HITACHI
Inspire the Next

ANNUAL REPORT

2013 -2014

Hitachi Home & Life Solutions (India) Limited

OUR PRODUCT RANGE

i-Clean Inverter

Ace Inverter

Kampa Inverter

Ace Cutout

Ace FollowMe

Kaze Plus Split

Star

Kampa

Summer TM

Summer QC

Kaze Plus Window

Cassette

French Door
Bottom
Freezer

Big French
Inverter
Refrigerator

3-Door
Inverter
Refrigerator

2-Door
Inverter
Refrigerator

Takumi Ductable

Set-Free System

Water-Cooled Chiller

Space Maker

MESSAGE FROM THE CHAIRMAN

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

"With the objective of sustained profitable growth we continue to invest and innovate in products to offer a wide range to customers. This will be supported by a sales and service network expansion to reach out to newer clients and deliver our value proposition. Demand is expected to pick up, we are well positioned to leverage this and counter competition."

My warm greetings to all the shareholders of Hitachi Home & Life Solutions (India) Ltd. (HHLI).

As of now the economy continues to be in a state of slumber. With an annual growth of 4.9% in 2013-14, India has now recorded two consecutive years of less than 5% annual growth. Sadly, for the first time in the last ten years, private consumption growth has been below 5% at 4.1% for 2013-14. The slowdown in economic growth was coupled with fairly high levels of domestic inflation. In addition, with adverse movements in current account deficit and some degree of capital flight, there was significant depreciation of the rupee when compared to the US dollar. This negatively affected the consumer durables industry, where Company operates, from two angles. For one, it made fully imported goods even more expensive for the average Indian consumer. For another, it increased costs of imported intermediaries, which account for a large proportion of value of durable goods produced in India exerting cost pressures on manufacturers.

In this difficult business environment, it gives me pleasure to share with you the highlights of the financial performance for 2013-14, which are largely in line with our goals of long term sustainable growth. Net revenues from operations increased by 18.3% to ₹ 1,099.7 crore. In fact, with this level of sales we are now a 1,000 crore plus turnover entity in India. Even though prices and costs were under pressure, operating profit or profit before depreciation, interest and tax increased by 11% to ₹ 53.3 crore in 2013-14.

Our strong belief is that "Society changes. Hitachi transforms it." Economic cycles are transient. What is important is to appreciate and understand the rapid transformation that is happening in the Indian consumer appliances market. Once perceived as luxury items, consumer durables have today become an indispensable tool of everyday use for the Indian middle class. The demand for consumer durables in India is expected to reach ₹ 52,000 crore (US $ 8.4 billion) by 2015, according to ASSOCHAM; the largest contributing sector among durables is white goods, also known as consumer appliances, like Air conditioners, refrigerators and washing machines. Hitachi is playing its role as a catalyst for change by continuously investing in developing new and innovative products that stand out in the market. The diverse and rich product mix is supported by an ever expanding sales network that aims to reach out to maximum customers.

This was evident during 2013-14 in our two product segments – Air conditioners and refrigerators.

Company successfully introduced the Tropical Inverter Technology in the room Air conditioner segment. This technology is custom made for tropical weather conditions like the one that exists in India. Basically, with this technology, Hitachi inverter ACs can perform consistently and efficiently in extreme Indian weather conditions while optimally using energy. The Tropical Inverter Technology ensures less de-rating at high ambient temperatures to give consistent cooling comfort. The 'i-Clean Inverter', 'ACE Inverter' and 'Kampa Inverter' models are powered with this technology.

It gives me a great sense of pride to announce that Company has been honored with Certificate of Merit at the National Energy Conservation Awards (NECA)-2013 by Bureau of Energy Efficiency (BEE), Ministry of Power for producing its range of energy efficient Air conditioners.

A significant proportion of room Air conditioners is actually sold institutionally or on a Business-to-Business (B2B) basis. This is referred to as small size projects business. These sales are also spread out more evenly through the year, unlike direct consumer purchases of room Air conditioners that happen largely in summer. HHLI is now focusing on the B2B side of the room AC market. In addition, Company intends to leverage its strengths and significantly increase its play in the larger projects business that comprises pure commercial devices like chillers, VRF and ductables.

In the Commercial Air conditioner segment, we are increasing our focus on Variable Refrigerant Flow (VRF) technology. The Company has invested to develop and produce Top Flow 'Set Free' outdoor units from 8 to 54 HP in our Indian manufacturing facility. These machines are strictly designed to meet Indian weather conditions. Production will start in July 2014. We are already producing Front Flow set free outdoor units in India.

In refrigerators, Company focuses on the niche segment comprising larger frost free products. During 2013-14, Company introduced the new range of frost free, Tropical Inverter refrigerator range in 4-door, 3-door & 2-door categories. The new stylish and premium refrigerator series is expected to entice the consumers with its elegant designs and unique features. We operate only in premium category and Company has delivered growth of over 15% in 2013-14.

For success in any market the large diversified product base has to be effectively supported by an efficient service network. The increase in service network continued in 2013-14 and, today, we have 37 Company owned & operated service centres across the country apart from other service points including multi brand S&S, exclusive S&S and franchisees.

I believe India is turning the tide in terms of economics and consumer sentiments are turning positive. The opportunities will grow in 2014-15 and so will the challenges of an increasingly demanding consumer base and strong competition. We have always believed in steady and sustained growth, which is what we intend to deliver in the next few years.

I would like to take this opportunity to thank all the stakeholders of Hitachi Home & Life Solutions (India) Ltd. – the employees for their commitment and delivery, the vendors for their regular support, the customers for their belief in our products and to you, our shareholders for continuing to repose faith in our business. We intend to continuously deliver value to all of you.

I wish all of you the best of health and prosperity in the year 2014-15.

Shinichi Iizuka

BOARD OF DIRECTORS

Shinichi Iizuka
Chairman

Shoji Tsubokuta
Managing Director

Amit Doshi
Executive Director

Anil Shah
CFO & Executive Director

Vinay Chauhan
Executive Director

Ashok Balwani
Director

Dr. Devender Nath
Director

L G Ramakrishnan
Director

Mukesh Patel
Director

R S Mani
Director

Ravindra Jain
Director

Vinesh Sadekar
Director

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Dr. Devender Nath	Director
L G Ramakrishnan	Director
Mukesh Patel	Director
R S Mani	Director
Ravindra Jain	Director
Vinesh Sadekar	Director

COMPANY SECRETARY
Parag Dave

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

BANKERS
State Bank of India
ICICI Bank
Standard Chartered Bank

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

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

Canal Road, Baribrahmna – 181 133
Jammu

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

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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.

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

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

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

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

FIVE YEARS FINANCIALS AT A GLANCE

(Currency: Rupees in Lacs unless otherwise stated)

PARTICULARS	2013-14	2012-13	2011-12	2010-11	2009-10
Revenue from Operations (Net)	109,973	92,999	79,809	76,401	64,090
Revenue Growth	18%	17%	4%	19%	36%
Total Revenue	**110,547**	**93,160**	**79,896**	**76,868**	**65,273**
Earning Before Depreciation, Finance Cost and Tax Expenses(EBDIT)	5,331	4,805	3,114	6,336	7,031
Financial Charges	1,195	721	1,003	738	151
Depreciation & Amortisation	3,004	2,018	1,832	1,605	1,178
Profit Before Tax (PBT)	1,133	2,066	279	3,993	5,702
Provision for Taxation	328	536	(47)	1,061	1,088
Profit After Tax (PAT)	805	1,530	326	2,933	4,614
Equity Share Capital	2,719	2,296	2,296	2,296	2,296
Reserves & Surplus	21,284	15,879	14,826	14,900	12,367
Net Worth	24,003	18,175*	17,122	17,196	14,663
Net Worth Growth	32%	6%	0%	17%	40%
Gross Fixed Assets	30,734	27,076	22,634	20,432	17,230
Net Fixed Assets	19,763	18,842	14,230	13,663	11,802
KEY INDICATORS					
Earnings Per Share (₹)	2.97	6.67	1.42	12.77	20.10
Cash Earnings Per Share (₹)	14.01	15.46	9.40	19.76	25.23
Book Value Per Share (₹)	88.27	79.16	74.57	74.89	63.87
Total Debt to Equity	0.52 : 1	0.91 : 1	0.58 : 1	0.52 : 1	0.41 : 1
EBDIT / Revenue from Operations (Net) %	5%	5%	4%	8%	11%
Net Profit Margin %	1%	2%	0%	4%	7%
Return on Net Worth %	3%	8%	2%	17%	31%
Return on Capital Employed %	6%	7%	5%	18%	28%

Notes:

Previous years' figures regrouped wherever necessary

* Exclusive of "share application money pending allotment"

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

Your Directors have pleasure in presenting the Twenty Ninth Annual Report and the Audited Financial Statements, for the year ended March 31, 2014.

Financial Highlights

The highlights of financial results of the Company for the year under review are given below: **(₹ in Lacs)**

	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue from operations (gross)	**119934**	101922
Less : Excise Duty	**9962**	8923
Revenue from operations (net)	**109972**	92999
Other Income	**575**	161
Total Revenue	**110547**	93160
Profit before finance cost, depreciation and tax	**5332**	4805
Finance Cost	**1195**	721
Depreciation and amortization expenses	**3004**	2018
Tax expense	**328**	536
Profit for the year	**805**	1530

Dividend

Your Directors recommend a dividend of ₹ 1.50 per Equity Share for the year ended March 31, 2014. This is subject to the approval of the Members at the ensuing Annual General Meeting.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Hitachi Home & Life Solutions (India) Ltd (HHLI) is a subsidiary of Hitachi Appliances Inc., Japan. Since its inception HHLI has focused on developing and supplying quality products and technology that contribute to the overall prosperity of the society. As of today, HHLI produces a range of Air conditioners and trades in Refrigerators. Within Air conditioners, it has a slew of offerings including Room Air conditioners, Commercial Air conditioners, Chillers, VRF Systems and Rooftops. The refrigerators range focuses mainly on high end consumer refrigerators.

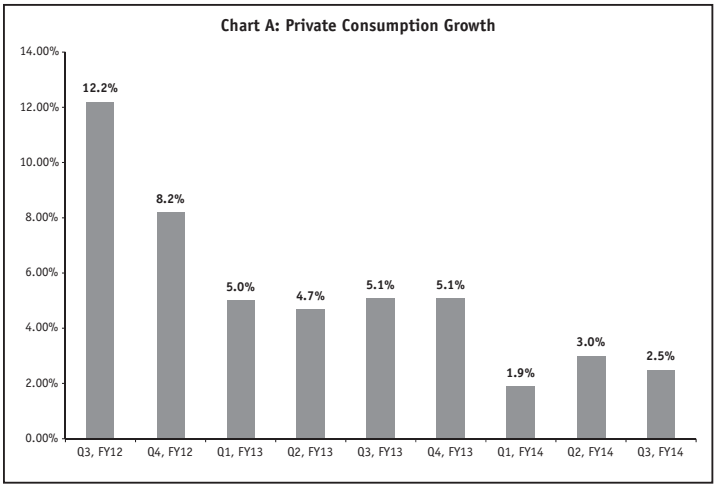
Company's manufacturing facility at Kadi, North Gujarat, is among the ten Hitachi Air conditioner manufacturing facilities worldwide. With a total installed capacity of 230,000 units (in a single shift) a year, HHLI is amongst the top Air conditioning companies in India.

The products are supported by a strong nationwide distribution consisting of 5 regional offices, 21 branch offices and over 200 exclusive sales and service dealers, over 1,500 sales points, 37 Company owned service centres (HCS) and 600 other service points including multi-brand S&S and franchisees. HHLI has a Company owned and operated 24x7 customer care centre.

The overall objective at Hitachi is to simplify life and to meet this objective the Company constantly innovates, brings in technology, adopts newer concepts and incorporates advanced features in its products to lead changes in making life comfortable.

Macro Economic Environment

With real economic growth slowing down to below 5% levels in 2012-13 and 2013-14, private consumption expenditure has been reducing quarter on quarter over the last 3 years (see chart A) even reaching lows of 1.9% in Q1,2013-14 and 2.5% in Q3, 2013-14. Thus, India's strong consumer demand driven economy has taken a beating.



Growth in government consumption, which sharply picked up in the first quarter, remained subdued for the rest of the year as fiscal pressures intensified. Investment flattened during the year, registering no growth. While structural and procedural delays continued to hamper investment, new headwinds appeared in the form of monetary tightening and the heightened challenge of repayment in foreign currency as the currency weakened. Domestic demand contributed less than half of growth.

