

50th
Annual Report
2009-10



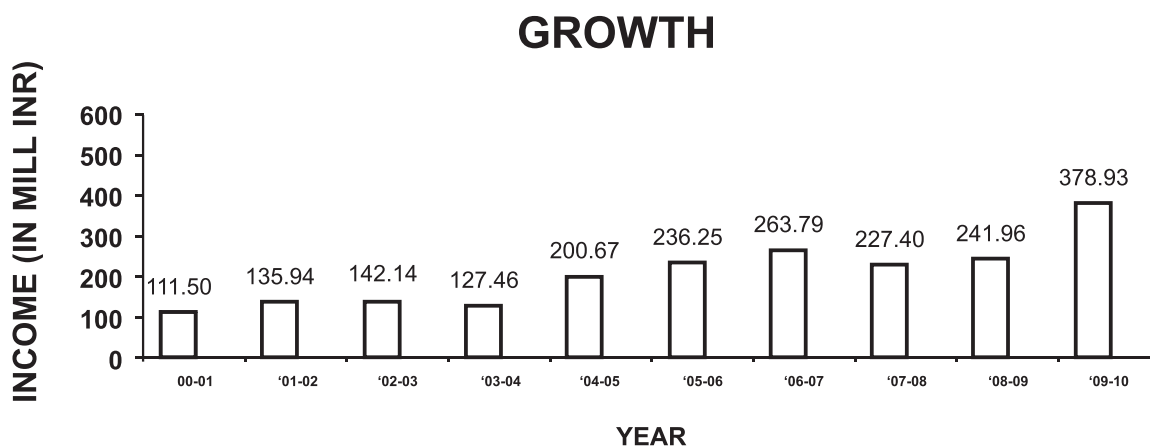
HELLA INDIA LIGHTING LIMITED

From the Managing Director's Desk

Dear members of the Hella Family,

It gives me immense pleasure to talk to you directly about the company through this **Fiftieth** Annual Report of the Company. I feel myself lucky to take over as Managing Director of the Company in its Golden Jubilee year.

On going through the reports, you will find that the company has reported a better performance for the year ended 31 March 2010. Growth trend of the company can also be analysed through below graph.



The continuous increase in the top line of the financials is representative of the growth achieved by your company over the period of time.

Needless to say, as in the past, we are sure that we shall continue to get your support and that you shall always remain a part of the ever-growing Hella family.

I am confident that our evolving business model will help us position ourselves as a significant global supplier and this will go a long way in enhancing value for all our stakeholders. We look forward to your continued support in achieving our goals.

Sd/-
(Rama Shankar Pandey)
Managing Director

HELLA INDIA LIGHTING LIMITED

BOARD OF DIRECTORS

Mr. Ramashankar Pandey : Managing Director
(Appointed as Managing Director
w.e.f. 1st January 2010)
Mr. Stephan Gerres : Director
(Resigned as Managing Director
w.e.f. 1st January 2010)
Mr. Constantin Von Buelow : Director
Mr. Carsten Hernig : Director
Mr. A. K. Maheshwari : Director
Mr. Anil Sultan : Alternate Director
(Appointed w.e.f. 15th June 2010)

COMPANY SECRETARY

Mr. Sarvesh Upadhyay

AUDITORS

BSR & Co.
Chartered Accountants, Gurgaon

BANKERS

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

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

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, 28th September, 2010 at
The Daffodils Hotels, Tania farm
Complex, Chattarpur Mandir Road
New Delhi - 110030

REGISTRAR & TRANSFER AGENT

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

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NOTICE

Notice is hereby given that the 50th Annual General Meeting of the members of Hella India Lighting Limited will be held at The Daffodils Hotels, Tania Farm Complex, Chattarpur Mandir Road, New Delhi – 110030 on 28th September, 2010 at 10:00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March 2010, 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. Carsten Hernig who retires by rotation and is eligible for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration.

“RESOLVED THAT M/s BSR and Co., Chartered Accountants, Gurgaon, the Statutory Auditors of the Company, who retires at the conclusion of the 50th Annual General Meeting, be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of 50th Annual General Meeting till the conclusion of 51st Annual General Meeting of the Company at such remuneration as may mutually agreed between M/s BSR and Co., Chartered Accountants and Mr. R. S. Pandey - Managing Director or any other person authorized by him.”

