



ANNUAL REPORT 2008-09

Hitachi Home & Life Solutions (India) Limited

HITACHI
Inspire the Next

OUR PRODUCT RANGE



Ace Followme



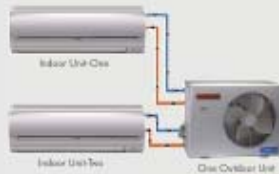
Ace Cutout



Ace



Star



Atom²



Atom XL



IOTA



Quadricool TM



Quadricool



Cassette



Big French Refrigerator



3-Door Refrigerator



2-Door Refrigerator



Takumi Ductables



Concealed Splits



Set Free System



Self-Contained AC



Air-Cooled Chiller



Water-Cooled Chiller



Space maker

MESSAGE FROM THE CHAIRMAN



Kenichi Munakata

Chairman

Hitachi Home & Life Solutions (India) Ltd.

In order to pass on a living environment blessed with nature to the next generation, Hitachi Home & Life Solutions (India) Ltd. (HHLI) will maintain close contact with the "Lifestyle Zone" in striving to contribute to "quality of life."

I would like to take this opportunity to greet all the shareholders of Hitachi Home & Life Solutions (India) Ltd. (HHLI). As I informed you during my last year communication, I am serving your Company as Chairman since February 2008.

Your Company has made an Operating Profit (Profit before Depreciation, Interest and Tax) of Rs. 373.88 Mn. and contributed to the consolidated accounts of Hitachi Group. While Company has made profit this year there has been a severe dent in the profit percentage which has dropped considerably.

The year 2008-09 has seen the global economic slowdown. Last year, economic crisis attacked all countries, especially the major economies like US, UK, Japan are all reporting negative GDP growths and unfortunately India also got hit.

Indian Room Air conditioning industry experienced the sales growth of around 7% over previous year. The market category of Ductable air conditioners however went in to a sharp decline this year. The growth in this category was good during the first half of the financial year gone by. However the second half turned out to be a real bad time for the category. The result is that for the entire financial year the industry has negative growth by 20% approximately. The telecom industry however seems to have ducked the trend of de-growth. The industry maintained a status quo against last year and hence the need for Telecom Tower air-conditioning was not impacted too much.

This year saw further increase in share of the Split Air conditioners among the Room Air conditioners segment. Your Company being the pioneer of technological innovations is bound to benefit from this trend. During this year Company has launched "ACE FOLLOWME" (Tr: 1.5 & 2.0) and "ACE CUTOUT" (Tr: 0.9, 1.2, 1.5 & 2.0) range of Split Air conditioners. This range will further establish Company's technological leadership in the market.

Your Company has adopted voluntarily the energy efficiency rating scheme introduced by BEE (Bureau of Energy Efficiency). I proudly convey that 57% of Hitachi branded split air conditioners come with a 5 star rating and 80% of Hitachi branded split Air conditioners sold are 5 star rated (Based on the sales figures of the last quarter of FY 2008-09).

The Refrigerator category which had been doing well since its launch, continued this year also. Your Company achieved growth by over 50% in this category, though on a small base. However the profit margin was affected due to increase in per unit price and high price of US Dollar.

As shared above your Company has negative growth in the segment of ductable air conditioners. However in Chiller segment, which is a trading business, Company achieved growth by around 13%. This growth again has come on a small base.

This year has been the most dynamic and challenging year in the context of Indian Business. There was an increase in metal prices and US dollar prices which affected adversely. The economy experienced slow down in fresh investments. Some impact has started to mellow down by the end of the financial year. The metal prices at least had shown some down side from the peaks of the year. Dollar also ended the year with at least some stability. Your Company will continue to strive to serve the Indian consumer in spite of the above downturns and impacts. This has been demonstrated as Company was amongst few companies which decided to go ahead with new launch of Split Air conditioners at a very early stage of the season 2009. Company completed launches for the new products by the 1st week of February. This was much ahead of the competition.

Your Company has successfully entered into 25th year of cooling India. It has seen lots of opportunities and challenges during this tenure. Company is now increasing the production capacity by constructing a new factory at Kadi (Gujarat), this will help meeting growing demand of its products.

Finally, on behalf of the Board of Directors of your Company, I convey my sincere gratitude to all customers, investors and other stakeholders for the support and confidence, and assure you of our commitment to strive for bigger achievements in the coming years.

BOARD OF DIRECTORS



Kenichi Munakata
Chairman



Shinichi Iizuka
Managing Director



Amit Doshi
Executive Director



Anil Shah
Executive Director



Vinay Chauhan
Executive Director



Dr. Anwar Ali
Director



Ashok Balwani
Director



Dr. Devender Nath
Director



L.G. Ramakrishnan
Director



Mukesh Patel
Director



Ravindra Jain
Director



Tarun Sheth
Director

BOARD OF DIRECTORS

Kenichi Munakata	Chairman
Shinichi Iizuka	Managing Director
Amit Doshi	Executive Director
Anil Shah	Executive Director
Vinay Chauhan	Executive Director
Dr. Anwar Ali	Director
Ashok Balwani	Director
Dr. Devender Nath	Director
L G Ramakrishnan	Director
Mukesh Patel	Director
Ravindra Jain	Director
Tarun Sheth	Director

AUDITORS

S R Batliboi & Co.
Chartered Accountants,
Mumbai

BANKERS

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

REGISTERED OFFICE

9th Floor, "Abhijeet",
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

Pinnacle Shares Registry Pvt. Ltd.
Arvind Ashoka Aruna Hospital Premises,
Nr. Ashok Mills, Naroda Road,
Ahmedabad : 380 025

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FIVE YEARS FINANCIALS AT A GLANCE

(Currency: Rupees in thousands unless otherwise stated)

PARTICULARS	2008-09	2007-08	2006-07	2005-06	2004-05
Sales and Services (Net of Excise Duty)	4,698,968	4,466,060	3,248,899	2,575,217	2,370,644
Sales Growth	5%	37%	26%	9%	-15%
Other Income	72,349	104,077	61,716	36,660	57,206
TOTAL INCOME	4,771,317	4,570,137	3,310,615	2,611,877	2,427,850
Profit before Depreciation, Interest and Tax (PBDIT)	373,880	566,892	299,726	232,005	127,192
Financial Charges	26,673	21,766	32,382	29,048	27,467
Depreciation	79,926	76,330	45,050	45,978	42,783
Profit Before Tax (PBT)	267,281	468,796	222,295	156,979	56,942
Provision for Taxation	56,541	46,311	29,030	8,423	-
Profit after Tax (PAT)	210,740	422,485	193,265	148,556	56,942
Equity Share Capital	229,600	229,600	229,600	229,600	229,600
Reserves & Surplus	815,501	604,761	388,358	388,358	388,358
Net Worth	1,045,101	834,361	411,876	218,611	70,055
Net Worth Growth	25%	103%	88%	212%	434%
Gross Fixed Assets	1,098,482	733,185	628,487	590,980	597,892
Net Fixed Assets	649,650	314,740	266,435	272,185	294,893
Total Assets	1,562,632	961,439	952,356	1,045,452	1,135,951
KEY INDICATORS					
Earnings Per Share (Rs.)	9.18	18.40	8.42	6.47	2.48
Cash Earnings Per Share (Rs.)	12.66	21.73	10.38	8.47	4.34
Book Value Per Share (Rs.)	45.52	36.34	17.94	9.52	3.05
Total Debt to Equity	0.48	0.14	0.81	1.96	7.39
PBDIT / Sales and services (Net of excise duty)	8%	13%	9%	9%	5%
Net Profit Margin	4%	9%	6%	6%	2%
Return on Net Worth	20%	51%	47%	68%	81%
Return on Capital Employed	19%	51%	27%	18%	7%

Note: Previous years' figures regrouped wherever necessary

Hitachi Home & Life Solutions (India) Limited

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the members of the Company will be held on Thursday, 23rd day of July, 2009 at 9.00 a.m. at H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad : 380 015 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31, 2009, Profit and Loss Account for the year ended on that date and the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Amit Doshi who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. L G Ramakrishnan who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kenichi Munakata who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ravindra Jain who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
6. To appoint Auditors of the Company in place of the retiring Auditors to hold office from conclusion of this meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Dr. Anwar Ali, appointed as an Additional Director by the Board of Directors on 28th July, 2008 and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Dr. Anwar Ali as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office as a director is liable to determination by retirement of directors by rotation.”

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

“RESOLVED THAT Mr. Ashok Balwani, appointed as an Additional Director by the Board of Directors on 28th July, 2008 and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Ashok Balwani as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office as a director is liable to determination by retirement of directors by rotation.”

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

“RESOLVED THAT Dr. Devender Nath, appointed as an Additional Director by the Board of Directors on 28th July, 2008 and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Dr. Devender Nath as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office as a director is liable to determination by retirement of directors by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof and subject to the approval of the Central Government, if required, consent of the members be and is hereby accorded to the re-appointment of Mr. Shinichi Iizuka as Managing Director of the company for a period of three years with effect from October 01, 2009 on the terms and conditions including remuneration as set out in the Explanatory Statement attached to this Notice AND THAT period of office as a Director of the appointee is not liable to determination by retirement of directors by rotation.”

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

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

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

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof and subject to the approval of the Central Government, if required, consent of the members be and is hereby accorded to the re-appointment of Mr. Vinay Chauhan as Executive Director of the company for a period of three years with effect from May 15, 2009 on the terms and conditions including remuneration as set out in the Explanatory Statement attached to this Notice AND THAT period of office as a Director of the appointee is liable to determination by retirement of directors by rotation.”

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

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

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

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendments or modifications thereof and subject to the approval of the Central Government, if required, consent of the members be and is hereby accorded to increase the remuneration payable to Mr. Amit Doshi, Executive Director of the company with effect from May 15, 2009 within the limit prescribed in Section II(1)(B) of Part II of Schedule XIII of the Companies Act, 1956 as set out in the Explanatory Statement attached to this Notice.”

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

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

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

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendments or modifications thereof and subject to the approval of the Central Government, if required, consent of the members be and is hereby accorded to increase the remuneration payable to Mr. Anil Shah, Executive Director of the company with effect from May 15, 2009 within the limit prescribed in Section II(1)(B) of Part II of Schedule XIII of the Companies Act, 1956 as set out in the Explanatory Statement attached to this Notice.”

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

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

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

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

“RESOLVED THAT in super session of the resolution passed at the Annual General Meeting of the members of the Company held on 28th June, 2004 and pursuant to Section 293(1)(d) of the Companies Act, 1956 and other enabling provisions, if any, of the said Act, the consent of the Company be and is hereby granted to and authority conferred upon the Board of Directors of the Company for borrowing any sum or sums of monies for and on behalf of the Company from time to time from one or more persons, firms, bodies corporate or bankers or financial institutions or from others by way of advances, deposits, loans or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company’s assets and properties whether moveable or immovable or stock in trade (including raw materials, stores, spare parts and components in stock or in transit) work in progress and debts and advances withstanding that the sum or sums or monies so borrowed together with the monies, if any, already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves which have not been set apart for any specific purpose so that the total amount upto which the monies may be so borrowed by the Board of Directors and outstanding at any time shall not exceed Rs. 400.00 Crores (Rupees Four Hundred Crores only) on account of the principal.”

By Order of the Board of Directors

Place: Ahmedabad
Date: May 15, 2009

Parag Dave
Asst. Company Secretary

Notes :

- (a) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The instrument appointing proxy must be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for the meeting.
- (b) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect to the Special business to be transacted at the Meeting is annexed hereto.
- (c) The Register of Members and Share transfer books of the Company will be closed from July 20, 2009 to July 23, 2009 (both days inclusive).
- (d) Members desirous of obtaining information in respect of accounts of the Company are requested to send queries in writing to the Company at the registered office, so as to reach at least seven days before the date of the meeting.
- (e) Brief resumes of the directors appointed / re-appointed, as stipulated in Clause 49 of the Listing Agreement, are provided in the report on Corporate Governance forming part of the Annual Report.
- (f) Members are requested to notify promptly any change in their address to the Company's Registrars and Share Transfer Agent, M/s. Pinnacle Shares Registry Pvt. Ltd., Near Ashok Mills, Naroda Road, Ahmedabad - 380 025. The members are also requested to send all correspondence relating to Shares, including transfers and transmissions, to the Registrars and Share Transfer Agent and not to the Company.
- (g) Pursuant to the provisions of the Companies Act, 1956 as amended by the Companies Amendment Act, 1999, facility for making nominations is available for members in respect of the shares held by them. Nomination form can be obtained from the Company's Registered Office.
- (h) Members / Proxies are requested to bring the attendance slip sent herewith duly filled in for attending the meeting.
- (i) The shares of the Company have been listed at Ahmedabad Stock Exchange Limited, Bombay Stock Exchange Limited, The Delhi Stock Exchange Association Limited and National Stock Exchange of India Limited and Company has already paid Listing Fees to the said Stock Exchanges for the year 2009-10.

