Johnson Controls

HITACHI
Air conditioning solutions

ANNUAL REPORT

2015 - 2016

HITACHI HOME & LIFE SOLUTIONS (INDIA) LIMITED

OUR PRODUCT RANGE

Kashikoi/Heat Pump Inverter

Neo Inverter

ACE Inverter

Toushi Inverter

iConnect

Zunoh iClean/Non iClean

Neo/Neo Plus

Toushi

Star Sumo

ACE Reidan

Summer TM/QC

Kaze Plus/Kaze Reidan

Takumi Ductable

Takumi Condenser

Cassette

VRF (Set Free) - Front Flow

VRF (Set Free) - Top Flow

Screw Chiller

Centrifugal Chiller

Space Maker

French Door Bottom Freezer

Big French Inverter Refrigerator

3-Door Inverter Refrigerator

2-Door Inverter Refrigerator

MESSAGE FROM THE CHAIRMAN

Franz Cerwinka
Chairman
Hitachi Home & Life Solutions (India) Ltd.

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

First of all, I would like to welcome you all to Johnson Controls – Hitachi Air Conditioning Company.

Johnson Controls – Hitachi Air Conditioning is a joint venture company of Johnson Controls, U.S. and Hitachi Appliances, Japan. Johnson Controls – Hitachi Air Conditioning was established on 1st October, 2015. Our partnership aims to address the cooling needs in a faster, smarter and efficient manner than ever before. "Hitachi Home & Life Solutions (India) Limited", is the Indian arm of Johnson Controls- Hitachi Air Conditioning Company.

I take this privilege to share the highlights of the year gone by with all of you. The Indian economy has gone through various challenges in past, but it has recovered and shown growth in the face of adverse global economic scenario. The year 2015-16 witnessed an optimistic picture of the Indian economy. It has shown remarkable growth of 7.5 per cent and it is projected to grow by 7.7 per cent in 2016. The downturn in global commodity prices has had a positive impact on the Air-Conditioning industry (owing to the high number of commodities that contribute towards its manufacturing cost). It has supported the morale of manufacturing industry. Key policy reforms by Indian government which were aimed at aiding growth and surmounting the structural constraints in the economy has worked in favour of manufacturers.

For the air-conditioning industry, the year of 2015 was very challenging. The residential as well as the commercial segment faced a slowdown in demand due to various reasons like unpredictable weather conditions, un-seasonal rainfall during peak summers etc. While HHLI's room air conditioner business performed in line with the industry's performance, we were able to gain marginal growth overall in terms of value.

Despite the slowdown, HHLI's Ductable and VRF business managed to register good growth over last year. VRF being a segment of focus for the company, more investments are done for the development of infrastructure, skill and competitiveness in this category. HHLI also invested more in the conservation of energy by installing three sets of new injection moulding machinery in the injection moulding shop. Hitachi continued its focus on the development of new products with technologies like Hot and Cold AC, I-Connect AC (with Wi-Fi technology) etc. which will cater to the Indian consumers' needs. The company also introduced Toushi Range of ACs which was aimed to cater to the price sensitive markets of India. During the year, Hitachi also witnessed successful completion of NABL Accreditation for RAC APF Lab and VRF APF Lab which will ensure reliable testing of its products.

In refrigerator segment, Hitachi achieved good growth over last year. The company operates in Frost-Free Refrigerators segment (253 Ltrs. onwards) which includes double door refrigerators, triple door refrigerators with bottom freezer and quadruple door refrigerators. These products are coupled with advance features like 'Inverter x Dual Fan Cooling', Nano-Titanium Technology and Eco Thermal Sensor Control etc.

In 2015, HHLI also introduced Air Purifiers, which were made in Japan, in the Indian market which got good response in the metro cities. The company is also planning to promote this category more aggressively in the years to come.

To enhance the experience of our esteemed customers with our brand throughout the product's life, Hitachi has also taken many initiatives towards improving its post-sales services. Apart from operating 40 Hitachi-owned customer service centres (HCS), the company has also developed various other touch points through which our consumers can connect with us for service-support related queries. Few of these initiatives are 'Hitachi Care' Mobile app, online Live Chat lines, 24X7 customer care no. and product Demo Videos of ACs and Refrigerators for a better product understanding of our consumers.

With the objective of sustained profitable growth, Hitachi Home and Life Solutions is constantly investing in new technologies and is looking forward to providing better and wider cooling solutions to the Indian consumers.

I would like to take this opportunity to thank all the stakeholders of Hitachi Home & Life Solutions (India) Limited – 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 show 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 2016-17.

Franz Cerwinka

BOARD OF DIRECTORS

Franz Cerwinka
Chairman

Atsushi Ohtsuka
Managing Director

Anil Shah
CFO & Executive Director

Gurmeet Singh
Executive Director

Varghese Joseph
Executive Director

Vinay Chauhan
Executive Director

Ashok Balwani
Director

Dr. Devender Nath
Director

Indira Parikh
Director

Mukesh Patel
Director

R S Mani
Director

Ravindra Jain
Director

Vinesh Sadekar
Director

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Ashok Balwani	Independent Director
Dr. Devender Nath	Independent Director
Indira Parikh	Independent Director
Mukesh Patel	Independent Director
R S Mani	Independent Director
Ravindra Jain	Independent Director
Vinesh Sadekar	Independent Director

COMPANY SECRETARY
Parag Dave

AUDITORS
S R B C & CO LLP
Chartered Accountants,
Ahmedabad

BANKERS
Bank of America, N.A.
State Bank of India
ICICI Bank
Standard Chartered Bank

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

HEAD OFFICE & WORKS
Hitachi Complex, Karannagar – 382 715
Kadi, Dist.: Mehsana, Gujarat

REGISTRARS & SHARE TRANSFER AGENT
Link Intime India Pvt. Limited
Unit No. 303, 3rd Floor,
Shoppers Plaza V,
Opp. Municipal Market,
Behind Shoppers Plaza II,
Off C. G. Road, Ahmedabad 380009

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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:

Link Intime India Pvt. Limited, Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C. G. Road, Ahmedabad 380009

FIVE YEARS FINANCIALS AT A GLANCE

(Currency: Rupees in Lacs unless otherwise stated)

PARTICULARS	2015-16	2014-15	2013-14	2012-13	2011-12
Revenue from Operations (Gross)	181,720	170,726	119,934	101,922	86,732
Revenue Growth (Gross)	6%	42%	18%	18%	5%
Revenue from Operations (Net)	165,953	157,284	109,973	92,999	79,809
Revenue Growth (Net)	6%	43%	18%	17%	4%
Total Revenue	**166,132**	**157,996**	**110,547**	**93,160**	**79,896**
Earning Before Depreciation, Finance Cost and Tax Expenses(EBDIT)	12,451	14,520	5,331	4,805	3,114
Financial Charges	1,012	826	1,195	721	1,003
Depreciation & Amortisation	4,555	3,593	3,004	2,018	1,832
Profit Before Tax (PBT)	6,884	10,101	1,133	2,066	279
Provision for Taxation	1,886	2,325	328	536	(47)
Profit After Tax (PAT)	4,998	7,776	805	1,530	326
Equity Share Capital	2,719	2,719	2,719	2,296	2,296
Reserves & Surplus	33,076	28,569	21,284	15,879	14,826
Net Worth	35,795	31,288	24,003	18,175*	17,122
Net Worth Growth	14%	30%	32%	6%	0%
Gross Fixed Assets	44,572	38,370	30,734	27,076	22,634
Net Fixed Assets	26,615	24,564	19,763	18,842	14,230
KEY INDICATORS					
Earnings Per Share (₹)	18.38	28.60	2.97	6.67	1.42
Cash Earnings Per Share (₹)	35.13	41.81	14.01	15.46	9.40
Book Value Per Share (₹)	131.64	115.07	88.27	79.16	74.57
Total Debt to Equity	0.37 : 1	0.44 : 1	0.52 : 1	0.91 : 1	0.58 : 1
EBDIT / Revenue from Operations (Net) %	8%	9%	5%	5%	4%
Net Profit Margin %	3%	5%	1%	2%	0%
Return on Net Worth %	14%	25%	3%	8%	2%
Return on Capital Employed %	16%	24%	6%	7%	5%

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 Thirty First Annual Report and the Audited Financial Statements, for the year ended March 31, 2016.

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, 2016	For the year ended March 31, 2015
Revenue from operations (gross)	1,81,720	1,70,726
Less: Excise Duty	15,767	13,442
Revenue from operations (net)	1,65,953	1,57,284
Other Income	178	712
Total Revenue	1,66,132	1,57,996
Profit before finance cost, depreciation and tax	12,451	14,520
Finance Cost	1,012	826
Depreciation and amortization expenses	4,555	3,593
Profit before Tax	6,884	10,101
Tax expense	1,886	2,325
Profit for the year	4,998	7,776

DIVIDEND

Your Directors recommend a dividend of ₹ 1.50 per Equity Share for the year ended 31st March, 2016. This is subject to the approval of the Members at the ensuing Annual General Meeting.

About Hitachi Home & Life Solutions (India) Limited, a Johnson Controls – Hitachi Air Conditioning Company

On 1st October, 2015, Johnson Controls, Hitachi Ltd. and Hitachi Appliances Inc. have completed Global Joint Venture agreement (JV) and commenced operations of Johnson Controls – Hitachi Air Conditioning Company (JCH) to provide global customers with full range of Air conditioning products. Through this agreement Johnson Controls has acquired a 60 percent ownership stake of JV and Hitachi Appliances Inc. retained ownership of remaining 40 percent stake of the JV.

Through this joint venture, we have combined the rich heritage and innovative technology of Hitachi with the Industry-leading expertise and global network of Johnson Controls. Our partnership aims to address the cooling needs in a faster, smarter, safe and efficient manner than ever before. Our customers stand to benefit from our world-class R&D centers, where our researchers work tirelessly to provide innovative solutions and quality products that are designed to meet every need. "Hitachi Home & Life Solutions (India) Limited" (HHLI), is the Indian arm of Johnson Controls- Hitachi Air Conditioning Company.

Hitachi Home & Life Solutions (India) Limited is one of the earliest companies to set up Air conditioning Manufacturing in India, HHLI has a legacy that is over 30 years in the making. Today, the Company manufactures a wide range of products, from room Air conditioners (Split & Window ACs) to commercial Air conditioners including Chiller, Ductable Air conditioners, Telecom Air conditioners & VRF system. HHLI is also involved in trading of Refrigerators & Air Purifiers and has strong presence in undertaking turnkey projects in HVAC.

The HHLI headquarters is situated at Kadi, Gujarat with its manufacturing plant also located there. The Company has a total installed capacity of 6,00,000 Room Air conditioners per annum (in a single shift). In addition to that the Company also has the capacity to manufacture 120000 Tons of Ductable units, 9000 VRFs ODU and 300 Chillers per annum. HHLI is amongst the top Air conditioning companies in India. It has a strong nationwide distribution consisting of 5 regional offices, 20 branch offices, 203 exclusive sales and service dealers and over 4000 sales points. Currently, the Company has 33 Exclusive showrooms in India. The organization expects these numbers to rise up to 150 in the very near future. To provide this wide distribution network, Company has 40 Company owned service centers (HCS) and 600 other service points including Multi brand S&S dealers and franchisees.

At Hitachi Home & Life Solutions (India) Ltd., we believe in "i Care" philosophy which is our guiding force. i Care is everything we stand for, believe in, and work towards for our internal and external customers. We believe in simplifying life. This is why, we constantly innovate, bring in world-class technology and newer concepts in our products to make life comfortable for our customers.

MACRO ECONOMIC ENVIRONMENT

The Indian economy has gone through various challenges in recent times. But it has recovered and is showing strong growth in the face of adverse global economic scenario. In the recent past, the economy faced difficult times with several issues like lower growth, widening current account deficit and high levels of inflation; worsened by two consecutive years of drought. Yet the Indian Economy has shown remarkable growth by 7.5% this year and expected 7.7% in 2016. The downturn in global commodity prices has also helped significantly to improve the prospects of Indian economy. This, in turn, has had a positive impact on the Air conditioning industry which has a high number of commodities that contribute towards its input costs.

OVERVIEW

1. The year gone by has not been very good for the Indian Air conditioning Industry. The residential business was affected by unpredictable weather, un-seasonal rainfall during peak summer while the commercial segment suffered the lagging effects of slowdown from 2012-14.

   The residential Air conditioner market for the year was almost flat. HHLI's residential business also performed in line with the industry growth. The residential business showed negligible volume growth but managed to grow marginally in value terms due to shift towards high-star rated ACs and Inverter ACs.

2. Though the overall commercial market remained weak, the Company scored significant success in the Ductable segment. The Company maintained and bettered its position in the segment with a business growth of around 15% and improved its market share. The Company continues to retain its strong position in this segment.

   The other bright spot in the commercial segment was the growth in the VRF Segment led by increased demand towards energy-efficient solutions and use of innovative technology. The Company saw its Set Free- VRF segment picked up speed in terms of order bookings and projects executed across various customer segments like Banking, Education, Hospitality, etc. The Company has invested in manpower and infrastructure in this new fast growing segment and would continue to invest in this segment to drive future growth.

3. The Chiller business has been subdued due to the difficult economic environment of the preceding year. It is also bogged down by delays and postponement of various commercial real estate projects. Therefore Company could not perform well in this segment which is heavily dependent upon the economic conditions.

4. The Company had entered into the project business to fulfill a gap of providing end-to-end solutions to its customers. The Company has invested in the required manpower and other requisite support tools for this business in last few years. This has been the reason why 2015-16 has been a break out year for this business. The Projects business delivered a big growth over last year and this year has got significant number of projects in the pipeline.

5. The Telecom and Special Products segment is a niche segment where Hitachi commands 65-70% market share but the growth over last year has not been encouraging. Being a niche segment, the growth of this product category depends on growth of the telecom industry. Judging by the competition and shrinking margins of telecom operators the segment growth may face challenges in the coming years.

6. The Company forayed into exports last year on a trial basis and a small batch was exported during the year. The initial response has been very encouraging. Today, we are exporting to Sri Lanka, Indonesia and Bangladesh. In coming years, we plan to expand into other parts of the world.

7. The home appliances business for the Company has also grown over the last year. The differentiated product range coupled with advance features has enabled the Company to carve out a niche which has made Company's brand name popular in the 300 Litres+ segment. The Company has focused in the distribution channels and has opened new channels for sale of this product. The introduction of new product category "Air Purifier" has shown positive response and looks very promising for future business growth.

8. Customer Service has always been a top priority for the Company. The Company has started many initiatives to improve the customer satisfaction index, which has shown a healthy growth year-on-year. With 40 Company-owned HCS centers, i Care Service App, Online Product Demo Videos and online complaint registration initiatives, the Company will continue to focus on customer service which will become a key differentiator for our business in the future.

ROOM AIR CONDITIONERS

Room Air conditioners segment contribution is very high for the Company in its total business and it is one of our major focus areas. The Company has a wide range of Split ACs to meet the requirement of the Indian consumers. The current range of split ACs consists of around 80 models which include 2, 3, 4, 5 star rated ACs and tropical inverter technology products. The launch of the 'Kashikoi' range in 2015 added a technical edge in the range of Split ACs. Its i-See, i-Sense, i-Clean technologies were designed to meet Indian consumer's needs. This year, the Company has focused on promoting its unique "i Clean Plus" technology in Split AC Range. i Clean Plus technology was offered in 3-star, 4-star, 5-star and Inverter technology products. The Company has also developed 'Smart i-Connect range', of Split Air conditioner with Wi-Fi connectivity which can be operated from any Android or iOS Smart Phone.

The Company also launched its 'Toushi' range of products which primarily caters to replacement markets targeting people seeking to buy into Hitachi Brand at a value price. The Window range continues to dominate with 11 models in 2, 3 and 5 star rating. The Company also has Hot and Cold range of Products in both Splits and Windows.

In order to widen its reach to Tier II & Tier III towns, the Company has expanded its distribution network through direct dealers and distributors. Today it caters to more than 4,000 outlets and exclusive showrooms.

India has a large market for institutional buyers in this segment. With its 'Logicool' range, the Company has significantly increased the number of key accounts year-on-year. With growth in demand of institutional sales, this product business is expected to grow strongly.

COMMERCIAL AIR CONDITIONERS

The Commercial range of Air conditioners includes Cassette ACs, Ductable ACs, Set Free (Variable Refrigerant Flow - VRF) and Chillers. The Company has presence in all these segments and is strengthening its position in all these segments every year.

The ductables used to cater to cooling requirements of small corporate offices, banquet halls, small hospitals etc. This segment, is projected to have low CAGR and is facing lot of challenge, from other cooling solutions like VRF. The Company has a good market share in this segment. This is one segment where very few brands are operating. This has helped the HHLI in increasing its market share. The introduction of R410A (Green Gas) range has helped the brand consolidate its position. The Company has registered a growth of around 15% in this product category and with an innovative product range, the Company is confident that it shall grow further in the coming years.