Consumer price inflation averaged 9.8% in 2013-14, while wholesale price inflation averaged 5.9%. Both picked up from May 2013 with higher food prices and periodic increments in fuel prices. However, from December 2013, inflation decelerated sharply due to a drop in food prices, especially for vegetables. Marked currency depreciation during the year increased import prices affecting companies like us, who have a reasonable proportion of imports, though to pass through the final prices has been limited by weak demand, which has curtailed firms' pricing power and forced them to tighten margins.

While the economic slowdown bottomed out last year, a spell of global financial turbulence caused capital outflows and pressure on the exchange rate, but strong policy measures stabilized the currency, rebuilt reserves, and narrowed the excessive current account deficit. Some weaknesses remain: persistent inflation, fiscal imbalances, bottlenecks to investment, and inefficiencies that require structural reform. One expects the new government that has come to power with a clear mandate will take necessary steps to resolve these weaknesses systematically and play a large role in accelerating the economic revival. However, given the challenges one expects the recovery process to be gradual.

Industry Update and Business Performance

Within the consumer durables space HHLI is present in Air conditioners and refrigerators.

AIR CONDITIONERS

Broadly, the Air conditioning market can be divided into room Air conditioners and ductable Air conditioners.

The Company's internal estimate of the industry performance during 2013-14 is given below:

Category	Total Industry Sales		
	2013-14	2012-13	Growth
Room Air conditioners (Units in Lacs)	27.97	27.1	3%
Ductable Air conditioners (Tr. in Lacs)	3.26	3.4	(-4%)

Room Air conditioners

Room Air conditioner industry has grown by approximately 3% in 2013-14 compared to de-growth of about 5% in 2012-13. Despite the low industry growth, HHLI has registered a growth with sales of 2.75 Lac units against 2.34 Lac units in the last financial year.

The Room Air conditioners category consists of both the Window type and Split type Air conditioners for cooling applications in residential and commercial spaces. The share of Split ACs in overall industry sales is increasing from around 49% in 2007-08 to over 79% in 2013-14. This growing trend of share of Split ACs is expected to continue due to lower noise levels, no security problems, aesthetic look and space adaptability.

Hitachi has a strong presence in the Split AC category in terms of products. The Company's Split AC range comprises 43 models, with capacities ranging from 1.0 Tr. to 3.25 Tr. The product line up has 1,2,3 and 5 star rated Air conditioners. The range comprises of 'i-Clean Inverter', 'ACE Inverter', 'Kampa Inverter', 'ACE Reidan (Hot & Cold)', 'Star', 'Star Sumo', 'Ace Followme', 'Sugoi', 'Ace Cutout', 'Kaze Plus', 'Logicool' and 'Kampa'.

While essentially Split ACs are sold to individual consumers, there is a significant proportion of the market which is actually project sales to companies for their offices, outlets or facilities. Rough estimates suggest this is around 30% of Split Ac sales. Traditionally, HHLI has been a consumer focused Company in this space. It has now launched a new initiative to effectively penetrate the project sales market of Split ACs. Not only does this thrust offer growth opportunities but also makes the revenue flow less seasonal.

The Company also continues to sell its other room ACs. The Window Air conditioners range comprises 11 models to offer to the customers, with capacities ranging from 1.0 Tr. to 2.0 Tr. The product line up has 1, 2, 3 and 5 star rated Air conditioners. The range comprises of 'Summer TM', 'Summer QC', 'Kaze Reidan' and 'Kaze Plus series'.

The cassette Air conditioner range has 5 models to offer to the customers with capacities ranging from 1.5 tr to 4.0 tr.

With a slight uptick in consumer sentiments, the room AC market is poised for strong growth in the near term. Lower market penetration, rising income levels, increasing number of households, high temperatures & humidity, urbanization are strong growth drivers for this Air conditioning industry. It is particularly important to note that the household penetration of ACs in India is abysmally low when compared to the rest of the world. Hence, there is considerable scope of further penetration in Tier 2 and 3 towns and rural India.

In the Indian market, energy efficiency star rating, aesthetic look, maintenance, cooling capacity, warranty, price and technology are currently the major influential factors while purchasing an Air Conditioner. While Hitachi is focusing on these elements, its prime focus is on effective cooing with optimal energy consumption.

Commercial range of Air conditioners

The commercial range of Air conditioners includes ductables, chillers and VRF (Variable Refrigerant Flow) product categories and HHLI has a presence in all these. The Company is now strengthening its projects team to become even more aggressive in this market with a focus on its technological advantages.

Ductable: While the market witnessed around 4% de-growth in the ceiling suspended ductable category, HHLI grew by 16%. The major reasons of de-growth in industry were cost escalations due to high fluctuation in Forex, political uncertainties leading to poor investor sentiment and lower growth of economy. However, HHLI managed to grow despite these odds because of its strong brand recall in the segment, presence in medium to large size orders, availability of material and a wide product basket that could meet the requirements of all kinds of commercial customers.

Chiller: The overall market has grown marginally in 2013-14. HHLI was affected with the rupee depreciation that made its products which had large import content more expensive in the market. Consequently, there was major delay in sales finalization. The Company is going for greater localization and it launched a new range of R134a water cooled water chillers from the India Plant with enhanced capacity upto 180 HP. This has received good response from the market. During the period, Hitachi overseas plant has introduced higher efficiency model and is available for sales in India market.

VRF: This product category continues to show growth trend despite weak economic conditions. In fact, during the year under review, the industry has grown by approximately 12%. With its inverter technology, VRF products save around 25% to 30% energy compared to conventional technology products. HHLI's manufactured Front Flow 'Set Free' system in a capacity range of 6, 8, 10 & 12 HP, which was designed to meet Indian hot weather conditions, achieved good success in the year under review.

Keeping this success in mind and to meet growing market demand with good price propositions, the Company has decided to develop & produce Top Flow 'Set Free' Out Door Units in a capacity range of 8 to 54 HP from its own factory at Kadi, Gujarat. These Out Door Units again are being developed to meet Indian hot weather conditions.

Our "Set Free" systems are fitted with "Scroll Compressor" & advanced heat exchangers to tackle such situation and to deliver the improved efficiency. The commercial production of Top Flow 'Set Free' Out Door Units is planned to start from July'2014.

Telecom Air conditioners

In addition to the commercial AC segment discussed above, there is a specialized set of products that cater to the telecommunications industry. However, the Telecom Industry in India continues to be under severe debt burden and in difficulty. HHLI continued to be the market leader but volumes went down despite diversifying into power and railways. Free Cooling unit supported this category well. Going forward one expects a further consolidation of telecom operators, which will add further challenge to already difficult segment for AC suppliers. Consequently, efforts are being put to use the technology to diversify to other related industries.

REFRIGERATORS

While the global market leans towards larger refrigerators with frost free technology, the Indian market is largely categorized by smaller single door below 200 litre refrigerators that use direct cool technology. In fact, the 165-litre fridge was the standard in almost all households until the arrival of competition and the need to differentiate, coupled with economic development, which led to the development of higher capacities. Over the last 6-8 years, fridges with 341-540-litre capacities continued to gain momentum to account for 20% of total fridge volume sales in 2013. While, today, the market is split around 70% with direct cool technology and 30% with frost free, growth is being driven by lowering of prices and greater adoption of frost free technology.

Hitachi is positioning itself aggressively with its technology advantage in above 300 litre refrigerators with frost free technology. Its product range is also fast adopting inverter compressors technology for better energy utilization.

It is launching several new models in this segment and currently 85% of the range is with Inverter Compressors, which is estimated to become 100% by the middle of next year. Given the trust in the Company's product and for increasing customer satisfaction, HHLI has started offering 10 years warranty on Compressors. The Company's Gross capacity ranges from 251Lts to 655Lts and is available in 2-Doors, 3-Doors, & 4-Doors, which are all imported from the factory in Thailand. India and Thailand have an FTA agreement so this import does not have major import duty based price escalations.

During the year under review Company's refrigerator sales has grown by 15.3%.

Human Resources

An organization's success depends largely on efforts and team work of its employees. HHLI believes a happy employee is a productive employee who, given a conducive work environment, will surpass his/her ingrained abilities and deliver good results.

With this philosophy firmly in place, the Company integrates HR practices with business strategies to provide employees the opportunity to fulfill their career aspirations and development needs, while contributing to overall development of HHLI. As an organization, HHLI encourages its employees to think laterally and nurtures a feeling of ownership.

Talent Acquisition & Employment: The total strength of employees (staff and operators) of the Company was 1160 as on March 31, 2014. To meet the market challenges and business requirements, HR has focused on recruitment of specific positions. Focus during this year was to augment the current manpower needs across all functions. To enhance the performance of all teams, HHLI recruited specialized manpower in various categories. An exclusive pool of 20 Engineering & Management Trainees were recruited for various functions.

Appraisal & Recognition: All HHLI members have to gear up for the challenges at their Individual levels and ensure that the Department goals are achieved, resulting into the achievement of Overall Company results. The difficult prevailing market conditions demand working on stretched goals in order to achieve better outcomes and meet expectations. The Competency based Annual Appraisal Process was completed during the year. In this process, there have been certain changes in terms of enhancement of certain components of Salary for all employees. With this, HHLI has built its current compensation structure and also enhanced the future savings of employees in the form of retirals.

Customer Driven Culture: 37 HCS Centres are operating across India, to enhance the Quality of Service to the Customers. The Company has strengthened the work-force in field during the season with Service Technicians and Mechanics to ensure Customer Satisfaction. HHLI has introduced Performance Assessment for each Technician / Mechanic / Engineer based on their output.

Building Employee Skills and Capabilities for the future: The Hitachi Centre for Excellence creates managerial, technical and functional training opportunities for all employees of HHLI. During 2013-14, the Company has invested a total of 13,201 man days in training various categories of employees and indirect team members. The major focus areas were technical and behavioral training at Factory, Self Development Workshop for managers and Staff, Safety training at organization level to all members, field technicians Training & Hitachi Profile Communicator (HPC) & Dealer Training programs.

***Workforce Management*:** Settlement with old union is completed for next 3 years on 20, February 14 and discussion is in process with new union. Deployment of seasonal Labour during season was done as per requirement after necessary training. 33 Line Leaders from a pool of operators were appointed for various functions of supply chain. To create atmosphere of harmony and trust with all categories of workers, continuous dialogue is encouraged.

Offering a harassment-free workplace to all: Hitachi aims to have a discrimination-free workplace and has prepared a sexual harassment policy for its female work force.

Safety Process

HHLI has started giving special impetus to safety in factory as well as field to become a completely accident free organization. Continuous training and communication is being done to improve safety practices. All accidents and incidents are being recorded and discussed by senior management team for appropriate and timely corrective measures.

Threats, Risks and Concerns

Since the industry relies on a significant amount of imports, the weakening of the India Rupee always has an adverse impact. The increase in fuel cost has resulted in the increase in the freight cost and thus the operational costs have also increased in the overall cost of the products. The negative impact is in terms of higher costs that also prevent lowering of prices that can increasingly make adoption of newer technology faster. HHLI is continuously exploring possibilities to localize wherever it is technologically and commercially feasible.

With the up gradation of energy regulation table by BEE, the specifications of all Air conditioners have gone up which has resulted in cost increases. As the products become less affordable, sales volume growth may suffer.

There is a large seasonal impact to AC sales and a large number of Air conditioners are sold during the summer season. The trend towards shorter summers in India is impacting the main purchasing season.

High electricity cost & poor quality of power supply remain a major hindrance to the growth of AC and refrigerator purchases. Long power cuts and voltage fluctuations continue to adversely affect the pace of industry growth.

Outlook

One expects a gradual improvement in macroeconomic conditions in FY2015. Consumer sentiments are expected to improve. Given the growing middle class and low penetration levels, the AC market will grow. The refrigerator segment will see regular growth with higher growth in the larger and more technologically advanced segment. Across its businesses, HHLI is focusing on meeting customer requirements by being leaders in product technology and better equipped for servicing. There will be impetus on the project related business to create more even business through the year. The Company recognizes that costs and product effectiveness while being energy efficient will play a critical role in future growth and is focusing on these factors.

Internal Control and Systems

The Company has adequate system of internal control to ensure that all the assets pertaining to Company are safeguarded and protected. Internal Audit has also been done through external Auditors at plants as well as at all the branches of the Company as per the detailed scope defined and approved by the Audit Committee. The Internal Audit is planned to substantiate and review the adequacy of controls and laid down procedures & systems.