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

Item No. 7

Pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company, Dr. Anwar Ali was appointed as an additional Director of the Company by the Board of Directors of the Company on 28th July, 2008 and vacates his office at this Annual General Meeting. A Notice under Section 257 of the said Act with the prescribed deposit has been received from a member of the Company signifying his intention to propose the name of Dr. Anwar Ali for appointment as a Director of the Company.

Dr. Anwar Ali is not holding any Share of the Company either in his name or held by / for other persons on a beneficial basis in the company. He does not have any relation with any other Director of the Company.

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

Item No. 8

Pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Ashok Balwani was appointed as an additional Director of the Company by the Board of Directors of the Company on 28th July, 2008 and vacates his office at this Annual General Meeting. A Notice under Section 257 of the said Act with the prescribed deposit has been received from a member of the Company signifying his intention to propose the name of Mr. Ashok Balwani for appointment as a Director of the Company.

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

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

Item No. 9

Pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company, Dr. Devnder Nath was appointed as an additional Director of the Company by the Board of Directors of the Company on 28th July, 2008 and vacates his office at this Annual General Meeting. A Notice under Section 257 of the said Act with the prescribed deposit has been received from a member of the Company signifying his intention to propose the name of Dr. Devender Nath for appointment as a Director of the Company.

Dr. Devender Nath is not holding any Share of the Company either in his name or held by / for other persons on a beneficial basis in the company. He does not have any relation with any other Director of the Company.

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

Hitachi Home & Life Solutions (India) Limited

Item No. 10 to 13

Resolution no. 10 relates to the approval of terms of appointment and remuneration of Mr. Shinichi Iizuka, re-appointed as Managing Director for a period of three years from October 01, 2009. The Board of Directors of the Company at its meeting held on May 15, 2009 has, subject to the approval of the members and Central Government, if required, appointed, said Director for a period of three years with effect from October 01, 2009, on the remuneration as stated below, determined by the Remuneration Committee at its meeting held on May 15, 2009, within the limit prescribed in Clause (B) of Section II(1) of Part II of Schedule XIII of the Companies Act, 1956.

Resolution no. 11 relates to the approval of terms of appointment and remuneration of Mr. Vinay Chauhan, re-appointed as Executive Director for a period of three years from May 15, 2009. The Board of Directors of the Company at its meeting held on May 15, 2009 has, subject to the approval of the members and Central Government, if required, appointed, said Director for a period of three years with effect from May 15, 2009, on the remuneration as stated below, determined by the Remuneration Committee at its meeting held on May 15, 2009, within the limit prescribed in Clause (B) of Section II(1) of Part II of Schedule XIII of the Companies Act, 1956.

Resolution no. 12 relates to the approval of increase in remuneration of Mr. Amit Doshi, Executive Director with effect from May 15, 2009. Remuneration Committee, at its meeting held on May 15, 2009, has, subject to the approval of the members and Central Government, if required, determined, the remuneration as stated below within the limit prescribed in Clause (B) of Section II(1) of Part II of Schedule XIII of the Companies Act, 1956.

Resolution no. 13 relates to the approval of increase in remuneration of Mr. Anil Shah, Executive Director with effect from May 15, 2009. Remuneration Committee, at its meeting held on May 15, 2009, has, subject to the approval of the members and Central Government, if required, determined, the remuneration as stated below within the limit prescribed in Clause (B) of Section II(1) of Part II of Schedule XIII of the Companies Act, 1956.

REMUNERATION OF THE APPOINTEES:

Mr. Shinichi Iizuka	Mr. Vinay Chauhan	Mr. Amit Doshi	Mr. Anil Shah
Not to exceed Rs. 400,000/- per month inclusive of following perquisites.	Not to exceed Rs. 400,000/- per month (inclusive of following perquisites and increments). Company will pay annual/interim increments which will be decided by the Managing Director on the basis of performance of the appointee.	Not to exceed Rs. 400,000/- per month (inclusive of following perquisites and increments). Company will pay annual/interim increments which will be decided by the Managing Director on the basis of performance of the appointee.	Not to exceed Rs. 400,000/- per month (inclusive of following perquisites and increments). Company will pay annual/interim increments which will be decided by the Managing Director on the basis of performance of the appointee.

PERQUISITES:

Category A:

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

Category B:

Company's car and telephone at residence (including payment of local calls and long distance official calls), upto the extent of usage for official duties, shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

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

The above remuneration will be payable as the minimum remuneration in the case of loss or inadequacy of profits in any financial year during the term of appointment and will be subject to the provisions of clause B of Section II(1) of Part II of Schedule XIII of the Companies Act, 1956.

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

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

I. General Information

- (1) Nature of Industry: Company is engaged in manufacturing and marketing of Air-conditioners in domestic and international market as well as trading of Home Appliances.
- (2) Date or expected date of commencement of commercial production: Company started its commercial production of Air-conditioners in the year 1985.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.

- (4) Financial performance based on the given indicators: For the year 2008-09, Income was Rs. 5190.22 Mn. and Profit after tax was Rs.210.74 Mn.
- (5) Export performance and net foreign exchange collaborations: During the year 2008-09, export of the Company was Rs. 7.42 Mn.
- (6) Foreign investments or collaborations, if any: Hitachi of Japan is holding 69.9% of the total paid up share capital as well as Company is having Technical Collaboration with Hitachi of Japan for the products of the Company.

II. Information about the appointees

- (1) Back ground details: Brief resume of the appointees are provided in the report on Corporate Governance forming part of this Annual Report.
- (2) Past remuneration of appointees:
Mr. Shinichi Iizuka: Maximum Rs. 350,000 per month inclusive of all perquisites.
Mr. Vinay Chauhan: Maximum Rs. 300,000 per month inclusive of all perquisites.
Mr. Amit Doshi: Maximum Rs. 300,000 per month inclusive of all perquisites.
Mr. Anil Shah: Maximum Rs. 300,000 per month inclusive of all perquisites.
- (3) Job Profile and his suitability:
Mr. Shinichi Iizuka: He shall be in-charge of all day to day functions and shall report to the Board of Directors and shall work subject to the superintendence, control and direction of the Board of Directors and shall perform all such functions as may be delegated to him by the Board of Directors from time to time.
Mr. Vinay Chauhan: He shall be in-charge of Supply Chain and work subject to the superintendence, control and direction of the Board of Directors and perform all such functions as may be delegated to him by the Board of Directors / Managing Director from time to time.
Mr. Amit Doshi: He will be in-charge of Human resources, Industrial relations, Information Technology & ERP and General Administration functions of the Company and work subject to the superintendence, control and direction of the Board of Directors and perform all such functions as may be delegated to him by the Board of Directors / Managing Director from time to time.
Mr. Anil Shah: He will be in-charge of Finance, Accounts, Budgeting, Costing, Legal, Direct & Indirect Taxation functions of the Company and work subject to the superintendence, control and direction of the Board of Directors and perform all such functions as may be delegated to him by the Board of Directors/ Managing Director from time to time.
- (4) Remuneration proposed to all appointees: Not to exceed Rs. 400,000 per month inclusive of all perquisites.
- (5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): With globalisation and liberalisation taking roots in India, the demand for the knowledge and skill in various fields are on the rise and there has been a phenomenal growth in the remuneration package for key positions in the last couple of years.
- (6) Pecuniary relationship directly with the Company, or relationship with the managerial personnel, if any: Apart from the remuneration they do not have any pecuniary relationship with the Company or with the managerial personnel of the Company.

III. Other Information

Reasons of loss or inadequate profits: During the year 2008-09, Company has made profit after tax of Rs. 210.74 Mn.

IV. Disclosures

- (1) Remuneration package of the managerial person: Remuneration not to exceed Rs. 400,000/- p.m. inclusive of perquisites as mentioned above.
- (2) The disclosures of remuneration shall be reported in Corporate Governance Report attached to the Directors' Report.

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

The above explanatory statement sets out an abstract of material terms and conditions of the appointment and hence the same may be treated as an abstract of memorandum of interest in accordance with Section 302 of the Companies Act, 1956.

Item No. 14

The resolution under this item relates to the revision of the borrowing powers of the Directors of the Company in terms of Section 293(1) (d) of the Companies Act, 1956.

The members at the Annual General Meeting of the Company held on June 28, 2004 had granted authority to the Board of Directors to borrow up to Rs. 200 Crores apart from the temporary loans obtained from the Company's bankers in the ordinary course of business. In view of the Company's increased volume of business, it is considered desirable to increase the said limit as proposed so that the Company can borrow from banks, bodies corporate, financial institutions, etc. whenever the need arises.

By Order of the Board of Directors

Place: Ahmedabad
Date: May 15, 2009

Parag Dave
Asst. Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Fourth Annual Report, along with the Audited Financial Statements, for the year ended March 31, 2009.

Financial Highlights

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

	For the year ended March 31, 2009	(Rs. in Mn.) For the year ended March 31, 2008
Income from operations	5190.22	5055.53
Less : Excise Duty	491.25	589.47
Other Income	72.35	104.08
Total Income	4771.32	4570.14
Profit before interest, depreciation and tax	373.88	566.89
Interest	26.67	21.76
Depreciation	79.93	76.33
Tax	56.54	46.31
Profit after tax	210.74	422.49

Dividend

Your Directors do not propose dividend on Equity Shares for the year ended March 31, 2009.

Operating & Financial Performance

The Indian Room Air conditioning Market stood at about 2.00 Mn. units for the year under review with a growth rate touching around 7% year-over-year. Foremost, the main reasons of growth are low penetration level of Air conditioning business, growth in infrastructure in major cities, change in lifestyle etc. Nowadays Air conditioners have become necessity. However, in view of slow down in overall economic situation the growth was restricted.

The contribution of the Split Air conditioners in industry has gone beyond 50%. Increase in demand of Split Air Conditioners continued during the year under review, which is true in case of your Company also. Most of the companies are focusing on this segment of the market which has led to more and more features and technological upgradation of the product innovations in the same. Your Company has constantly formulated its strategies to garner more share in this segment which has helped to achieve a growth of over 10% in Split Air Conditioner category.

This year, your Company adopted voluntarily the Bureau of Energy Efficiency Scheme of Star Labelling and hence, the customer was able to choose the Hitachi Brand Star Rated Split Air conditioners. The customer realized that whatever Air conditioners that the Company was offering till now were always with a high level of quality and performance. Range of Star Rated Air Conditioners was launched by the Company with virtually no increase in price, while some manufacturers were forced to take up the prices of Star Rated Air conditioners by almost 20 to 30%. Your Company's star rated Air Conditioners have been received very well and rightly.

During the year Company has continued to make inroads in the market of Refrigerators. We had launched a new range of Two Door Refrigerators which have given us a growth rate of 50% in this category of Premium Refrigerators. We are bound to increase our growth rate over the industry growth. This year the growth rate could get affected due to increase in input cost which has happened because of the increase in USD prices. This has impacted the cost of the imported refrigerators. This increased cost will push up the selling prices which can impact the demand and hence the growth in this category.

The recession has resulted in the virtual stoppage of the inflow of investments in infrastructure development. Sizeable amount of Capex lined up in the manufacturing and the service sector especially in retail, IT & ITES services has been halted. This trend is likely to continue for some time now. Your Company has had a de-growth in the last financial year in the Ductable Split range. In case of Chillers, which is a traded product, your Company grew by about 13%. The introduction of Set Free (VRF's) in the environment friendly refrigerant 410A will provide a good impetus for growth for your Company this year.

This year saw an abnormal increase in the cost of metals especially steel, copper and aluminium during the first half. The prices began to stabilize at the end of the financial year. The summer of 2008 in the North was also not so severe. This led to a slow down in demand in the largest territory of Air conditioners. To add to that there has been a governmental mandate for the star labeling. All these factors have led to the increase in inventories and input costs. Although your Company was able to absorb the shock of increase in the inventory and the star labeling incremental cost, it had to pass on the rising input cost to the customers.

