

FOR IMMEDIATE RELEASE

## Hitachi Announces 'India Business Strategy 2015'

*Targeting consolidated revenues of 300 billion yen in fiscal 2015,  
approximately three times higher than in fiscal 2011*

**Tokyo, Japan and Delhi, India, December 13, 2012** – Hitachi, Ltd. (TSE: 6501, "Hitachi") and Hitachi India Pvt. Ltd. ("Hitachi India"), the Regional Headquarters in the Republic of India ("India"), today announced they have formulated the 'India Business Strategy 2015'. The strategy was devised with the aim of "contributing to the development of Indian society over the medium to long term through Hitachi's 'Social Innovation Business'". Under this strategy, Hitachi is targeting consolidated revenues of 300 billion yen (200 billion rupee<sup>\*1</sup>) in India in fiscal 2015, an approximate three-fold increase from consolidated revenues in fiscal 2011.

India is one of the most important regions for Hitachi's business, and this is evident from the board meeting held in India today, which is Hitachi's first board meeting to be held outside of Japan. Hitachi will contribute to the development of Indian society over the medium to long term through executing this strategy.

Mr. Hiroaki Nakanishi, the President of Hitachi, Ltd said "Today is a memorable day for Hitachi, Ltd. as we held our first ever board meeting outside of Japan, in India. It is especially memorable since this year marks the 60<sup>th</sup> anniversary for India-Japan diplomatic relations. Hitachi enjoys strong and trusted relationships with India since the 1930s. With its market, human resources and business partnerships, India is an important strategic base for Hitachi. Going forward we aim to support even further the country's economic growth by contributing to a sustainable society. We will achieve this through further localisation and by focussing on Hitachi's Social Innovation Business. "

### Major Business Targets of 'India Business Strategy 2015' (Consolidated basis)

	FY 2011	FY 2015 Target
Revenues	Approximately 100 billion yen (67 billion rupee <sup>*1</sup> )	300 billion yen (200 billion rupee <sup>*1</sup> )
Employee Number	Approximately 6,800	13,000
Investment	Investments of 70 billion yen (47 billion rupee <sup>*1</sup> ) from fiscal 2012 to fiscal 2015	

India's compound annual growth rate for GDP was more than 8% over the 5 years from 2006 to 2010. Despite slow growth in certain sectors, the country is projected to achieve steady economic growth. Notably, demand is rapidly expanding for the development of social infrastructure in fields such as energy, water treatment, and information and telecommunication systems. For example, the Indian government is planning to execute its largest-ever investment of 1 trillion U.S. dollars in the social infrastructure field under its 12<sup>th</sup> Five Year Plan unveiled in October 2011.

Currently, Hitachi has more than 20 Group companies in India, with a workforce of approximately 6,800 employees. Hitachi's developing businesses are centered on construction machinery and air-conditioning systems, with a business scale of approximately 100 billion yen (67 billion rupee<sup>\*1</sup>) in India in fiscal 2011. Furthermore, under Hitachi's 'New Globalization Plan' formulated in 2011, India was positioned as Hitachi's fifth key management area outside Japan, alongside China, Southeast Asia, Europe, and the Americas, naming Hitachi India as the regional headquarters. Under this framework, Hitachi is stepping up development of its 'Social Innovation Business' in the country.

Hitachi has formulated 'India Business Strategy 2015', where steady economic growth is forecasted. The strategy's basic policy is to "contribute to the development of Indian society over the medium to long term through its 'Social Innovation Business'". Specifically, Hitachi will implement the following measures to accelerate business expansion: bolster businesses supported by production for consumption in India by increasing localization; strengthen partnerships with Indian companies and expand business bases strongly connected with the Indian market; and expand businesses into Africa and the Middle East employing India as a base. Additionally, Hitachi will strive to strengthen its management base in India in order to support business expansion. This includes promoting research and development activities closely tied to the region, strengthening a human resource management system, and executing the 'Hitachi Smart Transformation Project', a new cost structure reform project.

To promote these measures, Hitachi will double the number of employees to 13,000, from fiscal 2011 and will execute investments of 70 billion yen (47 billion rupee<sup>\*1</sup>) from fiscal 2012 to fiscal 2015.

Through the expansion of businesses, Hitachi is targeting consolidated revenues of 300 billion yen (200 billion rupee<sup>\*1</sup>) in India in fiscal 2015, an approximate three-fold increase from consolidated revenues in fiscal 2011. At the same time, this will allow

Hitachi to contribute to the development of the Indian society over the medium to long term.

### The Main Points of 'India Business Strategy 2015'

#### 1. Business Strategy

- (1) Basic Policy: Contribute to the medium to long term development of Indian society through Hitachi's 'Social Innovation Business'
- (2) Measures: (A) Accelerate expansion of businesses to support social infrastructure in India
  - Bolster businesses supported by production for consumption in India by increasing localization
  - Strengthen partnership with Indian companies and expand business base strongly connected with Indian market
  - Expand business into Africa and the Middle East employing India as a base(B) Enhance the Corporate Functions of the Hitachi Group in India
  - Expand R&D center
  - Strengthen human resource management system
  - Strengthen finance arrangement functions
  - Accelerate penetration of the Hitachi brand
  - Accelerate localization of procurement and production
  - Expand shared services

#### 2. Business Targets (Consolidated basis)

	FY 2011	FY 2015 Target
Revenues	Approximately 100 billion yen (67 billion rupee <sup>*1</sup> )	300 billion yen (200 billion rupee <sup>*1</sup> )
Employee Number	Approximately 6,800	13,000
Investment	Investments of 70 billion yen (47 billion rupee <sup>*1</sup> ) from fiscal 2012 to fiscal 2015	