Observations of Internal Auditors and the detailed plan of action is reviewed and discussed at the meetings of the Audit Committee.

Auditors

The Company's Auditors, M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, (ICAI Firm Registration No. 101049W) retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment, but have expressed their unwillingness to be re-appointed.

Directors' Responsibility Statement

Your Directors confirm that:

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

(ii) such accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2014 and of the profit of the Company for that year ;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) annual accounts have been prepared on a going concern basis.

Report of Corporate Governance

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

Particulars as per Section 217 of the Companies Act, 1956

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

Particulars about Cost Audit Report

M/s. Kiran J Mehta & Co. (FRN - 000025), Cost Accountants, Ahmedabad, has been appointed as Cost Auditors of the Company for the year 2013-14. Cost Audit Report for the year 2013-14 will be submitted on or before due date i.e. 27th September, 2014.

Acknowledgement

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

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

For and on behalf of the Board of Directors

Place : Karannagar, Gujarat
Date : May 26, 2014

Shoji Tsubokuta
Managing Director

Anil Shah
CFO & Executive Director

ANNEXURE-I

Conservation of Energy

1. New Sheet Metal process setup is installed for in house processing for sheet metal parts, which were earlier arranged from Jammu. It helped to reduce the consumption of Diesel used for vehicle transportation as well as un-necessary stoppages of production lines due to non availability of Sheet metal parts.
2. In moulding shop, 4 new machines installed to reduce the dependability of outsourced plastic components. Before new machines installation, IDU kits and other plastic parts were outsourced. New installation helped in saving of transportation charges.
3. New capacitor banks are installed to reduce the power factor losses. After new setup, power factor is improved from 0.91 to 0.99. It reduced drawing of excess current and reducing overall power generation load. Due to maintaining good power factor we get monthly rebate on electricity bill.
4. To optimise energy during winter, temperature control device was installed at all cooling towers to control cooling fan operation during low ambient temperature.
5. DG synchronisation with auto start setup is installed to take care of power failure to save the productivity loss and heating and purging time of moulding machines.
6. Energy management system installation is in process. By energy management system, wastage of energy, excess power consumption and losses of power distribution system will be identified and corrected.
7. Increased Assembly line productivity which resulted into two shifts operations from three shifts operations in peak season which helped in energy savings.

Research and development

1. Development of Tropical Inverter Split range for Indian tropical condition.
2. Development of Split Air conditioner range with smart application based on android operating system.
3. Development of Star Range with highest COP and Cooling capacity in market.
4. Development of 5 Star Range in Single throw window Air conditioner category.
5. Development of Small Chassis Window Air conditioner mainly for South and west market.
6. Star Rating upgradation in all Room Air conditioner range as per government regulation.
7. Development of constant speed Heat pump product range.
8. Development of R134a water cooled chiller to match ECBC Norms.
9. Development of new solution for telecom customer for legacy sites where existing solution is not feasible to install.
10. Development of New controller solution for telecom customer which can convert 48VDC battery backup to 230VAC and hence can run Air conditioner on battery backup.

Technology absorption

1. Tropical Inverter technology for Indian condition.
2. Inverter Range with Auto Clean Feature.
3. Technical recommendation for formalising standard for defining efficiency of Inverter range by CSPF (Cooling seasonal performance factor) calculation.
4. Free Cooling Solutions for Power Sector.
5. Top Throw 'Set Free' with green refrigerant to complete VRF Range to increase market share.
6. High Capacity range (150-180hp) chiller Indigenization.
7. Cooling solution to reduce operating cost of ATM Operations.
8. New heat exchanger Expansion technique to increase efficiency.

Foreign exchange earnings and outgo during the year under consideration

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

REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy on Code of Corporate Governance

Your Company is committed to adopt best management practices for achieving its pre-defined objectives with ethical standards and transparent & fair conduct of the business.

Company believes that vital components of prudent Corporate Governance are - Compliance of laws, internal control systems, transparent accounting practices and policies, timely disclosures, optimum mixture of independent directors in the Board, etc.

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

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

II. Board of Directors, Committees and Remuneration of Directors

Board of Directors

Present strength of the Board of Directors of your Company is Twelve members. Directors have expertise in diversified fields viz. Business Planning, Production Planning, Sales & Marketing, Finance, Taxation, Human Resources, etc. The Executive Board members provide a vision, strategic guidance and leadership to the professional managers while Independent Board Members review the periodical financial results, performance of operations of the Company, Internal Control Systems, etc.

The composition of the Board is in conformity with Clause 49 of the Listing Agreement executed by Company with Stock Exchanges. The Board of Company has optimum combination of Non-independent and Independent Directors. Board of the Company consists Four (4) Executive Directors (including Managing Director), Two (2) Non-executive Directors and Six (6) Independent Directors. Details of their position and number of Board / Committees in which they are Chairman / Member are as under:

Name of Director	Executive / Non-executive / Independent	No. of Directorship in other Public Limited Indian Companies	No. of Committees^ Position held as	
			Chairman	Member
Mr. Shinichi Iizuka	Chairman / Non-Executive	-	-	-
Mr. Shoji Tsubokuta	Executive	-	-	1
Mr. Amit Doshi	Executive	-	-	-
Mr. Anil Shah	Executive	-	-	1
Mr. Vinay Chauhan	Executive	-	-	-
Mr. L G Ramakrishnan	Non-Executive	-	1	1
Mr. Ashok Balwani	Non-Executive / Independent	-	-	-
Dr. Devender Nath	Non-Executive / Independent	1	-	1
Mr. Mukesh Patel	Non-Executive / Independent	6	5	4
Mr. Ravindra Jain	Non-Executive / Independent	1	-	1
Mr. Vinesh Sadekar	Non-Executive / Independent	-	-	-
Mr. R S Mani	Non-Executive / Independent	-	-	-

^Includes only Audit Committee and Investors' Grievance Committee

Attendance of Board Meeting and Annual General Meeting

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

During the year from April 01, 2013 to March 31, 2014, Four Board Meetings were held i.e. on May 15, 2013, July 29, 2013, October 28, 2013 and February 10, 2014. The last Annual General Meeting (AGM) was held on July 29, 2013. The attendance of Directors at these Board Meetings and the last AGM were as under:

Name of Director	Board Meetings	Annual General Meeting
Mr. Shinichi Iizuka	1	Present
Mr. Shoji Tsubokuta*	2	-
Mr. Motoo Morimoto^	2	Present
Mr. Amit Doshi	4	Present
Mr. Anil Shah	4	Present
Mr. Vinay Chauhan	4	Present
Mr. L G Ramakrishnan	3	Present
Mr. Ashok Balwani	4	Present
Dr. Devender Nath	4	Present
Mr. Mukesh Patel	4	Present
Mr. R S Mani	4	Present
Mr. Ravindra Jain	4	Absent
Mr. Vinesh Sadekar	4	Present

*Appointed as Managing Director with effect from October 01, 2013
^ Ceased as Managing Director on September 30, 2013

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, 2014 are as under:

Name of Director	No of Shares held
Mr. Shinichi Iizuka	Nil
Mr. L G Ramakrishnan	Nil
Mr. Mukesh Patel	1500
Mr. Ravindra Jain	Nil
Mr. Ashok Balwani	Nil
Dr. Devender Nath	Nil
Mr. Vinesh Sadekar	Nil
Mr. R S Mani	Nil

Inter-se relationship between Directors

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

Audit Committee

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

Members of the Audit Committee are as under:

Mr. Mukesh Patel – Chairman

Mr. L G Ramakrishnan – Member

Mr. Ravindra Jain – Member

Dr. Devender Nath – Member

During the year from April 01, 2013 to March 31, 2014 4 (Four) Audit committee meetings were held i.e. on May 15, 2013, July 29, 2013, October 28, 2013 and February 10, 2014. Attendance of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	4
Mr. L G Ramakrishnan	3
Mr. Ravindra Jain	4
Dr. Devender Nath	4

Remuneration Committee

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

Members of the Remuneration Committee are as under:

Dr. Devender Nath – Member

Mr. Mukesh Patel – Member

Mr. Ravindra Jain – Member

During the year under review Two Remuneration Committees Meeting were held i.e. on May 15, 2013 and September 30, 2013(Circular resolution). Attendance of the members at the meetings were as under:

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

Terms of Appointment / Remuneration

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

Independent Directors are paid sitting fees of ₹ 20,000/- for attending Board meeting, ₹ 20,000/- for attending Audit Committee Meeting, ₹ 10,000/- for attending Remuneration Committee Meeting and ₹ 5,000/- for attending Investors' Grievance Committee Meeting.

Remuneration of directors during the year under review:

(₹ in Lacs)

Name of Director	Salary*	Sitting Fees	Total Remuneration
Mr. Shinichi Iizuka	Nil	Nil	Nil
Mr. Shoji Tsubokuta	25.32	Nil	25.32
Mr. Motoo Morimoto	23.94	Nil	23.94
Mr. Vinay Chauhan	75.92	Nil	75.92
Mr. Amit Doshi	72.91	Nil	72.91
Mr. Anil Shah	71.94	Nil	71.94
Mr. L G Ramakrishnan	Nil	Nil	Nil
Mr. Mukesh Patel	Nil	2.30	2.30
Mr. Ravindra Jain	Nil	1.70	1.70
Mr. Ashok Balwani	Nil	0.80	0.80
Dr. Devender Nath	Nil	1.70	1.70
Mr. Vinesh Sadekar	Nil	0.80	0.80
Mr. R S Mani	Nil	0.80	0.80

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

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

Investors' Grievance Committee

An Investors' Grievance Committee of Directors was consisting of following members as on March 31, 2014:

Mr. L G Ramakrishnan – Chairman

Mr. Shoji Tsubokuta* – Member

Mr. Motoo Morimoto^ – Member

Mr. Mukesh Patel – Member

Mr. Anil Shah – Member

*Appointed as member with effect from October 01, 2013

^ Ceased as member with effect from September 30, 2013

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

Sr. No.	Nature of Complaints	Received	Redressed	Pending as at March 31, 2014
1.	Non-receipt of share certificate(s) after transfer	Nil	Nil	Nil
2.	Non-receipt of Dividend Warrant	5	5	Nil
3.	Query regarding demat credit	Nil	Nil	Nil
4.	Non-receipt of Duplicate Share Certificates	Nil	Nil	Nil
5.	Others : Non-receipt of Annual Report	Nil	Nil	Nil

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

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

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

III. Other disclosures

Statutory Disclosures:

There were no materially significant related party transactions that may have potential conflict with the interests of Company at large.

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalty or strictures imposed on the Company for such matters by Stock Exchange or SEBI or any statutory authority.

Accounting Standards have been followed in preparation of financial statement of the Company for the year ended March 31, 2014 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 28, 2011	9.00 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad	No Special resolution passed.
August 9, 2012	9.00 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrpur, Ahmedabad	To re-appoint Mr. Vinay Chauhan as Executive Director.
July 29, 2013	9.30 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus,Dr. Vikram Sarabhai Marg, Vastrpur, Ahmedabad	To re-appoint Mr. Motto Morimoto as Managing Director. To re-appoint Mr. Vinay Chauhan as Executive Director. To re-appoint Mr. Amit Doshi as Executive Director. To re-appoint Mr. Anil Shah as Executive Director.

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

Means of communication

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

General Shareholder Information

Ensuing Annual General Meeting

Day and Date	Time	Venue
Monday, July 21, 2014	9.30 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad : 380 015

Financial year : From April 01, 2013 to March 31, 2014
Book closure : From July 14, 2014 to July 18, 2014 (Both days inclusive)
Dividend Payment Date : Dividend, if declared, will be paid on August 05, 2014.

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

Stock Code	Stock Exchange
523398	Bombay Stock Exchange Limited
HITACHIHOM	National Stock Exchange of India Limited

The Company has paid Annual Listing Fees for the year 2014-15 to the above Stock Exchanges.