During the year the global recessionary scenario has slowed down the growth of the Air conditioning Industry. Besides, the low cost products imported from China have put pressure on the manufacturers to decrease the prices. This has affected the profit margins for the Company. Though your Company has maintained its prices and is committed to desist from any strategy compromising the quality of the product.

During the year company has acquired land adjoining to existing Kadi Works. Company is in process of indigenization and expansion of its line of business and incurring capital expenditure of Rs. 450 Mn.

Your Company has made an operating profit (profit before depreciation, interest and tax) of Rs. 373.88 Mn. for the year ended March 31, 2009 as against Rs. 566.89 Mn. for the year ended March 31, 2008 and made net profit after tax of Rs. 210.74 Mn. during the year under review as compared to a net profit of Rs. 422.49 Mn. for previous year.

Set up of In-house Service Center

During the year Company has set up Centralised In-house Service center for providing service support to the customers. It is a unique approach where Company's employees are handling the customer calls directly and ensuring solutions. Both technical support and complaint management are being done simultaneously. Calls are received from All India Toll Free number and being managed through Web based Service Software.

Future Prospects

We have introduced a range of new products for the customers to choose from. During this year we have launched "ACE FOLLOWME" and "ACE CUTOUT" range of Split Air Conditioners which is a pioneering step towards the overall WOW effect for the user. "ACE FOLLOWME" is a unique product which has a first in the country feature. This feature is called "FOLLOWME". With this feature, the customer can get the cool draft of air towards him wherever he moves in the room. Plain and simply put, the cool air follows the customer all over the room. The product has been received very well by the Indian market. The other new launch is the "ACE CUTOUT". This product has a completely new look. This flat front Air conditioner has been developed completely in India by the designers of your Company. It has a feature Auto Humidity Control (launched last year) in it. This feature enables to achieve the desirable temperature with controlled humidity levels at the touch of a "Button". ACE is able to reduce the humidity levels by nearly 27%. We have introduced "ACE CUTOUT" in two new categories also i.e. 0.9 Tr. and 1.2 Tr. There is a surge in demand for these categories because of emergence of apartment culture due to restricted space in metro towns. These categories will fill in the requirement of the customer who wants less than 1.5 Tr. but more than 1 Tr. It will also be similar in case of 0.9 Tr. which is going to appeal to customer who requires less than 1 Tr. but had to buy 1 Tr. till now.

The Commercial Segment de-growth is causing grave concern. The lack of new projects in the last few months of the FY 0809 and the dismal performance of many blue chip and medium level companies has dampened the spirit. Further to the above there has been a decline in the real estate segment. The retail industry which was growing at a break neck speed has also suddenly applied brakes and stopped or retarded the expansion mode. This will surely impact the performance in the category of Ductable Splits and Chillers. We hope to still perform over the industry rate mainly due to our smaller size and easy adaptability to change. In the segment of telecom Air conditioners, your Company feels that it will be able to maintain its near market leadership and would outgrow the industry.

Directors' Responsibility Statement

Your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed ;
- (ii) such accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on March 31, 2009 and of the profit of the Company for that year ;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- (iv) annual accounts have been prepared on a going concern basis.

Report of Corporate Governance

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

Particulars as per Section 217 of the Companies Act, 1956

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

Acknowledgement

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

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

For and on behalf of the Board of Directors

Shinichi Iizuka
Managing Director

Anil Shah
Executive Director

Place: Ahmedabad, Gujarat
Date: May 15, 2009

Annexure-I

Information regarding Conservation of Energy, Technology Absorption, Research and Development and Foreign Exchange Earning & Outgo

Conservation of Energy

1. Piped Natural Gas implemented in place of Light Diesel Oil, which is energy efficient as well as avoid wastages.
2. Implementation of Low temperature baked powder resulted into 20% energy saving on painting cost.
3. Continuous monitoring and control of power factor to improve energy efficiency.
4. Energy conservation audit conducted by external agency and implemented counter measures.

Research and Development

1. Development of 1.5 Tr. and 2.0 Tr. Split Air conditioner with "ACE FOLLOWME" sensor. "ACE FOLLOWME" sensor will guide the vertical louvers to direct the airflow in the conditioned space based on person movement, to ensure customer comfort.
2. 57 % of total Split range is 5 star rated.
3. Development of 0.9 Tr. Spacemaker with energy free cooling option. This ensures energy saving in field at lower ambient.

Technology absorption

1. Development of 0.9 Tr. Spacemaker unit with free cooling option. Free cooling will start based on outdoor side ambient and indoor side humidity.
2. Development of new Split Air conditioner with follow me sensor which can sense infrared radiations emitted by human being. Based on which it will control airflow direction sensing person movement.

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. Some of these objectives are to ensure awareness of the Shareholders, Customers, Suppliers, Employees; to comply laws and regulations applicable to the Company with true letter and spirit; to create, maintain and ensure safe and clean environment for sustainable development for next generation.

II Board of Directors, Committees & Remuneration of Directors

Board of Directors

The Board of your Company comprises of twelve members, who frame organizational strategies and policies and provide a vision and leadership to the professional managers.

Composition and Category of Directors

Board of the Company comprises twelve members, four of them are Executive Directors. Out of remaining eight Non-executive Directors, six Directors are Independent Directors. Details of their position and number of Board / Committees in which they are Chairman / Member are as under:

Name of Director	Executive / Non-executive / Independent	No. of Directorship in other Public Limited Indian Companies	No. of Committees* Position held as	
			Chairman	Member
Mr. Kenichi Munakata	Chairman / Non-Executive	-	-	-
Mr. Shinichi Iizuka	Executive	-	-	1
Mr. Amit Doshi	Executive	-	-	-
Mr. Anil Shah	Executive	-	-	1
Mr. Vinay Chauhan	Executive	-	-	-
Mr. L G Ramakrishnan	Non-Executive	-	1	1
Mr. Mukesh Patel	Non-Executive / Independent	8	5	4
Mr. Ravindra Jain	Non-Executive / Independent	-	-	1
Mr. Tarun Sheth	Non-Executive / Independent	4	1	4
Dr. Anwar Ali	Non-Executive / Independent	-	-	-
Mr. Ashok Balwani	Non-Executive / Independent	-	-	-
Dr. Devender Nath	Non-Executive / Independent	-	-	-

*Includes only Audit Committee and Investors Grievance Committee

Attendance of Board Meeting and Annual General Meeting

During the year from April 01, 2008 to March 31, 2009 4 (Four) Board Meetings were held on May 15, 2008, July 28, 2008, October 23, 2008 and January 30, 2009. The last Annual General Meeting was held on July 28, 2008. The attendance of Directors at these Board Meetings and the last Annual General Meeting were as under:

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

* Appointed on July 28, 2008

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, 2009 are as under :

Name of Director	No of Shares held
Mr. Kenichi Munakata	Nil
Mr. L G Ramakrishnan	Nil
Mr. Mukesh Patel	500
Mr. Ravindra Jain	Nil
Mr. Tarun Sheth	1000
Dr. Anwar Ali	Nil
Mr. Ashok Balwani	Nil
Dr. Devender Nath	Nil

Brief Resume of Directors seeking Appointment / Re-appointment

Mr. Kenichi Munakata

Mr. Kenichi Munakata has done his Engineering from Tokyo University, Japan and associated with Hitachi for over 33 years in Refrigeration and Air conditioning Division.

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

Mr. Shinichi Iizuka

Mr. Shinichi Iizuka is a Graduate from Sophia University, Japan in the faculty of Electronics Engineering in 1979. He is associated with Hitachi since April, 1979 and has an experience of about 30 years in the related field. He was in the Design Department of Hitachi of Japan prior to joining the Company.

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

Mr. Amit Doshi

Mr. Amit Doshi is a Graduate of Engineering and has done Post Graduate Diploma in Management. He has an extensive experience of around 25 years in various areas like Sales, Marketing, Service, New Business Development, Logistics, HR, etc. He is associated with the Company since 1994.

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

Mr. Anil Shah

Mr. Anil Shah is a Graduate of Commerce and a Chartered Accountant. He has an extensive experience of around 28 years in various areas like Finance, Accounts, Budgeting, Costing, Legal, Direct and Indirect Taxation, etc. He is associated with the Company since 1984.

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

Mr. Vinay Chauhan

Mr. Vinay Chauhan is Bachelor of Engineering and has done Post Graduate Diploma in Industrial Engineering. He has an experience of around 25 years in various areas like Design and Development, Quality Management, Manufacturing, etc. He is associated with the Company since 1993.

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

Mr. L G Ramakrishnan

Mr. L G Ramakrishnan is a Graduate in Science Faculty and has done Diploma in Electronics Engineering (B.Tech.) from Madras Institute of Technology, Madras. In his career he was associated with Design and Engineering of Communication equipments with Bharat Electronics Ltd., Bangalore before joining Hitachi. He has an extensive experience of about 37 years and is associated with Hitachi since last 26 years.

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

Mr. Ravindra Jain

Mr. Ravindra Jain has done Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad where he secured seventh rank; and was a Gold Medalist in B.E.(Elect) from Regional Engineering College, Jaipur. He has extensive experience of about 29 years in large corporates in various areas viz. sales and marketing (in both industrial and consumer environments), manufacturing, operations, strategic planning, developing global alliances and JVs, identifying appropriate technology, establishing several new projects of global scale and quality, technology transfer and business & brand development. Presently he is working as President in Minda Management Services Ltd.

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

Dr. Anwar Ali

Dr. Anwar Ali has done his B.Tech and M.Tech. from IIT-Kanpur and PGDM and Fellowship in Management from IIM-Kolkata. He has 15 years experience in many large industries in various areas like Materials, Production, Management Control, Etc.

He has an academic experience of 18 years. He served Xavier Institute of Management, Goa Institute of Management, Management Development Institute at Gurgaon, Institute of Management Technology, Nagpur. At present he is serving as a Director at Institute of Management Technology, Ghaziabad. He is not holding Directorship in any other public limited Company incorporated in India.

Mr. Ashok Balwani

Mr. Ashok Balwani has a B.E. (Hons) in Electrical Engineering from BITS, Pilani and an MBA from FMS, University of Delhi. He has over 30 years experience and has been associated with many large corporates like Larsen & Toubro Limited, Det Norske Veritas and Man Industries (India) Ltd. He is now working as an independent management consultant.

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

Dr. Devender Nath

Mr. Devender Nath is a Ph.D(Hon.) & B. Tech (Electrical) Hons. from IIT – Kharagpur. He has over 42 years experience in areas like R&D, HR, Technology and Strategy. Presently he is serving on the Advisory Boards of ICFAI-Management School at Mumbai & Institute of Technology & Management (Deemed University), Kharagpur. He was President of Bombay Management Association in its Golden Jubilee year & continues to serve the Association as an Executive Council Member.

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

Inter-se relationship between Directors

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

Audit Committee

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

Members of the Audit Committee are as under:

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

During the year from April 01, 2008 to March 31, 2009, the Audit Committee Meetings were held on May 15, 2008, July 28, 2008, October 23, 2008 and January 30, 2009. Attendance of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	4
Mr. L G Ramakrishnan	4
Mr. Ravindra Jain	3
Mr. Tarun Sheth	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:

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

During the year under review no Remuneration Committee Meeting was held.

Hitachi Home & Life Solutions (India) Limited

Terms of Appointment / Remuneration

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

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

Remuneration of directors during the year under review :

(in Rupees)

Name of Director	Salary*	Sitting Fees	Total Remuneration
Mr. Kenichi Munakata	Nil	Nil	Nil
Mr. Shinichi Iizuka	3,756,830	Nil	3,756,830
Mr. Vinay Chauhan	3,643,116	Nil	3,643,116
Mr. Amit Doshi	3,676,624	Nil	3,676,624
Mr. Anil Shah	3,741,540	Nil	3,741,540
Mr. L G Ramakrishnan	Nil	Nil	Nil
Mr. Mukesh Patel	Nil	185,000	185,000
Mr. Ravindra Jain	Nil	120,000	120,000
Mr. Tarun Sheth	Nil	160,000	160,000
Dr. Anwar Ali	Nil	40,000	40,000
Mr. Ashok Balwani	Nil	40,000	40,000
Dr. Devender Nath	Nil	40,000	40,000

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

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

Investors' Grievance Committee

An Investors' Grievance Committee of Directors was consisting following members as on March 31, 2009:

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

Number of shareholders complaints received during the period under review :

Sr. No.	Nature of Complaints	Received	Redressed	Pending as on March 31, 2009
1.	Non-receipt of share certificates after transfer	0	0	0
2.	Non-receipt of Dividend Warrants	3	3	0
3.	Query regarding demat credit	2	2	0
4.	Non-receipt of Duplicate Share Certificates	0	0	0
5.	Others : Annual Report	1	1	0

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

Name and designation of Compliance Officer: Mr. Parag Dave – Asst. Company Secretary
E-mail ID of Compliance Officer: compliance.officer@hitachi-hli.com

III. Other disclosures

Statutory Disclosures :

- There were no related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., of material nature having potential conflict with the interest of the Company at large.