The VRF segment has been the star segment for the industry and has continued to show robust growth during the calendar year. The Company has a very strong product range of 8 HP – 54 HP and is growing exponentially in this business. The Company could succeed to win many large projects in Hospitality, Entertainment, Banking, Education, Residential, industrial, Hospitals etc. which resulted in exponential growth of the VRF sales.

The Chiller market has grown marginally over the last year due to slow growth in commercial real estate. In view of this the Company faced difficulty and performed in line with the industry trend. However, the chiller market in India is expected to grow at CAGR of around 7% which is a good sign. Judging by the growth trend, the Company is manufacturing Water-cooled Screw Chillers up to 180 HP in its factory in India and is looking to increase the localization content to be more competitive to chart its growth in this business. Currently, Chillers above 190 HP are being imported by the Company.

The Project Business is another category which is closely allied with the Chiller business. This business is also growing and has a good potential to grow in coming years. In order to increase its share of the Project and Chiller business, the Company has invested in setting up the infrastructure in terms of manpower as well as upgrading their skills to take up this business in the past few years. With such investments, the Company feels confident about establishing growth in Project Business.

APPLICATION-BASED AIR CONDITIONERS

The Application-based Air conditioners is a category which has grown rapidly in last few years. The growth was driven by the growth in the parent industries of telecom and banking. Today, due to increasing debt, Telecom industry is aggressively switching to IME Model to reduce operating costs, which has resulted in low growth of Telecom Air conditioning business. The Company, however has a near monopoly in this segment and will continue to serve its existing base. The Company is continuously looking to develop new products and technology that meet the emerging requirements of the industry. These Innovative solutions will also help Company to remain ahead of competition in India.

HOME APPLIANCES

The Home Appliances segment of the Company has continuously grown over the last few years. Last year, the Home Appliances business contributed 9% share in total business of the Company. The Company has created a niche in Home Appliances category which has helped the brand substantially. The Company is operating in over 253 Ltrs Frost-Free Refrigerators market. The Company also launched its new range of Air Purifiers which caters to increasing demand of Air purifiers in Delhi and other Metro cities. Currently, the base of Air purifiers is very small. However, the Company is expecting good growth in this product segment too. This segment is also strategically important for the Company as it allows continuous engagement with channel partners during the lean season.

MANUFACTURING

A good quality product is the backbone of any organization. To achieve manufacturing excellence, the Company is focusing on continuous improvement using Lean principles. The Company's manufacturing department has always focused on product quality, safe working environment and productivity improvement at various levels. This year, the Company has started a continuous improvement Dept. within manufacturing. The main objective of this Dept. is to focus on waste elimination and improvement of the manufacturing facilities. This year Company has implemented continuous improvement activity to heat exchanger manufacturing, injection moulding facilities etc. This will enhance the product quality and help to reduce the lead time and cost.

Alongside its focus on lean manufacturing, safe working environment is also an important priority for the Company. The Company is taking various steps in educational activities within the plant so that safety is ensured. The Company has started a special program like KYT (Kiken Yochi Training) where operators are taught how to identify hazards early and work to eliminate hazards.

This year, the Company has invested into conservation of energy. Three sets of new machinery has been installed in the injection moulding shop. This has led to a reduction in outsourcing of moulded parts which has resulted in cost reduction including transportation cost. Moreover installation on new fin press with servo motor mechanism has also resulted into more savings of Power cost.

RESEARCH AND DEVELOPMENT

To combat competition and excel in the segment of Split ACs, the Company's Research and Development department has worked tirelessly to develop new and innovative products which can meet demand of Indian consumers.

With the changing weather conditions, the Indian consumer habits are also changing. The demand for the Heat Pump AC is also growing. Hence, Company has developed a Heat Pump Inverter Air conditioner, which can operate from -10 to 52°C.

The Company has also developed smart i-connect range of Split Air conditioners with Wi-Fi connectivity, which can be operated from any Android or Apple (iOS) Smart Phone.

Apart from innovation in Split ACs, the Company's R&D facility has also started a local production of 4 – way cassette indoor units and started development of the DX kit to operate Air Handling Units (AHUs) with Set Free Outdoor units.

Company has completed the implementation of processes and procedures for successful completion of NABL (National Accreditation Board for Testing and Calibration Laboratories), Accreditation of RAC APF Lab and VRF APF Lab. This formal recognition of competence of a laboratory by an Accreditation body in accordance with international criteria confirms reliability testing of Company's product before they are put into the market.

OPPORTUNITIES AND OUTLOOK

1. The Indian market for white goods and Air conditioners is poised for steady growth. The growth in demand of Air conditioners and other home appliances is a result of rising income, urbanization, falling AC prices and a hot climate. Hence, The AC ownership in India is going to increase exponentially.
2. Product innovations, improved technology and availability of new variants of products has led to increase in the demand of Air conditioners.
3. With lucrative and easy finance options and rise in the share of organized retail, the Air conditioner industry gets an opportunity to grow further.
4. The changing consumer behaviour as a result of the e-commerce boom is an opportunity for higher sales.
5. Product Segments like VRF, chillers and projects are a big opportunity for the Company. The growth trend of VRF is very impressive. Chillers and Projects are also growing steadily. Now, given the joint venture, the Company has a better scope to grow in this segment.

RISKS, CONCERNS AND CHALLENGES

1. Air conditioners, as a product category, still depends heavily on weather conditions. The sales depends on the severity of the summer season and the relative demand of the product.
2. Electricity demand for Room ACs is growing rapidly in emerging economies (such as India). This may impact the sales of ACs if the products are not energy efficient. Hence, the Company needs to constantly upgrade the energy efficiency standards.
3. With energy standards set to change in the beginning of 2016, the resultant cost and price increase may dampen the volume growth expected by the industry.
4. The ductable segment in which Company has a good market share is de-growing and is under tremendous pressure to win projects.
5. The hiked excise duty, effective January 2015 (excise duty on consumer durables was rolled back to 12% from 10%).
6. The under-developed local supplier base.
7. The higher cost of capital and other manufacturing costs due to frequently revised energy efficiency requirements.

CAUTION:

Management Discussion and Analysis on the Company's Objectives, Estimates, Projections and Expectations may be forward-looking within the tenets of the applicable laws. The actual result may differ from the views expressed or implied. Factors that can affect the Company's performance and outlook are price conditions in the market, global commodity cycle changes, exchange rate, government regulations, weather conditions and other incidental factors.

HUMAN RESOURCES

The Company operates in a highly competitive environment vis-à-vis attracting the best talent for its operations and therefore the human resources management function has assumed vital importance in the Company. The Company focuses on attracting, motivating and retaining the best talent. Its people systems like recruiting, training, performance management and talent development are robust and competitive. As we have been growing we are putting in place new HR programs to ensure that the organization is geared up to deliver for the future.

People – Our Brand:

The total Strength of employees (Staff and Operators) of the Company was 1426 as on March 31, 2016. HHLI believes that it is the quality and dynamism of its human resources that enables it to make a significant contribution to enhancing stakeholder value. Company works relentlessly towards being customer-focused, competitively-superior, performance-driven and future-ready. HHLI has been able to galvanize its human resource to become more agile, leverage change, stay ahead of competition and win in the market.

High Performance Culture:

Company strives to foster a culture of high performance. Ongoing learning, aligning HR systems in line with current market benchmarks, aligning rewards and recognitions with performance has enabled HHLI to sustain its reputation of being a meritocratic organisation. We expect a lot from our team members, differentiate on the basis of performance and potential through career opportunities and rewards, and lay particular emphasis on developing, mentoring and training.

Training & Development:

During the year 2015-16, the Company has invested in training in various categories of employees and indirect team members. Competency development continues to be a key area of strategic focus for us. We have been driving various Technical & Behavioural Training Programs at both the Factory & Head Office and Field. Our focus has been to launch training initiatives as an on-going process, covering different levels across the organisation. We launched the process of "Talent Assessment & Development" Centre for the Senior Management Team. At the Middle Level "Managerial Effectiveness Skills" was rolled out to build & enhance the managerial capabilities.

Workforce Employment:

As a continuous process of skill building and creating employment opportunities, this year we again did a Certificate program – IKVK in collaboration with Commissionerate of Employment and Training Gandhinagar to provide a single point contact for industries to provide efficient platform for the career growth of Skilled Candidates in Gujarat. Objective of the Program, is to test & certify the Existing skills of the experienced but unqualified workers and to award skill certificates after upgrading and updating the skills. The course is designed specific to the requirement and to provide simple understanding of Air conditioning and Refrigeration fundamentals.

Safety & Health:

A safe work place environment has been at its core at HHLI. We launched Hitachi Safety League (HSL) as step to create awareness & commitment towards zero injury or accident culture. Continuous safety drives are being carried out for all employees thereby reiterating the emphasis of safety in personal life.

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 plant 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

Audit Committee and Board of Directors have recommended appointment of M/s. Price Waterhouse & Co. Chartered Accountants LLP (Firm Registration No. 304026E/E300009) as an Auditor of the Company. Accordingly, requisite resolution forms part of the notice convening the AGM.

Directors' Responsibility Statement

Your Directors confirm that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;

(b) Such accounting policies 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 and of the profit of the Company for that period;

(c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

(d) Annual accounts have been prepared on a going concern basis;

(e) Internal financial controls which are to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and

(f) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Performance evaluation

Board has carried out an annual evaluation of performance of Board, Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration Committee, Executive Committee, Vigil Mechanism Committee and CSR Committee.

Board has also carried out annual evaluation of the performance of individual Directors, who were evaluated considering level of their engagement and contribution, safeguarding the interests of the Company and its minority shareholders, etc. The performance evaluation of the Chairman and the Non Independent Directors were carried out by the Independent Directors at their separate meeting.

Details of establishment of Vigil Mechanism

Company has established a Vigil Mechanism process as an extension of the Company's Code of Conduct whereby an employee, director, customer, vendor or associate of the Company can disclose his genuine doubt in good faith to any member of Vigil Mechanism Committee about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy, so that appropriate action can be taken to safeguard the interest of the Company. In exceptional cases, a complaint can be reported by a complainant to a Chairperson of Audit Committee. This mechanism is overseen by the Audit Committee.

Disclosure under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Name of Director and KMP	Designation	% increase in remuneration of Director and KMP	Ratio of the remuneration of Director to the median remuneration of the employees of the Company for the financial year
Mr. Shinichi Iizuka	Chairman	Nil	NA
Mr. Shoji Tsubokuta	Managing Director	Note 1	Note 1
Mr. Atsushi Ohtsuka	Managing Director	Note 2	Note 2
Mr. Anil Shah	CFO & Executive Director	24%	16:1
Mr. Vinay Chauhan	Executive Director	21%	16:1
Mr. Gurmeet Singh	Executive Director	Note 3	13:1
Mr. Varghese Joseph	Executive Director	Note 4	Note 4
Mr. Amit Doshi	Executive Director	Note 5	Note 5
Mr. Ashok Balwani	Independent Director	Note 6	0.37:1
Dr. Devender Nath	Independent Director	Note 6	0.56:1
Ms. Indira Parikh	Independent Director	Note 6	0.19:1
Mr. Mukesh Patel	Independent Director	Note 6	0.72:1
Mr. R S Mani	Independent Director	Note 6	0.19:1
Mr. Ravindra Jain	Independent Director	Note 6	0.56:1
Mr. Vinesh Sadekar	Independent Director	Note 6	0.25:1
Mr. Parag Dave	Company Secretary	17%	0.19:1

Note 1: Mr. Shoji Tsubokuta ceased to be a Managing Director on 31st August, 2015

Note 2: Mr. Atsushi Ohtsuka appointed as a Managing Director on 1st September, 2015

Note 3: Mr. Gurmeet Singh appointed as an Executive Director on 21st July, 2014

Note 4: Mr. Varghese Joseph appointed as an Executive Director on 1st August, 2015

Note 5: Mr. Amit Doshi Ceased to be an Executive Director on 1st June, 2015

Note 6: Sitting fees payable to Independent Directors for attending various meeting remained same.

Comparison of remuneration against Company's performance	
- Increase in remuneration of each KMP - Increase in total remuneration of all Key Managerial Personnel - Average increase in remuneration of all employees other than KMP Performance of the Company for the financial year 2015-16	As mentioned in above table Total remuneration of KMP increased by 22% Average increase in remuneration of all employees other than KMP: 14% Financial year 2015-16 Income from operations was ₹181720.18 Lacs and profit before tax was ₹ 6883.97 Lacs.

Percentage increase in the median remuneration of employees in the financial year	5%
No. of permanent employees on the roll of the Company	1426
- Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year - Percentage increase / decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer	**2014-15** **2015-16** - Market Cap (₹ In Lacs) 393724 330097 - Price earning ratio 50.63 66.05 IPO in 1991 @ ₹10 Market Price as on 31st March, 2016 is ₹ 1214 Compounding annual growth rate per year: 20%
Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	- Average % increase in the salaries of employees other than the managerial personnel 14% - Average % increase in the managerial remuneration 22%.
Key parameters for any variable component of remuneration availed by the directors	As per the Remuneration Policy of the Company, Variable component of remuneration is decided on basis of Company's performance and individual performance of the Executive Directors.
Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Mr. Ichio Iwai: Ratio 1 : 1.22 Mr. Tomonaga Watabane: Ratio 1 : 1.25

We hereby affirm that the remuneration given to all the employees, Directors and KMP is as per the Remuneration policy of the Company.

Risk Management System

Company has implemented Enterprise Risk Management (ERM) system to identify, assess, monitor and mitigate the various risks associated with the Company.

Risks are identified and then classified into different categories such as Strategic, Operational, Business risk and Risk related to act of god. Then score based on level and significance of risk is given and subsequently risk mitigation steps are taken.

Every quarter a statement identifying new risks and updation on pre-identified risks along with their mitigation process or counter measures taken are reported before the Audit Committee.

Details of directors or Key managerial personnel who were appointed or have resigned during the year under review:

- Mr. Shoji Tsubokuta has ceased to be a Managing Director of the Company with effect from 31st August, 2015.
- Mr. Atsushi Ohtsuka has been appointed as a Managing Director of the Company with effect from 1st September, 2015.
- Mr. Amit Doshi has ceased to be an Executive Director of the Company with effect from 1st June, 2015.
- Mr. Varghese Joseph has been appointed as an Executive Director of the Company with effect from 1st August, 2015.
- No Independent director has been re-appointed by passing a special resolution during the year under review.

Internal Financial Control:

Internal Financial Control plan adopted by the Company is adequate with reference to the Financial Statement.

1. Conduct of its business by adherence to Company's policies.
2. Safeguarding of assets.
3. The accuracy and completeness of the accounting records, Prevention and detection of frauds and errors and timely preparation of reliable financial information.

Other disclosures:

1. **Number of meetings of the Board:** Four meetings of the Board of Directors of the Company were held during the year under review on 29th May, 2015, 24th July, 2015, 26th October, 2015, 8th February, 2016.
2. Members of the Audit Committee are as under:
   - Mr. Mukesh Patel – Chairman
   - Dr. Devender Nath – Member
   - Mr. Ravindra Jain – Member
3. The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.
4. Details about the Policy on Corporate Social Responsibility (CSR) and projects implemented by the Company during the year under review, as required under Section 134(3)(o), 135(2) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 have been provided as Annexure A.
5. Formal Appointment and Evaluation Policy of the Board of Directors and Senior Management of the Company which has been formulated and recommended by Nomination and Remuneration Committee and adopted by Board of Directors covering appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) is attached as Annexure B.
6. No commission paid to any Director of the Company, so no disclosure is required to be made under Section 197(14).
7. The details forming part of the extract of the Annual Return in form MGT 9 as provided under sub-Section (3) of section 92 is annexed as Annexure C.
8. No loan was granted by the Company to any person to purchase or subscribe to fully paid-up shares of the Company.
9. There is no fraud reported by Auditors under Section 143(12) of the Companies Act, 2013 during the year under review.
10. The details of familiarisation programme have been disclosed on the Company's website and a weblink is as under:

    http://www.hitachi-hli.com/images/investor_relation_reports/aggr_0.39343200%201421661808.pdf
11. **Particulars of loans, investments or guarantees under section 186:** Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered under Section 186. Company has not made any investment in securities of other Body Corporate. Company has given guarantee of ₹ 1500 lacs against the credit facilities availed by dealers.
12. There is no subsidiary, associate and joint venture Company, so no disclosure is required on the performance and financial position of each of the subsidiaries, associates and joint venture companies in Form AOC 1.
13. There is no Company which has become or ceased to be its subsidiary, joint venture or associate Company during the year.
14. On 1st October, 2015, Johnson Controls, Hitachi Ltd. and Hitachi Appliances Inc. have completed Global Joint Venture agreement (JV) and commenced operations of Johnson Controls – Hitachi Air Conditioning (JCH) to provide global customers with a full range of Air conditioning products. Through this agreement Johnson Controls has acquired a 60 per cent ownership stake of the JV and Hitachi Appliances Inc. retained ownership of remaining 40 percent stake of the JV.
15. During the year, Company has not accepted deposits covered under Chapter V.
16. Auditor's Report: There is no qualification, reservation or adverse remark or disclaimer made by the Auditors in their report.

