

HELLA INDIA LIGHTING LIMITED

Regd. Office : B- 13, Badarpur Extn., New Delhi – 110044



ANNUAL REPORT

2007-2008

HELLA INDIA LIGHTING LIMITED

BOARD OF DIRECTORS

Mr. Martin Herbst	: Director
Mr. Rainer Krause	: Director
Mr. V. K. Mathur	: Director
Dr. V. P. Juneja	: Director
Mr. Constantin Von Buelow	: Additional Director
Mr. Raman Sharma	: Alternate Director
Mr. Stephan Gerres	: Managing Director

COMPANY SECRETARY

Ms. Pooja Kumari

AUDITORS

BSR & Co.
Chartered Accountants
Gurgaon

BANKERS

- Canara Bank
- State Bank of Patiala
- Deutsche Bank
- HDFC Bank

SUBSIDIARIES

- Bitoni Lamps Limited
- Chetan Genthe & Co. Limited

REGISTERED OFFICE

B-13, Badarpur Extn.,
New Delhi - 110044

UNITS

-14/6, Mathura Road,
Faridabad, Haryana

- Ambala Chandigarh Road, Derabassi,
Distt. Mohali, Punjab

LISTING OF EQUITY SHARES

- The Delhi Stock Exchange Association Ltd.
3/1, & 4/4B, Asaf Ali Road,
New Delhi – 110002

- Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400001

ANNUAL GENERAL MEETING

Wednesday, 24th September, 2008 at
Executive Club, 439, Village Shahoorpur
P.O. Fatehpur Beri, New Delhi – 110030

REGISTRAR & TRANSFER AGENT

Intime Spectrum Registry Limited,
A-40, IInd Floor, Near Batra Banquet Hall
Naraina Industrial Area, Phase – II,
New Delhi - 110028

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HELLA INDIA LIGHTING LIMITED

NOTICE

Notice is hereby given that the 48th Annual General Meeting of the members of Hella India Lighting Limited will be held at Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi on 24th September, 2008 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March 2008, Profit & Loss Account for the period ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rainer Krause who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Martin Herbst who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. BSR & Company, Chartered Accountants, Gurgaon, the Statutory Auditors of the Company, be and is hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of 48th Annual General Meeting till the conclusion of the 49th Annual General Meeting of the Company on such remuneration as may be agreed between M/s. BSR & Company and the Board of Directors of the Company."

SPECIAL BUSINESS:

5. **To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modification(s):**

"RESOLVED THAT Mr. Constantin Von Buelow who was appointed as an Additional Director in terms of Article 120 of the Articles of Association and Section 260 of the Companies Act, 1956 and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. **To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modification(s):**

"RESOLVED THAT in accordance with the provisions of Section 269 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, consent of the Company be and is hereby accorded to the appointment of Mr. Stephan Gerres, as Managing Director of the Company, for a period of 2 years commencing from 1st June, 2008 to 31st May, 2010 without any remuneration in any form as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the

powers conferred by this Resolution) to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

7. **To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modification(s):**

"RESOLVED THAT that subject to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, read with Memorandum and Articles of Association of the Company, the consent of the Company, be and is hereby granted to increase the authorized share capital of the Company by Rs.150,000,000/- (Rupees One Hundred Fifty Million) by creating 1,500,000 (One Million Five Hundred Thousand) Non-cumulative Preference Shares of Rs. 100/- (Rupees Hundred) each.

RESOLVED FURTHER THAT consequent to creation of 1,500,000 Non-cumulative Preference Shares of Rs. 100/- each, the authorized share capital of the Company of Rs.100,000,000/- (Rupees Hundred Million), be and is hereby altered from the present 3,500,000 (Three Million Five Hundred Thousand) equity shares of Rs. 10/- (Rupees Ten) each and 6,50,000 (Six Hundred Fifty Thousand) redeemable preference shares of Rs.100/- (Rupees Hundred) each to 3,500,000 (Three million five hundred thousand) equity shares of Rs.10/- (Rupees ten) each and 2,150,000 (Two Million One Hundred Fifty Thousand) Non-Cumulative Preference Shares of Rs.100/- (Rupees hundred) each."