- There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalty or strictures imposed on the Company for such matters by Stock Exchange or SEBI or any statutory authority.
- Accounting Standards have been followed in preparation of financial statement of the Company for the year ended on March 31, 2009 and no accounting treatment different than prescribed Accounting Standards have been given.
- All mandatory requirements have been complied with by the Company during the year.
- No non-mandatory requirements adopted by the Company except Remuneration Committee has been constituted by the Company.

Information relating to last three Annual General Meetings

Date	Time	Venue	Special resolutions passed
July 25, 2006	9.30 a.m.	Bhaikaka Bhavan, Nr. Law Garden, Ahmedabad	<ol style="list-style-type: none"> 1. To re-appoint and fix the remuneration of Mr. Akira Kamitani as Managing Director. 2. To appoint and fix the remuneration of Mr. Shinichi Iizuka as Whole time Director. 3. To appoint Mr. Rakesh Khanna as Director, Process Owner-Sales, Service & Marketing. 4. To appoint Mr. Vinay Chauhan as Director, Process Owner-Supply Chain.
July 25, 2007	9.30 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrpur, Ahmedabad	<ol style="list-style-type: none"> 1. To appoint Mr. Shinichi Iizuka as Managing Director. 2. To appoint Mr. Amit Doshi as Director, Process Owner-Corporate Affairs. 3. To appoint Mr. Anil Shah as Director, Process Owner-Finance & Accounts.
July 28, 2008	9.30 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrpur, Ahmedabad	No Special Resolution passed.

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

Means of Communication

The quarterly results are published in Business Standard (English) and Business Standard (Gujarati) / Jansatta (Gujarati). The information is being made available to the Stock Exchanges to upload the same on their websites. Management Discussion and Analysis is attached with this report.

General Shareholder Information

Ensuing Annual General Meeting

Day and Date	Time	Venue
Thursday, July 23, 2009	9.00 a.m.	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad - 380 015

Financial year : From April 1, 2008 to March 31, 2009

Book closure : From July 20, 2009 to July 23, 2009 (Both days inclusive)

Dividend Payment Date : Not applicable as no dividend is recommended by the Board.

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

Stock Code	Stock Exchange
03870	Ahmedabad Stock Exchange Limited
523398	Bombay Stock Exchange Limited
6139	Delhi Stock Exchange Association Limited
HITACHIHOM	National Stock Exchange of India Limited

The Company has paid Annual Listing Fees for the year 2009-10 to the above Stock Exchanges.

Hitachi Home & Life Solutions (India) Limited

Market Price Data

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

Month	HHLI Share Price quoted at BSE		SENSEX		HHLI Share Price quoted at NSE		NIFTY	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
April-2008	139.80	100.00	17,480.74	15,297.96	140.00	105.10	5,230.75	4,628.75
May-2008	171.80	126.25	17,735.70	16,196.02	171.00	125.15	5,298.85	4,801.90
June-2008	160.00	121.00	16,632.72	13,405.54	160.85	121.00	4,908.80	4,021.70
July-2008	149.40	107.00	15,130.09	12,514.02	146.95	105.00	4,539.45	3,790.20
August-2008	125.10	109.50	15,579.78	14,002.43	127.50	108.20	4,649.85	4,201.85
September-2008	120.95	84.00	15,107.01	12,153.55	121.75	85.10	4,558.00	3,715.05
October- 2008	93.00	50.50	13,203.86	7,697.39	93.50	49.95	4,000.50	2,252.75
November-2008	64.00	38.65	10,945.41	8,316.39	64.70	39.60	3,240.55	2,502.90
December-2008	53.80	37.00	10,188.54	8,467.43	53.90	38.50	3,110.45	2,570.70
January-2009	54.90	39.40	10,469.72	8,631.60	53.90	40.25	3,147.20	2,661.65
February-2009	46.00	29.10	9,724.87	8,619.22	56.00	28.50	2,969.75	2,677.55
March-2009	39.50	25.65	10,127.09	8,047.17	39.30	25.70	3,123.35	2,539.45

Registrars and Share Transfer Agent

Pinnacle Shares Registry Pvt. Ltd.

Nr. Ashok Mills, Naroda Road, Ahmedabad : 380 025

Contact person : Mr. Girish Patel

Contact no. : 079-2220 4226

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, 2009

Category	No. of Shares Held	% of Shareholding
Promoters' Holding	16,050,000	69.90
Non Promoters' Holding		
Mutual Funds and UTI	3,700	0.02
Banks, Financial Institutions, Insurance Companies	1,150	0.01
FII's	168,000	0.73
Bodies Corporate	1,618,566	7.05
Indian Public	4,579,486	19.94
NRIs	539,106	2.35
Total	22,960,008	100.00

Distribution of shareholding as on March 31, 2009

Shares Balance	No. of Holders	% of Holders	No. of Shares	% of Shares
1-500	12,873	90.72	1,851,458	8.06
501-1000	694	4.89	550,974	2.40
1001-2000	280	1.97	419,864	1.83
2001-3000	117	0.83	301,689	1.31
3001-4000	56	0.39	201,015	0.88
4001-5000	48	0.34	231,520	1.01
5001-10000	68	0.48	506,370	2.21
10001-99999999	54	0.38	18,897,118	82.30
Total	14,190	100.00	22,960,008	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, 2009 74.40% 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 Fax : 079 - 30414999

Registrar and Share Transfer Agent :

Pinnacle Shares Registry Pvt. Ltd., Nr. Ashok Mills, Naroda Road, Ahmedabad : 380 025
Ph.: 079 - 22204226 Fax : 079 - 22202963

Declaration under Code of Conduct :

To the Shareholders of

Hitachi Home & Life Solutions (India) Ltd.

On 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/-

Shinichi Iizuka

Managing Director

Place : Ahmedabad

Date : May 02, 2009

AUDITORS' CERTIFICATE

To

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

We have examined the compliance of conditions of corporate governance by Hitachi Home & Life Solutions (India) Limited, for the year ended on March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

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

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

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

For S. R. Batliboi & Co.

Chartered Accountants

per Vijay Maniar

Partner

Membership No.: 36738

Place : Mumbai

Date : May 15, 2009

MANAGEMENT DISCUSSION & ANALYSIS

Overview

Hitachi Home & Life Solutions (India) Limited (HHLI) has been engaged in the business of manufacturing and selling of range of Air conditioners in Indian and selected markets outside India. While the range of Room Air conditioners and Packaged Air conditioners are being manufactured in India, the Company sources the higher end of Air conditioning systems like Chillers, Self Contained Roof Top Air conditioner and Set Free from its affiliated companies worldwide. It is also engaged in the business of trading for the higher end of Refrigerators and Washing Machines.

Industry Structure & Developments

Consumer Appliances Industry

The Indian consumer durable industry is estimated to be in the range of Rs. 250,000 Mn. The home appliances industry (products that your Company deals in) is estimated to be around Rs. 40,000 Mn. Room Air conditioners contribute to the largest share of this at around Rs. 36,000 Mn. followed by Refrigerators at around Rs. 4,000 Mn. (This size of Rs. 4,000 Mn. is for the Frost Free Refrigerators above 300 Ltrs. capacity).

Air conditioning Industry

The Air conditioning industry witnessed a slowdown but managed to grow at about 7% in value terms as compared to 25% growth achieved in FY 2007-08. This impact was mainly because of slowdown in economic growth.

Our estimate of the industry performance during FY 2008-09 is given below;

Category	Total Industry Sales (in Mn.)		
	2008-09	2007-08	Growth
Room Air conditioners (in Units)	2.01	1.88	7%
Commercial Air conditioners (in Tr.)	0.37	0.47	-21%

Since last few years the Indian Air conditioning Industry is experiencing a radical change. It has developed from the days when Air conditioner was treated as a Luxury item to a necessity. Air conditioner has gone beyond from just cooling appliance image to a stylish & intelligent indoor Air conditioning system. The comfort cooling is now a basic proposition for the Air conditioners and product aesthetics, innovative features, trendy designs, latest technology and better service have become the major product augmentations for the consideration in customers' mind. Moreover customer's preference is for higher star rated Air conditioners along with a shift towards Split Air conditioners.

BEE (Bureau of Energy Efficiency - A Govt. Enterprise under the Ministry Of Power) has initiated star rating system to determine the energy efficiency of an appliance, like Air conditioner. Depending upon their energy efficiency they are rated on a scale of 1-5 stars. Higher the number of stars better is their energy efficiency. This scheme as of now is not mandatory. Any Company can however join this scheme on a voluntary basis. Your Company decided to join this scheme on voluntary basis from January 2009. As per BEE certification 9(nine) out of 16(sixteen) Hitachi Split Air conditioners are 5(Five) star rated which means 57% of Hitachi branded Split Air conditioners come with a 5 star rating and 80% of Hitachi branded Split Air conditioners sold are 5(Five) star rated (Based on the sales figures of the last quarter of FY 2008-09).

Room Air conditioners

The Room Air conditioner industry grew by close to 7% as compared to about 23% growth in last financial year. However Room Air conditioner penetration in India is still around 3% only.

In Split Air Conditioner segment, your Company has grown as per the industry growth rate but in Window Air conditioner segment as part of strategy your Company did not grow at the industry pace. This category consists of both for the use in residential and commercial spaces. Your Company has introduced new range of Split Air conditioners "ACE FOLLOWME" (Tr. 1.5 & 2.0) and "ACE CUTOUT" (Tr. 0.9, 1.2, 1.5 & 2.0). This new range is the perfect blend of superior technology, elegant design and high energy efficiency. With increasing standards of living, the need for products with unique and differentiating image is rising. New range very appropriately addresses this need and combines it with the basic utility of an Air conditioner to fill gap in consumer demand. "ACE FOLLOWME" has a unique feature which is first time ever in an Air conditioner that follows you on your every movement and directs the airflow towards the direction where the movements take place. Apart from this we have Atom Square (Tr. 1.5 & 2.0) which is a unique product having two indoors with only one outdoor working on And / Or logic. In Split Air conditioner segment we also have Star, Iota, Atom XL, ACE and Logicool to cater to the specialized need of specific segments. In Window Air conditioner segment your Company has Quadricool TM & Quadricool SM which are possibly world's most silent Air conditioners.

Commercial range of Air conditioners

This sector has got hit because of economic slowdown. The commercial Air conditioner industry de-grew by 21% as compared to 29% growth in last financial year.

The commercial Air conditioning comprises of the Ductable Split Air conditioners to large sized chillers. The customer segment comprises of Retail Chains, MNCs, IT/ITES sectors, BPOs, Call Centers, Institutes, Malls, etc. The range of these products available is from 3.0 Tr. to 16.5 Tr. which are highly appreciated and well received in the market. We also supply VRF systems (Set Free) and Self Contained Air conditioners as per requirement of Customers. All these products are unique in their application and are sure to do well in their targeted segments.

Telecom Air conditioners

This specialised Air conditioning requirement is serviced by our unique product, the Space maker. Market share of your Company in this segment is above 22%. Looking to the future growth of the telecom industry, it is expected that we shall maintain our growth in this segment.

Refrigerators and Washing Machines

Company has sustained growth in its Refrigerator business during the year. The segment has shown stabilisation and your Company has grown by over 50% against the past year. It is expected that the same growth will be achieved in the next year. Washing machine however has not been a good segment this year. Your Company has been hit by low demand and increase in input cost.

Future Outlook: Opportunities, Threats, Risks and Concerns

Opportunities:

Increased Affordability of Products and Reduction in Price Gap

Products that were once beyond the reach of the middle class Indian are now affordable to many. From a luxury item image, Air conditioners are now treated as a necessity. 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. As a result of growth in Split Air conditioner, the impact is seen on the Window Air conditioner category. Hitachi has always been very high on quality standards and specifications that's why when shift happened from non star rated to 5(Five) star rated, the price did not fluctuate much in case of Hitachi. Whereas in case of other manufacturers who were operating at lower specifications, the prices of star rated Air conditioners have gone up by 30-40%. This has brought down the price gap between Hitachi Air conditioner and other brand Air conditioner.

