

The background of the entire page is a detailed architectural blueprint, rendered in a dark teal color. The blueprint shows various floor plans, structural elements, and technical drawings, including a prominent house-like structure with a gabled roof and a window in the upper left quadrant. The lines and text of the blueprint are faint but clearly visible, creating a technical and professional atmosphere.

HITACHI
Inspire the Next

ANNUAL REPORT
2007-08

Hitachi Home & Life Solutions (India) Limited

OUR PRODUCT RANGE



ACE



STAR



ATOM SQUARE



ATOM XL



IOTA



TOWER



CASSETTE



QUADRICOOL TM



QUADRICOOL



BIG FRENCH



3-DOOR



2-DOOR



BEAT WAVE WM



TAKUMI DUCTABLES



CONCEALED SPLITS



SETFREE SYSTEM



SELF-CONTAINED AC



WATER-COOLED
CHILLER



AIR-COOLED
CHILLER



SPACEMAKER

MESSAGE

CHAIRMAN

I would like to take this opportunity to greet all the shareholders of Hitachi Home & Life Solutions (India) Ltd. {HHLI}. I am fortunate to have an opportunity to serve you as the Chairperson of HHLI since February, 2008. I am pleased to inform you that HHLI has wiped off accumulated losses and come out with carried forward profit during the financial year 2007-08.

HHLI has made an Operating Profit (Profit before Depreciation, Interest and Tax) of Rs. 553.08 Mn. and made a great contribution to the consolidated accounts of Hitachi Group.

The year 2007-08 has seen the continuation of the growth of Indian Economy. The economic growth and its sustenance have seen the emergence of new consumerist Indian. The appliance industry has also seen an upward trend. Air conditioning industry experienced the sales growth of 20-25% over previous year. India which has now more than half of the population under 25 years is bound to develop as a potential emerging market for our range of room Air conditioning products.

The rampant growth in the industry has enabled the stiff competition amongst the players in Room Air conditioning business. HHLI will remain focused on high quality and will not resort to any move which will hamper its reputation.

The shift in the preference for the Split ACs and growing share of Window ACs in the room Air conditioners implies to a growing need for the finer and technological superior products. HHLI being the pioneer of technological innovations is bound to benefit from this trend.

There has been a good response for our imported Refrigerators and Washing Machines in Indian market. We have been able to make inroads in the highly competitive market by right marketing mix.

Over the years HHLI has also been able to develop its B2B business. The share of this format of business is now more than half of the company's turnover. We have been able to make inroads with the products like Split ACs, Takumi range of Ductable Split ACs, Self Contained Packaged Air conditioners, Set Free VRF systems and Chillers. The specialized product Spacemaker is also well accepted by the telecom industry. The product surely will follow the telecom industry growing spree.

Our endeavor is to develop products which cater to the customer needs. Our products are in synch with the present customer profile who wants to enjoy the technology rather than getting into the frills of operation. We call this need of customers as "Uncomplicate Life". To enjoy the technology all you need is a comfort of pressing a "Button".

The current rise in inflation has affected the raw material prices adversely. The increase in prices of metals has created the pressure on the profitability of the Appliance Industry. HHLI is taking every possible step to mitigate the likely impact.

The advent of Major Retailers is also adding to the volumes in the sale. If present expansion of the retail segment continues we are bound to increase our volumes further. At the same time we have to be prepared for any bully buying by these retail biggies. The maturity of the Indian Retailing will also imply to a diminishing margins. HHLI is trying to optimize its sales proportion ratio in such a way that the impact of high volume and diminishing margins is minimized.

Finally, I convey my sincere gratitude to all the stakeholders of HHLI and people of India for their unconditional support. I wish to place on record the support of Board Members, Customers, Business Associates and Employees of the Company and look forward for the same in the future.



Kenichi Munakata
Chairman
Hitachi Home & Life Solutions (India) Ltd.

BOARD OF DIRECTORS



Kenichi Munakata
Chairman



Shinichi Iizuka
Managing Director



Amit Doshi
Executive Director



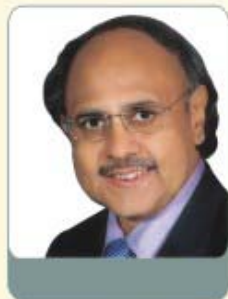
Anil Shah
Executive Director



Vinay Chauhan
Executive Director



L.G. Ramakrishnan
Director



Mukesh Patel
Director



Ravindra Jain
Director



Tarun Sheth
Director

BOARD OF DIRECTORS

Kenichi Munakata
Shinichi Iizuka
Amit Doshi
Anil Shah
Vinay Chauhan
L G Ramakrishnan
Mukesh Patel
Ravindra Jain
Tarun Sheth

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

AUDITORS

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

BANKERS

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

Report  Junction.com

REGISTERED OFFICE

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

WORKS

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

Canal Road, Baribrahmna – 181 133,
Jammu

REGISTRARS & SHARE TRANSFER AGENT

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

CONTENTS

Five Years Financials at a Glance.....	03
Notice.....	04
Directors' Report.....	06
Report on Corporate Governance.....	09
Management Discussion & Analysis.....	16
Auditors' Report.....	19
Balance Sheet.....	22
Profit & Loss Account.....	23
Cash Flow Statement.....	24
Schedules forming part of Financial Statements.....	25
Balance Sheet Abstract and Company's General Business Profile.....	43