17. Secretarial Audit Report: Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Report of the Secretarial Auditors is annexed as Annexure D.

    The Secretarial Auditors have made observation relating to non-filing of Form MGT-10 for reporting changes in shareholding of Top 10 Shareholders of the Company. The Company understands that reporting of change in the shareholding is required if such change is of 2% or more of Company's capital and not of the individual shareholding.

18. There is no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

19. Details of complaints relating to sexual harassment during the year under review: Received during the year: Nil; Pending as on 31st March, 2016: Nil.

20. Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, relating to Conservation of energy, technology absorption and foreign exchange earnings and outgo is given as Annexure E to this report.

21. Statement showing particulars of employees under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached with this Annual Report.

22. Contract or arrangement under Section 188(1): There were no contracts or arrangements entered by the party falling under Section 188(1). Particulars of contracts or arrangements with related parties are provided in Form AOC 2 as Annexure F.

23. Policy on dealing with Related Party Transactions has been disclosed on Company's website and a weblink is as under:

    http://www.hitachi-hli.com/images/investor_relation_reports/aggr_0.17509900%201421661745.pdf.

24. **Revision in Accounts or Board's Report:** There are no revisions made in the Accounts or Board's Report.

25. **Issue of Equity Shares with differential rights:** There was no Equity Share issued with differential voting rights during the year under review**.**

26. **Issue of Sweat Equity Shares:** There was no issue of Sweat Equity Share during the year under review**.**

27. **Employee Stock Option and Employee Stock Purchase Schemes:** No Employee Stock Option and Employee Stock Purchase Schemes were launched during the year under review**.**

28. Disclosure under Regulation 34(3), Schedule 5 of the SEBI(Listing Obligation and Disclosure Requirement) Regualtions,2015:

    - The Equity Shares of the Company are not delisted or suspended during the year under review.
    - Equity Shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited.
    - Annual listing fees have been paid to both the stock exchanges mentioned above.

Acknowledgement

Your Directors thank all Customers, Suppliers, Investors, Bankers – Bank of America, N.A., 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 : Delhi
Date : 30th May, 2016

Atsushi Ohtsuka
Managing Director

Anil Shah
CFO & Executive Director

Annexure A
CSR Policy and the details of CSR activities initiated by the Company

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken:

   Corporate Social Responsibility (CSR) is the contribution from the Corporate towards Social and Economic development of Society. CSR integrates Organization, Society and Planet. With a view to that CSR policy should ensure activities which may include sustainable development by skill enhancement, sustainable environment, promotion to gender equality, prevention of health care and sanitation, care for senior citizens and differently able persons, etc.

   Company will undertake Projects / activities under Corporate Social Responsibility as specified in Schedule VII of the Companies Act, 2013.

   CSR Policy has been disclosed on Company's website and a weblink is as under:

   http://www.hitachi-hli.com/cms/materials/166f46d904.pdf

2. Composition of CSR Committee:

   Mr. Atsushi Ohtsuka - Chairman (Managing Director)

   Mr. Anil Shah - Member (CFO & Executive Director)

   Mr. Gurmeet Singh - Member (Executive Director)

   Mr. Vinay Chauhan - Member (Executive Director)

   Mr. Varghese Joseph - Member (Executive Director)

   Mr. Ashok Balwani - Member (Independent Director)

3. Average net profit of the Company for last three financial years: Average net profit: ₹ 4536.07 lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 90.72 lakhs.

5. Details of CSR spent during the financial year:

   a. Total amount to be spent for the financial year : Nil

   b. Amount unspent, if any : ₹ 90.72 lakhs

   c. Manner in which the amount spent during the financial year : Not applicable

6. Reasons for not spending the entire amount:

   The Company could not spend any amount towards CSR activities during FY 2015-16. Though Company has identified the areas where the amount of CSR is to be spent.

   Primary Health Center (PHC), Karan Nagar, presently provides only basic medical treatment. For advance medical diagnosis and treatment the villagers have to travel to the Tehsil HQ Kadi Community Health Center (CHC) which is 15 Kms from PHC. The PHC does not have ambulance available to it.

   Any patient diagnosed with serious ailment/ trauma at the PHC has to be evacuated to the CHC and for ensuring holistic "Golden Hour management", of the patient, till the patient is admitted to the CHC an ambulance equipped with intensive care facilities is required. Company would like to aid PHC Karan Nagar by providing such Ambulance and to incur all running expenditure of Ambulance.

   Further, Company would like to support by incurring expenditure on visiting Specialist Doctors at said PHC and in addition to that to incur the capital expenditure to develop maternity ward at said PHC.

   For such purpose, Company has to take various Internal and External approvals. Since such approvals were under process, Company could not spend the amount during the year 2015-16.

7. Implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For Hitachi Home & Life Solutions (India) Ltd.

Atsushi Ohtsuka
Managing Director
(Chairman CSR Committee)

Anil Shah
CFO & Executive Director
Finance & Accounts

Annexure -B
Formal Appointment and Evaluation Policy of the Board of Directors and Senior Management

Formal Appointment and Evaluation Policy of the Board of Directors and Senior Management of the Company formulated and recommended by Nomination and Remuneration Committee and adopted by Board of Directors is as under:

Composition of the Board

The size of the Board shall not be less than three and not more than fifteen members. The Board shall have a "balanced" membership, with representation of relevant areas of experience, types of expertise, and backgrounds.

At least one half of the Board members shall be independent members. Board shall observe criteria for independence prescribed under Companies Act and Listing Agreement.

Qualifications of Members and Senior Management

A candidate should meet the following criteria who is proposed to be appointed as a member on the Board or in the Senior Management:

(a) He/she has proven integrity with a record of substantial achievement in an area of relevance to the Company.

(b) He/she has demonstrated ability and sound judgment that usually will be based on broad experience.

(c) He/she must be able and willing to devote the required amount of time to the Company's affairs and in case of Directors, to attend Board meetings, Board committee meetings.

(d) He/she must possess a judicious and critical temperament that will enable objective appraisal of management's plans and programs.

(e) He/she must be committed to building sound, long-term Company's growth.

Function of the Board and Senior Management:

The mission of the Board, its committees and Senior Management is to protect the interests of the Company's shareholders. (Senior Management includes the persons who are in cadre of Asst. Vice President and above who directly report to Managing Director or Executive Directors of the Company.) The Board is responsible for affairs of the Company. Following duties of the Board are prescribed under the Companies Act.

(1) Subject to the provisions of this Act, a Director of a Company shall act in accordance with the articles of the Company.

(2) A Director of a Company shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.

(3) A Director of a Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

(4) A Director of a Company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.

(5) A Director of a Company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such Director is found guilty of making any undue gain, he shall compensate the Company by any amount equivalent to gain made by him.

These duties should be discharged by the Board, committees, or the independent members of the Board, Senior Management as appropriate in the circumstance.

Remuneration and Compensation of Board Members and Senior Management

While deciding the candidature of the Board Member and Senior Management of the Company, the Nomination and Remuneration Committee will ensure that:

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Assessment of the Board and Committees

The Board will assess its effectiveness as a body and take necessary steps to improve its collective capability to represent the shareholders and guide the Company.

The performance evaluation of individual Directors shall be done by the Board of Directors, excluding the Director being evaluated. While making assessment, Board will consider the active participation and the guidance and direction given in the subject matter of the Agenda on the basis of his experience and expert knowledge.

Further Board will assess annually, the performance of the Committees against the role assigned to such Committee. In case it is required, Board will decide to reconstitute the Committee.

Annexure - C
FORM NO. MGT - 9
Extract of Annual return
As on the financial year ended March 31, 2016
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1)
of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	: L29300GJ1984PLC007470
ii.	Registration Date	: 7th December, 1984
iii.	Name of the Company	: Hitachi Home & Life Solutions (India) Limited
iv.	Category / Sub-Category of the Company	: Public Limited Company having Share Capital
v.	Address of the Registered Office and contact details	: 9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380006 Ph. 079-26402024, 02764-277571
vi.	Whether listed Company	: Yes
vii.	Name, address and contact details of Registrar and Transfer Agent, if any	: Link Intime India Pvt. Limited, Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C. G. Road, Ahmedabad 380009

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1	Sales and service of Air conditioners	27400	91%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	JCHAC India Holdco Limited C/o Mofo Notices Limited City Point, One Ropemaker Street, London, EC2Y 9AW, United Kingdom	Not applicable	Holding Company	74.252	Section 2(87)(ii)
2	Johnson Controls Hitachi Air Conditioning Holding (UK) Limited 2, The Briars, Waterlooville, Hampshire, PO7 7YH, United Kingdom	Not applicable	Holding Company	0.003	Section 2(87)(ii)
			Total	74.255	

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters & Promoters Group									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	500000	-	500000	1.84%	-	-	-	-	(1.84)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	500000	-	500000	1.84%	-	-	-	-	(1.84)

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	19689894	-	19689894	72.41	20190069	460	20190529	74.25	1.84
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	**19689894**	**-**	**19689894**	**72.41**	**20190069**	**460**	**20190529**	**74.25**	**1.84**
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	**20189894**	**-**	**20189894**	**74.25**	**20190069**	**460**	**20190529**	**74.25**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds/ UTI	1660303	3600	1663903	6.12	2371702	3600	2375302	8.74	2.62
b) Banks / FI	10573	100	10673	0.04	7127	100	7227	0.03	(0.01)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	800	800	-	-	800	800	-	-
g) FIIs	392262	-	392262	1.44	216878	-	216878	0.80	(0.65)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	**2063138**	**4500**	**2067638**	**7.60**	**2595707**	**4500**	**2600207**	**9.57**	**1.96**
2. Non Institutions									
a) Bodies Corporate									
i) Indian	1468743	11101	1479844	5.44	1247542	11101	1258643	4.63	(0.81)
ii) Overseas	-	-	-	-	245435	-	245435	0.90	0.90
b) Individuals									
i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	2018264	534156	2552420	9.39	1675997	498902	2174999	8.00	(1.39)
ii) Individual Shareholders-holding nominal share capital in excess of ₹ 1 lakh	790423	-	790423	2.91	650312	-	650312	2.39	(0.52)
c) Others (NRI)	110265	400	110665	0.41	70359	400	70759	0.26	(0.15)
Sub-Total (B)(2)	**4387695**	**545657**	**4933352**	**18.15**	**3889645**	**510503**	**4400148**	**16.18**	**(1.96)**
Total Shareholding of Promoters (B) = (B)(1)+(B)(2)	**6450833**	**550157**	**7000990**	**25.75**	**6485352**	**514903**	**7000355**	**25.75**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**26640727**	**550157**	**27190884**	**100**	**26675421**	**515363**	**27190884**	**100**	**-**

ii) Shareholding of promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	JCHAC India Holdco Limited	-	-	-	20189894	74.25	-	-
2	Johnson Controls Hitachi Air Conditioning Holding (UK) Limited	-	-	-	635	-	-	-
3.	Hitachi Appliances Inc.	19689894	72.41	-	-	-	-	-
4.	Hitachi India Private Limited	500000	1.84	-	-	-	-	-
	Total	**20189894**	**74.25**	**-**	**20190529**	**74.25**	**-**	**-**

iii) Change in Promoters' Shareholding:

Sr	Name of Shareholder		Change				
			Date	Increase/ Decrease No of Shares	No of Shares	Reasons for increase/ decrease	% of total shares of the Company
1	Hitachi Appliances Inc.	At the beginning of the year	01.04.15		19689894	Note 1	72.41
			10.09.15	-19689894	-		-
		At the end of the year	15.09.15	500000	500000		1.84
			17.09.15	-500000	-		-
			31.03.16	-	-		-
2	Hitachi India Pvt Ltd.	At the beginning of the year	01.04.15		500000	Note 1	1.84
			15.09.15	-500000	-		-
		At the end of the year	31.03.16				-
3	JCHAC India Holdco Limited	At the beginning of the year	01.04.15		-	Note 1	-
			10.09.15	19689894	19689894		72.41
			17.09.15	500000	20189894		1.84
		At the end of the year	31.03.16		20189894		74.25
4	Johnson Controls Hitachi Air Conditioning Holding (UK) Limited	At the beginning of the year	01.04.15		-	Note 2	-
			09.02.16	175	175		-
			31.03.16	460	635		-
		At the end of the year	31.03.16		635		-

Note 1 : Transactions due to Joint Venture Agreement between promoters.
Note 2 : Acquisition of shares tendered in open offer given by the promoters.

iv) Shareholding Pattern of Top ten Shareholders (other than Directors and Promoters):

Sr	Name of Shareholder		Change				
			Date	Increase/ Decrease No of Shares	No of Shares	Reasons for increase/ decrease	% of total shares of the Company
1	Bajaj Allianz Life Insurance Company Ltd.	At the beginning of the year	01.04.15		701205		2.58
			10.04.15	10124	711329	Transfer	2.62
			29.05.15	36229	747558	Transfer	2.75
			05.06.15	-37125	710433	Transfer	2.61
			19.06.15	-8500	701933	Transfer	2.58
			26.06.15	5000	706933	Transfer	2.6
			30.06.15	2000	708933	Transfer	2.61
			31.07.15	-5000	703933	Transfer	2.59
			07.08.15	-3500	700433	Transfer	2.58
			21.08.15	-25000	675433	Transfer	2.48
			16.10.15	-7126	668307	Transfer	2.46
			08.01.16	3454	671761	Transfer	2.47
			15.01.16	5000	676761	Transfer	2.49
			19.02.16	7000	683761	Transfer	2.51
		At the end of the year	31.03.16		683761		2.51

Sr	Name of Shareholder		Change				
			Date	Increase/ Decrease No of Shares	No of Shares	Reasons for increase/ decrease	% of total shares of the Company
2	Reliance Capital Trustee Company Ltd.	At the beginning of the year	01.04.15		300587		1.11
			17.04.15	-43095	257492	Transfer	0.95
			24.04.15	-36000	221492	Transfer	0.81
			29.05.15	-18160	203332	Transfer	0.75
			05.06.15	-39880	163452	Transfer	0.75
			04.03.16	-5929	157523	Transfer	0.6
			11.03.16	-20588	136935	Transfer	0.58
			18.03.16	-10932	126003	Transfer	0.5
			25.03.16	-6802	119201	Transfer	0.46
		At the end of the year	31.03.16		119201		0.46
3	Franklin India Smaller Companies Fund	At the beginning of the year	01.04.15		232279		0.85
			28.08.15	20000	252279	Transfer	0.93
			29.01.16	10000	262279	Transfer	0.96
		At the end of the year	31.03.16		262279		0.96
4	Birla Sunlife Trustee Company Private Ltd.	At the beginning of the year	01.04.15		214923		0.79
			10.04.15	66	214989	Transfer	0.79
			17.04.15	9000	223989	Transfer	0.82
			24.04.15	51398	275387	Transfer	1.01
			01.05.15	46500	321887	Transfer	1.18
			08.05.15	4950	326837	Transfer	1.2
			15.05.15	34020	360857	Transfer	1.33
			22.05.15	23400	384257	Transfer	1.41
			29.05.15	16200	400457	Transfer	1.47
			05.06.15	15743	416200	Transfer	1.53
			12.06.15	21600	437800	Transfer	1.61
			19.06.15	12600	450400	Transfer	1.66
			26.06.15	8100	458500	Transfer	1.69
			30.06.15	8100	466600	Transfer	1.72
			10.07.15	22050	488650	Transfer	1.8
			17.07.15	18000	506650	Transfer	1.86
			24.07.15	22500	529150	Transfer	1.95
			31.07.15	29800	558950	Transfer	2.06
			07.08.15	24300	583250	Transfer	2.15
			14.08.15	12600	595850	Transfer	2.19
			21.08.15	54630	650480	Transfer	2.39
			28.08.15	37800	688280	Transfer	2.53
			04.09.15	13500	701780	Transfer	2.58
			11.09.15	12600	714380	Transfer	2.63
			18.09.15	10800	725180	Transfer	2.67
			25.09.15	8100	733280	Transfer	2.7
			30.09.15	7200	740480	Transfer	2.72
			16.10.15	15480	755960	Transfer	2.78
			23.10.15	17404	773364	Transfer	2.84
			30.10.15	10800	784164	Transfer	2.88
			06.11.15	15300	799464	Transfer	2.94
			20.11.15	16272	815736	Transfer	3
			18.12.15	46634	862370	Transfer	3.17
			25.12.15	4473	866843	Transfer	3.19
			31.12.15	5112	871955	Transfer	3.21
			08.01.16	9191	881146	Transfer	3.24
			15.01.16	11232	892378	Transfer	3.28
			22.01.16	18008	910386	Transfer	3.35
			29.01.16	6615	917001	Transfer	3.37
			05.02.16	33119	950120	Transfer	3.49
			12.02.16	10069	960189	Transfer	3.53
			19.02.16	5805	965994	Transfer	3.55
			26.02.16	6840	972834	Transfer	3.58
			25.03.16	7295	980129	Transfer	3.6
		At the end of the year	31.03.16	3875	984004	Transfer	3.62

