Stock-in-trade	6,729.38	2,304.67
	40,085.43	24,883.05

40. Net dividend remitted in foreign exchange

	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
Amount remitted	233.25	233.25
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	15,550,000	15,550,000
Year to which dividend relates to	2011-12	2010-11

41. Imported and indigenous raw material and spare parts consumed

	% of total consumption March 31, 2013	Value March 31, 2013 ₹ Lacs	% of total consumption March 31, 2012	Value March 31, 2012 ₹ Lacs
Consumption of raw materials				
Indigenous	37.09%	18,830.48	41.25%	17,775.59
Imported	62.91%	31,934.84	58.75%	25,317.85
	100.00%	50,765.32	100.00%	43,093.44
Consumption of stores and spares				
Indigenous	95.37%	52.21	83.85%	21.23
Imported	4.63%	2.53	16.15%	4.09
	100.00%	54.74	100.00%	25.32

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

Based on information available with the Company, there are no suppliers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprise Development Act, 2006" (Act) till 31st March, 2013. Accordingly, no disclosures are required to be made under said Act.

43. Provisions

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

(Figures in parenthesis represent previous year numbers)

	March 31, 2012	Provision during the year	Utilised during the year	Reversal during the year	March 31, 2013
					(₹ Lacs)
Provision for 5 Years Warranty	803.17 (642.80)	319.08 (366.71)	259.83 (206.34)	7.27 -	855.15 (803.17)
Provision for litigations	474.47 (427.73)	292.51 (46.74)	193.18 -	3.88 -	569.92 (474.47)

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 certain legal matters like VAT, Service tax, excise duty etc, whose outcome depends on ultimate settlement / conclusion with relevant authorities.
44. The Company is eligible for refund of excise duty paid on goods manufactured and removed from Jammu unit, other than the amount of duty paid by utilisation of CENVAT credit, in terms of Notification No. 56/2002-CE dated 14-11-2002. Excise duty recovered as disclosed in the Statement of profit and loss is net of such refund of ₹ 295.88 lacs (Previous year ₹ 414.44 lacs).
45. The Company avails input tax credit on purchases made by it from the dealers availing VAT Remission Scheme under the Jammu and Kashmir Value Added Tax Act, 2005 (J&K VAT Act) since FY 2005-06. During the year, the Company has accounted input tax credit as per section 21 & 22 of J&K VAT Act of ₹ 183.12 lacs (aggregated till date ₹ 908.37 lacs) net of ₹ 46.41 lacs (aggregated till date ₹ 466.80 lacs), being the amount adjusted against the payment of Central Sales Tax and Value Added Tax liabilities on sales made from Jammu and Kashmir unit ("VAT Set off"). In respect of the said matter, the Company has received a demand of ₹ 17.79 lacs being the VAT set off claimed in FY 2005-06, which has been challenged by the Company in High Court of Jammu & Kashmir and the matter is subjudice till the date of balance sheet. The Company, based on the external opinion, has considered the entire input tax credit of ₹ 908.37 lacs (net of VAT setoff claimed of ₹ 466.80 lacs) as recoverable.
46. There was a major fire on 18th July, 2012 at Unit II in Kadi plant due to which it had become non-operational, which has been reconstructed and production has recommenced from 13th January 2013. The loss incurred by the Company is adequately covered under insurance policy, which is on replacement cost basis. Accordingly, the Company has recognized insurance claim to the extent of written down value of fixed assets and costs of inventories destroyed / damaged only. The Company is in advanced stage of finalization of claim with insurers and has so far received ₹ 7,000 lacs from the Insurance Company by way of an "on account" payment in addition to the salvage value of destroyed assets / inventories. Balance amount of claim is disclosed as Insurance claim receivable in note no. 18.
- Based on affirmation of Insurance Company, the management believes that there is certainty with respect to the realization of balance insurance claim and accordingly, no other adjustments are required in the financial in this regard.
47. a) The Company accrues certain sales related expenses on an estimated basis, which are reviewed at the each period end and any excess or short provisions are reversed or accounted for in respective expense heads. Accordingly, respective expenses under the head "Other Expenses" are net of write back of excess provision of earlier years amounting to ₹ 924.90 lacs (Previous year ₹ 788.73 lacs).
- b) Employee benefits expense is net of write back of excess provision of earlier year amounting to ₹ 137.25 lacs (Previous year ₹ 72.80 lacs).

48. Prior year comparatives

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W

per Arpit K. Patel

Partner

Membership No: 34032

Place : Ahmedabad

Date : May 15, 2013

For and on behalf of the Board of Directors

Motoo Morimoto
Managing Director

Anil Shah
Executive Director

Parag Dave
Company Secretary

Place : Ahmedabad

Date : May 15, 2013

RECONSTRUCTED MANUFACTURING UNIT II AT KADI



From ashes to glory
in a record 165 days.

Shri Narendra Modi, Hon'ble Chief Minister of Gujarat
inaugurates Hitachi's AC manufacturing plant today,
reconstructed in a record 165 days.





Special Guests:
Smt. Anandiben Patel (Hon'ble Minister for Revenue, R&B, Urban Development & Urban Housing Dept., Govt. of Gujarat)
Shri Nitinbhai Patel (Hon'ble Minister for Finance, Health, Medical Education, Family Welfare & Transport, Govt. of Gujarat)



Erection of building



Machinery installation



Visit of Mr. Hiroaki Nakanishi, President of
Hitachi Limited, Japan



Visit of Mr. Haruki Yamamoto, President of
Hitachi Appliances Inc., Japan

GLIMPSES OF THE YEAR



Launch of New AC & Refrigerator Range-2013



Dealers' visit at reconstructed manufacturing Unit II at Kadi



Technical Training Programme



Support to the school for challenged children



Navchandi Pooja at Kadi Unit II

PRESS ADVERTISING



New French Door Bottom Freezer Refrigerator Ad



Refrigerator Range Ad



i-Clean AC Ad



Tactical AC Ad



AC Range for B2B Category

TELEVISION COMMERCIAL

Hitachi i-Clean AC-Life Uninterrupted (30 sec)



HITACHI

Inspire the Next

Hitachi Home & Life Solutions (India) Limited

Regd. Office: 9th Floor, Abhijeet-1, Mithakhali Six Roads, Ahmedabad - 380006, Gujarat, India.
Head Office & Works: Hitachi Complex, Karan Nagar, Kadi, Distt. - Mehsana - 382727, Gujarat, India.
E-mail: hitachi@hitachi-hli.com; Website: www.hitachi-hli.com

FORM A

Disclosure under Clause 31 of the Listing Agreement

1.	Name of the Company:	Hitachi Home & Life Solutions (India) Limited
2.	Annual financial statements for the year ended	31st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable

Motoo Morimoto

Motoo Morimoto
Managing Director

Anil Shah

Anil Shah
Executive Director
Finance & Accounts

Arpit K. Patel

Arpit K. Patel,
Partner
For S. R. Batliboi & Associates LLP
(Statutory Auditor of the Company)

Mukesh Patel

Mukesh Patel
Audit Committee Chairman