RESOLVED FURTHER THAT the existing clause V of the Memorandum of Association of the Company be deleted and the following be substituted therefor:

- V. The Authorized Share Capital of the Company is Rs.250,000,000 (Rupees Two Hundred Fifty Million) divided into 3,500,000 (Three Million Five Hundred Thousand) equity shares of Rs. 10/- (Rupees ten) each and 2,150,000 (Two Million One Hundred Fifty Thousand) Non-Cumulative Preference Shares of Rs.100/- (Rupees hundred) each.

The Company shall have the power to increase or reduce the share capital of the Company and to divide the share in its capital for the time being into several classes of shares, rights, preferential, qualified, or special privileges and conditions in such manner as may, from the time being provided for in the regulations of the Company."

8. **To consider and if thought fit, to pass the following resolution as an Special Resolution with or without modification(s):**

"RESOLVED THAT pursuant to the provisions of Section 80,81(1A) and other provisions of the

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Companies Act 1956 (including any amendment to or enactment thereof) (hereinafter referred to as the 'Act'), applicable provisions of the Memorandum and Articles of Association of the Company (as amended from time to time), subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution), guidelines issued by Securities and Exchange Board of India (hereinafter referred to as 'SEBI'), the listing agreement executed with the stock exchanges including SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended, the regulations issued by the Reserve Bank of India, Central Government and subject to the approvals, consents, permissions and/or sanctions, if any, of regulatory authorities, and subject further to such terms, conditions and modifications as may be prescribed in granting such consents, approvals and permissions and subject to such conditions as may be imposed by SEBI and other concerned authorities which may be agreed to by the Board of Directors, consent of the Company be and is hereby accorded to the Board to issue, offer and allot in one or more tranches and on such terms and conditions as may be deemed appropriate by the Board, to M/s. Reinhold Poersch GmbH and/or their affiliates/nominees upto 90,000 (Ninty Thousand) 0.0000001% Compulsory Convertible Non-Cumulative Preference Shares ("Preference Shares") of Rs. 100/- (Rupees Hundred) each at a premium of Rs.[1650], calculated as per SEBI (Disclosure & Investor Protection) Guidelines, 2000, aggregating to Rs.157,500,000/- (Rupees One Hundred Fifty Seven Million Five Hundred Thousand) on preferential basis.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the committee of the Board duly constituted be and is hereby authorized to take all actions, steps and to do all acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its discretion may deem fit including filing necessary papers, documents with The Registrar of Companies/Reserve Bank of India/ Stock Exchanges or any statutory authorities as may be required without being required to seek any further consent or approval of the Company or otherwise."

By Order of the Board
For Hella India Lighting Limited

Sd/-
(Pooja Kumari)
Company Secretary

Place: New Delhi
Date: 13.08.2008

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- The instrument(s) appointing the proxy, if any, should be delivered at the registered office of the Company at B-13, Badarpur Extension, New Delhi-110 044, not less than 48 (forty eight) hours before the commencement of the meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.
- The Explanatory Statement setting out the material facts in respect of the special business under Item No. 5, 6, 7 and 8 is annexed hereto.
- The Register of Members and Share Transfer Books of the Company shall remain close for a period of 8 days, from Wednesday, 17th day of September, 2008 to Wednesday, 24th day of September, 2008 (both days inclusive).
- Members are requested to send request for change in their addresses, if any, directly to the Share Registrar and Transfer Agent viz. Intime Spectrum Registry Limited, A-40, 2nd Floor, Near Batra Banquet Hall, Naraina Industrial Area, Phase-II, New Delhi – 110028.
- Members desirous of having any information regarding Accounts are requested to send their queries to the Company at least 10 days before the date of the meeting, so that the requisite information is made available at the meeting.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT,1956.