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Sections 269, 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other sanctions and approvals as may be required, consent of the Shareholders of the Company be and is hereby accorded to pay Mr Rama Shankar Pandey a sum of remuneration not exceeding Rs Twelve lacs per annum with effect from 1st January 2010:

RESOLVED FURTHER THAT the following shall not be included in the aforesaid perquisite limit:

- i) Contribution to Provident Fund upto 12% of salary and contribution to Gratuity Fund upto half months salary for each

completed year of service as laid down in the respective rules or upto such other limit as may be prescribed under the Income Tax Act, 1961 and Rules thereunder.

- ii) Encashment of unavailed leave as per Rules of the Company.

RESOLVED FURTHER THAT the above ceiling be and is hereby approved with such increments as may be decided and approved by the Board of Directors and Remuneration Committee of the Company from time to time, within the overall limit as prescribed under Schedule –XIII of the Companies Act, 1956.

RESOLVED FURTHER that Mr Rama Shankar Pandey shall carry out all his duties subject to supervision, control and direction of the Board of Directors of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956, subject to approval of the Central Government and such other sanctions and approvals as may be required, the remuneration payable to Mr Ramashankar Pandey – Managing Director of the Company, be revised to Rs 30,00,000/- (Rupees Thirty Lacs only) per annum, as per following break up, with effect from 1st January, 2010 for the calendar year 2010.

Component	Rs. Per Annum
Basic	11,40,000
HRA	5,70,000
Other Allowances	9,44,520
LTA	94,968
Medical Reimbursement	18,744
Bonus	94,968
PF	1,36,800
TOTAL	30,00,000

RESOLVED FURTHER THAT in addition to the abovementioned salary Mr Ramashankar Pandey will also be eligible for variable bonus of upto Rs 8,55,000 p.a. and Vehicle Running Expenses of Rs 1,50,000 p.a.

RESOLVED FURTHER THAT, subject to recommendation and approval of

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Remuneration Committee, remuneration of Mr. Ramashankar Pandey may be increased upto Rs. 48,06,000 per annum, on such structure as may be mutually decided between management and Mr. R.S. Pandey for the calendar year 2011.

RESOLVED FURTHER THAT Mr Constantin Von Buelow – Director of the Company be and is hereby authorised to restructure the remuneration payable to Mr Rama Shankar Pandey with in the overall limit as may be approved by Central Government in consultation with Mr Anil Sultan – Authorised Person and Mr Pawan Sharma – DGM Finance of the Company.

RESOLVED FURTHER THAT any of the Directors, Company Secretary of the Company be and are hereby severally authorised to appoint practicing Company Secretary(ies) / practicing Chartered Accountant(s) / Lawyer(s) and/or any other outside agency and to file the necessary forms, applications, documents etc with the Central Government and to do all other act(s), deed(s) and thing(s) as may be necessary or incidental thereto for the aforesaid application.

RESOLVED FURTHER THAT Mr Pandey shall carry out all his duties subject to supervision, control and direction of the Board of Directors of the Company”

By Order of the Board
For Hella India Lighting Limited

Sd/-

Place: Gurgaon Sarvesh Upadhyay
Date: 12th August, 2010 Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. 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.

3. The Register of Members and Share Transfer Books of the Company shall remain close for a period of 6 days, from Thursday, 26th day of August 2010 to Tuesday, 31st day of August 2010 (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 15 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. Carsten Hernig, Director |
| Qualification: | Diploma (KFM) |
| Brief Profile: | Mr. Carsten Hernig is 34 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, Shareholders Grievance Committee and Remuneration Committee.

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

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Item No. 4 & 5

Mr. Rama Shankar Pandey is having more than 12 years of experience in Auto-component Industry. He has proved himself as one of the pioneer of Automotive Industry in implementing innovative marketing communications and sales ideas. He is having rich experience of handling markets and projects across the country. He has the distinction of setting up hugely successful Independent After market organisation of Hella in India from start up phase, under the guidance of Hella Asia Singapore - the Regional headquarter of Hella IAM for Asia Pacific region.

Mr. Rama Shankar Pandey was appointed as Managing Director of the Company w.e.f. 1st January 2010 at a remuneration of Rs 12 Lakhs p.a. The said remuneration was in accordance with schedule XIII of the Companies Act, 1956 and was approved by Remuneration Committee and Board of Directors of the Company in their meeting held on 28th January 2010. You may like to approve the same by approving the item No. 4 of the notice. None of your directors other than Mr. Rama Shankar Pandey are interested in the proposed resolution.