Increase in Income Levels

Room Air conditioner penetration in India is still around 3% only. Middle income level population is growing; their average income levels are rising. Retailers are marketing their goods more aggressively by providing easy financing options to the consumers by partnering with banks. With the emergence of the apartment culture in metros and non metros the need of below 1.0 Tr. and between 1 Tr. and 1.5 Tr. capacities has emerged. Understanding that need of the market your Company has Launched "ACE CUTOOUT" with 0.9 Tr. & 1.2 Tr.

Increasing Share of Organised 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 becoming increasingly common in Indian cities. As a result, the organised retail industry is expected to cover a market share of 15% to 18% by the end of 2010. This will have a positive impact on the consumer durables industry, as organised retailing would not only streamline the supply chain, but also facilitate increased demand, especially for high-end and branded products.

Threats, Risk and Concerns:

1. The increase in input costs of raw material especially of Aluminum, Copper and steel has led to an erosion of Margins. This coupled with the energy labeling initiated by the government is adding to the costs of manufacture. Although your Company is trying to bear the star labeling cost, it will have to pass on the input cost rise to customers in near future. The depreciation in rupee vis a vis USD by around 25% has further fuelled the increase in costs of raw materials.
2. Banks / NBFCs are tightening their consumer finances. In view of problems at the world level in the banking sector, the funding options have minimized. Inventory funding is also very tight, which is not a good situation for dealers to run their operations. Even consumer funding options have almost either dried up or the cost of finance has gone up beyond affordability.
3. Electrification remains an impediment in the growth of business. This coupled with the high electricity cost creates a hindrance in the growth of this sector.
4. The import of low cost products from neighbouring countries continues to be a threat to the consumer durable industry.
5. The quality of power supply in the country is a cause of concern. Long power cuts and voltage fluctuations may affect the pace of industry growth.

Human Resources

The number of Staff and Operators at HHLI as on March 31, 2009 was 492. This year, on an average around 15% of Staff were part of Trainees' pool. The Trainees were given In- Plant training at Kadi Works before deployment to various departments for "On the Job" Training.

The Annual Appraisal system was reviewed at senior management meeting and changes were initiated which aimed at improvement in the process of compensation mechanism. With a view to make the Performance Pay system more effective, the structure was revamped to ensure higher rewards for better performers. The Appraisal process was completed and changes were made effective from October '08. A detailed Standardisation of Goal Setting process was done alongwith Department Heads for developing individual KRAs linked with Dept. Budget and Company Budget.

For Employee Health and Safety, OHSAS implementation was initiated at Kadi Works. A detailed Hazard and Risk Analysis & Control (HIRAC) has been conducted in all departments at factory and Control mechanisms are being put in place.

A series of functional Training Programmes were organised for enhancement in various skill sets. Training on Packaged Type Air conditioners was the major focus for field teams of Sales and Service. A Three day Personal Development programme was conducted for the Trainees who have been confirmed and are placed at various locations. This helped in a unique bonding among the young graduates who are getting challenging assignments at HHLI.

As HHLI field coverage was extended to 18(eighteen) Branches from 14(fourteen), manpower recruitment for this expansion was completed.

This year's "Annual Employee Satisfaction Survey" was conducted in October-2008. The analysis was shared with all Department Heads and corrective actions are being taken to improve on low scores. Improvement in scores was observed in most of the areas of Employee satisfaction from last year.

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 Factory 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.

AUDITORS' REPORT

To

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

1. We have audited the attached Balance Sheet of Hitachi Home and Life Solutions (India) Limited ('the Company') as at March 31, 2009 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
 - v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Chartered Accountants

per Vijay Maniar
Partner
Membership No.: 36738

Place: Mumbai
Date: May 15, 2009

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) As informed, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause (iii) (b), (c), (d), (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (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 undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income tax, sales tax, wealth-tax, service tax, custom duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in '000)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Penalty on disallowance of expenditure	609	A.Y. 2000-01	Commissioner of Income Tax (Appeals)
		475	A.Y. 2001-02	
		182	A.Y. 2004-05	
Central Excise & Customs Act, 1944	Demand for alleged removal of goods not as per rules.	1,431	April 1987 to December 1987 and March 1999	CESTAT and High Court of Gujarat

Name of the statute	Nature of dues	Amount (Rs. in '000)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act (Central & States)	Demands raised in assessments at various locations	20,922	1998-99 to 2003-04	Deputy Commissioner Appeals / Joint Commissioner-Appeals
Finance Act, 1994.	Service Tax on Royalty payments	4,864	2000-04	CESTAT - Appeals
	Service Tax on Commission	2,566	2007-08	Commissioner - Appeals
Customs Act, 1962	Dispute over classification	92	Various	Deputy Commissioner

As Informed there are no disputed wealth tax dues payable.

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

For S.R. Batliboi & Co.
Chartered Accountants

per Vijay Maniar
Partner
Membership No.: 36738

Place: Mumbai
Date: May 15, 2009

BALANCE SHEET AS AT MARCH 31, 2009

(Currency: Rupees in thousands unless otherwise stated)

	Schedules	As at March 31, 2009	As at March 31, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	229,600	229,600
Reserves and Surplus	2	815,501	604,761
		<u>1,045,101</u>	<u>834,361</u>
Loan Funds			
Secured Loans	3	8,137	286
Unsecured Loans	4	497,120	117,267
		<u>505,257</u>	<u>117,553</u>
Deferred Tax Liabilities (Net) (Refer Note No. 9 of Schedule 20)		12,274	9,525
TOTAL		<u>1,562,632</u>	<u>961,439</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1,098,482	733,185
Less: Accumulated Depreciation and Amortisation		448,832	418,445
Net Block		649,650	314,740
Capital Work-in-Progress (including capital advances)		177,235	96,561
		<u>826,885</u>	<u>411,301</u>
Current Assets, Loans and Advances			
Inventories	6	1,164,452	1,204,561
Sundry Debtors	7	818,255	900,203
Cash and Bank Balances	8	228,601	63,391
Other Current Assets	9	115,595	58,009
Loans and Advances	10	217,862	220,714
		<u>2,544,765</u>	<u>2,446,878</u>
Current Liabilities and Provisions			
Current Liabilities	11	1,773,474	1,848,397
Provisions	12	35,544	48,343
		<u>1,809,018</u>	<u>1,896,740</u>
Net Current Assets		<u>735,747</u>	<u>550,138</u>
TOTAL		<u>1,562,632</u>	<u>961,439</u>
Notes to Accounts	20		

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

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

For and on behalf of the Board of Directors

Shinichi Iizuka
Managing Director

Anil Shah
Executive Director
Parag Dave
Asst. Company Secretary
Ahmedabad, Gujarat
May 15, 2009

Place: Mumbai
Date: May 15, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Currency: Rupees in thousands unless otherwise stated)

	Schedules	For the year ended March 31, 2009	For the year ended March 31, 2008
INCOME			
Manufacturing Sales - Domestic (Gross)		4,509,640	4,526,692
Manufacturing Sales - Export (Including Export Benefits)		7,417	8,811
Trading Sales		437,234	352,607
Service Income		235,932	167,418
TOTAL		5,190,223	5,055,528
Less: Excise Duty Recovered (Refer Note No. 17 of Schedule 20)		491,255	589,468
		4,698,968	4,466,060
Other Income	13	72,349	104,077
TOTAL		4,771,317	4,570,137
EXPENDITURE			
Raw Material Consumed and Cost of Trading Goods Sold	14	3,061,217	2,996,596
Personnel Expenses	15	235,380	199,575
Other Manufacturing and Operating Expenses	16	545,990	342,880
Selling and Distribution Expenses	17	563,834	537,611
(Increase) in Inventories	18	(8,984)	(73,417)
Depreciation and Amortisation	5	79,926	76,330
Financial Expenses	19	26,673	21,766
TOTAL		4,504,036	4,101,341
Profit Before Tax		267,281	468,796
Provision for Income Tax (Refer Note No. 9 of Schedule 20)			
Current Tax		47,389	59,820
Deferred Tax Liabilities		2,749	9,525
MAT Credit Entitlement		-	(28,931)
Fringe Benefit Tax		6,403	5,897
Net Profit after Tax		210,740	422,485
Balance brought forward from previous year		216,403	(206,082)
Balance carried to Balance Sheet		427,143	216,403
Basic and diluted earnings per share (Rs.) (Refer Note No. 8 of Schedule 20)		9.18	18.40
Nominal Value of Shares Rs.10 (Previous year: Rs. 10)			
Notes to Accounts	20		

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

As per our report of even date

For S.R. Batliboi & Co.

Chartered Accountants

per Vijay Maniar

Partner

Membership No: 36738

Place: Mumbai

Date: May 15, 2009

For and on behalf of the Board of Directors

Shinichi Iizuka

Managing Director

Anil Shah

Executive Director

Parag Dave

Asst. Company Secretary

Ahmedabad, Gujarat

May 15, 2009

Hitachi Home & Life Solutions (India) Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

(Currency: Rupees in thousands unless otherwise stated)

	For the year ended March 31, 2009	For the year ended March 31, 2008
A. Cash Flow from Operating Activities		
Net Profit before Tax	267,281	468,796
Adjustments For :		
Loss/(Profit) on sale/discard of assets (net)	(1,156)	(41)
Unrealised foreign exchange loss/(gain) (net)	43,449	(26,667)
Depreciation and Amortisation	79,926	76,330
Provision for doubtful debts	1,309	4,891
Financial Expenses (net)	5,309	8,113
Operating profit before working capital changes	396,118	531,422
Adjustments for :		
Decrease/(Increase) in Trade Receivables	80,715	(310,712)
(Increase) in Loans and Advances	(30,205)	(47,984)
(Increase) in Other Current Assets	(56,932)	(42,763)
Decrease/(Increase) in Inventories	40,109	(298,855)
(Decrease)/Increase in Trade Payables	(83,325)	600,530
(Decrease) in Other Provisions	(11,610)	(1,476)
Cash from Operating Activities	334,870	430,162
Fringe Benefit Tax paid	(7,811)	(6,956)
Direct Taxes paid	(25,150)	(48,000)
Net cash from Operating Activities	301,909	375,206
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(419,384)	(135,104)
Proceeds from sale of Fixed Assets	3,597	3,328
Purchase of Intangibles	(74,515)	(21,059)
Interest received	20,710	13,686
Net cash used in investing activities	(469,592)	(139,149)
C. Cash Flow from Financing Activities		
Receipt of long term / short term borrowings	347,641	-
Repayments of long term / short term borrowings	(286)	(187,835)
Interest paid	(25,565)	(22,606)
Net cash flow (used in) Financing Activities	321,790	(210,441)
Net increase in Cash and Cash Equivalents (A+B+C)	154,107	25,616
Cash and Cash Equivalents at the beginning	62,071	36,455
Cash and Cash Equivalents at the end	216,178	62,071
Components of Cash and Cash Equivalents:		
Cash on hand	300	257
Bank balances in current accounts	21,641	6,916
Balances in cash credit accounts	28,937	54,898
Balance in fixed deposit accounts	175,300	-
Balance in margin Accounts	2,423	1,320
Total	228,601	63,391
Less:- Balance in margin Accounts	2,423	1,320
Less:- Fixed deposits not considered as cash equivalents	10,000	-
Cash and Cash Equivalents	216,178	62,071

As set out in our attached report

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

As per our report of even date

For S.R. Batliboi & Co.