Item No. 5

Mr. Constantin Von Buelow was appointed as an Additional Director in the Board Meeting held on 24th April, 2008 and as per the provisions of Section 260 of the Companies Act, 1956, holds office up to the date of Forty-eighth Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956, from a member signifying the intention to propose the name of Mr. Constantin Von Buelow as a Director, along with a deposit of Rs. 500/-.

The information related to Mr. Constantin Von Buelow as required under Clause 49 of the Listing Agreement is as under:-

Mr. Constantin Von Buelow is a seasoned professional. He is Mechanical Engineer by profession. He has more than one decade experience in automotive industry and he has worked in different companies in different capacities. He is a Director in Hella New Zealand Limited and Beijing Hella Automotive Lighting Limited.

The Board of Directors recommends the Resolution for approval by the members.

None of the Directors except Mr. Constantin Von Buelow is interested or concerned in the Resolution.

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Item No.6

Mr. Stephan Gerres was appointed as Managing Director of the Company from 1st June, 2008. The term of office of Mr. Stephan Gerres, as Managing Director will expire on 31st May, 2010.

The present proposal is to seek the members' approval for the appointment of Mr. Stephan Gerres as Managing Director, in terms of the applicable provisions of the Companies Act, 1956, without any remuneration in any form.

The Board of Directors of the Company (the 'Board'), at its meeting held on 24th April, 2008 has, subject to the approval of the Members, appointed Mr. Stephan Gerres for a period of 2 years commencing from 1st June, 2008 to 31st May, 2010.

The information related to Mr. Stephan Gerres as required under Clause 49 of the Listing Agreement is as under:-

Mr. Stephan Gerres is a seasoned professional. He is Managing Director in Hella India Electronics Private Limited. He has more than two decades experience in the automotive industry in different capacity. He is a German National. Initially, he served the country to join Air Force in Germany for a period of 8 years. Thereafter, he joined the Industry in the year 1992 as Project Co-coordinator and elevated upto Head of Electronics Division of the Company. During the tenure he completed various projects successfully. He joined the Hella Group in the year 2001 in D&D under Electronics Division and became Vice-President of PE-8 at Germany. He came to India in the year 2005 as Chief Operating Officer in Hella India Electronics Private Limited (earlier known as Padmini Engineering Private Limited) and was elevated as Managing Director of the Company.

The Board of Directors recommends the Resolution for approval by the members.

None of the Directors except Mr. Stephan Gerres is interested or concerned in the Resolution.

Item No.7

The Company is engaged in manufacturing of Automotive Lighting to major OEM in the automobile sector. The Company has its manufacturing facility at Faridabad and Derabassi. The Company is actively considering modernization, up gradation and expansion of the existing facilities at Faridabad. The present authorized capital of the Company is Rs. 100,000,000/- (Rupees Hundred Million) comprises of 3,500,000 (Three Million Five Hundred Thousand) equity shares of Rs. 10/- (Rupees Ten) each and 6,50,000 (Six Hundred Fifty Thousand) Redeemable Preference Shares of Rs.100/- (Rupees Hundred) each. The present paid-up equity share capital of the Company is Rs. 81,714,000/- (Rupees Eighty One Million Seven Hundred Fourteen Thousand Only) comprises of 3,171,400 Equity Shares of Rs. 10/- (Rupees Ten) each and comprises of 500,000 Preference Shares of Rs. 100/- each.

In the above background, in order to enable the Company to raise the funds required by it for the aforesaid purpose, The promoter namely, Reinhold Poersch GmbH has agreed to infuse additional funds by subscribing to preference shares. The Board of Directors has proposed the issuance of preference shares on a preferential basis. It is therefore,

proposed to increase the present authorized share capital of the Company to Rs.250,000,000 (Rupees Two Hundred Fifty Million Only) which will comprise of 3,500,000 (Three Million Five Hundred Thousand) equity shares of Rs.10/- (Rupees ten) each and 2,150,000 (Two Million One Hundred Fifty Thousand) Non-Cumulative Preference Shares of Rs.100/- (Rupees hundred) each.