Sr	Name of Shareholder		Change				
			Date	Increase/ Decrease No of Shares	No of Shares	Reasons for increase/ decrease	% of total shares of the Company
5	Canara HSBC Oriental Bank Of Commerce	At the beginning of the year	01.04.15		202189		0.74
			10.04.15	-1864	200325	Transfer	0.74
			17.04.15	-1498	198827	Transfer	0.73
			24.04.15	-1752	197075	Transfer	0.72
			08.05.15	-2463	194612	Transfer	0.72
			15.05.15	-1568	193044	Transfer	0.71
			22.05.15	-396	192648	Transfer	0.71
			05.06.15	-229	192419	Transfer	0.71
			19.06.15	-1008	191411	Transfer	0.7
			26.06.15	-1541	189870	Transfer	0.7
			10.07.15	-2297	187573	Transfer	0.69
			17.07.15	5013	192586	Transfer	0.71
			24.07.15	-252	192334	Transfer	0.71
			31.07.15	-265	192069	Transfer	0.71
			07.08.15	-544	191525	Transfer	0.7
			14.08.15	-1853	189672	Transfer	0.7
			21.08.15	-5535	184137	Transfer	0.68
			04.09.15	959	185096	Transfer	0.68
			18.09.15	-148	184948	Transfer	0.68
			25.09.15	-584	184364	Transfer	0.68
			16.10.15	-939	183425	Transfer	0.67
			23.10.15	-176	183249	Transfer	0.67
			30.10.15	-278	182971	Transfer	0.67
			18.12.15	-2106	180865	Transfer	0.67
			31.12.15	-753	180112	Transfer	0.66
			08.01.16	-1263	178849	Transfer	0.66
			15.01.16	-1365	177484	Transfer	0.65
			05.02.16	-286	177198	Transfer	0.65
			26.02.16	-282	176916	Transfer	0.65
			04.03.16	5255	182171	Transfer	0.67
		At the end of the year	31.03.16		182171		0.67
6	Birla Sunlife Trustee Company Private Ltd.	At the beginning of the year	01.04.15		168049		0.62
			24.04.15	1400	169449	Transfer	0.62
			08.05.15	20000	189449	Transfer	0.7
			29.05.15	2700	192149	Transfer	0.71
			31.07.15	9800	201949	Transfer	0.74
			21.08.15	13507	215456	Transfer	0.79
			28.08.15	3474	218930	Transfer	0.81
			22.01.16	4970	223900	Transfer	0.82
			29.01.16	100	224000	Transfer	0.82
		At the end of the year	31.03.16		224000		0.82
7	L & T Mutual Fund Trustee Limited	At the beginning of the year	01.04.15		167996		0.62
			17.04.15	-548	167448	Transfer	0.62
			01.05.15	-21494	145954	Transfer	0.54
			12.06.15	-4954	141000	Transfer	0.52
			19.06.15	-8334	132666	Transfer	0.49
			21.08.15	-9866	122800	Transfer	0.45
			04.09.15	-82	122718	Transfer	0.45
			11.09.15	-9118	113600	Transfer	0.42
			30.10.15	-22000	91600	Transfer	0.34
		At the end of the year	31.03.16		91600		0.34
8	Franklin Templeton Mutual Fund	At the beginning of the year	01.04.15		150000		0.55
			19.06.15	-10000	140000	Transfer	0.51
			26.06.15	-40240	99760	Transfer	0.37
			30.06.15	-9128	90632	Transfer	0.33
			10.07.15	-14936	75696	Transfer	0.28
			17.07.15	-9109	66587	Transfer	0.24
			24.07.15	-38691	27896	Transfer	0.1
			31.07.15	-874	27022	Transfer	0.1
		At the end of the year	31.03.16		27022		0.1

Sr	Name of Shareholder		Change				
			Date	Increase/ Decrease No of Shares	No of Shares	Reasons for increase/ decrease	% of total shares of the Company
9	Akash Bhansali	At the beginning of the year	01.04.15		110933		0.41
		At the end of the year	31.03.16		110933		0.41
10	JF India Smaller Companies Fund	At the beginning of the year	01.04.15		110745		0.41
			10.04.15	-5000	105745	Transfer	0.39
			17.04.15	-19000	86745	Transfer	0.32
			24.04.15	-15000	71745	Transfer	0.26
			01.05.15	-2363	69382	Transfer	0.26
			08.05.15	-19580	49802	Transfer	0.18
			22.05.15	-10000	39802	Transfer	0.15
			29.05.15	-5000	34802	Transfer	0.13
			28.08.15	-1852	32950	Transfer	0.12
		At the end of the year	31.03.16		32950		0.12
11	Birla Sunlife Trustee Company Private Ltd.	At the beginning of the year	01.04.15		82634		0.3
			10.04.15	2200	84834	Transfer	0.31
			17.04.15	48400	133234	Transfer	0.49
			08.05.15	7650	140884	Transfer	0.52
			15.05.15	18000	158884	Transfer	0.58
			22.05.15	3420	162304	Transfer	0.6
			05.06.15	18000	180304	Transfer	0.66
			19.06.15	10503	190807	Transfer	0.7
			26.06.15	10350	201157	Transfer	0.74
			10.07.15	7920	209077	Transfer	0.77
			21.08.15	21400	230477	Transfer	0.85
			16.10.15	-5669	224808	Transfer	0.83
			30.10.15	31120	255928	Transfer	0.94
			06.11.15	13995	269923	Transfer	0.99
			04.03.16	28825	298748	Transfer	1.1
			11.03.16	7115	305863	Transfer	1.12
			18.03.16	13854	319717	Transfer	1.18
			25.03.16	2525	322242	Transfer	1.19
			31.03.16	3549	325791	Transfer	1.2
		At the end of the year	31.03.16		325791		1.2
12	Citigroup global markets Mauritius Private Ltd	At the beginning of the year	01.04.15		-		-
			10.07.15	99851	99851	Transfer	0.37
			23.10.15	7062	106913	Transfer	0.39
			30.10.15	3011	109924	Transfer	0.4
			22.01.16	10000	119924	Transfer	0.44
		At the end of the year	31.03.16		119924		0.44
13	Talma Chemical Industries Pvt Ltd.	At the beginning of the year	01.04.15		-		-
			30.10.15	94491	94491	Transfer	0.35
		At the end of the year	31.03.16		94491		0.35

v) Shareholding of Directors and Key Managerial Personnel

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr. Mukesh Patel	1500	0.01	1500	0.01
Mr. Vinay Chauhan	440	0.00	440	0.00
Mr. Varghese Joseph	200	0.00	200	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment **(₹ In Lacs)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1695	12260	0	13955
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	76	0	76
Total (i+ii+iii)	**1695**	**12336**	**0**	**14031**
Change in Indebtedness during the financial year				
Addition	0	3288	0	3288
Reduction	(1203)	0	0	(1203)
Net Change	(1203)	3288	**0**	**2085**
Indebtedness at the end of the financial year				
i) Principal Amount	492	15548	0	16040
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	73	0	73
Total (i+ii+iii)	**492**	**15621**	**0**	**16113**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director and Whole-time Directors: **(₹ In Lacs)**

Sr. No.	Particulars of Remuneration	Mr. Shoji Tsubokuta*	Mr. Atsushi Ohtsuka**	Mr. Anil Shah	Mr. Amit Doshi***	Mr. Gurmeet Singh	Mr. Vinay Chauhan	Mr. Varghese Joseph****	Total Amount
		Managing Director	Managing Director	CFO & Executive Director	Executive Director	Executive Director	Executive Director	Executive Director	
1	Gross Salary								
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	20.16	42.02	102.01	40.30	80.59	105.18	46.89	437.15
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	3.39	29.92	7.38	0.56	10.31	5.55	3.40	60.49
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-	-	-	-	
2	Stock Options	-	-	-	-	-	-	-	
3	Sweat Equity	-	-	-	-	-	-	-	
4	Commission	-	-	-	-	-	-	-	
	- as % of profit	-	-	-	-	-	-	-	
	- others	-	-	-	-	-	-	-	
5	Others	-	-	-	-	-	-	-	
	Total (A)	**23.55**	**71.94**	**109.39**	**40.86**	**90.90**	**110.73**	**50.29**	**497.64**
		Ceiling as per the Act (10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)							**757.91**

* Ceased to be Managing Director with effect from 31st August, 2015.
** Appointed with effect from 1st September, 2015
*** Ceased to be Executive Director with effect from 1st June, 2015.
**** Appointed with effect from 1st August, 2015.

B. Remuneration to other Directors: **(₹ In Lacs)**

		Name of Director							Total Amount
1. Independent Directors									
Sr. No	**Particulars of Remuneration**	**Mr. Ashok Balwani**	**Dr. Devender Nath**	**Ms. Indira Parikh**	**Mr. Mukesh Patel**	**Mr. Ravindra Jain**	**Mr. R S Mani**	**Mr. Vinesh Sadekar**	
1	Fee for attending Board / Committee Meetings	2.40	3.60	1.20	4.60	3.60	1.20	1.60	18.20
2	Commission	-	-	-	-	-	-	-	-
3	Others	-	-	-	-	-	-	-	-
	Total (1)								**18.20**
2. Other Non-executive Directors									
		Mr. Shinichi Iizuka							
1	Fee for attending Board /Committee Meetings	-							-
2	Commission	-							-
3	Others	-							-
	Total (2)								-
	Total (B)=(1+2)								**18.20**
	Total Managerial Remuneration (Excluding Sitting Fees)								**497.64**
	Overall Ceiling as per the Act (11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)								**833.70**

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD **(₹ In Lacs)**

Sr. No.	Particulars of Remuneration	Parag Dave Company Secretary	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	16.35	16.35
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	0.92	0.92
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2	Stock Options	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others	-	-
5	Others	-	-

VII. MATERIAL PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. Company					
Penalty	**None**				
Punishment					
Compounding					
B. Directors					
Penalty	**None**				
Punishment					
Compounding					
C. Other Officers in Default					
Penalty	**None**				
Punishment					
Compounding					

Annexure D
Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st March, 2016
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel)Rules, 2014]

To,
The Members,
Hitachi Home and Life Solutions (India) Limited,
9th Floor, Abhijeet,
Mithakhali Six Roads,
Ahmedabad – 380 006

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hitachi Home and Life Solutions (India) Limited (CIN: L29300GJ1984PLC 007470) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Hitachi Home and Life Solutions (India) Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company", having its Registered Office at "9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad – 380 006 for the financial year ended on 31st March, 2016 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit Period**)

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable to the Company during the Audit Period**)

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**

(vi) The Company has complied with the following specifically other applicable laws to the Company:

  (a) E-waste Management Rules, 2012

  We have also examined compliance with the applicable clauses of the following:

    (i) Secretarial Standards issued by The Institute of Company Secretaries of India (effective from 1st July, 2015).

    (ii) Listing Agreement clauses till 30th November, 2015 and provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with effect from 1st December, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

Due to Company's stand that 2% change in shareholding pertains to the Company's paid up share capital and not of the individual shareholder's shareholding, it had not filed Form MGT-10 pursuant to Section 93 of the Companies Act, 2013 for reporting the changes in the shareholding of top 10 shareholders of the Company, during the year.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were usually sent seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

There were no dissenting views on any matter.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. During the year under review, Johnson Controls, Hitachi Ltd. and Hitachi Appliances Inc. have completed Global Joint Venture agreement (JV) and commenced operations of Johnson Controls – Hitachi Air Conditioning (JCH) to provide global customers with a full range of Air conditioning products. Through this agreement Johnson Controls has acquired a 60 per cent ownership stake of the JV and Hitachi Appliances Inc. retained ownership of remaining 40 percent of the Company. Hitachi Home & Life Solutions (India) Limited has become subsidiary of JCH.

FOR **M C Gupta & Co,**
Company Secretaries
UCN: S1986GJ003400

Mahesh C Gupta
Proprietor
FCS: 2047 (CP: 1028)

Place : Ahmedabad
Date : May 30, 2016

Note: *This Report is to be read with Our Letter of even date which is annexed as 'Annexure to Secretarial Audit Report' and forms an integral part of this report.*

Annexure to Secretarial Audit Report

To,
The Members,
Hitachi Home and Life Solutions (India) Limited,
9th Floor, Abhijeet,
Mithakhali Six Roads,
Ahmedabad – 380 006

Our Report of even date is to be read along with this Letter;

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on Secretarial Records based on our Audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibly of the management. Our examination was limited to the verification of the procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company not of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

FOR **M C Gupta & Co,**
Company Secretaries
UCN: S1986GJ003400

Mahesh C Gupta
Proprietor
FCS: 2047 (CP: 1028)

Place : Ahmedabad
Date : May 30, 2016

Annexure E

Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, relating to Conservation of energy, technology absorption and foreign exchange earnings and outgo

Conservation of Energy

1. The Factory is naturally ventilated with thermally insulated roof tops. We use evaporative coolers (which take advantage of the less humidity levels at our region) to maintain the working temperature.
2. Factory is illuminated with good amount of solar radiation and augment that (in case of its non-availability) we have energy saving LED lights installed for the night shifts.
3. We engage ourselves in innovating and producing sustainable products such as those with higher energy efficiency like inverter Air conditioners, green refrigerants like R410A, R134A and R32, recyclable material, recycles contents, parts reduction, standardizations, etc.

Research and development

1. Development of Heat Pump Inverter Air conditioners which can operate from -10 to 52 deg C outdoor temperatures.
2. Development of Split Air conditioner with new 798 mm chassis.
3. Development of i-connect range of Split Air conditioner with Wi Fi connectivity which can be operated from any Android or Apple (iOS) Smart Phone.
4. Localization of 4 – way cassette indoor unit line up for Set Free.
5. Development of DX kit to operate Air handling units (AHUs) with Set Free Outdoor units.

Technology absorption

1. Cycle balancing of Inverter cooling and heating cycle.
2. Study and research for Inverter based high efficiency cooling solution for Telecom shelter.
3. Study and Technical recommendation for formalizing standard for defining efficiency of VRF products and ECBC.
4. Implementation of processes and procedures and successful completion of NABL accreditation of RAC APF Lab and VRF APF Lab.

Foreign exchange earnings and outgo

The required information in respect of foreign exchange earnings and outgo has been given in the notes forming part of the Annual Report.

Annexure F

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3)of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis :

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts / arrangements / transactions including the value, if any	Justification for entering into such contracts / arrangements / transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
No such transaction							

2. Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Salient terms of the contracts / arrangements / transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any	Duration of the contracts / arrangements / transactions
(a)	(b)	(d)	(e)	(f)	(c)
Details of Related party transactions are disclosed in Note No. 34 of the Financial Statement			Approval of Board of Directors is not required	No advance amount paid for Related party transactions	Royalty payment: Seven years. Technical Know how fees: On receipt of Technical Information. Other transactions: Ongoing nature

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 thirteen 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 Regulation 17(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 executed by Company with Stock Exchanges. The Board of Company has optimum combination of Executive and Non- Executive Director. Board of the Company consists of Five (5) Executive Directors (including Managing Director), One (1) Non-executive Director and Seven (7) 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. Franz Cerwinka#	Chairman / Non-Executive	-	-	-
Mr. Shinichi Iizuka##	Chairman / Non-Executive	-	-	-
Mr. Shoji Tsubokuta**	Executive	-	-	1
Mr. Atsushi Ohtsuka^	Executive	-	-	1
Mr. Anil Shah	Executive	-	-	1
Mr. Gurmeet Singh	Executive	-	-	-
Mr. Varghese Joseph^^^	Executive	-	-	-
Mr. Vinay Chauhan	Executive	-	-	-
Mr. Amit Doshi^^	Executive	-	-	-
Mr. Ashok Balwani	Non-Executive / Independent	-	-	-
Dr. Devender Nath	Non-Executive / Independent	1	-	1
Ms. Indira Parikh	Non-Executive / Independent	8	-	6
Mr. Mukesh Patel	Non-Executive / Independent	6	5	3
Mr. R S Mani	Non-Executive / Independent	-	-	-
Mr. Ravindra Jain	Non-Executive / Independent	-	-	1
Mr. Vinesh Sadekar	Non-Executive / Independent	-	-	-

* Includes only Audit Committee and Stakeholders Relationship Committee.
\# Mr. Franz Cerwinka was appointed as a Director with effect from 30th May, 2016.
\## Mr. Shinichi Iizuka ceased to be a Director with effect from 30th May, 2016.
** Mr. Shoji Tsubokuta ceased to be Managing Director of the Company with effect from 31st August, 2015.
^ Mr. Atsushi Ohtsuka was appointed as a Managing Director of the Company with effect from 1st September, 2015.
^^ Mr. Amit Doshi ceased to be Executive Director of the Company with effect from 1st June, 2015.
^^^ Mr. Varghese Joseph was appointed as an Executive Director of the Company with effect from 1st August, 2015

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 1st April, 2015 to 31st March, 2016, Four Board Meetings were held i.e. on 29th May, 2015, 24th July, 2015, 26th October, 2015 and 8th February, 2016. The last Annual General Meeting (AGM) was held on 24th July, 2015. 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	4	Present
Mr. Shoji Tsubokuta*	2	Present
Mr. Atsushi Ohtsuka**	2	Not Applicable
Mr. Anil Shah	4	Present
Mr. Gurmeet Singh	4	Present
Mr. Varghese Joseph^^	2	Not Applicable
Mr. Vinay Chauhan	4	Present
Mr. Amit Doshi^	0	Not Applicable
Mr. Ashok Balwani	4	Present
Dr. Devender Nath	4	Present
Ms. Indira Parikh	3	Present
Mr. Mukesh Patel	4	Present
Mr. R S Mani	3	Present
Mr. Ravindra Jain	4	Present
Mr. Vinesh Sadekar	4	Present

* Mr. Shoji Tsubokuta ceased to be Managing Director of the Company with effect from 31st August, 2015.