#### 3. Measures

- (1) Accelerate expansion of businesses to support social infrastructure in India
  - (A) Bolster businesses supported by local production for local market through increasing localization

Infrastructure Systems	- Expand manufacture and sales of power electronics products by Hitachi Hi-Rel Power Electronics Pvt. Ltd. and Hitachi NeST Control Systems Pvt. Ltd.
Construction Machinery	- Further promote local production (Expand local production of major models sold in India to 65% by fiscal 2014)

Air-conditioning Systems	<ul style="list-style-type: none"> <li>- Increase local production of industrial packaged air-conditioners</li> <li>- Maintain the top market share in high-end room air-conditioners</li> </ul>
Others	<ul style="list-style-type: none"> <li>- Start up automotive components factory (Chennai) and establish sales network</li> <li>- Start up automotive powder metal and brake factory in Neemrana and establish sales network</li> </ul>

(B) Strengthen partnership with Indian companies and expand business base strongly connected with Indian market

Power Systems	<ul style="list-style-type: none"> <li>- Expand booking orders for high-efficiency coal-fired thermal power generation systems by BGR Turbines Company Private Limited and BGR Boilers Private Limited (Orders received for six boilers, preferential negotiating rights acquired for four turbines)</li> </ul>
Infrastructure Systems	<ul style="list-style-type: none"> <li>- Expand product line-up and bolster sales and engineering through the alliance with local partners to enter into the total electrical equipment systems market</li> </ul>
Information & Telecommunication Systems	<ul style="list-style-type: none"> <li>- Accelerate expansion of storage solutions and ATM business, as well as start up telecommunications &amp; network systems businesses through the alliance with local partners</li> </ul>
Others	<ul style="list-style-type: none"> <li>- Manufacture of electrical equipment and signal equipment for railcars (examine joint venture option)</li> </ul>

(C) Expand business into Africa and the Middle East employing India as a base

Construction Machinery	<ul style="list-style-type: none"> <li>- Hydraulic excavators and construction dump trucks delivered to Africa and the Middle East from fiscal 2012. Continue global strategy of bolstering production bases</li> </ul>
Infrastructure Systems	<ul style="list-style-type: none"> <li>- Expand business into South Africa, Congo and Zambia through close relationship with sales agencies in Africa</li> </ul>

(2) Enhance the Corporate Functions of the Hitachi Group in India

(A) Expand R&D center

- Expand the R&D center in India to a 50 researchers operation by fiscal 2015
- Initiate technology marketing research aimed at emerging markets, primarily India

- Strengthen development of research functions along with expansion of business divisions into India (information field, power electronics field, control systems field, etc.)
- Initiate joint research with local research institutions (big data field: IIIT-H<sup>\*2</sup>, microgrid field: IIT-H<sup>\*3</sup> and IIT-M<sup>\*4</sup>)

(B) Strengthen human resource management system to drive business expansion

- Promote recruitment across the Group through the establishment of a Hitachi human resource recruiting center for India
- Examine options for joint education programs with local premier education institutions (IBS<sup>\*5</sup>, BITS<sup>\*6</sup>)
- Secure local human resources and bolster development of management personnel

(C) Strengthen finance arrangement functions

- Strengthen capabilities for utilizing PPP<sup>\*7</sup> and project finance
- Start examining schemes for procuring low rate funding

(D) Accelerate penetration of the Hitachi brand

- Hold "Hitachi Expo" (private exhibition and seminar in three cities) to promote understanding of Hitachi
- Launched new brand campaign including TV commercials to promote Hitachi's corporate standing and contribution to Indian society

(E) Accelerate localization of procurement and production

- Expand procurement within India
- Utilize Indian production bases across the Group
- Establish manufacturing joint ventures in various business divisions

(F) Expand shared services

- Commenced shared services utilizing BPO<sup>\*8</sup> in the finance field (October 2012)
- Optimize asset management by co-locating various Hitachi Group sites
- Provide globally common IT services

- \*1 Calculated based on a rate of 1 rupee=1.5 yen
- \*2 IIIT-H: International Institute of Information Technology Hyderabad
- \*3 IIT-H: Indian Institute of Technology-Hyderabad
- \*4 IIT-M: Indian Institute of Technology Madras
- \*5 IBS: Indian Business School
- \*6 BITS: Birla Institute of Technology and Science
- \*7 PPP: Public-private Partnership
- \*8 BPO: Business Process Outsourcing

### **About Hitachi in India**

Hitachi started its business in India in the 1930's. Currently, Hitachi has 30 business bases and approximately 6,800 employees in India. In addition to being a leader in the air-conditioning systems and construction machinery, the Hitachi Group in India is expanding on its 'Social Innovation Business', such as information & telecommunication systems, power systems, industrial, transportation and urban development systems. Together with further localization, Hitachi aims to contribute to a sustainable society in India as well as the country's economic growth. For more information about the Hitachi Group in India, please visit the website at <http://www.hitachi.co.in/>.

### **About Hitachi, Ltd.**

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 320,000 employees worldwide. Fiscal 2011 (ended March 31, 2012) consolidated revenues totalled 9,665 billion yen (\$117.8 billion). Hitachi is focusing more than ever on the Social Innovation Business, which includes information and telecommunication systems, power systems, industrial, transportation and urban development systems, as well as the sophisticated materials and key devices that support them.

For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

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Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.

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