Market Price Data

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

	HHLI Share Price quoted at BSE		SENSEX		HHLI Share Price quoted at NSE		NIFTY	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
April-2013	137.40	115.05	19,622.68	18,144.22	137.60	115.50	5962.30	5477.20
May-2013	164.75	131.55	20,443.62	19,451.26	165.00	129.00	6229.45	5910.95
June-2013	144.60	119.30	19,860.19	18,467.16	145.25	119.55	6011.00	5566.25
July-2013	136.70	108.05	20,351.06	19,126.82	127.00	107.75	6093.35	5675.75
August-2013	124.90	99.35	19,569.20	17,448.71	125.00	99.70	5808.50	5118.85
September-2013	119.00	100.00	20,739.69	18,166.17	119.80	104.00	6142.50	5318.90
October- 2013	125.90	105.10	21,205.44	19,264.72	126.25	105.10	6309.05	5700.95
November-2013	121.00	102.55	21,321.53	20,137.67	121.00	101.35	6342.95	5972.45
December-2013	179.00	115.00	21,483.74	20,568.70	179.45	114.05	6415.25	6129.95
January-2014	162.65	134.00	21,409.66	20,343.78	161.85	137.00	6358.30	6027.25
February-2014	153.70	129.05	21,140.51	19,963.12	156.75	130.15	6282.70	5933.30
March-2014	182.95	138.00	22,467.21	20,920.98	183.90	135.00	6730.05	6212.25

Registrars and Share Transfer Agent

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

Share Transfer System

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

Shareholding Pattern as on March 31, 2014

Category	No. of Shares Held	% of Shareholding
Promoters' Holding	20,189,894	74.25
Non-Promoters' Holding		
Mutual Funds and UTI	71,460	0.26
Banks, Financial Institutions, Insurance Companies	1,075	0.00
Foreign Institutional Investors	197,500	0.73
Bodies Corporate	2,376,651	8.75
Indian Public	4,146,524	15.25
Non Resident Indians	123,813	0.46
Others	83,967	0.30
Total	**27,190,884**	**100.00**

Distribution of shareholding as on March 31, 2014

Shares Balance	No. of Holders	% of Holders	No. of Shares	% of Shares
1-500	14787	92.00	1846234	6.79
501-1000	706	4.39	553789	2.04
1001-2000	284	1.77	428800	1.58
2001-3000	91	0.57	235849	0.87
3001-4000	47	0.29	169746	0.62
4001-5000	45	0.28	209954	0.77
5001-10000	49	0.30	344365	1.27
10001-99999999	64	0.40	23402147	86.07
Total	16073	100.00	27190884	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, 2014 97.85% 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.: 079-26402024

Registrar and Share Transfer Agent:
M/s. Sharepro Services (India) Pvt. Ltd.
416-420, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006. Ph. : 079-26582381-2

Declaration under Code of Conduct

To the Shareholders of
Hitachi Home & Life Solutions (India) Ltd.
On the basis of the affirmation letters received from Board Members and Senior Management Personnel, I declare that, they have complied with all the provisions of Code of Conduct laid down by the Board of Directors of the Company.

for Hitachi Home & Life Solutions (India) Ltd.
Sd/-
Shoji Tsubokuta
Managing Director

AUDITORS' CERTIFICATE

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

We have examined the compliance of conditions of corporate governance by Hitachi Home and Life Solutions (India) Limited, for the year ended on 31st March, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:101049W

per Arpit K Patel
Partner
Membership Number: 34032

Place : Ahmedabad
Date : May 26, 2014

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Hitachi Home and Life Solutions (India) ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("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, 2014;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
   (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Arpit K Patel
Partner
Membership Number: 34032

Place of Signature: Ahmedabad, Gujarat
Date: May 26, 2014

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets are physically verified by the management during the year and no material discrepancies identified on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in the internal control system in respect of these areas.

(v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Act, related to the manufacturing of air conditioners and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, custom duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act (Central & States)	Demand raised in assessments at various locations	345.56	2000-01 to 2011-12	Deputy Commissioner Appeals / Joint Commissioner Appeals
Finance Act, 1994 (Service tax)	Demand on claiming service tax credit on warranty services	589.74	2006-07 to 2012-13	CESTAT (Appeals), Ahmedabad
	Demand on claiming service tax credit on advertisement expenses including interest and penalty	118.69	2005-06 to 2010-11	CESTAT (Appeals), Ahmedabad
	Demand raised on Consulting Engineers Services including interest and penalty	48.61	2000-01 to 2003-04	CESTAT (Appeals), Ahmedabad
	Demand raised on Commission including interest and penalty	8.76	2004-05	CESTAT, Ahmedabad
Central Excise Act, 1944	Cenvat Credit taken on Inputs	0.29	2009 to 2011	CESTAT, Ahmedabad
	Demand of excess excise duty collected	2.51	2008-09	Commissioner Appeals, Chandigarh
	Assessable value dispute	32.74	2005-06 to 2009-10	CESTAT, Delhi

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company has no outstanding dues to debenture holders and financial institutions.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during year.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Arpit K Patel
Partner
Membership Number: 34032

Place of Signature: Ahmedabad, Gujarat
Date: May 26, 2014

Balance sheet as at March 31, 2014

	Notes	As at March 31, 2014 ₹ Lacs	As at March 31, 2013 ₹ Lacs
Equity and liabilities			
Shareholders' funds			
(a) Share capital	3	2,719.09	2,296.00
(b) Reserves and surplus	4	21,283.58	15,878.79
		24,002.67	**18,174.79**
Share application money pending allotments	5	**-**	**5,466.84**
Non-current liabilities			
(a) Long-term borrowings	6	2,760.00	5,520.00
(b) Deferred tax liabilities (net)	7	-	4.53
(c) Other long-term liabilities	8	0.64	0.96
(d) Long-term provisions	9	2,767.16	1,375.33
		5,527.80	**6,900.82**
Current liabilities			
(a) Short-term borrowings	10	6,973.12	8,389.00
(b) Trade payables	11	30,416.13	34,626.54
(c) Other current liabilities	12	8,112.21	8,700.40
(d) Short-term provisions	9	1,004.90	862.34
		46,506.36	**52,578.28**
TOTAL		**76,036.83**	**83,120.73**
Assets			
Non-current assets			
(a) Fixed assets	13		
(i) Tangible assets		17,242.56	16,147.43
(ii) Intangible assets		2,303.95	1,607.07
(iii) Capital work-in-progress		31.91	429.42
(iv) Intangible assets under development		184.78	657.89
(b) Deferred tax assets (net)	7	57.80	-
(c) Long-term loans and advances	14	3,058.60	1,793.30
(d) Other non-current assets	18	-	0.51
		22,879.60	**20,635.62**
Current assets			
(a) Inventories	15	29,047.75	30,564.29
(b) Trade receivables	16	18,837.99	16,452.60
(c) Cash and bank balances	17	2,199.35	7,157.90
(d) Short-term loans and advances	14	2,927.83	2,816.69
(e) Other current assets	18	144.31	5,493.63
		53,157.23	**62,485.11**
TOTAL		**76,036.83**	**83,120.73**
Statement of significant accounting policies	2		

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

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

per Arpit K. Patel
Partner
Membership No: 34032

Place : Ahmedabad
Date : May 26, 2014

For and on behalf of the Board of Directors

Shoji Tsubokuta
Managing Director

Anil Shah
CFO & Executive Director

Parag Dave
Company Secretary

Place : Karannagar, Gujarat
Date : May 26, 2014

Statement of profit and loss for the year ended March 31, 2014

	Notes	For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2013 ₹ Lacs
Income			
Revenue from operations (gross)	19	119,934.16	101,922.09
Less : Excise duty recovered (refer note 44)		9,961.57	8,922.93
Revenue from operations (net)		109,972.59	92,999.16
Other income	20	574.85	160.70
Total Revenue		**110,547.44**	**93,159.86**
Expenses			
Cost of raw material and components consumed	21	56,417.50	50,765.32
Purchase of stock-in-trade	22	13,603.55	12,949.05
Decrease / (Increase) in inventories of finished goods, work-in-progress and stock-in-trade	23	(326.44)	(3,326.14)
Employee benefits expense	24	8,184.52	6,450.65
Finance costs	25	1,194.98	720.73
Depreciation and amortization expense	13	3,003.82	2,018.42
Other expenses	26	27,336.98	21,515.75
Total Expenses		**109,414.91**	**91,093.78**
Profit before tax		**1,132.53**	**2,066.08**
Tax expense			
Current tax [Including ₹ (0.53) lacs (Previous year: ₹ 15.44 lacs) pertaining to earlier years]		467.41	490.37
MAT Credit entitlement [Including ₹ 29.93 lacs (Previous year : ₹ Nil) pertaining to earlier years]		(77.47)	(216.98)
Deferred tax charge / (credit)		(62.33)	262.35
		327.61	535.74
Profit for the year		**804.92**	**1,530.34**
Basic and diluted (₹) earnings per share [Nominal value of share ₹ 10 (Previous year: ₹ 10)]	27	2.97	6.67
Statement of significant accounting policies	2		

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

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

per Arpit K. Patel
Partner
Membership No: 34032

Place : Ahmedabad
Date : May 26, 2014

For and on behalf of the Board of Directors

Shoji Tsubokuta
Managing Director

Anil Shah
CFO & Executive Director

Parag Dave
Company Secretary

Place : Karannagar, Gujarat
Date : May 26, 2014

Cash Flow Statement for the year ended March 31, 2014

		For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2013 ₹ Lacs
A.	**Cash Flow from Operating Activities**		
	Net profit before Tax	**1,132.53**	**2,066.08**
	Adjustments for :		
	(Profit)/ loss on sale of assets (net)	(3.10)	(5.28)
	Unrealised foreign exchange (gain)/loss (net)	(374.17)	(252.10)
	Depreciation and amortisation	3,003.82	2,018.42
	Bad Debt Written off	-	6.63
	Provision for doubtful debts	15.88	15.38
	Interest income	(425.04)	(109.42)
	Net surplus on insurance claim (fire)	(84.49)	-
	Finance Costs	842.47	541.91
	Operating profit before working capital changes	**4,107.90**	**4,281.62**
	Adjustments for :		
	Decrease / (Increase) in trade receivables	(2,401.26)	(1,660.84)
	Decrease / (Increase) in loans and advances	(463.08)	(1,424.28)
	Decrease / (Increase) in other current assets	(19.69)	(14.02)
	Decrease / (Increase) in inventories	1,516.54	(10,554.67)
	(Decrease) / Increase in current liabilities	(3,301.28)	9,496.62
	Increase in other provisions	1,534.39	210.62
	Cash from operating activities	**973.52**	**335.05**
	Direct Taxes paid	(655.40)	(434.62)
	Net cash from operating activities before extraordinary items	**318.12**	**(99.57)**
	Proceeds from Insurance Claim on Fire (net)	**5,483.68**	**6,873.44**
	Net cash from operating activities	**5,801.80**	**6,773.87**
B.	**Cash flow from investing activities**		
	Purchase of tangible assets	(4,173.49)	(11,146.12)
	Proceeds from sale of fixed assets	62.85	56.11
	Purchase of intangible assets	(1,448.69)	(324.51)
	Redemption in bank deposits (with maturity more than three months)	6.69	-
	Investment in bank deposits (with maturity more than three months)	(2,000.00)	(14.43)
	Interest received	383.35	109.08
	Net cash used in investing activities	**(7,169.29)**	**(11,319.87)**

Cash Flow Statement for the year ended March 31, 2014

	For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2013 ₹ Lacs
C. Cash flow from financing activities		
Proceeds from long-term borrowings	-	5,520.00
Repayment of long-term borrowings	(2,896.45)	-
Proceeds from short term borrowings (net)	(1,415.89)	1,357.64
Interest paid	(833.31)	(523.10)
Share Application Money received	33.30	5,466.84
Dividend paid (including tax provision thereon)	(472.53)	(395.96)
Net cash flow from / (used in) financing activities	**(5,584.88)**	**11,425.42**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(6,952.37)**	**6,879.42**
Cash and cash equivalents at the beginning of the year	**7,106.47**	**227.05**
Cash and cash equivalents at the end of the year (refer note 2 below)	**154.10**	**7,106.47**
Components of Cash and Cash Equivalents:		
Cash on hand	8.16	14.79
Bank balance in current accounts	118.17	196.23
Unclaimed dividend account	17.75	13.10
Balance in cash credit accounts	10.02	1,415.51
Balance in Rights issue Share Application money	-	5,466.84
Cash and Cash Equivalents	**154.10**	**7,106.47**

Notes :

1. Cash flow statement has been prepared under the indirect method.
2. Includes ₹ Nil (previous year ₹ 5466.84 lacs) and ₹ 24.53 lacs (previous year ₹ 23.16 lacs), being balances with restricted use towards purpose of rights issue and unpaid dividend & employees deposits respectively.