** Mr. Atsushi Ohtsuka was appointed as Managing Director of the Company with effect from 1st September, 2015.

^ Mr. Amit Doshi ceased to be Executive Director of the Company with effect from 1st June, 2015.

^^ Mr. Varghese Joseph was appointed as Executive Director of the Company with effect from 1st August, 2015.

Number of Shares held by Non-Executive Directors

Details of Number of Shares held by Non-executive Directors in their own name or in the name of other persons on beneficial basis as on 31st March, 2016 are as under:

Name of Director	No of Shares held
Mr. Shinichi Iizuka	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
Ms. Indira Parikh	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 three members, all being Non-executive Independent Directors. Audit Committee effectively exercises its role, responsibilities and powers as prescribed in Regulation 18(3) Part C OF Schedule 2 of SEBI (Listing and Obligation Disclosure Requirement) Regulations, 2015 and Section 177A of the Companies Act, 2013.

Members of the Audit Committee are as under:

Mr. Mukesh Patel – Chairman

Dr. Devender Nath – Member

Mr. Ravindra Jain – Member

During the year from 1st April, 2015 to 31st March, 2016, 4 (Four) Audit committee meetings were held i.e. on 29th May, 2015, 24th July, 2015, 26th October, 2015 and 8th February, 2016. Attendances of the members at the meetings were as under:

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

Nomination and Remuneration Committee

Nomination and Remuneration Committee takes all decisions relating to remuneration of Executive Directors and recommends appointment of Directors and Senior Management Personnel of the Company subject to such approval of Shareholders and Central Government as and when required.

Members of the Nomination and Remuneration Committee are as under:

Mr. Mukesh Patel – Chairman

Dr. Devender Nath – Member

Mr. Ravindra Jain – Member

During the year under review, Two Nomination and Remuneration Committee meetings were held i.e. on 29th May, 2015 and 24th July, 2015. Attendance of the members at the meetings were as under:

Name of Members of Committee	Meetings attended
Mr. Mukesh Patel	2
Dr. Devender Nath	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 the Companies Act, 2013.

Independent Directors are paid sitting fees of ₹ 40,000/- for attending Board meeting, ₹ 40,000/- for attending Audit Committee Meeting, ₹ 40,000/- for attending CSR Committee meeting, ₹ 20,000/- for attending Nomination and Remuneration Committee Meeting and ₹ 5,000/- for attending Stakeholders Relationship Committee Meeting.

Remuneration of directors during the year under review: (₹ in Lacs)

Name of Director	Salary	Perquisites	Sitting Fees	Total Remuneration
Mr. Shinichi Iizuka	Nil	Nil	Nil	Nil
Mr. Shoji Tsubokuta*	20.16	3.39	Nil	23.55
Mr. Atsushi Ohtsuka**	42.02	29.92	Nil	71.94
Mr. Anil Shah	102.01	7.38	Nil	109.39
Mr. Gurmeet Singh	80.59	10.30	Nil	90.89
Mr. Varghese Joseph^	46.89	3.40	Nil	50.29
Mr. Vinay Chauhan	105.18	5.55	Nil	110.73
Mr. Amit Doshi^^	40.30	0.55	Nil	40.85
Mr. Ashok Balwani	Nil	Nil	2.40	2.40
Dr. Devender Nath	Nil	Nil	3.60	3.60
Ms. Indira Parikh	Nil	Nil	1.20	1.20
Mr. Mukesh Patel	Nil	Nil	4.60	4.60
Mr. Ravindra Jain	Nil	Nil	3.60	3.60
Mr. R S Mani	Nil	Nil	1.20	1.20
Mr. Vinesh Sadekar	Nil	Nil	1.60	1.60

* Ceased to be a Managing Director with effect from 31st August, 2015.

** Appointed with effect from 1st September, 2015.

^ Appointed with effect from 1st August, 2015

^^ Ceased to be Executive Director with effect from 1st June, 2015.

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

Formal appointment and evaluation policy of the Board and senior management has been placed as Annexure B as a part of Directors' Report.

Stakeholders Relationship Committee

Stakeholders Relationship Committee consisted of following members as on 31st March, 2016:

Mr. Mukesh Patel – Chairman

Mr. Atsushi Ohtsuka – Member

Mr. Anil Shah – Member

During the year under review, Mr. Shoji Tsubokuta Ceased to be a Member of the Committee with effect from 31st August, 2015.

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

Sr. No.	Nature of Complaints	Received	Redressed	Pending as at March 31, 2016
1.	Non-receipt of share certificate(s) after transfer	0	0	NIL
2.	Non-receipt of Dividend Warrants	9	9	NIL
3.	Query regarding demat credit	0	0	NIL
4.	Non-receipt of Duplicate Share Certificates	0	0	NIL
5.	Others : Non-receipt of Annual Report	0	0	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@jci-hitachi.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.
- The Whistle Blower policy has been put on the website of the Company and we affirm that: the Company has an adequate Whistle Blower mechanism and that no personnel was denied access to the audit Committee.
- All mandatory requirements have been complied with by the Company during the year.
- No non-mandatory requirements adopted by the Company.

Information relating to last three Annual General Meetings

Date	Time	Venue	Special resolutions passed
29th July, 2013	9.30 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad - 380015	• 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.
21st July, 2014	9.30 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad - 380015	• To appoint Mr. Shoji Tsubokuta as Managing Director for a period of three years w.e.f 1st October, 2013 • Alteration of Articles of association • Authority to Board of Directors for Borrowing Powers under Section 180(1)(c) of the Companies Act, 2013 • Consent to Board of Directors for creation of charges under Section 180(1)(a) of the Companies Act, 2013 • Approval for entering into Related party transactions
24th July, 2015	9.30 a.m.	H T Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur Road, Ahmedabad - 380015	• To appoint Mr. Gurmeet Singh as Executive Director for a period of three years w.e.f from July 21, 2014 • To increase remuneration of Mr. Shoji Tsubokuta as Managing Director w.e.f from April 1,2015.

No special resolution has been 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) and the same are also displayed on the website of the Company www.hitachi-hli.com. The information is being made available to the Stock Exchanges to upload the same on their websites.

The official news releases are displayed on the website of the Company.

No presentations are made to institutional investors or to the analysts.

General Shareholder Information

Ensuing Annual General Meeting

Day and Date	Time	Venue
Monday, 25th July, 2016	9.30 a.m.	J B Auditorium, Ahmedabad Management Association,ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur Road, Ahmedabad : 380 015

Financial year : From April 01, 2015 to March 31, 2016

Book closure : From 18th July, 2016 to 22nd July, 2016 (both days inclusive)

Dividend Payment Date : Dividend, if declared, will be paid on or after 11th August, 2016.

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

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

The Company has paid Annual Listing Fees for the year 2016-17 to the 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-2015	1,735.55	1,255.05	29,094.61	26,897.54	1,734.00	1,241.80	8,844.80	8,144.75
May-2015	1,690.50	1,352.00	28,071.16	26,423.99	1,694.00	1,350.20	8,489.50	7,997.15
June-2015	1,744.90	1,461.00	27,968.75	26,307.07	1,742.00	1,460.20	8,467.15	7,940.30
July-2015	1,678.20	1,420.00	28,578.33	27,416.39	1,647.00	1,412.25	8,654.75	8,315.40
August-2015	1,492.00	1,200.70	28,417.59	25,298.42	1,491.00	1,173.85	8,621.55	7,667.25
September-2015	1,430.00	1,235.85	26,471.82	24,833.54	1,439.80	1,230.05	8,055.00	7,539.50
October- 2015	1,548.95	1,320.00	27,618.14	26,168.71	1,550.50	1,326.35	8,336.30	7,930.65
November-2015	1,377.35	1,305.00	26,824.30	25,451.42	1,384.00	1,301.50	8,116.10	7,714.15
December-2015	1,474.00	1,275.10	26,256.42	24,867.73	1,474.15	1,275.00	7,979.30	7,551.05
January-2016	1,399.30	1,001.00	26,197.27	23,839.76	1,399.50	1,001.60	7,972.55	7,241.50
February-2016	1,241.40	932.00	25,002.32	22,494.61	1,249.30	930.50	7,600.45	6,825.80
March-2016	1,235.00	995.25	25,479.62	23,133.18	1,230.10	981.20	7,777.40	7,035.10

Registrars and Share Transfer Agent

Link Intime India Pvt. Limited,
Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C. G. Road, Ahmedabad 380009

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 31st March, 2016

Category	No. of Shares Held	% of Shareholding
Promoters' Holding	20190529	74.25
Non-Promoters' Holding		
Mutual Funds and UTI	2375302	8.74
Banks, Financial Institutions, Insurance Companies	8027	0.03
Foreign Institutional Investors	216878	0.80
Bodies Corporate	1504078	5.53
Indian Public	2825311	10.39
Non-resident	70759	0.26
Total	27190884	100.00

Distribution of shareholding as on 31st March, 2016

Shares Balance	No. of Holders	% of Holders	No. of Shares	% of Shares
1-500	15502	95.21	1462109	5.38
501-1000	443	2.72	337966	1.24
1001-2000	156	0.96	237420	0.88
2001-3000	50	0.31	126215	0.46
3001-4000	24	0.15	86892	0.32
4001-5000	13	0.08	62581	0.23
5001-10000	31	0.19	233768	0.86
10001-20000	31	0.19	437514	1.61
Above 20000	32	0.20	24206419	89.02
Total	16282	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 31st March, 2016, 98.10% shares of the Company were in Dematerialised form. Demat ISIN No. of the Equity Shares of the Company: INE782A01015.

Outstanding Financial Instruments which have an impact on Equity

The Company has not issued any GDRs/ADRs/warrants as on date.

Plant Location

Hitachi Complex, Village: Karannagar – 382715 Ta.: Kadi, Dist.: Mehsana, Gujarat

Addresses for Correspondence

Company:

Hitachi Home & Life Solutions (India) Ltd.
9th Floor, Abhijeet, Mithakhali Six Roads, Ahmedabad: 380 006 Ph.: 079-26402024, 02764-277571

Registrars and Share Transfer Agent:

Link Intime India Pvt. Limited,
Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C. G. Road, Ahmedabad 380009

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/-
Atsushi Ohtsuka
Managing Director

AUDITOR'S 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 March 31, 2016, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchanges.

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 B C & CO LLP
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Arpit K. Patel
Partner
Membership Number: 34032

Place : Delhi
Date : May 30, 2016

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Hitachi Home & Life Solutions (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

   (a) We have sought and 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 it 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 aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of

Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration number: 324982E/E300003

per Arpit K. Patel
Partner
Membership Number: 34032

Place of Signature : Delhi
Date : May 30, 2016

Annexure 1 referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date of Hitachi Home & Life Solutions (India) Limited for year ended 31 March 2016.

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

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

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them during the year and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a),(b) and (c) 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, provisions of section 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company and there are no loans in respect of which provisions of section 185 of the Companies Act 2013 are applicable and hence not commented upon.

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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture or service of air conditioners, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, 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, employees' state insurance, income-tax, , service tax, sales-tax, duty of custom, duty of excise, value added tax, 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 income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, 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	401.85	2000-01 to 2013-14	Deputy Commissioner Appeals / Joint Commissioner Appeals
Finance Act, 1994 (Service tax)	Demand on claiming service tax credit on warranty services	581.67	2006-07 to 2012-13	CESTAT (Appeals), Ahmedabad
	Demand on claiming service tax credit on advertisement expenses including interest and penalty	118.36	2005-06 to 2010-11	CESTAT (Appeals), Ahmedabad
	Demand raised on Consulting Engineers Services including interest and penalty	48.64	2000-01 to 2003-04	CESTAT (Appeals), Ahmedabad
	Demand raised on Service Tax credit taken on Sales Promotion, Event Management, Foreign Tour etc	797.84	March-2012 to Oct 2014	CESTAT (Appeals), Ahmedabad
	Demand raised on Commission including interest and penalty	8.76	2004-05	CESTAT, Ahmedabad
	Cenvat Credit transferred to Excise	25.00	Dec-2009 to July-2013	CESTAT, Ahmedabad
Central Excise Act, 1944	Cenvat Credit taken on Inputs	20.23	2009 to 2011	Commissioner (A) - 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

(viii) 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 did not have any outstanding dues in respect of a financial institution, debentures or government during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company. Therefore, the provisions of clause 3(xvi) of the order are not applicable to the Company and hence not commented upon.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration number: 324982E/E300003

per Arpit K. Patel
Partner
Membership Number: 34032
Place of Signature : Delhi
Date : May 30, 2016

Annexure 2 to the Independent Auditor's report of even date on the financial statements of Hitachi Home & Life Solutions (India) Limited

We have audited the internal financial controls over financial reporting of Hitachi Home & Life Solutions (India) Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration number: 324982E/E300003

per Arpit K. Patel
Partner
Membership Number: 34032
Place of Signature : Delhi
Date : May 30, 2016

Balance sheet as at March 31, 2016

	Notes	As at March 31, 2016 ₹ Lacs	As at March 31, 2015 ₹ Lacs
Equity and liabilities			
Shareholders' funds			
(a) Share capital	3	2,719.09	2,719.09
(b) Reserves and surplus	4	33,075.81	28,568.98
		35,794.90	**31,288.07**
Non-current liabilities			
(a) Long-term borrowings	5	-	2,760.00
(b) Deferred tax liabilities (net)	6	-	148.54
(c) Other long-term liabilities	7	2.54	5.20
(d) Long-term provisions	8	3,327.51	3,253.24
		3,330.05	**6,166.98**
Current liabilities			
(a) Short-term borrowings	9	13,279.29	11,194.81
(b) Trade payables	10		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditor other than micro enterprises and small enterprises		45,257.18	49,875.80
(c) Other current liabilities	11	12,195.43	8,172.50
(d) Short-term provisions	8	1,093.09	1,133.12
		71,824.99	**70,376.23**
TOTAL		**1,10,949.94**	**1,07,831.28**
Assets			
Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		23,758.76	21,575.89
(ii) Intangible assets		2,780.50	2,726.70
(iii) Capital work-in-progress		75.56	143.20
(iv) Intangible assets under development		-	117.92
(b) Deferred tax assets (net)	6	445.85	-
(c) Long-term loans and advances	13	2,837.84	2,468.07
		29,898.51	**27,031.78**
Current assets			
(a) Inventories	14	49,435.13	49,031.15
(b) Trade receivables	15	27,995.04	28,383.98
(c) Cash and bank balances	16	415.74	573.85
(d) Short-term loans and advances	13	2,779.75	2,709.81
(e) Other current assets	17	425.77	100.71
		81,051.43	**80,799.50**
TOTAL		**1,10,949.94**	**1,07,831.28**
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 B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.324982E/E300003

per Arpit K. Patel
Partner
Membership No: 34032

Place : Delhi
Date : May 30, 2016

For and on behalf of the Board of Directors

Atsushi Ohtsuka
Managing Director

Anil Shah
CFO & Executive Director

Vinay Chauhan
Executive Director

Parag Dave
Company Secretary

Place : Delhi
Date : May 30, 2016

Statement of profit and loss for the year ended March 31, 2016

	Notes	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs
Income			
Revenue from operations (gross)	18	1,81,720.18	1,70,726.25
Less : Excise duty (refer note 43)		15,766.74	13,442.21
Revenue from operations (net)		1,65,953.44	1,57,284.04
Other income	19	178.27	711.80
Total Revenue		**1,66,131.71**	**1,57,995.84**
Expenses			
Cost of raw material and components consumed	20	74,697.84	80,497.86
Purchase of stock-in-trade	21	33,089.65	25,685.03
Decrease / (Increase) in inventories of finished goods, work-in-progress and stock-in-trade	22	(6,155.08)	(10,221.58)
Employee benefits expense	23	11,098.05	11,378.30
Finance costs	24	1,012.14	825.78
Depreciation and amortization expense	12	4,554.97	3,592.91
Other expenses	25	40,950.17	36,136.26
Total Expenses		**1,59,247.74**	**1,47,894.56**
Profit before tax		**6,883.97**	**10,101.28**
Tax expense			
Current tax [Including ₹ 26.18 lacs (Previous year: ₹ (6.36) lacs) pertaining to earlier years]		2,568.64	2,131.34
MAT Credit entitlement [Including ₹ (87.99) lacs (Previous year: ₹ 25.64 lacs) pertaining to earlier years]		(87.99)	(12.69)
Deferred tax charge / (credit) [Including ₹ 3.25 lacs (Previous year: ₹ (89.26) lacs) pertaining to earlier years]		(594.40)	206.34
		1,886.25	2,324.99
Profit for the year		**4,997.72**	**7,776.29**
Basic and diluted (₹) earnings per share	26	18.38	28.60
[Nominal value of share ₹ 10 (Previous year: ₹ 10)]			
Statement of significant accounting policies	2		

