

49th
Annual Report
2008-09

Certified True Copy
For Hella India Lighting Limited

Report

Bools
Company Secretary



HELLA INDIA LIGHTING LIMITED

HELLA INDIA LIGHTING LIMITED**BOARD OF DIRECTORS**

Mr. Stephan Gerres	: Managing Director
Mr. Martin Herbst	: Director
Mr. Constantin Von Buelow	: Director
Mr. Rainer Krause	: Director
Dr. V. P. Juneja	: Director
(resigned w.e.f. 16th July 2009)	
Mr. Carsten Hernig	: Director
Mr. A.K. Maheshwari	: Director
(appointed w.e.f. 31st July 2009)	

COMPANY SECRETARY

Ms. Pooja Kumari

AUDITORS

BSR & Co.

Chartered Accountants,
Gurgaon

BANKERS

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

SUBSIDIARIES

- Bitoni Lamps Limited
- Chetan Genthe & Co. Pvt. Limited

REGISTERED OFFICE

B-13, Badarpur Extension,
New Delhi - 110044

UNITS

- Ambala Chandigarh Road, Derabassi,
Distt. Mohali, Punjab
- 14/6, Mathura Road,
Faridabad, Haryana

LISTING OF EQUITY SHARES

- The Delhi Stock Exchange Association Ltd.
DSE House, 3/1, Asaf Ali Road,
New Delhi - 110002
- Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400001

ANNUAL GENERAL MEETING

Tuesday, 29th September, 2009 at
Executive Club, 439, Village Shahoorpur
P.O. Fatehpur Beri, New Delhi - 110030

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.
(formerly Intime Spectrum Registry Limited)
A-40, Naraina Industrial Area, Phase-II,
2nd Floor, Near Batra Banquet Hall,
New Delhi - 110028

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HELLA INDIA LIGHTING LIMITED

NOTICE

Notice is hereby given that the 49th Annual General Meeting of the members of Hella India Lighting Limited will be held at Executive Club, 439, Village Shahoopur, P.O. Fatehpur Beri, New Delhi on 29th September, 2009 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

- To consider and adopt the Audited Balance Sheet as at 31st March 2009, Profit & Loss Account for the period ended on that date and the reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Mr. Constantin Von Buelow who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s BSR & Co., Chartered Accountants, Gurgaon be and are hereby appointed as the Statutory Auditors of the Company in place of existing Statutory Auditors M/s BSR & Company, Chartered Accountants, Gurgaon from the conclusion of 49th Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may mutually be agreed between M/s BSR & Co., Chartered Accountants and Mr. Stephan Gerres, Managing Director or any other person authorized by him."

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

"RESOLVED THAT Mr. Carsten Hernig who was appointed as Director in casual vacancy in terms of Article 132 of the Articles of Association and Section 262 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."

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

"RESOLVED THAT Mr. A. K. Maheshwari who was appointed as Director in casual vacancy in terms of Article 132 of the Articles of Association and Section 262 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."

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

"RESOLVED THAT subject to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby granted to alter "Clause 123 - Remuneration" of the Articles of Association of the Company, to increase the remuneration of Non-Executive Independent Directors, to such sum as may be determined by the Board from time to time not exceeding the limits as prescribed in Rule 10B of General Rules & Forms and other provisions of the Companies Act, 1956 (including any amendment to or enactment thereof) for each meeting of the Board or Committee thereof, attended to by them.

FURTHER RESOLVED THAT the existing clause 123 of the Articles of Association of the Company be deleted and the following be substituted therefore:

Sitting Fees 123. Unless otherwise determined by Company in General Meeting, each Independent Director shall be paid such sum as may be determined by the Board from time to time, not exceeding the limits as prescribed in Rule 10B of General Rules & Forms and other provisions of the Companies Act 1956 (including any amendment to or enactment thereof) for each meeting of the Board or Committee thereof, attended to by them."

By Order of the Board
For Hella India Lighting Limited

Sd/-
(Pooja Kumari)
Company Secretary

Place: New Delhi
Date: 31.07.2009

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-110044, 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.

