

ANNUAL  
REPORT



2009-10

Hitachi Home & Life Solutions (India) Limited

## OUR PRODUCT RANGE



I-TEC



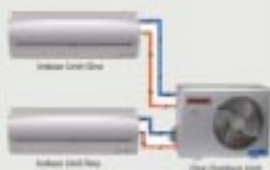
Ace FollowMe



Ace Cutout



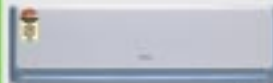
Star



Atom<sup>2</sup>



Atom XL



Kaze



Quadricool TM



Quadricool



Cassette



Big French Refrigerator



3-Door Refrigerator



2-Door Refrigerator



Takumi Ductables



Concealed Splits



Set Free System



Water-Cooled Chiller



Air-Cooled Chiller



Space maker



Self-Contained AC

## MESSAGE FROM THE CHAIRMAN



**Shinichi Iizuka**

Chairman

Hitachi Home & Life Solutions (India) Ltd.

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

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

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

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

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

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

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

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

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

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

Steps for Future Growth- Taken in 2009-2010

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

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

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

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

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

## BOARD OF DIRECTORS



**Shinichi Iizuka**  
Chairman



**Motoo Morimoto**  
Managing Director



**Amit Doshi**  
Executive Director



**Anil Shah**  
Executive Director



**Vinay Chauhan**  
Executive Director



**Dr. Anwar Ali**  
Director



**Ashok Balwani**  
Director



**Dr. Devender Nath**  
Director



**L.G. Ramakrishnan**  
Director



**Mukesh Patel**  
Director



**Ravindra Jain**  
Director



**Tarun Sheth**  
Director

## **BOARD OF DIRECTORS**

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

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

## **AUDITORS**

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

## **BANKERS**

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

## **REGISTERED OFFICE**

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

## **WORKS**

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

Canal Road, Baribrahmna – 181 133  
Jammu

## **REGISTRARS & SHARE TRANSFER AGENT**

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

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### Payment of Dividend through ECS / NECS

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

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

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

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

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

**FIVE YEARS FINANCIALS AT A GLANCE**

(Currency: Rupees in thousands unless otherwise stated)

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

Note: Previous years' figures regrouped wherever necessary

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

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### **NOTICE**

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of the Company will be held on Thursday, 29th day of July, 2010 at 9.00 a.m. at H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad : 380 015 to transact the following business:

### **ORDINARY BUSINESS:**

1. To consider and adopt the audited Balance Sheet as at March 31, 2010, Profit and Loss Account for the year ended on that date and the reports of Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended March 31, 2010.
3. To appoint a Director in place of Mr. Anil Shah who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vinay Chauhan who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Mukesh Patel who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Tarun Sheth who retires by rotation in terms of Article 110 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
7. To appoint Auditors of the Company in place of the retiring Auditors to hold office from conclusion of this meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

### **SPECIAL BUSINESS:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**By Order of the Board of Directors**

Place: Ahmedabad  
Date: June 21, 2010

**Parag Dave**  
Asst. Company Secretary

### **Notes :**

- (a) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The instrument appointing proxy must be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for the meeting.
- (b) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect to the Special business to be transacted at the Meeting is annexed hereto.
- (c) The Register of Members and Share transfer books of the Company will be closed from July 26, 2010 to July 29, 2010 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared, at the Annual General Meeting.
- (d) Dividend, if declared, will be paid on or after July 31, 2010 as under:
  - Physical Shares: To the members whose names appear on the Register of members of the Company as on July 25, 2010.
  - Dematerialised Shares: To the beneficial owners as on July 25, 2010 as per information to be furnished by Depositories for this purpose.
- (e) Members desirous of obtaining information in respect of accounts of the Company are requested to send queries in writing to the Company at the registered office, so as to reach at least seven days before the date of the meeting.