However, later on Hella Headquarter and Board of Directors realized that in view of kind and volume of role and responsibilities of Mr Pandey as MD of the Company, his salary is not as per Industry standards. The remuneration, as prevailed in the market, for similar role and responsibilities and in similar kind

of Industry is much higher than the proposed remuneration. Therefore, it was proposed to revise remuneration of Mr Pandey from existing remuneration to Rs 30 Lakhs per annum. The Remuneration Committee and Board of Directors considered the revision in remuneration of Mr Rama Shankar Pandey and the same was approved in their meeting held on 16th March 2010.

The members may also note that for payment of above remuneration of Rs 30 Lakhs per annum, approval of Central Government shall be required as the same is beyond the limits prescribed in Schedule XIII of the Companies Act, 1956. *Once the company would be able to obtain Central Government Approval on the proposed remuneration, the existing remuneration (i.e. remuneration approved by board in their meeting held on 28th January 2010) stands automatically cancelled. In other words, the liability of the company towards remuneration of Managing Director would be limited to the extent of Central Government approval.*

The Directors consider the proposal to be in the interest of the Company and accordingly recommend the same for approval of the shareholders by way of special resolution.

Mr Rama Shankar Pandey is deemed to be concerned or interested in the above business.

By Order of the Board
For Hella India Lighting Limited

Place: Gurgaon
Date: 12th August 2010

Sd/-
Sarvesh Upadhyay
Company Secretary

HELLA INDIA LIGHTING LIMITED

DIRECTORS' REPORT

To,

The Members,

Your Directors are pleased to present the 50th Annual Report and the Audited Accounts for the year ended March 31, 2010.

FINANCIAL RESULTS

The financial performance of the Company for the financial year ended March 31, 2010 is summarized below:

	(Rs. In Million)	
	CURRENT YEAR ENDED 31.03.2010	PREVIOUS YEAR ENDED 31.03.2009
Profit/(Loss) after tax but before		
Depreciation & Interest	7.90	(35.89)
Less: Interest	18.48	17.46
Profit/(Loss) after tax & Interest but before		
Depreciation	(10.58)	(53.35)
Less: Depreciation	6.40	4.10
Profit/(Loss) after tax,		
Interest & Depreciation	(16.98)	(57.45)
Balance Brought forward	(360.09)	(302.64)
Transfer from General Reserve to Profit & Loss Account	Nil	Nil
Balance carried over to the Balance Sheet	(377.07)	(360.09)

OPERATIONAL PERFORMANCE

During the period under review for 12 months, the company achieved a net sales turnover of Rs. 363.18 Million as compared to the previous year Rs. 235.7 Million. The net loss amounts to Rs. 16.98 Million for 12 months as compared to the previous year's net loss of Rs. 57.45 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 and are under the process of striking off from the records of Concerned Registrar of Companies.

INCREASE IN PAID UP SHARE CAPITAL

The Company allotted on 16th March 2010, 0.0000001% - 603630 Non-Convertible Non-Cumulative Redeemable Preference Shares of Rs 100/- each. Consequently, the Paid-up Shares Capital of the Company was increased from Rs 8,57,14,000/- to Rs 14,60,77,000/-. The allotment was also approved by the Shareholders of the Company in their meeting held on 19th January 2010.

Presently the Paid-up Shares Capital of the Company Consists 31,71,400 Equity Shares of Rs 10/- each amounting to Rs 3,17,14,000/- (same as previous year) and 0.0000001% - 11,43,630 Non-Convertible Non-Cumulative Redeemable Preference Shares of Rs 100/- each amounting to Rs 11,43,63,000/- (previous year 5,40,000 Preference Shares of Rs 100/- each).

DIRECTORS

During the period under review, Mr Carsten Hernig was appointed as a Director, in the meeting of the Board of Directors held on 29th May 2009, to fill up the casual vacancy due to the resignation of Mr V K Mathur w.e.f. 31st January 2009.

Dr. V. P. Juneja, an Independent Director of the Company, resigned from the Board of Directors of the Company w. e. f. 16th July 2009. Mr A K Maheshwari was appointed as an Independent Director w.e.f. 31st July 2009 to fill up the casual vacancy due to resignation of Dr V. P. Juneja.

Further Mr Rainer Krause resigned from the Board of Directors of the Company w. e. f. 27th October 2009. The Directors wish to place on record their appreciation for the contribution made by him during his tenure. Mr Rama Shankar Pandey was appointed to fill the Casual vacancy caused by resignation of Mr Rainer Krause w.e.f. 27th October 2009. The Board wish to welcome Mr Ramashankar Pandey on the Board.