HELLA INDIA LIGHTING LIMITED

3. The Register of Members and Share Transfer Books of the Company shall remain close for a period of 6 days, from Monday, 21st day of September 2009 to Saturday, 26th day of September 2009 (both days inclusive).
4. Members are requested to send request for change in their addresses, if any, directly to the Share Registrar and Transfer Agent viz. Link Intime India Private Limited (formerly Intime Spectrum Registry Limited), A-40, Naraina Industrial Area, Phase-II, 2nd Floor, Near Batra Banquet Hall, New Delhi - 110028.
5. 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.
6. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the listing agreement, the particulars of Directors who are proposed to be appointed / re-appointed are given below:

1. Name: Mr. Constantin Von Buelow, Director
 Qualification: Mechanical Engineer
 Brief Profile: Mr. Constantin Von Buelow has more than one decade experience in automotive industry and he has worked in different companies in different capacities.
 Other Directorships: He is a Director in the following companies:
 (i) Hella New Zealand Limited
 (ii) Beijing Hella Automotive Lighting Limited
2. Name: Mr. Carsten Hernig, Director
 Qualification: Diploma (KFM)
 Brief Profile: Mr. Carsten Hernig is 33 years old and brings with him a wealth of experience in the air cargo field. Being a versatile personality, he has vast experience in managing business affairs.
 Other Directorships: None

He is also a member of Audit Committee, Share Transfer Committee and Shareholders Grievance Committee.

3. Name: Mr. A. K. Maheshwari, Director
 Qualification: B.Com, FCA, ACS, Certification in FICO (SAP)
 Brief Profile: Mr. A. K. Maheshwari is a Qualified Chartered Accountant and Company Secretary with nearly 23 years of experience in Finance, Project finance, Banking, Fund raising, Accounts, Taxation, Corporate matters, Company Secretarial matters etc. He is a very dynamic professional.
 Other Directorships: He is a Director in the following companies:
 (i) Gulshan Polyols Limited
 (ii) Shekhawati Vanija Vikas Private Limited
 (iii) Rishi Trading Company Limited
 (iv) Twinkle Traders Private Limited

He is also a member of Audit Committee, Share Transfer Committee and Shareholders Grievance Committee.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 3**

The Company has received a special notice from a member pursuant to section 225 read with Section 190 of the Companies Act, 1956, proposing the appointment of M/s BSR & Co., Chartered Accountants, Gurgaon as the Statutory Auditors to hold the office from the conclusion of forthcoming Annual General Meeting till the conclusion of following Annual General Meeting of the Company. The requisite certificate has been obtained from M/s BSR & Co., Chartered Accountants, Gurgaon that their appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956 and they are not disqualified in any way in terms of Section 226 of the Companies Act, 1956 from appointment as the auditor of the Company. The Board of Directors of your Company accepted the recommendations of Audit Committee to appoint M/s BSR & Co., Chartered Accountants, Gurgaon as the Statutory Auditors of the Company.

HELLA INDIA LIGHTING LIMITED

None of the Directors of the Company is concerned or interested in the above business.

Item No. 4

Mr. Carsten Hernig was appointed as a Director in casual vacancy in the Board Meeting held on 29th May 2009 and as per the provisions of Section 262 of the Companies Act, 1956, holds office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been resigned from the Directorship 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. Carsten Hernig as a Director, along with a deposit of Rs.500/-.

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

None of the Directors except Mr. Carsten Hernig is interested or concerned in the Resolution.

Item No. 5

Mr. A. K. Maheshwari was appointed as a Director in casual vacancy in the Board Meeting held on 31st July 2009 and as per the provisions of Section 262 of the Companies Act, 1956, holds office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been resigned from the Directorship 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. A. K. Maheshwari as a Director, along with a deposit of Rs.500/-.

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

None of the Directors except Mr. A. K. Maheshwari is interested or concerned in the Resolution.

Item No. 6

Our independent directors on the Board of the company are not adequately compensated for the responsibilities undertaken by them. In order to fill the casual vacancy caused by resignation of Mr. V. K. Mathur and Dr. V. P. Juneja, company was in extreme difficulties to persuade persons of credibility to join the Board of the company, with the existing structure of sitting fee as specified in the Articles of Association of the Company and make him responsible and liable under various statutes. It was felt that the increasing responsibilities and liabilities that would have to be shouldered by them as independent directors often came in the way of acceptance of such posts.

Therefore, it is advisable to offer better compensation packages (by way of sitting fees) to attract top-notch professionals as independent directors on the Board.

Your directors are now recommending to increase the remuneration of Non-Executive Independent Directors from the existing structure of sitting fee as specified in the Articles

of Association of the Company, for each meeting of the Board or Committee thereof, attended by them, to such sum as may be determined by Board from time to time not exceeding the limits as prescribed in Rule 10B of General Rules & Forms and other provisions of the Companies Act, 1956 (including any amendment to or enactment thereof). Your directors are also recommending paying the sitting fees to Independent Directors only.

The Directors recommend the Special Resolution for your approval.

Mr. Carsten Hernig and Mr. A. K. Maheshwari being the independent director may deem to be interested in passing of the relevant Resolutions.