The capital clause of the Memorandum of Association of the Company would be suitably altered as a consequent to increase in the Authorized Share Capital.

Your Directors, therefore, recommend the above resolution for your approval.

None of the Directors of the Company may be deemed to be interested or concerned in passing of the above resolution.

Item no. 8

It is proposed to issue upto 90,000-0.0000001% Compulsory Convertible Non-Cumulative Preference Shares of Rs.100/- each for cash at a premium of Rs.[1650] per share, calculated as per SEBI (DIP) Guidelines 2000, to Reinhold Poersch GmbH, a Company having its head office at Lippstadt, Germany. The provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 do not apply to Preference Shares, as they do not carry voting rights.

The Board of Directors / Committee thereof will have the liberty to determine the terms and conditions of these Preference Shares, the conversion period and other commercial terms in relation to the Preference Shares when allotted.

The funds from the issue will be utilized for the purpose of modernization, up gradation and expansion of the existing manufacturing facilities at Faridabad.

The objects of the issue through preferential offer:

To meet the funding requirements of the Company, including but not limited to, modernization, up gradation and expansion of the existing manufacturing facilities of the Company.

Shareholding pattern of the Company before and after the proposed issue of Preference Shares pursuant to the resolution:

Category	Pre-issue shareholding (Equity Shares)	%	Post-issue shareholding (Equity Shares)	%
I. Promoter Group	2595663	81.85	2595663	81.85
II Institutional Investors	100	0.00	100	0.00
III Private Corporate Bodies	129557	4.08	129557	4.08
IV.Indian Public	430238	13.57	430238	13.57
V.NRIs & OCBs	15842	0.50	15842	0.50
Paid-up capital (Equity)	31,71,400	100.00	31,71,400	100.00

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Category	Pre-issue shareholding (Preference Shares)	%	Post-issue shareholding (Preference Shares)	%
I. Promoter Group Reinhold Poersch GmbH Paid-up capital (Preference)	500,000	100%	590,000	100%

	Pre-Issue	Post Issue
Total Paid-up Capital (in Rs.)	81,714,000	90,714,000

The post issue holding of the Promoter Group will be as under:-

25,95,663 Equity Shares of Rs. 10/- each
5,00,000 - 0.0000001% Non-convertible Non-Cumulative Redeemable Preference Shares of Rs.100/- each
90,000 - 0.0000001% Compulsory Convertible Non-Cumulative Preference Shares of Rs. 100/- each (Proposed to be issued)

Identity of the proposed allottee and the percentage of post preferential issued capital that may be held by the said allottee:

Identity of proposed Allottee	Current Shareholding				Post-issue holding			
	Number of Equity Shares	%	Number of Preference Shares	%	Number of Shares	%	Number of Preference Shares	%
Reinhold Poersch GmbH and/ or its Affiliates	16,17,400	51	500000	100	16,17,400	51	590000	100

The resolution seeks the consent of the shareholders in terms of Section 80 and 81(1A) of the Companies Act, 1956 for issue and allotment of the aforesaid Preference Shares on a Preferential Allotment basis.

The Directors recommend the Special Resolution for your approval.

None of the Directors of the Company may deem to be interested or concerned in passing of the above resolution.

By Order of the Board
For Hella India Lighting Limited

Place: New Delhi
Date: 13.08.2008

Sd/-
(Pooja Kumari)
Company Secretary

DIRECTORS' REPORT

To,

The Members,

Your Directors take pleasure in presenting the 48th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2008.