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

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.324982E/E300003

per Arpit K. Patel
Partner
Membership No: 34032

Place : Delhi
Date : May 30, 2016

For and on behalf of the Board of Directors

Atsushi Ohtsuka
Managing Director

Anil Shah
CFO & Executive Director

Vinay Chauhan
Executive Director

Parag Dave
Company Secretary

Place : Delhi
Date : May 30, 2016

Cash Flow Statement for the year ended March 31, 2016

		For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs
A.	**Cash Flow from Operating Activities**		
	Net profit before tax	**6,883.97**	**10,101.28**
	Adjustments for :		
	(Profit)/ loss on sale of assets (net)	15.27	(3.74)
	Unrealised foreign exchange (gain)/loss (net) at year end	(215.33)	271.92
	Depreciation and amortisation	4,554.97	3,592.91
	Bad Debt Written Off	1.57	-
	Provision for doubtful debts	164.95	58.08
	Interest income	(13.97)	(451.82)
	Finance Costs	1,012.14	825.78
	Operating profit before working capital changes	**12,403.57**	**14,394.41**
	Adjustments for :		
	Decrease / (Increase) in trade receivables	217.53	(9,603.49)
	Decrease / (Increase) in loans and advances	(211.42)	239.27
	Decrease / (Increase) in other current assets	(360.26)	37.70
	Decrease / (Increase) in inventories	(403.98)	(19,983.40)
	(Decrease) / Increase in current liabilities	(2,976.06)	21,942.66
	Increase in other provisions	34.25	600.58
	Cash from operating activities	**8,703.63**	**7,627.73**
	Direct Taxes paid (Net)	(2,544.25)	(2,161.46)
	Net cash from operating activities	**6,159.38**	**5,466.27**
B.	**Cash flow from investing activities**		
	Purchase of tangible assets (including capital work in progress and capital advance)	(6,001.44)	(6,579.93)
	Proceeds from sale of fixed assets	112.03	130.11
	Purchase of intangible assets (including capital work in progress and capital advance)	(1,060.33)	(1,167.90)
	Redemption in bank deposits (with maturity more than three months)	-	2,003.32
	Investment in bank deposits (with maturity of more than three months)	(9.05)	-
	Interest received	13.32	493.59
	Net cash used in investing activities	**(6,945.47)**	**(5,120.81)**

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs
C. Cash flow from financing activities		
Repayment of long-term borrowings	-	(2,760.00)
Proceeds from short term borrowings (net)	2,084.49	4,221.69
Finance cost paid	(979.09)	(956.73)
Dividend paid (including tax provision thereon)	(486.47)	(472.60)
Net cash flow from / (used in) financing activities	**618.93**	**32.36**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(167.16)**	**377.82**
Cash and cash equivalents at the beginning of the year	**531.92**	**154.10**
Cash and cash equivalents at the end of the year (refer note 2 below)	**364.76**	**531.92**
Components of Cash and Cash Equivalents (refer note 16)		
Cash on hand	8.65	9.82
Bank balance in current accounts	329.36	156.07
Unclaimed dividend account	26.75	22.33
Balance in cash credit accounts	-	343.70
Cash and Cash Equivalents	**364.76**	**531.92**

Notes :

1. Cash flow statement has been prepared under the indirect method.
2. Includes ₹ 39.12 lacs (previous year ₹ 37.75 lacs), being balances with restricted use towards purpose of unpaid dividend & employees deposits.

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.324982E/E300003

per Arpit K. Patel
Partner
Membership No: 34032

Place : Delhi
Date : May 30, 2016

For and on behalf of the Board of Directors

Atsushi Ohtsuka
Managing Director

Anil Shah
CFO & Executive Director

Vinay Chauhan
Executive Director

Parag Dave
Company Secretary

Place : Delhi
Date : May 30, 2016

Notes to Financial Statements for the year ended March 31, 2016

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, washing machines, air purifiers, chillers and VRF (variable refrigerant flow) systems. Manufacturing facility for Air conditioners is set up at Kadi (North Gujarat). The Company performs its marketing activities through twenty branches and forty service centers spread across India.

On 1st October, 2015, Johnson Controls Inc., Hitachi Ltd. and Hitachi Appliances, Inc. have completed Global Joint Venture agreement and commenced operations of Johnson Controls – Hitachi Air Conditioning Company (JCH). Through this agreement Johnson Controls had acquired 60 per cent ownership stake of the JCH and Hitachi Appliances, Inc. retained ownership of remaining 40 percent of the Company. Consequent to that, Hitachi Home & Life Solutions (India) Limited has become a subsidiary of Johnson Controls - Hitachi Air Conditioning Company.

2. Statement of Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year, except for the change in accounting policy explained below.

2.2 Change in accounting policy

The company has adopted component accounting as required under Schedule II to the Companies Act, 2013 from 1 April 2015. Now, the company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. These components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The impact of above change of accounting policy is not significant.

On the date of component accounting becoming applicable, i.e., 1 April 2015, there was no component having nil balance useful life and hence, no transitional adjustment required.

2.3 Accounting estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

2.4 Fixed assets and depreciation

Fixed assets (Tangible assets and Intangible 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. Fixed asset acquired in exchange for another asset is accounted at fair market value. 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.

The company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on tangible fixed assets is provided on the straight line method at the rates which fairly reflect the useful lives prescribed in Schedule II of the Companies Act, 2013, which coincides with management's estimate of useful life, on all assets except for the following assets which are depreciated at higher rates based on management's estimate of the useful life:

a.	Moulds and Tools	:	3 years	b.	Computers (server & network)	:	4 years
c.	Furniture & Fittings	:	5 to 7 years	d.	Office Equipments	:	3 to 5 years
e.	Electrical Fittings	:	7 years	f.	Toolkits	:	3 years
g.	Vehicles	:	5 to 8 years	h.	Leasehold improvements	:	Life based on lease period

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.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

2.5 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.

2.6 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.

2.7 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 based on normal operating capacity.

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.

2.8 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. The following specific recognition criteria must also be met before revenue is recognized:

(i) Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Sales are inclusive of freight, octroi and insurance, installation charges in some cases, and net of sales returns, trade discounts and cash discounts. The company collects sales taxes (CST) and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Excise duty deducted from the revenue (gross) is the amount that is included in the amount of revenue (gross) and not the entire amount of liability arising during the year.

(ii) Service Income

Revenue from service operations is recognised as and when services are rendered in accordance with the terms of the contract. Maintenance revenue is recognised over the period of respective contracts. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

(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 of 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. Interest income is included under the head "other income" in the statement of profit and loss.

2.9 Retirement and other 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) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit and beyond 12 months as long term employee benefit. 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.

2.10 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 average foreign currency rate for the month 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 average exchange rate for the month 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 to hedged foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contracts is amortised and recognised 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.

2.11 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.

2.12 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.

Warranty provisions

Provisions for long term warranty-related costs are recognized when the product is sold or service provided. Provision is based on historical experience. The estimate of such warranty-related costs is revised annually.

2.13 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 carried 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) paid in a year is charged to the statement of profit and loss as current 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.

2.14 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.

2.15 Leases

Where the company is lessee

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.

Where the company is the lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

2.16 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.

2.17 Segment Reporting

Identification of Segment

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

2.18 Borrowing Costs

Borrowing cost includes interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

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.

2.19 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 shown separately under 'other income' or deducted from 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.

2.20 Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset 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.

2.21 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

	As at March 31, 2016 ₹ Lacs	As at March 31, 2015 ₹ 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: 27,190,884) Equity shares of ₹ 10 each fully paid up	2,719.09	2,719.09
	2,719.09	2,719.09

47,281 (Previous year 47,281) Equity shares of ₹ 10/- each have been kept in abeyance pending final allotment of rights issue (2003-04) and rights Issue (2013-14).

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

Equity Shares	As at March 31, 2016		As at March 31, 2015	
	Nos	**₹ Lacs**	Nos	₹ Lacs
Outstanding at the beginning / end of the year	**271,90,884**	**2,719.09**	**271,90,884**	**2,719.09**

(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, 2016, 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, 2016 ₹ Lacs	As at March 31, 2015 ₹ Lacs
JCHAC India Holdco Limited - Holding Company 20,189,894 (Previous year: Nil) Equity Shares of ₹ 10/- each fully paid up	2,018.99	-
Hitachi Appliances Inc., Japan - Holding Company Nil (Previous year: 19,689,894) Equity Shares of ₹ 10/- each fully paid up	-	1,968.99
Johnson Controls Hitachi Air Conditioning Holding (UK) Ltd-Subsidiary of Ultimate Holding Company 635 (Previous year: Nil) Equity Shares of ₹ 10/- each fully paid up	0.06	-
Hitachi India Pvt. Ltd. - Subsidiary of Ultimate Holding Company Nil (Previous year: 500,000) Equity Shares of ₹ 10/- each fully paid up	-	50.00

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

	As at March 31, 2016	As at March 31, 2015
Equity shares of ₹ 10 each fully paid (Nos.)		
Hitachi Appliances Inc., Japan - Holding Company	-	196,89,894
JCHAC India Holdco Limited - Holding Company	201,89,894	-
% holding	74.25%	72.41%

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, 2016 ₹ Lacs	As at March 31, 2015 ₹ Lacs
Capital Reserve		
Balance as per last financial statements	6.66	6.66
Securities Premium account		
Balance as per last financial statements	8,953.97	8,953.97
General Reserve		
Balance as per last financial statements	1,798.43	1,020.80
Add: Amount transferred from surplus balance in Statement of profit and loss	499.77	777.63
Closing balance	**2,298.20**	**1,798.43**
Surplus in Statement of profit and loss		
Balance as per last financial statements	17,809.92	11,302.15
Profit for the year	4,997.72	7,776.29
Less : Appropriations		
Proposed dividend on Equity shares	(407.86)	(407.86)
Tax on dividend	(83.03)	(83.03)
Transferred to general reserve	(499.77)	(777.63)
Net Surplus in Statement of profit and loss	**21,816.98**	**17,809.92**
Total Reserves and surplus	**33,075.81**	**28,568.98**

5. Long-term borrowings

	As at March 31, 2016		As at March 31, 2015	
	Non-current ₹ Lacs	**Current ₹ Lacs**	Non-current ₹ Lacs	Current ₹ Lacs
External commercial borrowing (ECB) from a Bank (Unsecured) *	-	2,760.00	2,760.00	-
Amount disclosed under the head "Other Current Liabilities" (refer note 11)	-	(2,760.00)	-	-
	-	**-**	**2,760.00**	**-**

* ECB of USD 100 lacs, taken from a Bank, carries interest @ 6 month LIBOR plus 125 basis points which is repayable in two equal instalments i.e. in year 2014-15 (paid) 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.

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

	As at March 31, 2016 ₹ Lacs	As at March 31, 2015 ₹ Lacs
Deferred tax liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	(1,031.13)	(1,076.56)
Gross deferred tax liabilities	(1,031.13)	(1,076.56)
Deferred tax assets		
a. Deferment of foreign exchange fluctuation loss/(gain) under Income Tax Act, 1961	1.10	(5.57)
b. Expenditure debited in Statement of profit and loss but allowed under Income Tax Act in subsequent years	1,332.42	843.96
c. Provision for doubtful debts	143.46	89.63
Gross deferred tax assets	1,476.98	928.02
Net deferred tax assets / (liabilities)	**445.85**	**(148.54)**

7. Other long-term liabilities

	As at March 31, 2016 ₹ Lacs	As at March 31, 2015 ₹ Lacs
Deposits (from employees)	2.54	5.20
	2.54	**5.20**

8. Provisions

	As at March 31, 2016		As at March 31, 2015	
	Long-term ₹ Lacs	**Short-term ₹ Lacs**	Long-term ₹ Lacs	Short-term ₹ Lacs
Provision for employee benefits				
- Compensated absences	518.62	165.41	325.52	120.68
- Gratuity (refer note 29)	-	4.20	-	4.14
Other provisions				
- 5/10 years warranty provision (refer note 42)	1,091.31	432.59	1,210.08	517.41
- Provision for litigations (refer note 42)	1,717.58	-	1,717.64	-
- Provision for proposed dividend	-	407.86	-	407.86
- Provision for tax on proposed dividend	-	83.03	-	83.03
	3,327.51	**1,093.09**	**3,253.24**	**1,133.12**

9. Short-term borrowings

	As at March 31, 2016 ₹ Lacs	As at March 31, 2015 ₹ Lacs
Loans repayable on demand from banks:		
- Working capital loans (secured)*	491.62	1,694.81
- Working capital loans (unsecured)**	12,787.67	3,500.00
- Commercial papers (unsecured)	-	6,000.00
	13,279.29	**11,194.81**
Aggregate amount of secured borrowings	491.62	1,694.81
Aggregate amount of unsecured borrowings	12,787.67	9,500.00

* Working capital loans (Rate of Interest ranging from 9.50% to 12.75% per annum) 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 9.10% to 11% per annum.

10. Trade payables

	As at March 31, 2016 ₹ Lacs	As at March 31, 2015 ₹ Lacs
Trade payables (including Acceptances)		
- Outstanding dues of micro and small enterprises (refer note 41)	-	-
- Outstanding dues of other than micro and small enterprises	45,257.18	49,875.80
	45,257.18	**49,875.80**

11. Other current liabilities

	As at March 31, 2016 ₹ Lacs	As at March 31, 2015 ₹ Lacs
Current maturities of long-term borrowings (refer note 5)	2,760.00	-
Advance from customers	1,930.85	1,408.83
Service income received in advance	851.43	676.16
Interest accrued but not due on borrowings	73.44	76.26
Unclaimed dividends*	26.75	22.33
Others:		
Deposits (from dealers and others)	245.62	230.20
Amount due to customers (refer note 27)	662.16	182.78
Forward contracts	-	25.12
Payable for capital goods	415.01	565.82
Statutory dues payable	4,947.16	4,709.50
Other payables	283.01	275.50
	12,195.43	**8,172.50**

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

12. Tangible and Intangible assets

(₹ Lacs)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 1-Apr-15	Additions	Deductions	As at 31-Mar-16	As at 1-Apr-15	For the year	Deductions	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15
Tangible assets:										
Freehold Land	2,084.71	-	-	2,084.71	-	-	-	-	2,084.71	2,084.71
Buildings (refer b)	4,412.49	361.31	-	4,773.80	729.30	170.95	-	900.25	3,873.55	3,683.19
Leasehold Improvements	22.75	135.61	-	158.36	8.28	12.01	-	20.29	138.07	14.47
Plant & Machinery (refer a)	20,343.08	3,806.27	-	24,149.35	6,803.99	2,653.60	-	9,457.59	14,691.76	13,539.09
Computers	890.77	550.31	154.85	1,286.23	624.66	192.52	144.01	673.17	613.06	266.11
Furniture and fixture	662.19	253.07	58.81	856.45	358.40	99.19	56.26	401.33	455.12	303.79
Office equipments	589.18	237.23	54.90	771.51	291.43	110.85	42.38	359.90	411.61	297.75
Electrical installations	945.32	150.58	6.26	1,089.64	331.67	127.07	6.26	452.48	637.16	613.65
Vehicles	1,114.85	376.74	256.69	1,234.90	341.72	194.76	155.30	381.18	853.72	773.13
Total Tangible assets	**31,065.34**	**5,871.12**	**531.51**	**36,404.95**	**9,489.45**	**3,560.95**	**404.21**	**12,646.19**	**23,758.76**	**21,575.89**
Intangible assets:										
Trade mark	210.00	-	-	210.00	210.00	-	-	210.00	-	-
Software capitalisation	605.27	218.04	-	823.31	549.37	107.68	-	657.05	166.26	55.90
Technical know how	6,227.94	829.78	-	7,057.72	3,557.14	886.34	-	4,443.48	2,614.24	2,670.80
Total Intangible assets	**7,043.21**	**1,047.82**	**-**	**8,091.03**	**4,316.51**	**994.02**	**-**	**5,310.53**	**2,780.50**	**2,726.70**
TOTAL	**38,108.55**	**6,918.94**	**531.51**	**44,495.98**	**13,805.96**	**4,554.97**	**404.21**	**17,956.72**	**26,539.26**	**24,302.59**
Previous year	**30,517.35**	**8,475.35**	**884.15**	**38,108.55**	**10,970.84**	**3,592.91**	**757.79**	**13,805.96**	**24,302.59**	
Capital Work in Progress									**75.56**	**143.20**
Intangible assets under development									**-**	**117.92**

Notes:

a. Plant & Machinery includes moulds and tools, testing equipments and tool kits with gross block ₹ 10,486.39 Lacs (Previous year ₹ 8,960.01 Lacs) and net block of ₹ 4,375.48 Lacs (Previous year ₹ 4,485.17 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. During the current year, part of the building having gross block ₹ 86.23 lacs, cumulative depreciation ₹ 22.52 lacs and depreciation for the year ₹ 1.41 lacs has been given on operating lease for the period of 11 months.