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

per Arpit K. Patel
Partner
Membership No: 34032

Place : Ahmedabad
Date : May 26, 2014

For and on behalf of the Board of Directors

Shoji Tsubokuta
Managing Director

Anil Shah
CFO & Executive Director

Parag Dave
Company Secretary

Place : Karannagar, Gujarat
Date : May 26, 2014

Notes to Financial Statements for the year ended March 31, 2014

1. Background

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

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

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

2. Statement of Significant Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, unless stated otherwise and comply with the mandatory Accounting Standards ('AS') prescribed under the Companies Act, 1956 read with the General Circular 08/2014 dated 04 April 2014 issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

2.2 Accounting estimates

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

2.3 Fixed assets and depreciation

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

Machine spares which are specific to a particular item of fixed asset and their use is expected to be irregular have been capitalized and depreciated over the balance useful life of such fixed assets.

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

a.	Moulds and Tools	:	3 years	b.	Computers	:	3 to 4 years
c.	Furniture & Fittings	:	5 to 8 years	d.	Office Equipments	:	3 to 5 years
e.	Electrical Fittings	:	7 years	f.	Toolkits	:	3 years
g.	Vehicles	:	4 to 8 years	h.	Plant & Machinery	:	15 years
i.	Building (Fences & Tube well)	:	5 years	j.	Building (Road)	:	10 years

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

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

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

Depreciation on individual tangible assets costing up to ₹ 5,000 are provided at the rate of 100% in the month of purchase.

Impairment

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

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

2.4 Inventories

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

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

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

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

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

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

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

2.5 Revenue recognition

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

(i) Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are inclusive of freight, octroi and insurance, installation charges in some cases, and net of sales returns, trade discounts and cash discounts. Excise duty deducted from the sales (gross) is the amount that is included in the amount of sales (gross) and not the entire amount of liability arised during the year.

(ii) Service Income

Revenue from service operations is recognised as and when services are rendered in accordance with the terms of the contract. Maintenance revenue is recognised over the period of respective contracts.

(iii) Revenue from long term contracts

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

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

(iv) Commission Income

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

(v) Interest

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

2.6 Employee benefits

(i) Retirement benefits in the form of Provident and Superannuation Fund is a defined contribution scheme and the contributions are charged to the Statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

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

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

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

2.7 Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured 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

All exchange differences are recognized as income or as expenses in the period in which they arise.

(iv) Forward exchange contracts entered into the hedged foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

2.8 Derivative Contracts

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

2.9 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.

2.10 Income Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

The deferred tax in respect of timing differences which reverse during the tax holiday period is not recognised to the extent the enterprise's gross total income is subject to the deduction during the tax holiday period as per the requirements of the Income-Tax Act, 1961. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, all deferred tax assets are recognised only if there is virtual certainty backed by convincing evidence that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed at the balance sheet date and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

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

2.13 Cash and Cash equivalents

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

2.14 Segment Reporting

Identification of Segment

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

2.15 Capital work in progress & intangible asset under development

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

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

2.16 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest and any other cost that an entity incurs in connection with the borrowing of funds.

2.17 Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is either be shown separately under 'other income' or deducted in reporting the related expense. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

2.18 Research and Development Costs

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

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) its intention to complete the asset;

c) its ability to use or sell the asset;

d) how the asset will generate future economic benefits;

e) the availability of adequate resources to complete the development and to use or sell the asset; and

f) its ability to measure reliably the expenditure attributable to the intangible asset during development.

2.19 Share Issue Expenses

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

3. Share capital

	As at March 31, 2014 ₹ Lacs	As at March 31, 2013 ₹ Lacs
Authorized shares		
30,000,000 (Previous year: 30,000,000) Equity shares of ₹ 10 each	3,000.00	3,000.00
Issued, subscribed and fully paid-up shares		
27,190,884 (Previous year: 22,960,008) Equity shares of ₹ 10 each fully paid up	2,719.09	2,296.00
	2,719.09	2,296.00

47,281 (Previous year 39,401) Equity shares of ₹ 10/- each have been kept in abeyance pending final allotment of Rights issue (2003-04) and Rights issue (2013).

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

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	Nos	₹ Lacs	Nos	₹ Lacs
At the beginning of the period	22,960,008	2,296.00	22,960,008	2,296.00
Add : Issued during the period	4,230,876	423.09	-	-
Outstanding at the end of the period	**27,190,884**	**2,719.09**	**22,960,008**	**2,296.00**

(b) Terms / rights attached to Equity shares

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

During the year ended March 31, 2014, the amount per share recognised as dividend distributions to Equity shareholders is ₹ 1.50 (Previous year: ₹ 1.50).

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

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

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

	As at March 31, 2014 ₹ Lacs	As at March 31, 2013 ₹ Lacs
Hitachi Appliances Inc., Japan - Holding Company 19,689,894 (Previous year: 15,550,000) Equity Shares of ₹ 10/- each fully paid up	1,968.99	1,555.00
Hitachi India Pvt. Ltd. - Subsidiary of Ultimate holding Company 500,000 (Previous year: 500,000) Equity Shares of ₹ 10/- each fully paid up	50.00	50.00

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

	As at March 31, 2014	As at March 31, 2013
Equity shares of ₹ 10 each fully paid (Nos.)		
Hitachi Appliances Inc., Japan - Holding Company	19,689,894	15,550,000
% holding	72.41%	67.73%

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownerships of shares.

4. Reserves and surplus

	As at March 31, 2014 ₹ Lacs	As at March 31, 2013 ₹ Lacs
Capital Reserve		
Balance as per last financial statements	6.66	6.66
Securities Premium account		
Balance as per last financial statements	3,876.92	3,876.92
Add : Premium on issue of Rights issue shares	5,077.05	-
Closing balance	**8,953.97**	**3,876.92**
General Reserve		
Balance as per last financial statements	940.31	787.28
Add: Amount transferred from surplus balance in Statement of profit and loss	80.49	153.03
Closing balance	**1,020.80**	**940.31**
Surplus in Statement of profit and loss		
Balance as per last financial statements	11,054.90	10,154.77
Profit for the year	804.92	1,530.34
Less : Appropriations		
Proposed dividend on Equity shares	(407.86)	(407.86)
Tax on dividend	(69.32)	(69.32)
Transferred to general reserve	(80.49)	(153.03)
Net Surplus in Statement of profit and loss	**11,302.15**	**11,054.90**
Total Reserves and surplus	**21,283.58**	**15,878.79**

5. Share Application Money Pending Allotments

In addition to Share application money of ₹ 5,466.84 lacs received in March 2013, the Company has further received share application money of ₹ 33.30 lacs in April 2013. Against the above, on April 8, 2013, the Company has issued and allotted 4,230,876 equity shares of ₹ 10 each fully paid up at a premium of ₹ 120 per equity share. The utilisation thereof has been disclosed in note no. 46.

6. Long-term borrowings

	As at March 31, 2014		As at March 31, 2013	
	Non-current ₹ Lacs	**Current ₹ Lacs**	Non-current ₹ Lacs	Current ₹ Lacs
External commercial borrowing (ECB) from a Bank (Unsecured) *	2,760.00	2,760.00	5,520.00	-
External commercial borrowing (ECB) from the Holding Company (Unsecured) **	-	-	-	2,681.89
Amount disclosed under the head "Other Current Liabilities" (refer note 12)	-	(2,760.00)	-	(2,681.89)
	2,760.00	**-**	**5,520.00**	**-**

* ECB of USD 100 lacs, taken from a Bank, carries interest @ 6 month LIBOR plus 125 basis points which is repayable in two equal installments due in year 2014-15 and 2016-17. The principal and interest payment under above loan has been fully hedged under Indian Rupees and interest liability has been swapped against fixed interest @ 7.45% per annum.

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

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

	As at March 31, 2014 ₹ Lacs	As at March 31, 2013 ₹ Lacs
Deferred tax liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	(693.82)	(520.88)
Gross deferred tax liabilities	(693.82)	(520.88)
Deferred tax assets		
a. Deferment of foreign exchange fluctuation loss under Income Tax Act	17.48	73.17
b. Expenditure debited in Statement of profit and loss but allowed under Income Tax Act in subsequent years	658.16	362.89
c. Provision for doubtful debts	75.98	80.29
Gross deferred tax assets	751.62	516.35
Net deferred tax assets / (liabilities)	**57.80**	**(4.53)**

8. Other long-term liabilities

	As at March 31, 2014 ₹ Lacs	As at March 31, 2013 ₹ Lacs
Deposits (from employees)	0.64	0.96
	0.64	**0.96**

9. Provisions

	As at March 31, 2014		As at March 31, 2013	
	Long-term ₹ Lacs	Short-term ₹ Lacs	Long-term ₹ Lacs	Short-term ₹ Lacs
Provision for employee benefits				
- Compensated absences	251.98	98.85	240.91	92.02
- Gratuity (refer note 30)	-	16.42	-	2.49
Other provisions				
- 5/10 years warranty provision (refer note 43)	784.59	412.45	564.50	290.65
- Provision for litigations (refer note 43)	1,730.59	-	569.92	-
- Provision for proposed dividend	-	407.86	-	407.86
- Provision for tax on proposed dividend	-	69.32	-	69.32
	2,767.16	**1,004.90**	**1,375.33**	**862.34**

10. Short-term borrowings

	As at March 31, 2014 ₹ Lacs	As at March 31, 2013 ₹ Lacs
Loans repayable on demand from banks:		
- Working capital loans (secured)*	3,473.12	5,706.14
- Working capital loans (unsecured)**	3,500.00	-
Others:		
Buyers' credit (secured)	-	2,682.86
	6,973.12	**8,389.00**
Aggregate amount of secured borrowings	3,473.12	8,389.00
Aggregate amount of unsecured borrowings	3,500.00	-

* Working capital loans (Rate of Interest ranging from 10.15% to 13.25% per annum) and Buyers' credit (Rate of Interest ranging from LIBOR plus 70 basis points to LIBOR plus 120 basis points per annum) facilities from banks are secured by hypothecation of inventories, book debts, movable fixed assets and by equitable mortgage of certain land and buildings of the Company.

** Working capital loans from banks which are unsecured, carries interest rate from 11% to 14% per annum.

11. Trade payables

	As at March 31, 2014 ₹ Lacs	As at March 31, 2013 ₹ Lacs
Trade payables (including Acceptances)		
- Outstanding dues of micro and small enterprises (refer note 42)	-	-
- Outstanding dues of other than micro and small enterprises	30,416.13	34,626.54
	30,416.13	**34,626.54**

12. Other current liabilities

	As at March 31, 2014 ₹ Lacs	As at March 31, 2013 ₹ Lacs
Current maturities of long-term borrowings (refer note 6)	2,760.00	2,681.89
Advance from customers	652.24	865.01
Service income received in advance	417.58	332.58
Interest accrued but not due on borrowings	171.34	162.18
Unclaimed dividends*	17.75	13.10
Others:		
Deposits (from dealers and others)	211.84	201.28
Amount due to customers	164.75	109.64
Forward contracts	180.50	6.50
Payable for capital goods	433.67	1,405.69
Statutory dues payable	2,843.20	2,664.52
Other payables	259.34	258.01
	8,112.21	**8,700.40**

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

13. Tangible and Intangible assets

(₹ Lacs)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 1-Apr-13	Additions	Deductions	As at 31-Mar-14	As at 1-Apr-13	For the year (Note c)	Deductions	As at 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
Tangible assets:										
Freehold Land	2,084.71	-	-	2,084.71	-	-	-	-	2,084.71	2,084.71
Buildings	4,081.51	140.44	-	4,221.95	396.03	177.39	-	573.42	3,648.53	3,685.48
Plant & Machinery	12,357.44	2,517.16	19.34	14,855.26	3,675.74	1,588.20	14.77	5,249.17	9,606.09	8,681.70
Computers	745.59	158.66	39.23	865.02	550.60	114.50	35.58	629.52	235.50	194.99
Furniture and fixture	567.21	84.61	75.43	576.39	310.60	72.37	74.80	308.17	268.22	256.61
Office equipments	390.59	147.49	48.98	489.10	215.48	66.19	37.40	244.27	244.83	175.11
Electrical installations	644.92	106.02	2.57	748.37	147.91	96.89	2.57	242.23	506.14	497.01
Vehicles	809.96	256.14	145.13	920.97	238.14	136.01	101.72	272.43	648.54	571.82
Total Tangible assets	**21,681.93**	**3,410.52**	**330.68**	**24,761.77**	**5,534.50**	**2,251.55**	**266.84**	**7,519.21**	**17,242.56**	**16,147.43**
Intangible assets:										
Trade mark	210.00	-	-	210.00	210.00	-	-	210.00	-	-
Software capitalisation	499.67	33.42	-	533.09	481.39	20.95	-	502.34	30.75	18.28
Technical know how	3,596.76	1,415.73	-	5,012.49	2,007.97	731.32	-	2,739.29	2,273.20	1,588.79
Total Intangible assets	**4,306.43**	**1,449.15**	**-**	**5,755.58**	**2,699.36**	**752.27**	**-**	**3,451.63**	**2,303.95**	**1,607.07**
TOTAL	**25,988.36**	**4,859.67**	**330.68**	**30,517.35**	**8,233.86**	**3,003.82**	**266.84**	**10,970.84**	**19,546.51**	**17,754.50**
Previous year	**21,359.31**	**12,368.63**	**7,739.58**	**25,988.36**	**8,403.19**	**2,018.42**	**2,187.75**	**8,233.86**	**17,754.50**	
Capital Work in Progress									**31.91**	**429.42**
Intangible assets under development									**184.78**	**657.89**