By Order of the Board
For Hella India Lighting Limited

Sd/-
(Pooja Kumari)
Company Secretary

Place: New Delhi
Date: 31.07.2009

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HELLA INDIA LIGHTING LIMITED



DIRECTORS' REPORT

To,
The Members,

Your Directors are pleased to present the 49th Annual Report and the Audited Accounts for the year ended March 31, 2009.

FINANCIAL RESULTS

The financial performance of the Company for the financial year ended March 31, 2009 is summarized below:

	(Rs. In Million)	
	CURRENT YEAR ENDED 31.03.2009	PREVIOUS YEAR ENDED 31.03.2008
Profit/(Loss) before Depreciation & Interest	(35.89)	(5.91)
Less: Interest	17.46	4.02
Profit/(Loss) before Depreciation	(53.35)	(9.93)
Less: Depreciation	4.10	2.87
Net Profit/(Loss) after Depreciation & Tax	(57.45)	(13.30)
Balance Brought forward	(302.64)	(289.34)
Transfer from General Reserve to Profit & Loss Account	Nil	Nil
Balance carried over to the Balance Sheet	(360.09)	(302.64)

OPERATIONAL PERFORMANCE

During the period under review for 12 months, the company achieved a net sales turnover of Rs.239.75 Million as compared to the previous year Rs.223.42 Million. The net loss amounts to Rs.57.45 Million for 12 months as compared to the previous year net loss of Rs.13.30 Million.

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. Pvt. 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. Pvt. Limited are not carrying on any business.

Bitoni Lamps Limited received a letter from Registrar of Companies, NCT of Delhi & Haryana (ROC), dated 31st July 2009 with respect to the striking off the name of the company under Section 560 of the Companies Act, 1956

being inactive. Pursuant to the provisions of Section 560(1) of the Companies Act, 1956 and on the basis of computerized information available and application moved by the company, ROC has the reasonable cause to believe that Bitoni Lamps Limited is not carrying on business or in operation. With this letter, ROC has given an opportunity to submit the documentary proof within one month, to enquire whether the company is carrying on business or in operation. If no reply is received, then ROC will proceed further as per the provision of the Section 560 of the Companies Act, 1956.

INCREASE IN AUTHORISED CAPITAL

The Authorised Share Capital of the company was increased during the year from Rs.100,000,000/- to Rs.250,000,000/- consisting of 3,500,000 equity shares of Rs.10/- each aggregating to Rs.35,000,000/- (Previous Year 3,500,000 equity shares of Rs.10/- each aggregating to Rs.35,000,000/-) and 2,150,000 Preference Shares of Rs.100/- each aggregating to Rs.215,000,000/- (Previous Year 650,000 Preference Shares of Rs.100/- each aggregating to Rs.65,000,000/-). The shareholders had approved the same at their meeting held on 24th September 2008.

DIRECTORS

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

Mr. Constantin Von Buelow had been appointed as an Additional Director with effect from 24th April 2008.

Mr. Stephan Gerres had been appointed as Managing Director of the Company (without any remuneration) with effect from 1st June 2008. The term of office of Mr. Stephan Gerres as Managing Director will expire on 31st May 2010.

Mr. Raman Sharma had been appointed as an Alternate Director to Mr. Martin Herbst with effect from 21st July 2008.

During the year, Mr. V. K. Mathur resigned from the Board of Directors of the Company with effect from 30th January 2009. The Directors place on record their appreciation of the valuable guidance and support provided by Mr. V. K. Mathur during his association with the Company. With effect from 31st March 2009, Mr. Raman Sharma ceased to be an Alternate Director to Mr. Martin Herbst, Director of the Company.

Mr. Carsten Hernig had been appointed as a Director, in the meeting of the Board of Directors held on 29th May 2009, to fill up the casual vacancy arises due to the resignation of Mr. V. K. Mathur, on the Board of the Company. According to the provisions of Section 262 of the Companies Act 1956, Mr. Carsten Hernig will hold office till the date Mr. V. K. Mathur could have hold office.



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Dr. V. P. Juneja resigned from the Board of Directors of the Company with effect from 16th July 2009. The Directors wish to place on record their appreciation for the contribution made by him during his tenure as Director of the Company.

Mr. A.K. Maheshwari had been appointed as a Director, in the meeting of the Board of Directors held on 31st July 2009, to fill up the casual vacancy arises due to the resignation of Dr. V.P. Juneja, on the Board of the Company. According to the provisions of Section 262 of the Companies Act 1956, Mr. A.K. Maheshwari will hold office till the date Dr. V.P. Juneja could have hold office.