13. Loans and advances (Unsecured)

		As at March 31, 2016		As at March 31, 2015	
		Long-term ₹ Lacs	**Short-term ₹ Lacs**	Long-term ₹ Lacs	Short-term ₹ Lacs
Capital advances (considered good)	**(A)**	**277.32**	**-**	**101.78**	**-**
Deposits (considered good)	**(B)**	**332.67**	**83.27**	**250.78**	**42.60**
Advances recoverable in cash or kind					
- Considered good		358.35	1,730.55	309.36	2,342.45
- Considered doubtful		546.62	-	482.26	-
		904.97	1,730.55	791.62	2,342.45
Provision for doubtful advances		(546.62)	-	(482.26)	-
	(C)	**358.35**	**1,730.55**	**309.36**	**2,342.45**
Other loans and advances (considered good)					
- Advance income-tax (net of provision for taxation)		780.47	-	409.74	-
- MAT credit entitlement		-	-	307.14	-
- VAT credit receivable		1,089.03	415.55	1,089.27	290.26
- Balances with statutory / government authorities		-	550.38	-	34.50
	(D)	**1,869.50**	**965.93**	**1,806.15**	**324.76**
Total (A+B+C+D)		**2,837.84**	**2,779.75**	**2,468.07**	**2,709.81**

14. Inventories (valued at lower of cost and net realizable value)
(refer note 44)

	As at March 31, 2016 ₹ Lacs	As at March 31, 2015 ₹ Lacs
Raw material [including goods in transit and under inspection ₹ 3,819.01 lacs (Previous year ₹ 7,333.61 lacs) and material lying with third Party ₹ 689.95 lacs (Previous year ₹ 1,097.08 lacs)]	12,264.57	19,626.93
Work-in-progress (refer note 22)	1,524.60	1,684.93
Finished goods (refer note 22)	23,297.61	17,545.54
Stock-in-trade [including goods in transit ₹ 1,545.96 lacs (Previous year ₹ 2,339.24 lacs)] (refer note 22)	11,584.77	9,826.20
Stores and spares	763.58	347.55
	49,435.13	**49,031.15**

15. Trade receivables

		As at March 31, 2016 ₹ Lacs	As at March 31, 2015 ₹ Lacs
Debts outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, Considered good		680.88	684.33
Considered doubtful		414.52	259.00
Provision for doubtful debts (refer note 44)		(414.52)	(259.00)
	(A)	**680.88**	**684.33**
Other debts			
Secured, Considered good		222.55	211.41
Unsecured, Considered good		27,091.61	27,488.24
	(B)	**27,314.16**	**27,699.65**
Total (A+B)		**27,995.04**	**28,383.98**

16. Cash and bank balances

		As at March 31, 2016 Current ₹ Lacs	As at March 31, 2015 Current ₹ Lacs
Cash and cash equivalents			
Cash on hand	**(A)**	8.65	9.82
Balances with bank			
on current account		329.36	156.07
on unpaid dividend account		26.75	22.33
on cash credit account		-	343.70
	(B)	**356.11**	**522.10**
Other bank balances			
Margin money deposit (against LC and bank guarantee)	**(C)**	50.98	41.93
Total (A+B+C)		**415.74**	**573.85**

17. Other assets

	As at March 31, 2016 Current ₹ Lacs	As at March 31, 2015 Current ₹ Lacs
Unamortised premium on forward contract	-	10.53
Interest accrued on margin money deposits & fixed deposits	1.22	0.57
Unbilled Revenue (refer note 27)	395.98	53.74
Unamortised ancillary borrowing cost	-	35.87
Other receivables	28.57	-
	425.77	**100.71**

18. Revenue from operations

	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs
Sale of products	1,73,230.41	1,62,313.13
Sale of services	6,976.18	6,907.57
Other operating revenue	1,513.59	1,505.55
Revenue from operations (gross)	**1,81,720.18**	**1,70,726.25**
Less : Excise duty recovered (refer note 43)	15,766.74	13,442.21
	1,65,953.44	**1,57,284.04**

Excise duty on sales amounting to ₹ 15,766.74 lacs (previous year ₹ 13,442.21 lacs) has been reduced from sales in Statement of profit and loss and excise duty on (increase)/decrease in stock amounting to ₹ (1,195.23) lacs (previous year ₹ (1,373.09) lacs) has been considered as (income)/expense in note 22 of financial statements.

Details of products sold		
Air conditioners (including chillers and VRF systems)	1,43,840.78	1,39,032.57
Refrigerators	15,578.41	13,258.42
Spares and accessories	8,980.28	7,897.77
Others	4,830.94	2,124.37
	1,73,230.41	**1,62,313.13**

Details of Services rendered		
Annual Maintenance Contract service	5,206.88	4,989.94
Repair & Installation service	1,769.30	1,917.63
	6,976.18	**6,907.57**

Details of Other operating revenue		
Scrap sales	1,430.03	1,419.18
Commission and rebate income	83.56	82.90
Miscellaneous income	-	3.47
	1,513.59	**1,505.55**

19. Other income

	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs
Interest income		
from banks	1.95	436.13
from others	12.02	15.69
Net gain on sale of fixed assets	-	3.74
Lease rent income (refer note 30)	23.88	20.11
Miscellaneous income	140.42	236.13
	178.27	**711.80**

20. Cost of raw-material and components consumed

	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs
Cost of raw material and other components consumed (refer note 40)	74,697.84	80,497.86
Details of raw material consumed		
Compressors	20,971.34	23,334.61
Copper	11,363.56	12,842.53
Fan Motors	5,830.81	6,481.07
Others (Including packing materials)	36,532.13	37,839.65
	74,697.84	**80,497.86**

21. Purchase of stock-in-trade

	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs
Purchase of stock-in-trade	33,089.65	25,685.03
Details of purchase of stock-in-trade		
Air conditioners (including chillers and VRF systems)	8,862.55	6,084.12
Refrigerators	11,798.73	10,978.34
Spares and accessories	8,280.89	6,627.13
Others	4,147.48	1,995.44
	33,089.65	**25,685.03**

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

	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs	Decrease / (Increase) ₹ Lacs
Inventories at the end of the year (refer note 44)			
Work-in-progress	1,524.60	1,684.93	160.33
Finished goods	23,297.61	17,545.54	(5,752.07)
Stock-in-trade	11,584.77	9,826.20	(1,758.57)
	36,406.98	29,056.67	(7,350.31)
Inventories at the beginning of the year			
Work-in-progress	1,684.93	1,879.70	194.77
Finished goods	17,545.54	10,688.84	(6,856.70)
Stock-in-trade	9,826.20	4,893.46	(4,932.74)
	29,056.67	17,462.00	(11,594.67)
(Increase)/decrease of excise duty on inventories	(1,195.23)	(1,373.09)	
	(6,155.08)	**(10,221.58)**	

Details of inventories

	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs
Work-in-progress		
Coils (Heat exchangers)	413.46	490.42
Sheet metal parts	138.90	176.62
Others	972.24	1,017.89
	1,524.60	**1,684.93**
Finished goods		
Air conditioners (including chillers and VRF systems)	23,297.61	17,545.54
Stock-in-trade		
Air conditioners (including chillers and VRF systems)	3,656.91	2,983.90
Refrigerators	4,170.36	3,427.14
Spares and accessories	3,430.83	3,130.75
Others	326.67	284.41
	11,584.77	**9,826.20**

23. Employee benefits expense

	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs
Salaries, wages and bonus	9,625.61	9,883.18
Contribution to provident and other funds	524.47	574.09
Gratuity expenses (refer note 29)	252.05	220.33
Workmen and staff welfare expenses	695.92	700.70
	11,098.05	**11,378.30**

24. Finance costs

	For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs
Interest	817.83	671.58
Bank charges and other finance costs	194.31	154.20
	1,012.14	**825.78**

25. Other expenses [Refer note 45]

		For the year ended March 31, 2016 ₹ Lacs	For the year ended March 31, 2015 ₹ Lacs
Consumption of stores and spares (refer note 40)		204.13	175.43
Power and Fuel		754.07	736.43
Rent (refer note 30)		2,358.50	1,666.25
Repairs & Maintenance - Building		39.72	28.37
Repairs & Maintenance - Machinery		240.78	222.53
Repairs & Maintenance - Others		213.81	145.25
Insurance		262.99	213.87
Rates & Taxes		419.02	287.85
Advertisement and sales promotion (net of recoveries)		11,473.02	10,916.50
Annual Maintenance Contract (AMC) expenses		3,192.33	2,990.14
Freight and forwarding expenses		7,060.18	5,919.81
Legal and professional fees		342.88	357.56
Provision for doubtful debts (refer note 44)		164.95	58.08
Bad Debt Written off	11.00		22.61
Less : Adjusted against provision for doubtful debts	9.43	1.57	(22.61)
Contract labour charges		2,966.01	1,292.58
Loss on Foreign Exchange Fluctuations (net)		316.90	321.23
Net loss on sale of fixed assets		15.27	-
Payment to Auditors*		41.01	33.41
Royalty		3,430.30	3,441.45
Warranty expenses		1,764.01	2,303.66
CSR expenses (refer note 46)		-	16.07
Miscellaneous expenses		5,688.72	5,009.79
		40,950.17	**36,136.26**

***Payment to Auditors**

	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
As auditor:		
- Statutory Audit fees	20.50	15.00
- Tax audit fees	4.50	4.50
- Limited reviews	13.50	12.00
In other capacity:		
- Certification fees	1.45	0.90
Reimbursement of expenses	1.06	1.01
	41.01	**33.41**

26. Earnings per share (EPS)

	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Net profit after tax for calculation of basic EPS	4,997.72	7,776.29
Weighted average number of Equity shares considered in calculating basic and diluted EPS	271,90,884	271,90,884
Earning per share (Basic and Diluted) ₹	18.38	28.60
[Nominal value of share ₹ 10 (Previous year: ₹ 10)]		

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

		March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
1)	Contract Revenue recognised for the year	4,805.74	2,102.53
2)	For on-going contracts as on 31st March		
	Cost incurred plus recognised profits (or, less recognised losses)	5,982.82	5,080.70
	Advances received	714.45	871.30
	Retention amount	323.30	256.15
	Gross amount due from customers	395.98	53.74
	Gross amount due to customers	662.16	182.78

28. Segment reporting

Business segment:

The Company is engaged in the business of manufacturing, trading and other related services of Air Conditioners, Refrigerators, washing machines, air purifiers, 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 and assets constitute less than 10% of the total revenue and assets respectively, the same has not been disclosed.

29. 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, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Net employee benefit expense (recognised in Employee benefits expense)		
Current service cost	116.49	83.64
Interest cost on benefit obligation	62.50	50.58
Expected return on plan assets	(67.72)	(55.46)
Net actuarial loss / (gain) recognised in the year	140.78	143.10
Adjustment to the opening fund		(1.53)
Net benefit expense	252.05	220.33
Actual return on plan assets	71.30	55.53

Balance sheet

Benefit asset / liability	**March 31, 2016 ₹ Lacs**	March 31, 2015 ₹ Lacs
Fair value of plan assets	1,067.24	840.19
Present value of defined benefit obligation	1,071.44	844.33
Benefit asset / (liability)	**(4.20)**	**(4.14)**

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

	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Opening defined benefit obligation	844.33	601.30
Interest cost	62.50	50.58
Current service cost	116.49	83.64
Benefits paid	(96.25)	(33.53)
Actuarial (gains) / losses on obligation	144.37	142.34
Closing defined benefit obligation	**1,071.44**	**844.33**

Changes in the fair value of plan assets are as follows

	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Opening fair value of plan assets	840.19	584.88
Adjustment to the opening fund	-	1.53
Expected return	67.72	55.46
Contributions by employer	252.00	232.61
Benefits paid	(96.25)	(33.53)
Actuarial gains / (losses)	3.58	(0.76)
Closing fair value of plan assets	**1,067.24**	**840.19**

The Company expects to contribute ₹ 150 lacs (Previous year: ₹ 125 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, 2016	March 31, 2015
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, 2016	March 31, 2015
Discount rate	7.75%	7.85%
Expected rate of return on assets	8.35%	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, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs	March 31, 2014 ₹ Lacs	March 31, 2013 ₹ Lacs	March 31, 2012 ₹ Lacs
Defined benefit obligation	1,071.44	844.33	601.30	517.57	315.39
Plan assets	1,067.24	840.19	584.88	515.08	402.60
Surplus / (deficit)	(4.20)	(4.14)	(16.42)	(2.49)	87.21
Experience adjustments on plan liabilities	136.53	88.98	12.16	41.75	7.12
Experience adjustments on plan assets	(3.58)	0.76	(4.41)	(3.75)	1.74

Defined Contribution Plan:

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

	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Employer's Contribution to Provident Fund	366.50	358.74
Employer's Contribution to ESIC	65.90	122.42
Employer's Contribution to Super Annuation	56.73	42.82
Employer's Contribution to Employee Deposit Linked Insurance	5.55	11.28
	494.68	535.26

30. Leases

(a) Company as lessee

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 ₹ 2,358.50 lacs (Previous year ₹ 1,666.25 lacs).

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

	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Not later than one year	292.71	307.36
Later than one year but not later than five years	598.19	517.33
Later than five years	-	-

(b) Company as lessor

Certain premises are given on 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 credited to Statement of profit and loss for the year is ₹ 23.88 lacs (Previous year ₹ 20.11 lacs)

31. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as on March 31, 2016: ₹ 518.67 lacs (Previous year: ₹ 252.89 lacs).

32. Contingent Liabilities

	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Legal matters under dispute *:		
Service tax	1,585.14	734.54
Sales tax	365.23	355.10
Excise duty	51.12	29.54
Guarantees given by the bankers on behalf of the Company	3.34	10.40
Corporate guarantees given to bank against the credit facilities availed by dealers **	1,500.00	1,500.00
Claims against the Company not acknowledged as debts	97.65	93.14
Bonus liability pertaining to FY 2014-15 ***	57.98	-
	3,660.46	**2,722.72**

* 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.

** The first loss default guarantees given to bank are excluding interest and other charges payable.

*** Based on stay order of Gujarat High Court dated 5th April, 2016, the company has not provided bonus liability for 2014-15.