Notes:

a. Plant & Machinery includes moulds and tools with gross block ₹ 5,062.88 Lacs (Previous year ₹ 4,517.91 Lacs) and net block of ₹ 1,582.61 Lacs (Previous year ₹ 1858.63 Lacs).

b. Buildings include ₹ 130.36 lacs (Previous year: ₹ 130.36 lacs) in respect of ownership of premises in co-operative housing society and non trading corporations. Shares with face value of ₹ 1 (Previous year: ₹ 1) are fully paid up and unquoted.

c. During the year, company has revised estimated useful life of certain group of assets, like plant & machinery, computers, vehicles, building and hence, the depreciation for the year is higher by ₹ 190.98 lacs as compared to previous year.

14. Loans and advances (Unsecured)

		As at March 31, 2014		As at March 31, 2013	
		Long-term ₹ Lacs	**Short-term ₹ Lacs**	Long-term ₹ Lacs	Short-term ₹ Lacs
Capital advances (considered good)	**(A)**	**741.60**	**-**	**64.90**	**-**
Deposits (considered good)	**(B)**	**270.19**	**88.83**	**256.24**	**137.44**
Advances recoverable in cash or kind					
- Considered good		297.37	1,959.39	155.19	1,925.33
- Considered doubtful		534.50	-	536.19	-
		831.87	1,959.39	691.38	1,925.33
Provision for doubtful advances		(534.50)	-	(536.19)	-
	(C)	**297.37**	**1,959.39**	**155.19**	**1,925.33**
Other loans and advances (considered good)					
- Advance income-tax (net of provision for taxation)		379.62	-	191.62	-
- MAT credit entitlement		294.45	-	216.98	-
- VAT credit receivable		1,075.37	0.07	908.37	0.80
- Balances with statutory / government authorities		-	879.54	-	753.12
	(D)	**1,749.44**	**879.61**	**1,316.97**	**753.92**
Total (A+B+C+D)		**3,058.60**	**2,927.83**	**1,793.30**	**2,816.69**

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

	As at March 31, 2014 ₹ Lacs	As at March 31, 2013 ₹ Lacs
Raw material [including goods in transit ₹ 3,509 lacs (Previous year ₹ 6,044 lacs)]	11,507.04	13,199.05
Work-in-progress (refer note 23)	1,879.70	2,052.71
Finished goods (refer note 23)	10,688.84	11,084.54
Stock-in-trade [including goods in transit ₹ 753 lacs (Previous year ₹ 645 lacs)] (refer note 23)	4,893.46	4,211.48
Stores and spares	78.71	16.51
	29,047.75	**30,564.29**

16. Trade receivables

		As at March 31, 2014 ₹ Lacs	As at March 31, 2013 ₹ Lacs
Debts outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, Considered good		294.89	234.49
Considered doubtful		223.53	236.23
Provision for doubtful debts		(223.53)	(236.23)
	(A)	**294.89**	**234.49**
Other debts			
Secured, Considered good		201.00	190.19
Unsecured, Considered good		18,342.10	16,027.92
	(B)	**18,543.10**	**16,218.11**
Total (A+B)		**18,837.99**	**16,452.60**

17. Cash and bank balances

		As at March 31, 2014		As at March 31, 2013	
		Non-current ₹ Lacs	**Current ₹ Lacs**	Non-current ₹ Lacs	Current ₹ Lacs
Cash and cash equivalents					
Cash on hand	**(A)**	-	8.16	-	14.79
Balances with bank					
- on current account		-	118.17	-	196.23
- on unpaid dividend account		-	17.75	-	13.10
- on cash credit account		-	10.02	-	1,415.51
- on rights issue share application money account (Use restricted for objects of Rights Issue)		-	-	-	5,466.84
	(B)	**-**	**145.94**	**-**	**7,091.68**
Other bank balances					
- Margin money deposit		-	45.25	0.51	51.43
- on fixed deposit account (Use restricted for objects of Rights Issue)		-	2,000.00	-	-
	(C)	**-**	**2,045.25**	**0.51**	**51.43**
Total (A+B+C)		**-**	**2,199.35**	**0.51**	**7,157.90**
Amount disclosed under the head "Non-current assets" (refer note 18)		-	-	(0.51)	-
		-	**2,199.35**	**-**	**7,157.90**

18. Other assets

	As at March 31, 2014		As at March 31, 2013	
	Non-current ₹ Lacs	**Current ₹ Lacs**	Non-current ₹ Lacs	Current ₹ Lacs
Unamortised premium on forward contract	-	22.24	-	2.32
Interest accrued on margin money deposits & fixed deposits	-	42.33	-	0.64
Foreign currency receivable (on forward contract)	-	-	-	1.13
Non-current bank balances	-	-	0.51	-
Insurance claim receivable (refer note 45)	-	-	-	5,410.68
Unbilled Revenue	-	79.74	-	78.86
	-	**144.31**	**0.51**	**5,493.63**

19. Revenue from operations

	For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2013 ₹ Lacs
Sale of products	111,336.10	94,365.42
Sale of services	7,502.48	6,653.44
Other operating revenue	1,095.58	903.23
Revenue from operations (gross)	**119,934.16**	**101,922.09**
Less : Excise duty recovered (refer note 44)	9,961.57	8,922.93
	109,972.59	**92,999.16**

Excise duty on sales amounting to ₹ 9961.57 lacs (previous year ₹ 8922.93 lacs) has been reduced from sales in Statement of profit and loss and excise duty on (increase)/decrease in stock amounting to ₹ (213.17) lacs (previous year ₹ 175.38 lacs) has been considered as (income)/expense in note 23 of financial statements.

Details of products sold		
Air conditioners (including chillers and VRF systems)	96,514.62	82,710.00
Refrigerators	7,689.10	5,986.68
Spares and accessories	5,141.56	3,712.38
Others	1,990.82	1,956.36
	111,336.10	**94,365.42**

Details of Services rendered		
Annual Maintenance Contract service	5,928.06	5,397.97
Repair & Installation service	1,574.42	1,255.47
	7,502.48	**6,653.44**

Details of Other operating revenue		
Scrap sales	947.51	709.02
Commission income	140.48	191.39
Miscellaneous income	7.59	2.82
	1,095.58	**903.23**

20. Other income

	For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2013 ₹ Lacs
Interest income		
from banks	388.28	101.95
from others	36.76	7.47
Net gain on sale of fixed assets	3.10	5.28
Net surplus on insurance claim (fire) (refer note 45)	84.49	-
Miscellaneous income	62.22	46.00
	574.85	**160.70**

21. Cost of raw-material and components consumed

	For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2013 ₹ Lacs
Cost of raw material and other components consumed (refer note 41)	56,417.50	50,765.32
Details of raw material consumed		
Compressors	15,340.83	14,069.87
Copper	7,990.73	6,005.87
Fan Motors	5,585.76	4,987.48
Others (Including packing materials)	27,500.18	25,702.10
	56,417.50	**50,765.32**

22. Purchase of stock-in-trade

	For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2013 ₹ Lacs
Purchase of stock-in-trade	13,603.55	12,949.05
Details of purchase of stock-in-trade		
Air conditioners (including chillers and VRF systems)	2,677.23	2,819.62
Refrigerators	5,440.21	5,603.37
Spares and accessories	4,074.26	2,774.30
Others	1,411.85	1,751.76
	13,603.55	**12,949.05**

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

	For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2013 ₹ Lacs	**Decrease / (Increase) ₹ Lacs**
Inventories at the end of the year			
Work-in-progress	1,879.70	2,052.71	173.01
Finished goods	10,688.84	11,084.54	395.70
Stock-in-trade	4,893.46	4,211.48	(681.98)
	17,462.00	17,348.73	(113.27)
Inventories at the beginning of the year			
Work-in-progress	2,052.71	1,723.09	(329.62)
Finished goods	11,084.54	9,588.54	(1,496.00)
Stock-in-trade	4,211.48	2,535.58	(1,675.90)
	17,348.73	13,847.21	(3,501.52)
(Increase)/decrease of excise duty on inventories	(213.17)	175.38	
	(326.44)	**(3,326.14)**	

Details of inventories

	For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2013 ₹ Lacs
Work-in-progress		
Coils (Heat exchangers)	295.74	420.96
Cooling coil Assembly	224.84	383.94
Others	1,359.12	1,247.81
	1,879.70	**2,052.71**
Finished goods		
Air conditioners (including chillers and VRF systems)	10,688.84	11,084.54
Stock-in-trade		
Air conditioners (including chillers and VRF systems)	730.42	129.45
Refrigerators	1,754.12	2,061.01
Spares and accessories	2,257.55	1,868.28
Others	151.37	152.74
	4,893.46	**4,211.48**

24. Employee benefits expense

	For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2013 ₹ Lacs
Salaries, wages and bonus	7,297.89	5,661.56
Contribution to provident and other funds	422.43	309.20
Gratuity expenses (refer note 30)	52.05	170.86
Workmen and staff welfare expenses	412.15	309.03
	8,184.52	**6,450.65**

25. Finance costs

	For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2013 ₹ Lacs
Interest	821.35	504.34
Bank charges	21.12	37.57
Exchange difference as an adjustment to borrowing cost	352.51	178.82
	1,194.98	**720.73**

26. Other expenses [Refer note 47]

		For the year ended March 31, 2014 ₹ Lacs	For the year ended March 31, 2013 ₹ Lacs
Consumption of stores and spares (refer note 41)		46.03	54.74
Power and Fuel		452.75	332.64
Rent (refer note 31)		1,177.46	971.06
Repairs & Maintenance - Building		16.90	20.18
Repairs & Maintenance - Machinery		208.83	180.56
Repairs & Maintenance - Others		127.90	111.35
Insurance		104.25	101.73
Rates & Taxes		271.94	261.09
Advertisement and sales promotion (net of recoveries)		4,928.36	4,090.58
Annual Maintenance Contract (AMC) expenses		3,730.44	3,529.08
Freight and forwarding expenses		3,756.60	3,101.28
Legal and professional fees		288.01	288.30
Provision for doubtful debts		15.88	15.38
Bad Debt Written off	28.58		6.63
Less : Adjusted against provision for doubtful debts	(28.58)	-	-
Contract labour charges		1,027.72	1,155.27
Loss on Foreign Exchange Fluctuations (net)		1,351.49	332.79
Payment to Auditors*		33.02	40.46
Royalty		2,413.81	2,065.94
Warranty expenses		1,602.55	1,010.40
Miscellaneous expenses		5,783.04	3,846.29
		27,336.98	**21,515.75**

***Payment to Auditors**

	March 31, 2014 ₹ Lacs	March 31, 2013 ₹ Lacs
As auditor:		
- Statutory Audit fees	15.00	14.50
- Tax audit fees	4.50	4.00
- Limited reviews	12.00	10.50
- Certification for Rights Issue	-	10.00
In other capacity:		
- Certification fees	0.93	0.97
Reimbursement of expenses	0.59	0.49
	33.02	**40.46**

27. Earnings per share (EPS)

	March 31, 2014 ₹ Lacs	March 31, 2013 ₹ Lacs
Net profit after tax for calculation of basic EPS	804.92	1,530.34
Weighted average number of Equity shares considered in calculating basic and diluted EPS	27,109,744	22,960,008
Earning per share (Basic and Diluted) ₹	2.97	6.67
[Nominal value of share ₹ 10 (Previous year: ₹ 10)]		

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

	March 31, 2014 ₹ Lacs	March 31, 2013 ₹ Lacs
1) Contract Revenue recognised for the year	1,954.43	1,978.69
2) For on-going contracts as on 31st March		
Cost incurred plus recognised profits (or, less recognised losses)	4,495.26	2,953.79
Advances received	3.91	116.66
Retention amount	309.17	242.10
Gross amount due from customers	79.74	78.86
Gross amount due to customers	164.75	109.64

29. Segment reporting

Business segment:

The Company is engaged in the business of manufacturing, trading and other related services of Air Conditioners, Refrigerators, chillers and VRF (variable refrigerant flow) systems. Since the Company's business falls within a single business segment of Cooling Products for comfort and commercial use, disclosures under Accounting Standard (AS) 17 - Segment Reporting are not reported upon separately.