FINANCIAL RESULTS

	(Rs. In Million)	
	CURRENT YEAR ENDED 31.03.2008	PREVIOUS YEAR ENDED 31.03.2007
Profit/(Loss) before Depreciation & Interest		
Depreciation & Interest	(5.91)	(60.83)
Interest	4.02	17.50
Profit/(Loss) before Depreciation	(9.93)	(78.32)
Depreciation	2.87	2.67
Net Profit/(Loss) after Depreciation & Tax	(13.30)	(80.99)
Balance Brought forward	(289.34)	(208.73)
Transfer from General Reserve to Profit & Loss Account	Nil	Nil
Balance carried over to the Balance Sheet	(302.64)	(289.72)

OPERATIONAL PERFORMANCE

During the period under review for 12 months, the company achieved a net sales turnover of Rs.222.42 Million as compared to the previous year Rs.220.78 Million. The net loss amounts to Rs.13.30 Million for 12 months as compared to the previous year net loss of Rs.80.99 Million. As per Clause 41 of the Listing Agreement, the substantial increase in the amount of net loss in comparison of last un-audited annual financial results of the Company, submitted with the Stock Exchange was due to the following main heads of Expenditure:

- Profit on Goods, which is in transit, for Rs.34 Lakh, which was accounted under the head Sales earlier and now it has been reversed.
- Bad debts: The Company had made provision of Rs.51 Lakh for bad debts while earlier these debtors were treated as good.
- Written off Bad Debts and other expenses: The Company had written-off bad debts to the tune of Rs.4 Lakh and other expenses to the tune of Rs.5 Lakh.
- Audit fee was booked by less than Rs.1 Lakh in the un-audited annual financial results earlier.

The Company had filed a reference before BIFR. BIFR by their order dated 30th October 2007 informed that the Company is now no more under the provisions of SICA.

DIVIDEND

Since your Company has accumulated losses and made losses during the year under review also, hence, your Directors do not recommend any dividend.

SUBSIDIARIES

Bitoni Lamps Limited and Chetan Genthe & Co. Limited are the subsidiaries of the Company. The accounts of the subsidiary companies in terms of Section 212 of the Companies Act, 1956 are annexed with the accounts of the Company. Bitoni Lamps Limited and Chetan Genthe & Co. Limited are not carrying on any business. The Company had initiated the action to strike

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off the name of both the subsidiary companies under Section 560 of the Companies Act, 1956.

DIRECTORS

During the year under review, Ms. Stephanie Tang resigned from the Board of Directors of the Company with effect from 22nd February, 2008. Your Directors place on record her appreciation of the valuable guidance and support provided by Ms. Stephanie Tang during their association with the Company.

Mr. R. S. Sharma, Managing Director also resigned from the Board of Directors with effect from 31st May, 2008. The Directors wish to place on record his appreciation for the contribution made by him during his tenure as Managing Director of the Company.

During the year, the Board of Directors co-opted Mr. Constantin Von Buelow as Director of the Company with effect from 24th April, 2008. His term of office expires on the forthcoming Annual General Meeting and the company has received a notice under section 257 of the Companies Act, 1956, for the appointment of Mr. Constantin Von Buelow as Directors of the Company.

Mr. Stephan Gerres had been appointed as Managing Director of the Company from 1st June, 2008. The term of office of Mr. Stephan Gerres, as Managing Director will expire on 31st May, 2010 and a resolution for the shareholders approval is also given under the notice. Mr. Raman Sharma had been appointed as Alternate Director to Mr. Martin Herbst with effect from 21st July, 2008.

Further, in accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rainer Krause and Mr. Martin Herbst, Directors of the Company will retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of annual accounts for the financial year ended 31st March 2008; the applicable accounting standards have been followed. However, with respect to valuation of inventory of finished goods, the Company has followed its conservative past practice i.e. valuing the finished goods at value which is less than the 20% of the sales price.
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 loss of the Company for the year under review.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the accounts for the financial year ended 31st March, 2008 on a going concern basis.

AUDITORS & THEIR REPORT

M/s BSR & Company, Chartered Accountants, the Statutory Auditors of the company, have audited the accounts of the Company for the financial year 2007-2008, in compliance with the prescribed Accounting Standards.