33. Research & Development Expenditure

	March 31, 2016 ₹ **Lacs**	March 31, 2015 ₹ Lacs
Revenue expenditure	593.99	628.19
Capital expenditure	15.02	968.64

34. Related Party Disclosures

(a) List of related Parties and Relationship

Relation	**Parties**
A. Related parties exercising control	Johnson Controls, Inc.(Ultimate Holding Company) (1st October, 2015 onwards) JCHAC India Holdco Limited (Holding Company) (1st October, 2015 onwards) Hitachi Ltd. Japan (Ultimate Holding Company) (Upto 30th September, 2015) Hitachi Appliances Inc. Japan (Holding Company) (Upto 30th September, 2015)
B. Parties under common control (Fellow Subsidiaries)	Hitachi Air Conditioning Products (M) Sdn. Bhd. Hitachi Asia Ltd. – Singapore (Upto 30th September, 2015) Hitachi Household Appliances (Wuhu) Co. Ltd. Hitachi Procurement Service Co. Ltd. (Upto 30th September, 2015) Shanghai Hitachi Electrical Appliances Co. Ltd. (Upto 30th September, 2015) Hitachi Consumer Products (Thailand) Ltd. (Upto 30th September, 2015) Hitachi Koki India Ltd. (Upto 30th September, 2015) Hitachi Air Conditioning & Refrigerating Products (Guangzhou) Co. Ltd. Hitachi India Pvt. Ltd. (Upto 30th September, 2015) Hitachi Lift India Pvt. Ltd. (Upto 30th September, 2015) Shizuoka Hitachi Co. Ltd. (Upto 30th September, 2015) Hitachi Hi-rel Power Electronics Pvt. Ltd. (Upto 30th September, 2015) Taiwan Hitachi Co. Ltd. Hitachi High Technologies Hong Kong Ltd. (Upto 30th September, 2015) Luvata Heating Cooling Technologies (Thailand) Ltd. (Upto 23rd Febuary,2015) Flyjac Logistics Pvt. Ltd. (Upto 30th September, 2015) Tata Hitachi Construction Machinery Co. Ltd. (Upto 30th September, 2015) Hitachi Plant Technologies India Pvt. Ltd. (Upto 30th September, 2015) Hitachi Tochigi Electronics (Thailand) Co. Ltd. Hitachi Metals Singapore Pte Ltd. (Upto 30th September, 2015) Hitachi Solution India Pvt. Ltd. (Upto 30th September, 2015) Hitachi Consumer Marketing Inc. (Upto 30th September, 2015) Hitachi Consulting Software Services (Upto 30th September, 2015) Highly Electrical Appliances India Pvt. Ltd. Hitachi Air Conditioning Products Europe s.a.u Hitachi Automotive System (India) Private Limited (Upto 30th September, 2015) Hitachi Data Systems India Private Limited (Upto 30th September, 2015) Hitachi Home Electronics Asia(s) Pte.Limited (Upto 30th September, 2015) Hitachi Johnson Controls Air Conditioning Inc. Hitachi Metals (India) Private Limited (Upto 30th September, 2015) Hitachi Payment Services Pvt Ltd (Upto 30th September, 2015) Hitachi Sales (Malaysia) Sdn. Berhad (Upto 30th September, 2015) Hitachi Solutions India Pvt Ltd (Upto 30th September, 2015) Hitachi-High-Tech Corporation (Upto 30th September, 2015) Johnson Controls - Hitachi Air Conditioning Technology (Hongkong) Limited Johnson Controls India Pvt. Ltd.
C. Key Managerial personnel	Mr. Shoji Tsubokuta (Managing Director) (Upto 31st August, 2015) Mr. Atsushi Ohtsuka (Managing Director) (1st September, 2015 onwards) Mr. Vinay Chauhan (Executive Director) Mr. Amit Doshi (Executive Director) (Upto 31st May, 2015) Mr. Anil Shah (CFO & Executive Director) Mr. Gurmeet Singh (Executive Director) (21st July, 2014 Onwards) Mr. Varghese Joseph (Executive Director) (1st August, 2015 Onwards) Mr. Parag Dave (Company Secretary)

(b) Related Party Transactions

Sr. No.	Transactions	Holding Company/ Company having Significant influence*		Fellow Subsidiaries/ Subsidiaries of Company having Significant influence**		Key Managerial Personnel	
		For the year ended		For the year ended		For the year ended	
		March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
1	**Purchase of raw material**						
	Shanghai Hitachi Electrical Appliances Co. Ltd.	-	-	**5,622.27**	12,571.32	-	-
	Luvata Heating Cooling Technologies (Thailand) Ltd.	-	-	-	8,382.32	-	-
	Highly Electrical Appliances India Pvt. Ltd.	-	-	**8,349.76**	8,089.86	-	-
	Hitachi Appliances Inc.	**210.53**	663.04	-	-	-	-
	Others	-	-	**2,147.86**	3,999.82	-	-
2	**Purchase of stock-in-trade**						
	Hitachi Consumer Products (Thailand) Ltd.	-	-	**9,059.12**	8,820.44	-	-
	Hitachi Appliances Inc.	**961.78**	759.78	-	-	-	-
	Luvata Heating Cooling Technologies (Thailand) Ltd.	-	-	-	1,651.36	-	-
	Hitachi Johnson Controls Air Conditioning Inc.	-	-	**568.89**	-	-	-
3	**Technical know-how fees (capitalised)**						
	Johnson Controls - Hitachi Air Conditioning Technology (Hongkong) Limited	-	-	**315.41**	-	-	-
	Hitachi Appliances Inc.	**361.31**	1,093.90	-	-	-	-
4	**Other Income**						
	Hitachi India Pvt. Ltd.	-	-	**4.92**	-	-	-
5	**Commission income**						
	Hitachi Appliances Inc.	**64.15**	82.90	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc.	-	-	**19.41**	-	-	-
6	**Sale of products**						
	Hitachi Asia Ltd. – Singapore	-	-	**75.20**	51.83	-	-
	Tata Hitachi Construction Machinery Co. Ltd.	-	-	-	21.96	-	-
	Hitachi Appliances Inc.	**1.98**	-	-	-	-	-
	Hitachi Home Electronics Asia(S) P.T.E. Ltd	-	-	**250.32**	-	-	-
	Hitachi Plant Technologies India Pvt. Ltd.	-	-	**119.81**	41.51	-	-
	Others	-	-	**40.24**	31.44	-	-
7	**Sale of services**						
	Hitachi Automotive System (India) Private Limited	-	-	**2.58**	-	-	-
	Hitachi Hi-rel Power Electronics Pvt. Ltd.	-	-	**13.73**	12.86	-	-
	Hitachi Plant Technologies India Pvt. Ltd.	-	-	**3.23**	5.06	-	-
	Others	-	-	**2.09**	0.12	-	-
8	**Interest expenses on external commercial borrowings**						
	Hitachi Appliances Inc.	-	-	-	-	-	-
9	**Advertisement, Sales Promotion & Other Expense recovery**						
	Hitachi Appliances Inc.	**5.77**	14.09	-	-	-	-
	Hitachi Johnson Controls Air Conditioning Inc.	-	-	**8.88**	-	-	-
	Hitachi Consumer Products (Thailand) Ltd.	-	-	**151.29**	68.13	-	-
10	**Remuneration paid**						
	Mr. Shoji Tsubokuta (Upto 31st August, 2015)	-	-	-	-	**23.55**	64.39
	Mr. Atsushi Ohtsuka (1st September, 2015 onwards)	-	-	-	-	**71.94**	-
	Mr. Vinay Chauhan	-	-	-	-	**110.73**	91.18
	Mr. Amit Doshi (Upto 31st May, 2015)	-	-	-	-	**40.85**	88.58
	Mr. Anil Shah	-	-	-	-	**109.39**	87.88
	Mr. Gurmeet Singh (21st July, 2014 Onwards)	-	-	-	-	**90.89**	51.31
	Mr. Varghese Joseph (1st August, 2015 onwards)	-	-	-	-	**50.29**	-
	Mr. Parag Dave	-	-	-	-	**17.28**	14.81

Sr. No.	Transactions	Holding Company/ Company having Significant influence*		Fellow Subsidiaries/ Subsidiaries of Company having Significant influence**		Key Managerial Personnel	
		For the year ended		For the year ended		For the year ended	
		March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
11	**Royalty paid**						
	Johnson Controls - Hitachi Air Conditioning Technology (Hongkong) Limited	**-**	-	**728.97**	**-**	**-**	**-**
	Hitachi Appliances Inc.	**2,672.20**	3,395.29	**-**	**-**	**-**	**-**
12	**Purchase of capital goods**						
	Hitachi High Technologies Hong Kong Ltd.	**-**	-	**1,189.12**	1,236.84	**-**	**-**
	Hitachi Appliances Inc.	**37.21**	0.69	**-**	-	**-**	**-**
	Others	**-**	**-**	**5.00**	22.64	**-**	**-**
13	**Reimbursement of salaries & other expenses**						
	Hitachi Appliances Inc.	**19.94**	67.91	**-**	-	**-**	**-**
	Hitachi Johnson Controls Air Conditioning Inc.	**-**	**-**	**75.89**	-	**-**	**-**
	Hitachi Consumer Marketing Inc	**-**	**-**	**64.16**	61.73	**-**	**-**
	Others	**-**	**-**	**8.45**	-	**-**	**-**
14	**Import freight, local freight and custom clearing expenses**						
	Flyjac Logistics Pvt. Ltd.	**-**	**-**	**835.98**	936.81	**-**	**-**
15	**Training Expenses**						
	Hitachi Appliances Inc.	**1.76**	**-**	**-**	**-**	**-**	**-**
	Hitachi India Pvt. Ltd.	**-**	0.52	**-**	**-**	**-**	**-**
16	**Development Charges**						
	Hitachi Tochigi Electronics (Thailand) Co. Ltd.	**-**	**-**	**-**	1.88	**-**	**-**
17	**Dividend Payment**						
	Hitachi Appliances Inc.	**295.35**	295.35	**-**	**-**	**-**	**-**
	Hitachi India Pvt. Ltd.	**-**	-	**7.50**	7.50	**-**	**-**
18	**Debit balance outstanding as on Balance sheet date**						
	Hitachi Appliances Inc.	**1.99**	43.44	**-**	-	**-**	**-**
	Hitachi Plant Technologies India Pvt. Ltd.	**-**	**-**	**62.73**	10.20	**-**	**-**
	Hitachi Asia Ltd. – Singapore	**-**	**-**	**1.44**	49.36	**-**	**-**
	Hitachi Home Electronics Asia(S) P.T.E. Ltd	**-**	**-**	**142.89**	-	**-**	**-**
	Others	**-**	**-**	**42.86**	12.21	**-**	**-**
19	**Credit balance outstanding as on Balance sheet date**						
	Hitachi Appliances Inc.	**(658.16)**	(1,962.21)	**-**	**-**	**-**	**-**
	Shanghai Hitachi Electrical Appliances Co. Ltd.	**-**	**-**	**(1,960.81)**	(6,487.20)	**-**	**-**
	Hitachi Consumer Products (Thailand) Ltd.	**-**	**-**	**(1,737.91)**	(1,510.55)	**-**	**-**
	Hitachi Household Appliances (Wuhu) Co. Ltd.	**-**	**-**	**-**	(1,338.54)	**-**	**-**
	Highly Electrical Appliances India Pvt. Ltd.	**-**	**-**	**(5,391.36)**	(3,223.81)	**-**	**-**
	Others	**-**	**-**	**(1,683.84)**	(646.14)	**-**	**-**

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

* The companies as stated in the list of related party and relationships are holding upto 30th September, 2015 and w.e.f. October 1, 2015 they are companies having significant influence.

** The companies as stated in the list of related party and relationships are fellow subsidiaries upto 30th September, 2015 and w.e.f. October 1, 2015 they are subsidiaries of companies having significant influence.

35. Derivative instruments and unhedged foreign currency exposure

a. Particulars of unhedged foreign currency exposure

	Currency	March 31, 2016 Lacs	March 31, 2015 Lacs
Trade payables (including acceptances)	USD	130.13	185.82
	JPY	489.84	170.98
	Equivalent INR	8,906.76	11,713.04
Payables for capital goods	USD	0.06	0.05
	JPY	423.20	720.00
	Equivalent INR	253.00	374.77
Loans and Advances (including Capital Advances)	USD	6.82	12.08
	JPY	13.74	18.17
	Equivalent INR	460.10	764.62
Trade Receivables	USD	2.55	1.41
	Equivalent INR	169.01	87.59

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, 2016 Lacs	March 31, 2015 Lacs
Trade payables	USD	-	94.82
External Commercial Borrowings*	USD	50.00	50.00
ECB Interest (accrued but not due)	USD	0.33	0.29

*ECB of USD 100 lacs, taken from a Bank, carries interest @ 6 month LIBOR plus 125 basis points which is repayable in two equal instalments i.e. in year 2014-15 (paid) 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.

36. Earnings in foreign exchange (accrual basis)

	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Export of goods (on FOB basis)	342.06	51.83
Commission income	83.56	82.90
Reimbursement of advertisement and other expenses	319.38	82.22
	745.00	**216.95**

37. Expenditure in foreign currency (accrual basis)

	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Interest	48.93	73.06
Royalty	2,988.16	3,055.77
Technical know how (capitalised)	577.51	984.51
Salaries	142.24	127.69
Consultancy fees and other expenses (capitalised)	44.93	32.02
Others	65.80	75.28
	3,867.57	**4,348.33**

38. Value of imports calculated on CIF basis

	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Capital goods	2,786.08	4,246.65
Raw materials, components & spares parts	29,551.64	45,192.21
Stock-in-trade	15,584.60	15,219.71
	47,922.32	**64,658.57**

39. Net dividend remitted in foreign exchange

	March 31, 2016	March 31, 2015
Amount remitted (₹ in Lacs)	295.35	295.35
Amount remitted (JPY in Lacs)	535.25	483.38
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	19,689,894	19,689,894
Year to which dividend relates to	2014-15	2013-14

40. Imported and indigenous raw material and spare parts consumed

	% of total consumption March 31, 2016	**Value March 31, 2016 ₹ Lacs**	% of total consumption March 31, 2015	Value March 31, 2015 ₹ Lacs
Consumption of raw materials				
Indigenous	47.42%	35,419.40	50.84%	40,923.49
Imported	52.58%	39,278.44	49.16%	39,574.37
	100.00%	**74,697.84**	**100.00%**	**80,497.86**
Consumption of stores and spares				
Indigenous	41.13%	83.96	49.40%	86.67
Imported	58.87%	120.17	50.60%	88.76
	100.00%	**204.13**	**100.00%**	**175.43**

41. 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, 2016. Accordingly, no disclosures are required to be made under said Act.

42. 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, 2015	**Provision during the year**	**Utilised during the year**	**Reversal during the year**	**March 31, 2016**
Provision for 5/10 Years Warranty	**1,727.49**	**562.34**	**289.11**	**476.82**	**1,523.90**
	(1,197.04)	(870.43)	(277.95)	(62.03)	(1,727.49)
Provision for litigations	**1,717.64**	**-**	**-**	**0.06**	**1,717.58**
	(1,730.59)	(67.08)	(69.12)	(10.91)	(1,717.64)

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.

43. The Company was 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 ₹ Nil lacs (Previous year ₹ 52.30 lacs).

44. During the year, the Company has changed the basis of estimation of provision for obsolete/ non-moving inventories and provision for doubtful debts and as a result, the provision for obsolete inventories and doubtful debts have increased by ₹ 1,131.35 lacs and ₹ 140.24, which have been included in change in inventories of finished goods, work in progress & stock in trade and other expenses respectively.

45. 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 ₹ 1,421.05 lacs (Previous year ₹ 758.82 lacs).

46. CSR Expenditure

Gross amount required to be spent during the year : ₹ 90.72 lacs (Previous year ₹ 57.56 lacs)

Amount spent during the year : ₹ Nil (Previous year ₹ 16.07 lacs)

47. 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 B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.324982E/E300003

per Arpit K. Patel
Partner
Membership No: 34032

Place : Delhi
Date : May 30, 2016

For and on behalf of the Board of Directors

Atsushi Ohtsuka
Managing Director

Anil Shah
CFO & Executive Director

Vinay Chauhan
Executive Director

Parag Dave
Company Secretary

Place : Delhi
Date : May 30, 2016

GLIMPSES OF THE YEAR

Day-1 Kickoff Meeting & onboarding Seminar on 1st October, 2015

Product Launch 2016

ACREX 2015

Student Connect
Aquest Partner 2015

Dealers' Foreign Trip

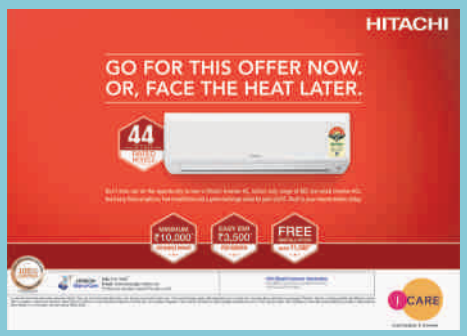
Line Leaders Meeting

Town Hall Meeting

PRESS ADVERTISING

iClean Plus Technology Ad

Star- Rated Inverter Ad

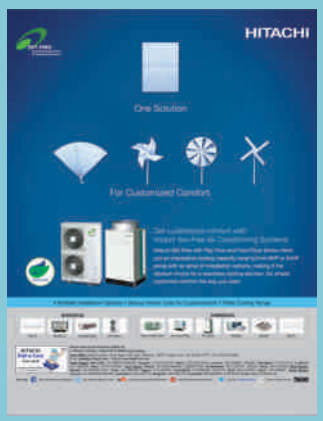


Tactical Ad

Tactical Ad

Refrigerator Print Ad

Durga Puja Ad



VRF Magazine Ad

B2B Range Magazine Ad

VRF Magazine Ad - Front Flow

Refrigerator Magazine Ad

Air Purifier Poste

Air Purifier MagazineAd

BRAND CAMPAIGNS

iClean Plus Technology TVC

#NothingDirty Digital Campaign

Hitachi Home & Life Solutions (India) Limited
a Johnson Controls - Hitachi Air Conditioning Company
Regd. Office: 9th Floor, Abhijeet-1, Mithakhali Six Roads,
Ahmedabad - 380006, Gujarat, India.
Head Office & Works: Hitachi Complex, Karan Nagar,
Kadi, Distt. - Mehsana - 382715, Gujarat, India.
E-mail: sales@jci-hitachi.com; Website: www.hitachi-hli.com

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