Further during the year under review, Mr Martin Herbst also resigned from the Board of Directors of the Company w. e. f. 31st December 2009. The Directors wish to place on record their appreciation for the efforts and contribution made by him during his

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tenure.

Mr Stephan Gerres – Managing Director of the Company had resigned as Managing Director of the Company w.e.f. 1st January 2010. Further he wished to continue as Non-executive Director of the Company. The Board wish to place on record their appreciation for the valuable knowledge, skills and support provided by Mr Stephan Gerres as Managing Director. After resignation of Mr Stephan Gerres as Managing Director, Mr Rama Shankar was appointed as Managing Director of the Company w.e.f. 1st January 2010 itself. The Board welcomed Mr Rama Shankar Pandey and wished him all the best.

Further in accordance with the provisions of the Companies Act 1956 and the Articles of Association of the Company, Mr. Carsten Hernig - 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 2010; the applicable accounting standards have been followed. However, with respect to valuation of inventory of finished goods, the Company has followed the general practice i.e. Cost or Net realizable value, whichever is lower.
- 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 2010 on a going concern basis.

AUDITORS & THEIR REPORT

The Statutory Auditors of the Company, M/s BSR & Co, Chartered Accountants, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received a letter from the Statutory Auditors to the effect that their reappointment, if made at the ensuing Annual General Meeting, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

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

1. *attention is invited to note 19 of schedule 14 with regard to certain transactions covered under section 297 of the Companies Act, 1956, in respect of which prior approval of the Central Government, as envisaged under that section has not been obtained;*

Comments of Directors: The Company had planned to build the new building at Faridabad as a part of its expansion plan, but at the later stage your Company was of the opinion that it would be unviable to continue the expansion plan and decided to discontinue the construction of building and there was some building material which was unutilized. Mr. Stephan Gerres, who was the Managing Director of the Company at the time of default, was also the Director of Hella India Electronics Private Limited. Your Company had sold its unused construction material to Hella India Electronics Private Limited for cash at prevailing market rate. In few transactions, due to inadvertence, the transaction for sale of unused building material was concluded and the payment was made after some days and the Company, Mr Stephan Gerres and erstwhile Company Secretary of the Company became persons in default u/s 297 of the Act.

The persons in default have already applied for the compounding of aforesaid default u/s 621A of the Act.

2. *As at 31 March 2010, the accumulated losses of the company are more than fifty percent of its net worth. While the Company has not incurred cash losses in the current financial year it had incurred cash losses in the immediately preceding financial year.*

Comments of Directors: The Company is consistently trying to overcome the situation. The Company has performed well in current

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financial year and made cash profit in the current financial year. To reduce its losses and enhance its capital the Company has converted its External Commercial Borrowing (ECB) of 0.9 Million Euro into Preference Share Capital resulting in saving of interest on the said ECB. Now the Company is focusing its business activities under the single manufacturing facility at Derabassi. The Company will be able to enhance profit margins by improved utilization of valuable resources in effective and efficient manner at its single manufacturing unit i.e. Derabassi. Therefore, management is very hopeful that company will overcome the situation and will not incur further losses.

3. *According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the Company has used funds raised on short term basis, to the extent of Rs. 155,329,013 for long term investment.*

Comments of Directors: During the year, the company had to use short-term funds for long-term purposes because of non-availability of long-term funds. The Company is planning to repay all its short term loans in this financial year. The substantial amount has already been repaid.

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 except one incident where some of the employees of the Faridabad plant had filed a suit in the month of July 2010 against the Company claiming certain dues as part of the closure process of the plant. However, the same was resolved amicably with workers. 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 was no employee of the Company 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. (Note : However an application for revision in remuneration of Managing Director, w.e.f. 1st January 2010, is still pending with the Central Government and if approved, the approved remuneration may be beyond the prescribed limit).

SALE OF LAND AT FARIDABAD

The unit of the Company situated at 14/6, Delhi Mathura Road, Sector 27B, Faridabad, Haryana had been closed as the same was not feasible and unviable to carry on the business in Faridabad for the Company. The Company had decided to sell the aforesaid land. Consequently, the Company has entered into a Memorandum of Understanding on 3rd June 2010 for the selling of aforesaid land. The validity period of MOU is six months.

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

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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: Gurgaon
Date: 29th July 2010

Sd/-
(Rama Shankar Pandey)
Managing Director

Sd/-
(Constantin Von Buelow)
Director