Further in accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Constantin Von Buelow Director of the Company will retire by rotation at the forthcoming Annual General Meeting and is 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:

- a) That in the preparation of annual accounts for the financial year ended 31st March 2009; 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.
- b) 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.
- c) 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.
- d) That the Directors have prepared the accounts for the financial year ended 31st March 2009 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 2008-2009, in compliance with the prescribed Accounting Standards.

The Company received a special notice under Section 225 of the Companies Act, 1956 from one of its shareholder to appoint M/s BSR & Co., Chartered Accountants, Gurgaon

as Statutory Auditors of the Company for the year 2009-10 instead of existing Statutory Auditors M/s BSR & Company. The Company has received a certificate from M/s BSR & Co. 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:

1. The Company has accumulated losses aggregating to Rs.36,008,829/- as at 31st March 2009, which are more than fifty percent of the company's net worth. The company has incurred cash losses aggregating to Rs.38,200,061/- in the current financial year.

The Management has plans to develop and consolidate business with focused business activities under the single manufacturing facilities at Derabassi. By implementing it, Company will be able to enhance Profit margins by improved utilization of valuable resources in effective and efficient manner. This will foster strategic alliances and collaborations for future business growth. Therefore, management is very hopeful that company will not incur further losses.

2. 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.129,587,571/- for long term investment.

During the year, the company had to use short-term funds for long-term purposes because of non-availability of long-term funds. However, in the last quarter of the financial year, we had issued preference shares to its promoters and raised Rs.7 Crore and management is hopeful that this will not occur again in future.

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.



HELLA INDIA LIGHTING LIMITED

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

Sr. No.	Name	Designation	Remuneration (INR)(p.a.)	Qualification	Exp. (in years)	Commencement of employment	Age (in yrs)	Particulars of last designation/ employment
1.	Mr. R.S. Sharma	Managing Director	16,62,000*	B.E. (Mech.)	35	30.01.07	57	Managing Director/ Birla Yamha Limited

* 1 April, 2008 to 31 May, 2008

DELISTING OF SECURITIES

Securities Appellate Tribunal (SAT) by its order dated 27th May 2008 allowed the Company to delist its securities from BSE. The Company had initiated the final formalities of delisting of securities with BSE. Some of the shareholders had made an appeal in the Hon'ble Supreme Court of India against the SAT order. Hence, the matter is pending with the Hon'ble Supreme Court.

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.

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 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: 31st July 2009

Sd/
(Stephan Gerres)
Managing Director

Sd/
(Carsten Hernig)
Director



HELLA INDIA LIGHTING LIMITED

ANNEXURES TO THE DIRECTORS' REPORT

ANNEXURE-I

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of Hella India Lighting Ltd. is pleased to present its analysis report covering the outlook for the future. The report contains forward looking statements, which may be identified by their use of words like plans, expects, anticipates, believes, intends, projects, estimates or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statement about the company's strategy for growth, product development, market position, expenditures and financial results are forward looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized.

The company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events.

As you are all aware that the economy as a whole is experiencing one of the worst recessions in the global history and we are not isolated from its effect. In fact it was a very challenging year on all fronts. Still by the efforts of one & all, we are gradually pushing ourselves & trying to be more competitive & cost effective to withstand the tough times. The key is to focus on quality & deliverables to protect existing customer base & gradually increase spread in other markets, which can help bring in economies of scale with improved efficiencies across the board.

The company has identified cost cutting area being its thrust area to compete with global competition.

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

Automotive sector of the country as well as of the entire world had witnessed the world's worst recession during the financial year 2008-09. However, the sector has already shown the sign of the recoveries and the global as well as domestic market has already started gearing up. The formation of stable government may further fuel the growth run. Reasonable growth is expected in the automotive sector in the current fiscal year. Some new models in various segments are also expected to be introducing in this year. 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, 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.

HELLA INDIA LIGHTING LIMITED**4. Outlook**

The company plans to shift Faridabad unit to Derabassi to save in cost of production and to serve the market with the products of world standard. By implementing it, Company will be able to enhance profit margins by improved utilization of valuable resources in effective and efficient manner. This will foster strategic alliances and collaborations for future business growth.

The Company has plans to develop and consolidate business with focused business activities under the single manufacturing facilities at Derabassi. 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.

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 to maintain our quality and commitments, which will play key roles in business expansion.

For and on behalf of the Board

Place: New Delhi
Date: 31st July 2009

Sd/-
(Stephan Gerres)
Managing Director

Sd/-
(Carsten Hernig)
Director