Chartered Accountants

per **Vijay Maniar**

Partner

Membership No: 36738

For and on behalf of the Board of Directors

Shinichi Iizuka

Managing Director

Anil Shah

Executive Director

Parag Dave

Asst. Company Secretary

Ahmedabad, Gujarat

May 15, 2009

Place: Mumbai

Date: May 15, 2009

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

(Currency: Rupees in thousands unless otherwise stated)

Particulars	Gross Block			Depreciation and Amortisation				Net Block		
	As on 1-Apr-08	Additions	Deductions	As on 31-Mar-09	As on 1-Apr-08	For the year	Deductions	As on 31-Mar-09	As on 31-Mar-09	As on 31-Mar-08
Intangible assets										
Trade mark	21,000	-	-	21,000	21,000	-	-	21,000	-	-
Software capitalisation	36,206	2,935	-	39,141	31,861	2,702	-	34,563	4,578	4,345
Technical know how	69,859	63,448	-	133,307	19,860	16,676	-	36,536	96,771	49,998
Tangible assets										
Free hold land	2,734	182,143	-	184,877	-	-	-	-	184,877	2,734
Buildings	63,188	-	-	63,188	16,448	1,862	-	18,310	44,878	46,740
Plant and machinery	407,466	141,791	40,225	509,032	250,618	41,189	40,227	251,580	257,452	156,848
Computers	54,521	4,887	1,655	57,753	40,262	5,448	1,576	44,134	13,619	14,260
Furniture, fixture and office equipments	36,921	10,268	2,598	44,591	23,916	5,196	2,456	26,656	17,935	13,005
Electrical installations	10,379	1,987	1,402	10,964	4,664	1,424	1,384	4,704	6,260	5,715
Vehicles	30,911	9,818	6,100	34,629	9,816	5,429	3,896	11,349	23,280	21,095
TOTAL	733,185	417,277	51,980	1,098,482	418,445	79,926	49,539	448,832	649,650	314,740
Previous year	628,487	127,922	23,224	733,185	362,052	76,330	19,937	418,445	314,740	
Capital work in progress									177,235	96,561
TOTAL									826,885	411,301

Notes:

1. Plant and Machinery includes testing equipments and moulds with net block of Rs. 99,026 (Previous year: Rs. 70,190) gross block Rs.214,732 (Previous year Rs. 200,500).
2. Building includes Rs. 1,381 (Previous year: Rs. 1,381) in respect of ownership of flats in co-operative housing society.
3. Capital work in progress includes Rs. 19,782 towards capital advance (Previous year Rs. 6,966).

As at	As at
March 31, 2009	March 31, 2008

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

Raw Materials	402,817	442,641
Work-in-Progress	74,985	79,213
Finished Goods	302,778	289,566
Trading Goods	131,535	117,086
Stores and Spares	1,101	1,755
	913,216	930,261
Goods in Transit [includes raw material Rs.246,428 (Previous year Rs.249,644) and trading goods Rs.4,808 (Previous year 24,656)]	251,236	274,300
	1,164,452	1,204,561

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

Unsecured, Considered good	27,514	16,655
Considered doubtful	17,596	18,953
	45,110	35,608
Other debts		
Secured, Considered good	12,238	12,991
Unsecured, Considered good	778,503	870,557
	835,851	919,156
Less: Provision for doubtful debts	17,596	18,953
Of the total provision existing as at March 31, 2008, the management has identified and written off bad debts aggregating to Rs. 2,667 (Previous year: Rs. 11,163)	818,255	900,203

(Currency: Rupees in thousands unless otherwise stated)

As at
March 31, 2009

As at
March 31, 2008

SCHEDULE 8: CASH AND BANK BALANCES

Cash on hand	300	257
Bank balance with scheduled banks		
on current accounts	21,641	6,916
on cash credit accounts	28,937	54,898
on margin accounts	2,423	1,320
on fixed deposits accounts	175,300	-
	<u>228,601</u>	<u>63,391</u>

SCHEDULE 9: OTHER CURRENT ASSETS

Unamortised premium on forward contracts	778	51
Foreign currency receivable	114,139	57,934
Interest accrued on fixed deposits	678	24
	<u>115,595</u>	<u>58,009</u>

SCHEDULE 10: LOANS AND ADVANCES

(Unsecured)

Advances recoverable in cash or in kind or for value to be received		
- Considered good	170,114	154,900
- Considered doubtful	3,366	4,032
	<u>173,480</u>	<u>158,932</u>
Less: Provision for doubtful advances	3,366	4,032
Of the total provision existing as at March 31, 2008, the management has identified and written off doubtful advances aggregating to Rs.Nil (Previous year: Rs.1,224)	170,114	154,900
MAT Credit Entitlement	21,557	28,931
Less : MAT Credit Availed	17,824	7,374
	<u>3,733</u>	<u>21,557</u>
Advance payment of tax	120,172	87,344
Add : MAT Credit Availed	17,824	7,374
Less : Provision for tax	126,999	86,984
	<u>10,997</u>	<u>7,734</u>
VAT credit receivable	29,292	22,627
Balances with excise, customs and port trust authorities	3,726	13,896
	<u>217,862</u>	<u>220,714</u>

Advances considered good includes due from Principal Officer Rs.Nil (Previous year: Rs.15) and Directors Rs.269 (Previous year: Rs.420). Maximum amount outstanding during the period from Principal Officer Rs.20 (Previous year: Rs.42) and Directors Rs.819 (Previous year: Rs.973).

Hitachi Home & Life Solutions (India) Limited

(Currency: Rupees in thousands unless otherwise stated)

	As at March 31, 2009	As at March 31, 2008
SCHEDULE 11: CURRENT LIABILITIES		
Acceptances	423,386	589,546
Sundry creditors (Refer Note No. 7 of Schedule 20)	610,833	566,627
Advance from customers	29,498	45,621
Income received in advance	22,622	27,954
Investor education and protection fund - Unclaimed fixed deposit and interest	66	129
Other liabilities	555,468	546,108
Deposits	14,104	14,433
Interest accrued but not due on loans	1,621	513
Forward contracts	115,876	57,466
	<u>1,773,474</u>	<u>1,848,397</u>
SCHEDULE 12: PROVISIONS		
Gratuity	-	5,307
Superannuation	1,230	1,022
Leave encashment	13,692	14,014
5 Years warranty	20,622	26,812
Fringe benefit tax (net of advance tax)	-	1,188
	<u>35,544</u>	<u>48,343</u>
	<u>For the year ended March 31, 2009</u>	<u>For the year ended March 31, 2008</u>
SCHEDULE 13: OTHER INCOME		
Commission income	36,122	33,868
Gain on foreign exchange fluctuation (net)	-	46,940
Profit on sale of fixed assets (net)	1,156	41
Interest on bank deposits (gross)	21,365	13,653
(Tax deducted at source Rs. 4,599 (Previous Year: Rs. 3,042)		
Miscellaneous income	13,706	9,575
	<u>72,349</u>	<u>104,077</u>
SCHEDULE 14: RAW MATERIAL CONSUMED AND COST OF TRADING GOODS SOLD		
Raw Material (including processing charges)	2,738,706	2,694,163
Cost of Trading Goods sold	304,452	251,912
Project Installation Cost	18,059	50,521
	<u>3,061,217</u>	<u>2,996,596</u>
SCHEDULE 15: PERSONNEL EXPENSES		
Salaries, wages and bonus	220,790	180,388
Contribution to provident fund	9,600	7,858
Workmen and staff welfare expenses	4,798	4,749
Gratuity expenses	(668)	5,558
Superannuation expenses	860	1,022
	<u>235,380</u>	<u>199,575</u>

(Currency: Rupees in thousands unless otherwise stated)

For the year ended
March 31, 2009

For the year ended
March 31, 2008

SCHEDULE 16: OTHER MANUFACTURING AND OPERATING EXPENSES

AMC (Annual Maintenance Contracts) expenses	160,969	114,184
Customer service expenses	81,770	57,528
Travelling and conveyance	33,633	23,908
Legal and professional fees (Refer Note No. 16 (i) of Schedule 20)	12,281	10,391
Power and fuel	20,340	19,795
Telephone and communication	10,705	10,950
Rent (Refer Note No. 11 of Schedule 20)	14,713	11,463
Repairs and maintenance		
- Plant and machinery	10,527	11,841
- Building	2,759	2,727
- Others	9,082	5,684
Rates and taxes	11,348	6,992
Insurance	2,996	3,669
Printing and stationery expenses	3,004	2,604
Loss on foreign exchange fluctuation	116,411	-
Loose tools consumed	924	39
Increase/(decrease) of excise duty on inventories	(2,393)	642
Provision for doubtful debts	1,309	4,891
Contract labour charges	26,012	22,344
Miscellaneous expenses	29,600	33,228
	<u>545,990</u>	<u>342,880</u>

SCHEDULE 17: SELLING AND DISTRIBUTION EXPENSES

Sales commission and warranty expenses (other than sole selling agents)	140,347	140,428
Advertisement and sales promotion	171,942	172,553
Freight outward and octroi expenses	201,291	188,145
Royalty	50,254	36,485
	<u>563,834</u>	<u>537,611</u>

SCHEDULE 18: (INCREASE) IN INVENTORIES

Closing Inventories		
Work in Progress	74,985	79,213
Finished Goods	302,778	289,566
Total	<u>377,763</u>	<u>368,779</u>
Opening Inventories		
Work in Progress	79,213	74,851
Finished Goods	289,566	220,511
Total	<u>368,779</u>	<u>295,362</u>
(Increase) in Inventories	<u>(8,984)</u>	<u>(73,417)</u>

SCHEDULE 19: FINANCIAL EXPENSES

Interest on fixed loans	3,376	4,219
Interest others	15,841	4,444
Bank charges	7,456	13,103
	<u>26,673</u>	<u>21,766</u>

SCHEDULE 20: NOTES TO ACCOUNTS

For the year ended March 31, 2009

(Currency: Rupees in thousands unless otherwise stated)

1. Background

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

The Company is primarily engaged in the business of manufacturing and trading of "Hitachi" brand of Home Appliances. Manufacturing facility for air conditioners is set up at Kadi (North Gujarat) and Jammu. The Company performs its marketing activities through eighteen branches.

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

2. Statement of Significant Accounting Policies

2.1 Basis of preparation

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

2.2 Accounting estimates

The preparation of the financial statements in accordance with generally accepted accounting principles ('GAAP') requires that management makes estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any difference between the actual result and estimates are recognised in the period in which the results are known or materialise.

2.3 Fixed assets and depreciation

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

Machine spares which are specific to a particular item of fixed asset and their use is expected to be irregular have been capitalised.

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

a. Moulds	: 3 years	b. Computers	: 4 years
c. Furniture & Fittings	: 7 years	d. Office Equipments	: 5 years
e. Electrical Fittings	: 7 years		

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

Intangible assets are amortised, based on management's estimate of its useful economic life, on pro-rata basis as under:

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

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal or external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

2.4 Inventories

Inventories are valued as follows:

- (i) Raw materials and stores and spare parts are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be utilised are expected to be sold at or above cost.
- (ii) Work in progress is valued at lower of cost and net realisable value. Costs include material cost, direct expenses and a proportion of manufacturing overheads.
- (iii) Manufactured finished goods are valued at lower of cost and estimated net realisable value. Cost includes material cost, excise duty, direct expenses and a proportion of manufacturing overheads based on normal operating capacity. Traded finished goods are valued at lower of cost and estimated net realisable value.

(Currency: Rupees in thousands unless otherwise stated)

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

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

2.5 Revenue recognition

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

- (i) **Sale of Goods**
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are inclusive of freight, octroi and insurance, installation charges in some cases, export incentives and net of sales returns, value-added tax, sales tax and trade discounts. Excise duty deducted from the sales (gross) is the amount that is included in the amount of sales (gross) and not the entire amount of liability arising during the year.
- (ii) **Service Income**
Revenue from service operations is recognised as and when services are rendered in accordance with the terms of the contract. Maintenance revenue is recognised over the period of respective contracts.
- (iii) **Interest**
Interest Income is recognised on a time proportion basis taking into account the outstanding amount and the applicable rate.

2.6 Retirement benefits

- (i) Retirement benefits in the form of Provident and superannuation Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund.
- (ii) Gratuity liability is defined benefit obligations and are 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 done as per projected unit credit method.
- (iv) Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

2.7 Foreign currency transactions

- (i) **Initial Recognition**
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) **Conversion**
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- (iii) **Exchange Differences**
Exchange differences arising on account of settlement of monetary items or exchange differences arising on monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.
- (iv) **Forward exchange contracts not intended for trading or speculation purpose**
The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(Currency: Rupees in thousands unless otherwise stated)

2.8 Provisions

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

2.9 Income Taxes

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

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty backed by convincing evidence that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed at the balance sheet date and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

2.10 Minimum Alternate Tax (MAT) Credit

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

2.11 Earnings Per Share (EPS)

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

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

2.12 Leases

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

2.13 Cash and Cash equivalents

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

2.14 Segment Reporting

Identification of Segment

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

2.15 Government grants and subsidies

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

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

2.16 Capital work in progress

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

3. Segment Reporting

(Currency: Rupees in thousands unless otherwise stated)

Business Segment:

The Company's business consists of manufacturing, sales and trading of Home Appliances and related services thereto. Since the Company's business falls within a single reportable business segment, disclosure requirements of Accounting Standard (AS) 17 – Segment Reporting are not reported upon separately.