FIVE YEARS FINANCIALS AT A GLANCE

Currency: Rupees in Million unless otherwise stated

PARTICULARS	2007-08	2006-07	2005-06	2004-05	2002-04 18 Months
Sales and Services (Net of Excise Duty)	4466.06	3248.90	2575.22	2370.65	2783.56
Sales Growth	37%	26%	9%	-15%	40%
Other Income	92.92	53.77	34.92	55.18	28.98
TOTAL INCOME	4558.98	3302.67	2610.14	2425.83	2812.54
Profit before Depreciation, Interest and Tax (PBDIT)	553.08	291.74	230.27	125.16	(76.30)
Financial Expenses (Net)	8.11	24.40	27.31	25.44	105.01
Depreciation	76.17	45.05	45.98	42.78	66.97
Profit before Tax (PBT)	468.80	222.29	156.98	56.94	(248.28)
Provision for Taxation	46.31	29.03	8.42	-	-
Profit after Tax (PAT)	422.49	193.26	148.56	56.94	(248.28)
Equity Share Capital	229.60	229.60	229.60	229.60	229.60
Reserves and Surplus	604.76	388.36	388.36	388.36	388.36
Net Worth	834.36	411.88	218.61	70.06	13.11
Net Worth Growth	103%	88%	212%	434%	200%
Gross Fixed Assets	733.19	628.49	590.98	597.89	570.58
Net Fixed Assets	314.74	266.44	272.19	294.89	303.57
Total Assets	961.44	952.36	1045.45	1135.95	1177.81
KEY INDICATORS					
Earnings Per Share (Rs.)	18.40	8.42	6.47	2.48	-
Cash Earnings Per Share (Rs.)	21.72	10.38	8.47	4.34	-
Book Value Per Share (Rs.)	36.34	17.94	9.52	3.05	0.89
Total Debt to Equity	0.14	0.81	1.96	7.39	42.69
PBDIT / Sales and services (Net of excise duty)	12%	9%	9%	5%	-
Net Profit Margin	9%	6%	6%	2%	-
Return on Net Worth	51%	47%	68%	81%	-
Return on Capital Employed	50%	26%	18%	7%	-

Hitachi Home & Life Solutions (India) Limited

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the members of the Company will be held on Monday, 28th day of July, 2008 at 9.30 a.m. at H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad : 380 015 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31, 2008, 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. Anil Shah who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mukesh Patel who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Tarun Sheth who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
5. 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:

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

“RESOLVED THAT Mr. Kenichi Munakata, appointed as an Additional Director by the Board of Directors on February 01, 2008 and who holds office as such 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. Kenichi Munakata 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.”

By Order of the Board of Directors

Place: Ahmedabad
Date: May 15, 2008

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 28, 2008 to July 30, 2008 (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 2008-09.
- (j) The Company has transferred the unclaimed dividends declared upto the financial year 1999-00 to the Investor Education and Protection Fund of the Central Government.

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

Item No. 6

Pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Kenichi Munakata was appointed as an additional Director of the Company by the Board of Directors of the Company on February 01, 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. Kenichi Munakata for appointment as a Director of the Company.

Mr. Kenichi Munakata 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.



By Order of the Board of Directors

Place: Ahmedabad
Date: May 15, 2008

Parag Dave
Asst. Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report, along with the Audited Financial Statements, for the year ended March 31, 2008.

Financial Highlights

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

	For the year ended March 31, 2008	For the year ended March 31, 2007
		(Rs. in Mn.)
Income from operations	5055.53	3657.20
Less : Excise Duty	589.47	408.30
Other Income	92.92	53.77
Total Income	4558.98	3302.67
Profit before interest, depreciation and tax	553.08	291.75
Interest	8.11	24.40
Depreciation	76.17	45.05
Tax	46.31	29.03
Profit after tax	422.49	193.27

Dividend

Your Directors do not propose dividend on Equity Shares for the year ended March 31, 2008.

Operating & Financial Performance

The Indian Room Air conditioning Market stood at 1.85 Mn. units for the year under review with a growth rate touching around 22% year on year. The growth in the market is expected to continue in this year also. The main drivers can be summarised as under:

1. Low penetration levels for the Air conditioner, which still hovers around 2%.
2. Nuclearisation of families.
3. Upgradation in the Income levels.
4. Increase in the disposable part of the income
5. Increase in the awareness of the products
6. Transition of Air conditioners as necessity rather than luxury.
7. The growth of the apartment living culture.
8. The Infrastructure growth in tier II & III cities.

There is continuity in the trend for the rise in the sales of Split ACs and this is shown in the figures of your company also. The contribution of the Split ACs in industry has gone up to 50 %.The ratio for your company stands at 38:62 (Window ACs: Split ACs). The change is mainly due to the narrowing of the pricing differential between the Window ACs and Split ACs and the changing Indian consumer who has become more discerning. Most of the companies are also focusing on this segment of the market and coming up with more & more innovations in the same. All this is leading to the increase in the awareness & development of Split AC market over the Window ACs. Your company is also constantly devising strategies to garner major chunk of this segment. Although Window AC on its part will still find its target segment due to its ease of installation and ownership but the growth of Window AC market is very low. Your company has been able to achieve a growth of over 40% in Split AC category.

We are continuing to make inroads in the Refrigerator & Washing Machine market. We have launched a new range of Two Door Refrigerators and New "Beat Wave Wash" Washing Machines. We are bound to increase our growth rate over the industry standards. We have been able to stabilise in this category and have achieved a growth rate of 25% over last year. We plan to continue this growth spree this year also.