M/s BSR & Company, Chartered Accountants, would be retiring at the conclusion of the forthcoming Annual General Meeting. The Company has received a certificate from M/s. BSR & Company to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

The observations/remarks given by the Auditors in its report have been noted and the comments on the same were as under:

- The Company is in the process of reconciling its balances in respect of its holding Company, ultimate holding Company and the fellow subsidiaries. The completion of the reconciliation exercise is pending, therefore, unable to comment on the impact, if any, of the above matter on these financial statements. The Company has reconciled its balances with its holding and fellow subsidiaries in the quarter ended on 30th June, 2008. The appropriate adjustment entries have been passed in current fiscal. A new system has been developed for regular reconciliation of Accounts.*
- The Company's internal audit system needs to be strengthened to be commensurate with the size and nature of its business. The Management has taken effective steps to improve and to strengthen the internal audit system of the Company.*
- On an overall examination of the Balance Sheet of the Company, the Company has used funds raised on short term basis, to the extent of Rs.44,351,972 for long term investment. The Company is in process to issue further shares to its promoters so that these loans could be wiped out from it. And thereby, the matter would stand resolved.*

FIXED DEPOSITS

Your Company has not accepted or renewed any deposits under section 58A of the Companies Act, 1956, during the year under review.

INDUSTRIAL RELATIONS

Relations with the work force at both the Units remained cordial through out the year. The Directors wish to place on record their appreciation of the sincere and devoted efforts of the Management, Staff and workers during the period under review.

STATUTORY DISCLOSURES

The information relating to the Conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217 (1) (e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed as Annexure II and forms part of this report.

During the year under review, there is one employee who is covered under Report on particulars of the employee required in terms of Section 217(2A) of the Companies Act, 1956 read with

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the Companies (Particulars of Employees) Rules, 1975 as under:-

Sr. No.	Name	Designation	Remuneration (INR) (p.a.)	Qualification	Exp. (in years)	Commencement employment	Age (in yrs)	Particulars of last designation/ employment
1.	Mr. R.S. Sharma	Managing Director	3339000	B.E.(Mech.)	35	30.01.01	57	Managing Director/ Birla Yamha Limited

DELISTING OF SECURITIES

Securities Appellate Tribunal by its order dated 27th May, 2008 allowed the Company to delist its securities from BSE. The Company had already initiated the final formalities of delisting of securities with BSE and the delisting of securities with DSE is also being initiated very soon.

ENVIRONMENTAL PROTECTION & POLLUTION CONTROL

Your Company regards preservation of the environment as one of its primary social responsibility. Accordingly, the Company places emphasis on compliance with pollution norms.

The Company is constructing new plant at Faridabad equipped with latest technologies and water harvesting system.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Details as required under Management Discussion and Analysis Report are appended as Annexure I.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance as required under the Clause 49 of Listing Agreement with Stock Exchanges is annexed as a separate section titled "Report on Corporate Governance" to this Annual Report.

COMPLIANCE CERTIFICATE

A certificate from the Practicing Company Secretary, regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached and forms part of this report.

ACKNOWLEDGEMENT

Your Directors are grateful to the Banks, Shareholders, Customers, Distributors, Authorized Dealers and all other business constituents for the valued co-operation and support extended by them to the Company during the year under review. Your company is very much grateful to M/s.Hella KGaA Hueck & Co. for their continuous support.

Your Directors sincerely wish to thank the workers, staff and executives of the Company for the continuous hard work put in by them.

For and on behalf of the Board

Place: New Delhi
Date: 13th August, 2008

Sd/-
(Stephan Gerres)
Managing Director

Sd/-
(Constantin Von Buelow)
Director

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ANNEXURES TO THE DIRECTORS' REPORT ANNEXURE-I

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and developments

The Company is engaged in the business of automotive lighting and signaling equipment. The automobile sector has grown over a period of time. The market of lighting has gone a sea change in the last few years.

The Company complies with various standards of lighting. In addition to the business in domestic market, the Company is further looking for the business in exports. Hella being a reputed trade name in the automotive lighting, the import trading area is organized. The Company is looking for additional original equipment manufacturers (OEMs) and dealers to sell its new generation lighting and signaling equipment.