Geographical Segment:

Secondary segmental reporting is based on the geographical location of customers. The geographical segments have been disclosed based on revenues within India (sales to customers within India) and revenues outside India (sales to customers located outside India). Secondary segment assets are based on the location of such asset.

(Figures in parenthesis represent previous year numbers)

Segment Revenues	India		Outside India		Total	
Sales and Service Income (including export benefits)	4,691,551	(4,457,249)	7,417	(8,811)	4,698,968	(4,466,060)
Segment Assets						
Carrying amount of segment assets	3,368,438	(2,854,994)	3,212	(3,185)	3,371,650	(2,858,179)
Addition to fixed assets	417,277	(127,922)	-	(-)	417,277	(127,922)

The Company has common fixed assets for producing goods for domestic as well as overseas market. Hence segment-wise information for fixed assets/ additions to fixed assets has not been furnished.

4. Related Party Transactions

(a) List of related Parties and Relationship

Relation	Party
A. Related parties exercising control	Hitachi Ltd., Japan, (ultimate Holding Company) Hitachi Appliances Inc., Japan (Holding Company)
B. Parties under common control (Fellow Subsidiaries)	Hitachi Air Conditioning Products (M) Sdn. Bhd. Hitachi Asia Ltd. - Singapore Hitachi Asia Ltd. – Hong Kong Hitachi Household Appliances (Wuhu) Co. Ltd. Hitachi Procurement Service Co. Ltd. Hitachi Metglas (India) Pvt. Ltd. Luvata Hitachi Cable (Thailand) Ltd. Shanghai Hitachi Electrical Appliances Co. Ltd. Shanghai Hitachi Household Appliances Co. Hitachi Consumer Products (Thailand) Ltd. Taiwan Hitachi Co. Ltd. Renesas Technology Singapore Pte. Ltd. Hitachi Home Electronics Asia (S) Pte. Ltd. Hitachi Data Systems Hitachi Koki India Ltd. Hitachi Air Conditioning & Refrigerating Products (Guangzhou) Co. Ltd. Hitachi India Trading Pvt. Ltd. Hitachi India Pvt. Ltd. Hitachi Air Conditioning Systems Co. Ltd. Hitachi Lift India Private Ltd. Hitachi Transport System (Asia) Pte. Ltd. Hitachi Transport System India Pvt. Ltd.

Hitachi Home & Life Solutions (India) Limited

(Currency: Rupees in thousands unless otherwise stated)

C. Key Managerial personnel	Mr. Kenichi Munakata	(Chairman)
	Mr. Shinichi Iizuka	(Managing Director)
	Mr. Rakesh Khanna	(Executive Director upto April 30, 2007)
	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.	- (-)	393,096 (384,642)	- (-)
	Hitachi Household Appliances (Wuhu) Co. Ltd.	- (-)	139,004 (89,130)	- (-)
	Luvata Hitachi Cable (Thailand) Ltd.	- (-)	183,047 (181,974)	- (-)
	Hitachi Appliances Inc.	388 (-)	- (-)	- (-)
	Others	- (-)	22,294 (71,703)	- (-)
2	Purchase of trading material			
	Hitachi Asia Ltd., Singapore	- (-)	30,324 (32,016)	- (-)
	Hitachi Consumer Products (Thailand) Ltd.	- (-)	157,940 (129,543)	- (-)
3	Purchase of material for developmental work			
	Hitachi Household Appliances (Wuhu) Co. Ltd.	- (-)	- (100)	- (-)
	Shanghai Hitachi Electrical Appliances Co. Ltd.	- (-)	- (20)	- (-)
4	Training expenses			
	Hitachi Appliances Inc.	- (290)	- (-)	- (-)
	Hitachi Asia Ltd., Singapore	- (-)	122 (-)	- (-)
5	Technical know-how fees paid			
	Hitachi Appliances Inc.	64,581 (43,275)	- (-)	- (-)
6	Consultancy fees paid			
	Hitachi Appliances Inc.	21,870 (-)	- (-)	- (-)
7	Commission income			
	Hitachi Asia Ltd., Singapore	- (-)	36,122 (33,868)	- (-)
8	Sale of goods			
	Hitachi Appliances Inc.	-54 (-)	- (-)	- (-)
	Hitachi Lift India Pvt. Ltd.	- (-)	329 (681)	- (-)
	Hitachi India Trading Pvt. Ltd.	- (-)	222 (88)	- (-)
	Hitachi Koki India Ltd.	- (-)	- (467)	- (-)
	Others	- (-)	-16 (-16)	- (-)
9	Rendering of services			
	Hitachi India Trading Pvt. Ltd.	- (-)	19 (19)	- (-)
10	Interest expenses (including interest on external commercial borrowings)			
	Hitachi Appliances Inc.	3,376 (4,219)	- (-)	- (-)

(Currency: Rupees in thousands unless otherwise stated)

Sr. No.	Transactions	Holding Company		Fellow Subsidiaries		Key Management Personnel	
11	Advertisement recovery Hitachi Asia Ltd., Singapore	-	(-)	389	(582)	-	(-)
12	Sales commission paid Hitachi Appliances Inc.	324	(340)	-	(-)	-	(-)
13	Remuneration paid Mr. Shinichi Iizuka Mr. Vinay Chauhan Mr. Rakesh Khanna Mr. Amit Doshi Mr. Anil Shah	-	(-)	-	(-)	3,757	(3,553)
		-	(-)	-	(-)	3,643	(3,153)
		-	(-)	-	(-)	-	(439)
		-	(-)	-	(-)	3,677	(2,403)
		-	(-)	-	(-)	3,742	(2,383)
14	Royalty paid Hitachi Appliances Inc.	49,293	(35,785)	-	(-)	-	(-)
15	Foreign travel expenses paid Hitachi Appliances Inc.	1,434	(391)	-	(-)	-	(-)
16	Purchase of capital goods Hitachi Appliances Inc. Hitachi Asia Ltd., Singapore	2,960	(19,147)	-	(-)	-	(-)
		-	(-)	284	(35,713)	-	(-)
17	Reimbursement received Hitachi Appliances Inc. Hitachi Asia Ltd., Singapore Hitachi Transport Systems (Asia) Pte. Ltd.	-	(246)	-	(-)	-	(-)
		-	(-)	-	(512)	-	(-)
		-	(-)	-	(68)	-	(-)
18	Reimbursement paid Hitachi Appliances Inc.	4,441	(-)	-	(-)	-	(-)
19	Import freight, local freight and custom clearing expenses Hitachi Transport Systems India Pvt. Ltd.	-	(-)	40,987	(2,350)	-	(-)
20	Repayment of long term loan Hitachi Appliances Inc.	-	(186,014)	-	(-)	-	(-)
21	Receipt of long term loan Hitachi Appliances Inc.	339,504	(-)	-	(-)	-	(-)
	Debit balance outstanding as on March 31, 2009 Hitachi Consumer Products (Thailand) Ltd. Hitachi Air Conditioning Products (M) Sdn. Bhd. Others	-	(-)	135	(-9,536)	-	(-)
		-	(-)	21	(-)	-	(-)
		-	(-)	-	(-)	269	(412)
	Credit balance outstanding as on March 31, 2009 Hitachi Appliances Inc. Shanghai Hitachi Electrical Appliances Co. Ltd. Others	534,344	(171,389)	-	(-)	-	(-)
		-	(-)	141,856	(88,138)	-	(-)
		-	(-)	23,726	(-34,009)	-	(-)

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

Hitachi Home & Life Solutions (India) Limited

(Currency: Rupees in thousands unless otherwise stated)

5. Contingent Liabilities Particulars

	As at March 31, 2009	As at March 31, 2008
Income tax matters	1,266	3,207
Excise duty, service tax, sales tax and customs duty matters under dispute:		
Excise duty	2,760	37,881
Service tax	7,430	14,990
Sales tax	29,616	41,721
Customs duty	92	92
Guarantees given by the bankers to various authorities on behalf of the Company	3,566	1,172
Miscellaneous Claims against the Company not acknowledged as debts	3,536	7,032
Total	<u>48,266</u>	<u>106,095</u>

6. Capital Commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 197,252 (Previous year: Rs. 14,958).

7. Based on information available with the Company, there are no suppliers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprise Development Act, 2006" (Act) as at March 31, 2009. Accordingly, no disclosures are required to be made under said Act and Schedule VI to the Companies Act, 1956.

8. Earnings per share (EPS)

	For the year ended March 31, 2009	For the year ended March 31, 2008
Net profit as per Profit and Loss Account (Rs. In 000's)	210,740	422,485
Weighted average number of equity shares considered in calculating basic EPS	22,960,008	22,960,008
Weighted average number of equity shares considered in calculating diluted EPS	22,960,008	22,960,008
Basic earnings per share	9.18	18.40
Diluted earnings per share	9.18	18.40

9. Income Tax

Current Tax -

The Company has taxable earnings. Provision for tax has been computed under normal taxation.

Deferred Tax -

Components of deferred tax are as under:

Particulars	As at March 31, 2009	As at March 31, 2008
Deferred Tax Liabilities recognised for timing difference due to :		
Depreciation on fixed assets	(23,327)	(18,101)
Deferred Tax Liabilities	(23,327)	(18,101)
Deferred Tax Assets recognised for timing difference due to :		
Provision for doubtful debts	5,981	1,663
Provision for gratuity	-	1,803
Provision for leave encashment	4,654	4,763
Provision for super-annuation	418	347
Deferred Tax Assets	11,053	8,576
Net Deferred Tax (Liabilities)	<u>(12,274)</u>	<u>(9,525)</u>

(Currency: Rupees in thousands unless otherwise stated)

10. Provisions (AS-29 disclosure)

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

Particulars	Balance as on Mar 31, 2008 (Rs.)	Provision during the year (Rs.)	Utilised during the year (Rs.)	Reversal during the year (Rs.)	Balance as on Mar 31, 2009 (Rs.)
Provision for 5 Years Warranty	26,812 (32,038)	11,161 (8,919)	11,851 (9,567)	5,500 (4,578)	20,622 (26,812)
Other Provision	- (-)	13972 (-)	- (-)	- (-)	13972 (-)

Note:

- (a) The Company gives 5 years warranty on compressors at the time of sale to purchasers of its products. Product warranty expense is calculated based on past historical data of replacement of compressors and cost incurred thereon and is provided for in the year of sale. It is expected that the most of expenses against the provision will be incurred within next five years.
- (b) Other provision includes likely claims against the company in respect of VAT related matters.

11. Lease

Assets taken under operating leases are cancellable leases. Amount debited to Profit and Loss Account for the year Rs. 14,713 (Previous year: Rs. 11,463).

12. Forward contracts outstanding as at Balance Sheet date

(Currency in thousands)

Particulars	As at March 31, 2009	As at March 31, 2008
Import Creditors (hedged)	US\$ 462	US\$ 944
Acceptances (hedged)	US\$ 1,787	US\$ 499

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

(Currency in thousands)

Particulars	Currency	As at March 31, 2009	As at March 31, 2008
Import Creditors	US\$	13,318	6,328
Import Creditors	JPY	6	2,060
Acceptances	US\$	-	5,873
Technical Know How fees	JPY	45,000	95,445
Creditors for commission payment	US\$	7	-
Advance to vendors	US\$	404	1,303
Advance to vendors	JPY	4,573	16
Export Debtors	US\$	56	4
Advance from customer	US\$	-	1
Commission receivables	US\$	7	76
External Commercial Borrowings	US\$	-	2,921
External Commercial Borrowings	JPY	965,000	-
Swap cost payable	US\$	-	29
ECB Interest (accrued but not due)	US\$	-	13
ECB Interest (accrued but not due)	JPY	3,147	-
Creditors for Consultancy Fees	JPY	27,000	-

Hitachi Home & Life Solutions (India) Limited

(Currency: Rupees in thousands unless otherwise stated)

14. Selling & Distribution Expenses and Other Manufacturing & Operating Expenses are net of write back of excess provision of earlier years amounting to Rs.9,680 (Previous year: Rs.7,553) and Rs.2,796 (Previous year: Rs.1,950) respectively.

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

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

The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the plan.

Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

	For the year ended March 31, 2009	For the year ended March 31, 2008
Current service cost	2,083	2,034
Add : Interest cost on benefit obligation	1,439	1,019
Less : Expected return on plan assets	(1,286)	(848)
Add : Net actuarial (gain) / loss recognised in the year	(2,904)	3,353
Past service cost	-	-
Net benefit expense	(668)	5,558
Actual return on plan assets	1,326	883

Balance Sheet

Details of Provision for gratuity

	As at March 31, 2009	As at March 31, 2008
Defined benefit obligation	16,381	17,989
Less : Fair value of plan assets	(17,578)	(12,682)
Net	(1,197)	5,307
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	1,197	(5,307)

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

	As at March 31, 2009	As at March 31, 2008
Opening defined benefit obligation	17,989	12,739
Add : Interest cost	1,439	1,019
Add : Current service cost	2,083	2,034
Less : Benefits paid	(940)	(1,190)
Add : Actuarial (gains) / losses on obligation	(4,190)	3,387
Closing defined benefit obligation	16,381	17,989

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

	As at March 31, 2009	As at March 31, 2008
Opening fair value of plan assets	12,682	8,158
Add : Expected return	1,286	848
Add : Contributions by employer	4,921	3,641
Less : Benefits paid	(25)	-
Add : Actuarial gains / (losses)	(1,286)	35
Closing fair value of plan assets	17,578	12,682

The Company expects to contribute Rs.3,000* to gratuity fund in 2009-10.

* Estimated at 8.36% of Projected Annual Salary Bill

(Currency: Rupees in thousands unless otherwise stated)

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

	As at March 31, 2009	As at March 31, 2008
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:

	As at March 31, 2009	As at March 31, 2008
Discount rate	8%	8%
Expected rate of return on assets	8.5%	8.5%
Increase in Compensation cost	6%	7%
Employee turnover	3%	3%*

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

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

Amounts for the current year are as follows:

	As at March 31, 2009	As at March 31, 2008
Defined benefit obligation	16,381	17,989
Plan assets	17,578	12,682
Surplus / (deficit)	1,197	(5,307)
Experience adjustments on plan liabilities	(4,190)	3,387
Experience adjustments on plan assets	1,286	(35)

16. Supplementary statutory information

(i) Auditors' remuneration (excluding Service Tax) (included in legal and professional fees)	For the year ended March 31, 2009	For the year ended March 31, 2008
As audit fees	1,000	850
As tax audit fees	400	300
For other services (Limited Reviews and Certification)	975	750
Out of pocket expenses	129	132
Total	2,504	2,032

(ii) **Managerial remuneration**

Personnel Expenses include managerial remuneration for directors as set out below:

Salary	5,858	5,209
Allowances and Perquisites	8,203	5,962
Provident Fund and Superannuation	758	760
Total	14,819	11,931

As the future liability for Gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and therefore not included above.

As there is no commission payable to the directors, the computation of profits under section 198 and 350 of the Companies act, 1956 has not been disclosed.

(iii) Research and development expenditure incurred and charged to the Profit and Loss Account	27,262	23,330
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(Currency: Rupees in thousands unless otherwise stated)

(iv) Earnings and expenditure in foreign exchange	For the year ended March 31, 2009	For the year ended March 31, 2008
(a) Earnings in foreign currency on accrual basis		
Export of goods (on FOB basis)	7,819	8,782
Commission Income	36,122	33,868
Others	389	-
Total	44,330	42,650
(b) Expenditure in foreign exchange on accrual basis		
Interest	3,039	3,807
Royalty	44,364	32,206
Travelling	7,405	2,607
Commission	324	340
Technical know how (capitalised)	58,123	38,947
Salaries	4,441	-
Expenses capitalised	40,196	36,547
Others	446	3,630
Total	158,338	118,084
(c) Value of imports calculated on CIF basis		
Capital goods	40,968	44,662
Raw materials, components & spares parts	1,206,611	1,144,889
Trading Goods	211,710	177,322
Total	1,459,289	1,366,873

17. The Company is eligible for refund of excise duty paid on goods manufactured and removed from Jammu unit, other than the amount of duty paid by utilisation of CENVAT credit, in terms of Notification No. 56/2002-CE dated 14-11-2002. Excise duty recovered as disclosed in the Profit and Loss Account is net of such refund of Rs. 46,245 (Previous year: Rs. 58,347).

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

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

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

(i) Capacities and Production

Class of goods manufactured	March 31, 2009			March 31, 2008		
	Annual licensed capacity	Annual installed capacity*	Actual production	Annual licensed capacity	Annual installed capacity	Actual production
Airconditioners	Delicensed	150,000	132,417	Delicensed	150,000	137,436

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

(Currency: Rupees in thousands unless otherwise stated)

(ii) Sales of Goods

	For the year ended March 31, 2009		For the year ended March 31, 2008	
	Quantity (Nos.)	Value	Quantity (Nos.)	Value
Manufacturing Items (Including of excise duty)				
Air conditioners	133,131	4,484,087	134,344	4,505,171
Scrap Sales	Assorted	32,970	Assorted	30,332
Total		<u>4,517,057</u>		<u>4,535,503</u>
Trading Items				
Air conditioners	-	-	443	9,614
Spares-Air conditioner	Assorted	45,259	Assorted	27,233
Air conditioning Systems	Assorted	23,247	Assorted	36,052
Stabilisers	Assorted	15,889	Assorted	20,670
Gas tables	40	18	3	3
Refrigerators	11,248	340,982	7,087	228,274
Washing Machines	617	11,839	1,757	30,761
Total		<u>437,234</u>		<u>352,607</u>

(iii) Trading Items

	For the year ended March 31, 2009		For the year ended March 31, 2008	
	Quantity (Nos.)	Value	Quantity (Nos.)	Value
Opening Stocks				
Air conditioners	5	222	9	341
Spares-Air conditioner	Assorted	33,007	Assorted	16,823
Air conditioning Systems	Assorted	26,559	Assorted	16,857
Stabilisers	Assorted	1,436	Assorted	1,721
Gas tables	105	151	108	155
Refrigerators	1,986	47,712	2,071	50,271
Washing Machines	490	7,999	1,393	20,171
Total		<u>117,086</u>		<u>106,339</u>
Purchases				
Air conditioners	-	-	439	5,339
Spares-Air conditioner	Assorted	30,985	Assorted	23,582
Air conditioning Systems	Assorted	29,898	Assorted	40,848
Stabilisers	Assorted	13,509	Assorted	15,472
Refrigerators	11,101	235,814	7,002	165,408
Washing Machines	582	8,695	854	12,010
Total		<u>318,901</u>		<u>262,659</u>
Closing Stocks				
Air conditioners	5	222	5	222
Spares-Air conditioner	Assorted	47,489	Assorted	33,007
Air conditioning Systems	Assorted	32,295	Assorted	26,559
Stabilisers	Assorted	1,251	Assorted	1,436
Gas tables with spares	65	106	105	151
Refrigerators	1,839	43,184	1,986	47,712
Washing Machines	455	6,988	490	7,999
Total		<u>131,535</u>		<u>117,086</u>

(Currency: Rupees in thousands unless otherwise stated)

(iv) Inventories

Class of Goods	For the year ended March 31, 2009		For the year ended March 31, 2008	
	Quantity (Nos.)	Value	Quantity (Nos.)	Value
Finished Goods (Closing Stocks) of Manufactured Air conditioners	13,030	302,778	13,744	289,566
Finished goods (Opening Stocks) of Manufactured Air conditioners	13,744	289,566	10,652	220,511

(v) Raw material consumed

	Unit	For the year ended March 31, 2009		For the year ended March 31, 2008	
		Quantity	Value	Quantity	Value
Compressors	Nos	157,419	574,471	164,812	541,243
Fan Motors	Nos	212,417	237,655	228,612	210,301
CRCA / GP Sheets	Kgs	4,287,615	211,290	4,581,823	208,608
Copper	Kgs	771,060	314,790	834,937	311,715
AHU	Nos	75,564	313,566	67,912	248,625
Others (Including packing material and processing charges)	Assorted		<u>1,086,934</u>	Assorted	<u>1,173,671</u>
Total			<u>2,738,706</u>		<u>2,694,163</u>

(vi) Imported and indigenous raw material and spare parts consumed (including trading goods consumed)

	For the year ended March 31, 2009		For the year ended March 31, 2008	
	Value	% of total consumption	Value	% of total consumption
Imported	1,598,543	53	1,359,096	46
Indigenous	1,444,615	47	1,586,979	54
Total	<u>3,043,158</u>	100	<u>2,946,075</u>	100

21. Prior year comparatives

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

For S.R. Batliboi & Co.

Chartered Accountants

per Vijay Maniar

Partner

Membership No: 36738

For and on behalf of the Board of Directors

Shinichi Iizuka

Managing Director

Anil Shah

Executive Director

Parag Dave

Asst. Company Secretary

Place: Mumbai

Date: May 15, 2009

Ahmedabad, Gujarat

May 15, 2009

(Currency: Rupees in thousands unless otherwise stated)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	07470
State Code	04
Balance Sheet Date	31.03.2009

II Capital raised during the year

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

III Position of mobilisation and deployment of funds

Total Liabilities	1,562,632
Total Assets	1,562,632

Sources of Funds

Paid up Capital	229,600
Reserves and surplus	815,501
Secured Loans	8,137
Unsecured Loans	497,120
Deferred Tax Liabilities	12,274

Application of Funds

Net fixed assets	826,885
Net current assets	735,747

IV Performance of Company

Total income	4,771,317
Total expenditure	4,504,036
Profit before tax	267,281
Profit after tax	210,740
Earning per share (Rs.)	9.18
Dividend rate %	-

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

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

For and on behalf of the Board of Directors

Shinichi Iizuka
Managing Director

Anil Shah
Executive Director

Parag Dave
Asst. Company Secretary

Place: Ahmedabad, Gujarat
Date: May 15, 2009

GLIMPSES OF THE YEAR



Launch of ACE Followme & ACE Cutout.



Exhibition Participation



MOU signing at Vibrant Gujarat



Exhibition at Vibrant Gujarat



Outbound Training - Teamwork



Training a way of life at HHLI



CSR activity at Gujarat Cancer Society



CSR activity at Old Age Home

HITACHI
Inspire The Next

WHAT'S YOUR FAVOURITE CLIMATE?

ACE

Auto Climate Technology Feature of Ace Cutout

HITACHI
Inspire The Next

ACE Followme

YOU MOVE TO THE LEFT, IT MOVES TO THE LEFT.
YOU MOVE TO THE RIGHT, IT MOVES TO THE RIGHT.
NEEDS SHOWN ON R.C. CONSISTENTLY COOLERS FOR BEST USE!

ACE Followme Launch Ad

HITACHI
Inspire The Next

3-Door Advantage

We admit, it doesn't have a consistent performance.

The Hitachi 3-door refrigerator, it's got 3 different compartments, temperature and humidity levels. It's an essential 3-door refrigerator, it's got 3 different compartments, temperature and humidity levels. It's an essential 3-door refrigerator, it's got 3 different compartments, temperature and humidity levels.

HITACHI
Inspire The Next

1.2 Tr cools upto 140 sqft

Every square foot makes a tonne of a difference.

The Hitachi 1.2 Tr air conditioner cools up to 140 Sqft. With its effective cooling you don't need to spend on a 1.5 Tr AC of any other brand.

1.5 Star Rated - Auto Climate Technology - On/Off Timer with Advanced Start-Up - Remote - High Capacity Compressor

HITACHI
Inspire The Next

Drain Pump Feature of Takumi

We are confident you'll get more out of your design!

The drain pump feature of Takumi is a unique feature which allows you to drain the condensate water directly to the floor drain.

HITACHI
Inspire The Next

Space Feature of Takumi

As little as condensation being left over for your other plant.

HITACHI
Inspire The Next

Most Silent window AC

POSSIBLY THE WORLD'S MOST SILENT WINDOW AC.

Thin-Body Technology - Thin-Tube Technology - Auto Climate Technology - Low-Noise Drive Train

HITACHI
Inspire The Next

Heat Reclaim Chiller

With our Heat Reclaim Technology, get more out of your air-conditioning Chiller than just cool air.

HITACHI
Inspire The Next

Starting Load Reduction Feature of Takumi

In the night, charge heat all leaving your other plants in the dark!

HITACHI
Inspire The Next

Flexibility Feature of Takumi

HITACHI
Inspire The Next

Free service camp

THOSE INVISIBLE THINGS

TELEVISION | COMMERICAL



Title: " Hitachi Ace Followme. Follows wherever you go."
Duration: 40 sec.

HITACHI

Inspire the Next

Hitachi Home & Life Solutions (India) Limited

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