Geographical segment:

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

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

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

Gratuity:

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

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

Statement of profit and loss

	March 31, 2014 ₹ Lacs	March 31, 2013 ₹ Lacs
Net employee benefit expense (recognised in Employee benefits expense)		
Current service cost	76.87	62.95
Interest cost on benefit obligation	40.78	26.51
Expected return on plan assets	42.96	34.93
Net actuarial loss / (gain) recognised in the year	(22.64)	116.33
Net benefit expense	52.05	170.86
Actual return on plan assets	48.77	33.10

Balance sheet

Benefit asset/liability	**March 31, 2014 ₹ Lacs**	March 31, 2013 ₹ Lacs
Fair value of plan assets	584.88	515.08
Present value of defined benefit obligation	601.30	517.57
Benefit asset / (liability)	**(16.42)**	**(2.49)**

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

	March 31, 2014 ₹ Lacs	March 31, 2013 ₹ Lacs
Opening defined benefit obligation	517.57	315.39
Interest cost	40.78	26.51
Current service cost	76.87	62.95
Benefits paid	15.69	7.36
Actuarial (gains) / losses on obligation	(18.23)	120.08
Closing defined benefit obligation	**601.30**	**517.57**

Changes in the fair value of plan assets are as follows

	March 31, 2014 ₹ **Lacs**	March 31, 2013 ₹ Lacs
Opening fair value of plan assets	515.08	402.60
Expected return	42.96	34.93
Contributions by employer	22.42	73.80
Actuarial gains / (losses)	4.42	3.75
Closing fair value of plan assets	**584.88**	**515.08**

The Company expects to contribute ₹ 50 lacs (Previous year: ₹ 60 lacs) to gratuity fund in the next Financial year.

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

	March 31, 2014	March 31, 2013
Investments with insurer	**100%**	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	March 31, 2014	March 31, 2013
Discount rate	8.80%	8.00%
Expected rate of return on assets	9.25%	9.25%
Increase in Compensation cost	7.00%	7.00%

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

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

	March 31, 2014 ₹ **Lacs**	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs	March 31, 2011 ₹ Lacs	March 31, 2010 ₹ Lacs
Defined benefit obligation	601.30	517.57	315.39	297.71	248.94
Plan assets	584.88	515.08	402.60	330.43	250.23
Surplus / (deficit)	(16.42)	(2.49)	87.21	32.72	1.29
Experience adjustments on plan liabilities	12.16	41.75	7.12	(11.61)	33.40
Experience adjustments on plan assets	(4.41)	(3.75)	1.74	(19.12)	4.28

Defined Contribution Plan:

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

	March 31, 2014 ₹ **Lacs**	March 31, 2013 ₹ Lacs
Employer's Contribution to Provident Fund	271.62	197.40
Employer's Contribution to ESIC	80.63	56.81
Employer's Contribution to Super Annuation	32.21	25.59
Employer's Contribution to Employee Deposit Linked Insurance	8.01	8.58
	392.47	288.38

31. Leases

Certain premises are obtained on cancellable and non-cancellable operating leases that are renewable either at the option of lessor or lessee or both. Further, there are no subleases nor any restrictions imposed in lease agreements. Lease rentals debited to Statement of profit and loss for the year is ₹ 1,177.46 lacs (Previous year ₹ 971.06 lacs).

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

	March 31, 2014 ₹ **Lacs**	March 31, 2013 ₹ Lacs
Not later than one year	366.06	259.76
Later than one year but not later than five years	662.02	632.13
Later than five years	60.48	164.17

32. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as on March 31, 2014: ₹ 1389.66 lacs (Previous year: ₹ 149.87 lacs).

33. Contingent Liabilities

	March 31, 2014 ₹ Lacs	March 31, 2013 ₹ Lacs
Legal matters under dispute *:		
Service tax	734.54	144.80
Sales tax	373.39	284.18
Customs duty	-	0.92
Excise duty	19.16	17.16
Guarantees given by the bankers on behalf of the Company	178.30	78.15
Claims against the Company not acknowledged as debts	72.03	64.32
	1,377.42	**589.53**

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

34. Research & Development Expenditure

	March 31, 2014 ₹ Lacs	March 31, 2013 ₹ Lacs
Revenue expenditure	467.00	397.92
Capital expenditure	34.72	10.11

35. Related Party Disclosures

(a) List of related Parties and Relationship

Relation	**Parties**
A. Related parties exercising control	Hitachi Ltd., Japan (Ultimate Holding Company) Hitachi Appliances Inc., Japan (Holding Company)
B. Parties under common control (Fellow Subsidiaries)	Hitachi Air Conditioning Products (M) Sdn. Bhd. Hitachi Asia Ltd. – Singapore Hitachi Household Appliances (Wuhu) Co. Ltd. Hitachi Procurement Service Co. Ltd. Hitachi Metglass (India) Pvt. Ltd. Shanghai Hitachi Electrical Appliances Co. Ltd. Hitachi Consumer Products (Thailand) Ltd. Hitachi Koki India Ltd. Hitachi Air Conditioning & Refrigerating Products (Guangzhou) Co. Ltd. Hitachi India Pvt. Ltd. Hitachi Lift India Pvt. Ltd. Hitachi Transport System India Pvt. Ltd. Shizuoka Hitachi Co. Ltd. Hitachi Data Systems Hitachi Hi-rel Power Electronics Pvt. Ltd. Taiwan Hitachi Co. Ltd. Hitachi Cable Asia Pacific (HCAP) Pte Ltd. Hitachi High Technologies Hong Kong Ltd. Luvata Heating Cooling Technologies (Thailand) Ltd. Flyjac Logistics Pvt. Ltd. Tata Hitachi Construction Machinery Co. Ltd. Hitachi Plant Technologies India Pvt. Ltd. Hitachi Tochigi Electronics (Thailand) Co. Ltd. Hitachi Metals Singapore Pte Ltd. Hitachi Solution India Pvt. Ltd. Highly Electrical Appliances India Pvt. Ltd.
C. Key Managerial personnel	Mr. Motoo Morimoto (Managing Director) (Upto 30th September, 2013) Mr. Shoji Tsubokuta (Managing Director) (1st October, 2013 onwards) Mr. Vinay Chauhan (Executive Director) Mr. Amit Doshi (Executive Director) Mr. Anil Shah (CFO & Executive Director)

(b) Related Party Transactions

(Figures in parenthesis represent previous year numbers)

Sr. No.	Transactions	Holding Company		Fellow Subsidiaries		Key Management Personnel	
1	**Purchase of raw material**						
	Shanghai Hitachi Electrical Appliances Co. Ltd.	**-**	(-)	**11,516.89**	(11,118.48)	**-**	(-)
	Hitachi Household Appliances (Wuhu) Co. Ltd.	**-**	(-)	**874.49**	(4,024.35)	**-**	(-)
	Luvata Heating Cooling Technologies (Thailand) Ltd.	**-**	(-)	**6,184.78**	(4,626.23)	**-**	(-)
	Hitachi Appliances Inc.	**6.55**	(27.11)	**-**	(-)	**-**	(-)
	Others	**-**	(-)	**1,292.23**	(302.89)	**-**	(-)
2	**Purchase of stock-in-trade**						
	Hitachi Asia Ltd., Singapore	**-**	(-)	**-**	(206.64)	**-**	(-)
	Hitachi Consumer Products (Thailand) Ltd.	**-**	(-)	**4,423.95**	(4,157.42)	**-**	(-)
	Hitachi Appliances Inc.	**1,922.35**	(466.66)	**-**	(-)	**-**	(-)
	Luvata Heating Cooling Technologies (Thailand) Ltd.	**-**	(-)	**1,616.23**	(214.36)	**-**	(-)
	Hitachi Household Appliances (Wuhu) Co. Ltd.	**-**	(-)	**155.35**	(1,518.21)	**-**	(-)
3	**Technical know-how fees (capitalised)**						
	Hitachi Appliances Inc.	**696.16**	(324.22)	**-**	(-)	**-**	(-)
4	**Consultancy fees paid (capitalised)**						
	Hitachi Appliances Inc.	**31.71**	(352.01)	**-**	(-)	**-**	(-)
5	**Commission income**						
	Hitachi Asia Ltd., Singapore	**-**	(-)	**-**	(54.40)	**-**	(-)
	Hitachi Appliances Inc.	**140.48**	(136.99)	**-**	(-)	**-**	(-)
6	**Sale of products**						
	Hitachi Koki India Ltd.	**-**	(-)	**0.02**	(1.39)	**-**	(-)
	Hitachi Hi-rel Power Electronics Pvt. Ltd.	**-**	(-)	**2.70**	(26.46)	**-**	(-)
	Hitachi Plant Technologies India Pvt. Ltd	**-**	(-)	**192.95**	(-)	**-**	(-)
	Others	**-**	(-)	**6.40**	(2.85)	**-**	(-)
7	**Sale of services**						
	Hitachi Koki India Ltd.	**-**	(-)	**1.48**	(0.02)	**-**	(-)
	Hitachi Metglass (India) Pvt. Ltd.	**-**	(-)	**5.23**	(9.94)	**-**	(-)
	Hitachi Hi-rel Power Electronics Pvt. Ltd.	**-**	(-)	**9.95**	(12.88)	**-**	(-)
	Others	**-**	(-)	**0.56**	(0.24)	**-**	(-)
8	**Interest expenses on external commercial borrowings**						
	Hitachi Appliances Inc.	**30.24**	(51.65)	**-**	(-)	**-**	(-)
9	**Advertisement & Sales Promotion recovery**						
	Hitachi Appliances Inc.	**13.71**	(31.61)	**-**	(-)	**-**	(-)
	Hitachi Consumer Products (Thailand) Ltd.	**-**	(-)	**219.05**	(109.77)	**-**	(-)
10	**Remuneration paid**						
	Mr. Motoo Morimoto	**-**	(-)	**-**	(-)	23.94	(48.13)
	Mr. Shoji Tsubokuta	**-**	(-)	**-**	(-)	25.32	(-)
	Mr. Vinay Chauhan	**-**	(-)	**-**	(-)	75.92	(69.48)
	Mr. Amit Doshi	**-**	(-)	**-**	(-)	72.91	(63.61)
	Mr. Anil Shah	**-**	(-)	**-**	(-)	71.94	(67.59)