2. Opportunities and Threats

There is a growth in the automotive sector in the last year. New model in various segment have been introduced in the last few years. The Company has a strong "Hella" brand with high quality products to offer to the growing market. Strong parental support from Hella KGaA Hueck & Co. both financially and technically, international brand, innovative and environment friendly products continue to remain the main strengths of the Company.

The stiff competition in the domestic as well as international market, rigid norms and the competition from various copy product manufacturers may pose a short term threat to the Company. However, there is a need to import new technology for new generation lights.

However, intense competition from existing as well as new players with consistent pressure on realization, need for continued investment in product upgradation, new product introduction and delayed entry in plastic moulded lighting products are the main areas of concern for the management.

3. Segment wise performance

The Company operates in a single business segment. Within this segment there has been an increase in the sales of head lamps and sundry lamps.

4. Outlook

The company plans to put substantial investments in the plant and machinery to provide latest technology in the automotive lighting of world standard to cater to the need of growing market of automobile.

The Company has plans to increase the range of its products after the construction of its new plant at Faridabad. The new plant will bring new technology in the automotive segment for the new vehicles. Besides, the Company is also focusing to increase the After Market business in future.

5. Internal Control Systems & their adequacy

The Company has an effective Internal Control System in place. The Company has an Internal Auditors who undertake routine checking of various procedures, vouching etc. The observations of Internal Auditors are reviewed by the management and placed before the Audit Committee wherein key findings are discussed for implementation and/ or correction, as the case may be. This is subject to inherent limitations in any system and procedure and coverage thereof, provide management with reasonable assurance that the established policies and the procedures of the Company have been followed, its assets safeguarded and any form of fraud and other irregularities prevented from occurring.

6. Financial performance of the Company with respect to Operational Performance

The operational and financial performance of the Company has been explained separately in the Director's Report.

7. Material Developments in Human Resources, Industrial Relations

The Company continues to lay emphasis on qualitative growth of its human resources by providing congenial and constructive work environment.

Relations with the work force at both the Units remained cordial through out the year.

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The Management is conducting productivity improvement studies to improve efficiency levels at its manufacturing facilities to bring them at par with other comparable facilities in the Industry.

8. Risk and Concern

There is a continuous stiff competition and entry by competitors at very low price. There is Increase in demand for new technology at faster rate. The competition has made the customer more demanding in terms of improvement in logistic services.

Our concentration is only on commercial vehicle segment, which is a major concern for the business expansion.

For and on behalf of the Board

Place: New Delhi
Date: 13th August, 2008

Sd/-
(Stephan Gerres)
Managing Director

Sd/-
(Constantin Von Buelow)
Director

ANNEXURE II

INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A CONSERVATION OF ENERGY

a) Energy conservation measures taken:

The manufacturing processes in our plant vary widely and cover processes such as Electroplating, Painting, Die Casting, Bakelite Moulding, Sheet Metal Working and Plastic Injection Moulding.

In almost all these processes, the introduction of temperature controller and their regular proper operational maintenance has ensured, for the conservation of energy.

b) Additional Investments and proposals if any, being implemented for reduction in consumption of energy:

The investments involved will be to introduce above-mentioned schemes.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of the goods:

It is hoped that with the proposed implementation of the above, there would be a decrease in energy consumption.

Energy conservation has been made an integral part of the induction training programme for new employees. In addition, regular training sessions are held where employees are educated in the need to reduce energy consumption to the minimum.

d) Total energy consumption and energy consumption per unit of production:

The Company is having 2 DG Sets of 110KVA & 380 KVA. During the year the Company has consumed units of energy as detailed below:-

Electric Energy

a) 7,51,309 Units, unit cost Rs.34,43,497/- (Previous year 6,32,352 Units, unit cost Rs.34,46,346/-) supplied by DHBVN Limited and Punjab State Electricity Board.

b) DG Sets:

Diesel consumed: 11,251 Litres (Previous year 39,775 Litres)