Sr. No.	Transactions	Holding Company		Fellow Subsidiaries		Key Management Personnel	
11	**Royalty paid**						
	Hitachi Appliances Inc.	**2,356.54**	(2,015.89)	**-**	(-)	**-**	(-)
12	**Purchase of capital goods**						
	Hitachi Procurement Service Co. Ltd.	**-**	(-)	**-**	(1.54)	**-**	(-)
	Shizuoka Hitachi Co. Ltd	**-**	(-)	**-**	(247.89)	**-**	(-)
	Hitachi Appliances Inc.	**2.58**	(57.63)	**-**	(-)	**-**	(-)
13	**Reimbursement paid**						
	Hitachi Appliances Inc.	**81.45**	(60.13)	**-**	(-)	**-**	(-)
14	**Import freight, local freight and custom clearing expenses**						
	Hitachi Transport System India Pvt. Ltd.	**-**	(-)	**-**	(298.46)	**-**	(-)
	Flyjac Logistics Pvt. Ltd.	**-**	(-)	**757.01**	(369.27)	**-**	(-)
15	**Repayment of External Commercial Borrowings**						
	Hitachi Appliances Inc.	**2,896.46**	(-)	**-**	(-)	**-**	(-)
16	**Reimbursement of expenses**						
	Hitachi Appliances Inc.	**3.47**	(6.00)	**-**	-	**-**	(-)
	Hitachi India Pvt. Ltd.	**-**	(-)	**-**	(2.29)	**-**	(-)
17	**Dividend Payment**						
	Hitachi Appliances Inc.	**295.35**	(233.25)	**-**	-	**-**	(-)
	Hitachi India Pvt. Ltd.	**-**	(-)	**7.50**	(7.50)	**-**	(-)
18	**Towards Rights Issue Application Money**						
	Hitachi Appliances Inc.	**-**	(5,381.86)	**-**	(-)	**-**	(-)
	Mr. Vinay Chauhan	**-**	(-)	**-**	(-)	**-**	(0.05)
19	**External Commercial Borrowings outstanding as on Balance sheet date**						
	Hitachi Appliances Inc.	**-**	(2,681.89)				
20	**Debit balance outstanding as on Balance sheet date**						
	Hitachi Plant Technologies India Pvt Ltd	**-**	(-)	**170.32**	(2.77)	**-**	(-)
	Hitachi Hi-rel Power Electronics Pvt. Ltd.	**-**	(-)	**9.71**	(2.77)	**-**	(-)
	Tata Hitachi Construction Machinery Co. Ltd.	**-**	(-)	**-**	(1.76)	**-**	(-)
	Others	**-**	(-)	**0.53**	(2.54)	**-**	(-)
21	**Credit balance outstanding as on Balance sheet date**						
	Hitachi Appliances Inc.	**1,495.39**	(2,589.02)	**-**	(-)	**-**	(-)
	Shanghai Hitachi Electrical Appliances Co. Ltd.	**-**	(-)	**4,419.77**	(6,013.14)	**-**	(-)
	Hitachi Household Appliances (Wuhu) Co. Ltd.	**-**	(-)	**82.82**	(1,198.95)	**-**	(-)
	Luvata Heating Cooling Technologies (Thailand) Ltd.	**-**	(-)	**2,541.50**	(1,758.56)	**-**	(-)
	Hitachi Consumer Products (Thailand) Ltd.	**-**	(-)	**821.57**	(864.73)	**-**	(-)
	Others	**-**	(-)	**818.37**	(140.91)	**-**	(-)

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

36. Derivative instruments and unhedged foreign currency exposure

a. Particulars of unhedged foreign currency exposure

	Currency	March 31, 2014 Lacs	March 31, 2013 Lacs
Trade payables (including acceptances)	USD	76.91	213.98
	JPY	195.31	19.33
	Equivalent INR	4,710.21	11,632.84
Payables for capital goods	USD	-	7.46
	JPY	540.00	1,331.19
	EURO	-	0.03
	Equivalent INR	315.09	1,172.01
Buyers' credit	USD	-	20.53
	Equivalent INR	-	1,115.33
Loans and Advances (including Capital Advances)	USD	14.36	3.49
	JPY	12.26	2.49
	EURO	-	-
	SGD	-	0.12
	Equivalent INR	864.98	196.27
Trade Receivables	USD	1.96	0.74
	JPY	12.50	15.00
	Equivalent INR	124.17	48.83
External Commercial Borrowings	JPY	-	4,650.00
	Equivalent INR	-	2,681.89
ECB Interest (accrued but not due)	JPY	-	23.65
	Equivalent INR	-	13.64
Buyers' credit interest	USD	-	0.11
	Equivalent INR	-	6.04

b. Forward Contracts outstanding

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

	Currency	March 31, 2014 Lacs	March 31, 2013 Lacs
Trade payables	USD	82.50	15.91
Buyers' credit	USD	-	28.86
External Commercial Borrowings*	USD	100.00	100.00
ECB Interest (accrued but not due)	USD	0.56	0.59

*ECB of USD 100 lacs, taken from a Bank, carries interest @ 6 month LIBOR plus 125 basis points which is repayable in two equal installments due in year 2014-15 and 2016-17. The principal and interest payment under above loan has been fully hedged under Indian Rupees and interest liability has been swapped against fixed interest @ 7.45% per annum.

37. Earnings in foreign exchange (accrual basis)

	March 31, 2014 ₹ Lacs	March 31, 2013 ₹ Lacs
Export of trading goods (on FOB basis)	-	0.16
Commission income	140.48	191.39
Reimbursement of advertisement and other expenses	233.98	147.00
	374.46	**338.55**

38. Expenditure in foreign currency (accrual basis)

	March 31, 2014 ₹ Lacs	March 31, 2013 ₹ Lacs
Interest	119.58	136.57
Royalty	2,120.89	1,815.26
Technical know how (capitalised)	626.54	291.80
Salaries	81.45	60.13
Consultancy fees and other expenses (capitalised)	28.53	316.81
Others	38.97	14.06
	3,015.96	**2,634.63**

39. Value of imports calculated on CIF basis

	March 31, 2014 ₹ Lacs	March 31, 2013 ₹ Lacs
Capital goods	489.54	4,689.68
Raw materials, components & spares parts	28,569.41	28,452.01
Stock-in-trade	8,397.14	6,943.74
	37,456.09	**40,085.43**

40. Net dividend remitted in foreign exchange

	March 31, 2014 ₹ Lacs	March 31, 2013 ₹ Lacs
Amount remitted (₹ in Lacs)	295.35	233.25
Amount remitted (JPY in Lacs)	457.20	330.29
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	19,689,894	15,550,000
Year to which dividend relates to	2012-13	2011-12

41. Imported and indigenous raw material and spare parts consumed

	% of total consumption March 31, 2014	**Value March 31, 2014 ₹ Lacs**	% of total consumption March 31, 2013	Value March 31, 2013 ₹ Lacs
Consumption of raw materials				
Indigenous	44.48%	25,092.30	37.09%	18,830.48
Imported	55.52%	31,325.20	62.91%	31,934.84
	100.00%	**56,417.50**	**100.00%**	**50,765.32**
Consumption of stores and spares				
Indigenous	82.34%	37.90	95.37%	52.21
Imported	17.66%	8.13	4.63%	2.53
	100.00%	**46.03**	**100.00%**	**54.74**

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

Based on information available with the Company, there are no suppliers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprise Development Act, 2006" (Act) till 31st March, 2014. Accordingly, no disclosures are required to be made under said Act.

43. Provisions

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

(Figures in parenthesis represent previous year numbers)

(₹ Lacs)

	March 31, 2013	Provision during the year	Utilised during the year	Reversal during the year	March 31, 2014
Provision for 5/10 Years Warranty	**855.15** (803.17)	**626.07** (319.08)	**237.09** (259.83)	**47.09** (7.27)	**1,197.04** (855.15)
Provision for litigations	**569.92** (474.47)	**1,161.55** (292.51)	**0.88** (193.18)	**-** (3.88)	**1,730.59** (569.92)

Note :

a) The Company gives 5/10 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 / ten years, as the case may be.

b) Other provision includes likely claims against the Company in respect of certain legal matters like VAT, Service tax, excise duty etc, whose outcome depends on ultimate settlement / conclusion with relevant authorities.

44. The Company is eligible for refund of excise duty paid on goods manufactured and removed from Jammu unit, other than the amount of duty paid by utilisation of CENVAT credit, in terms of Notification No. 56/2002-CE dated 14-11-2002. Excise duty recovered as disclosed in the Statement of profit and loss is net of such refund of ₹ 478.71 lacs (Previous year ₹ 295.88 lacs).

45. There was a major fire on 18th July, 2012 at unit II in Kadi plant due to which it had become non-operational, which has been reconstructed and production has recommenced from 13th January 2013. The Insurance claim has been settled in the current year and net surplus of ₹ 84.49 lacs arising out of such settlement has been disclosed as other income in the Statement of profit and loss.

46. On 8th April 2013, the Company has issued and allotted 4,230,876 Equity Shares of ₹ 10/- each on rights basis to its existing shareholders. Status of Utilisation of Rights Issue proceeds:

(₹ lacs)

Particulars	Amount available for utilisation	Actual Utilisation uptoMarch 31, 2014
Capital Expenditure	4,350.00	2,370.66
Working Capital	1,062.08	1,062.08
Issue related expenses	88.06	88.06
Total	**5,500.14**	**3,520.80**

Note: Balance unutilised funds are temporarily invested in fixed deposits with banks.

47. The Company accrues certain sales related expenses on an estimated basis, which are reviewed at the each period end and any excess or short provisions are reversed or accounted for in respective expense heads. Accordingly, respective expenses under the head "Other Expenses" are net of write back of excess provision of earlier years amounting to ₹ 650.00 lacs (Previous year ₹ 924.90 lacs).

48. Prior year comparatives

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

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

per Arpit K. Patel
Partner
Membership No: 34032

Place : Ahmedabad
Date : May 26, 2014

For and on behalf of the Board of Directors

Shoji Tsubokuta
Managing Director

Anil Shah
CFO & Executive Director

Parag Dave
Company Secretary

Place : Karannagar, Gujarat
Date : May 26, 2014

GLIMPSES OF THE YEAR

Launch Event

Dealers' Award Ceremony

Visit of Mr. Naoki Mitarai, Executive Director, Hitachi Limited, Japan

Dealers' Foreign Trip to USA

CSR - Support to Eye Hospital

Factory Visit of Shareholders

PRESS ADVERTISING

Refrigerator Ad

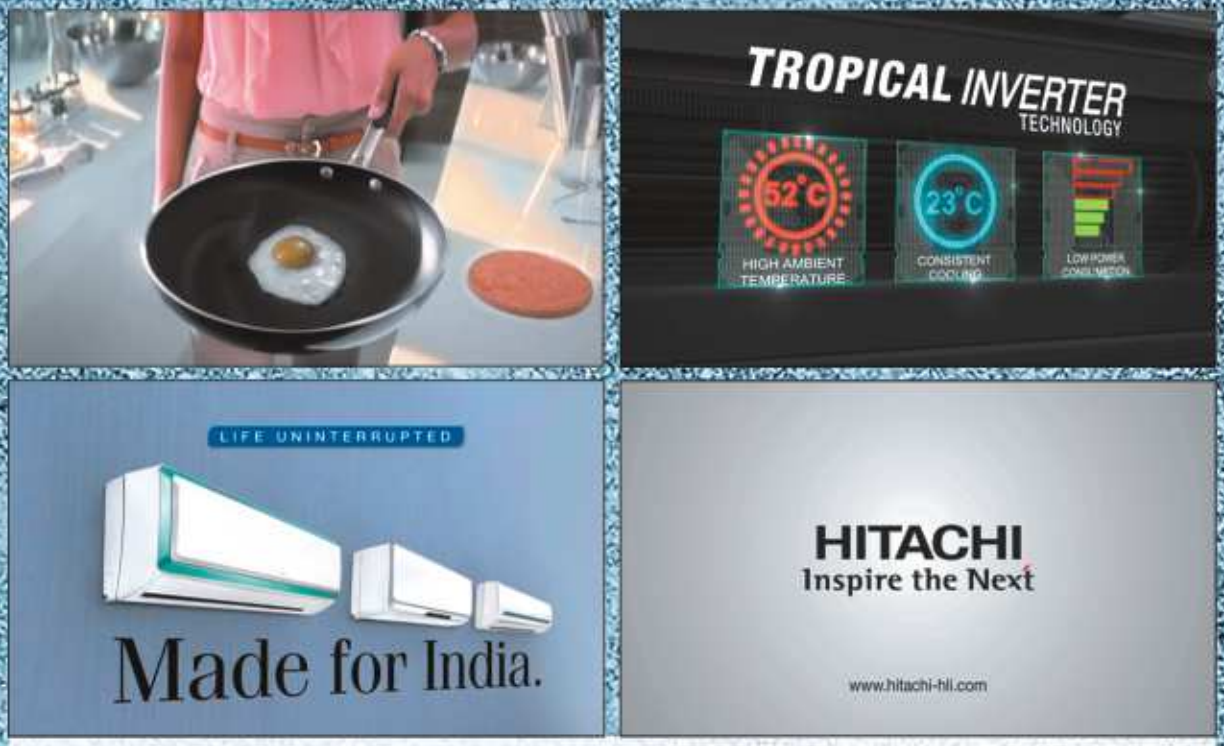
Reidan ACs Ad

Tropical Inverter Technology Ad

Tactical AC Ad

Set-Free Range for B2B Category

TELEVISION COMMERCIAL



Hitachi Tropical Inverter Technology: TVC 1

Hitachi Tropical Inverter Technology: TVC 2

HITACHI
Inspire the Next

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