

51st
Annual Report
2010-11



HELLA INDIA LIGHTING LIMITED

From the Managing Director's Desk



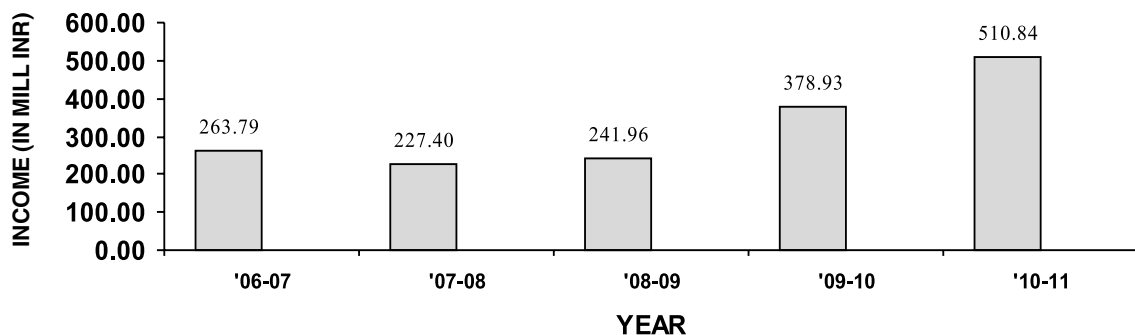
Dear members of the Hella Family,

I am looking forward to extend my warm welcome to the 51st Annual General Meeting of your Company. I am happy to report to you the good performance of the Company for the year 2010-2011. Many of the initiatives taken by the Company for achieving competitiveness and sustainable growth have begun yielding encouraging results.

I feel myself lucky to drive the business of your Company and to reach you for 2nd consecutive year.

I firmly believe that on going through the Annual Report, you would find that just like last year we have continued the growth pattern and better performance for the year ending on 31st March 2011. Growth trend of the company can also be analysed through below graph.

GROWTH



The fundamentals of your Company have not changed. We are confident that year 2011-12 will be another year of growth and a time for your Company to demonstrate its unique advantages and show its potential. We are really excited about what lies ahead for us this year and for the long term.

I would like to express my sincere appreciation to our employees who deliver the value experience to our customers and stakeholders each day.

I would also like to thank our Board of Directors including Independent Directors and management team, who continue to play critical roles in executing Hella's comprehensive growth strategy.

We look forward to your continued support in achieving our goals.

Sd/-
(Rama Shankar Pandey)
Managing Director

BOARD OF DIRECTORS

Mr. Rama Shankar Pandey	: Managing Director
Mr. Stephan Gerres	: Director
Dr. Gunther Schmidt	: Director
Mr. Anil Sultan	: Director
(Alternate to Mr. Stephan Gerres)	
Mr. A.K. Maheshwari	: Director
Mr. Guido Christ	: Director
Mr. Avinash Razdan Bindra	: Director

REGISTERED OFFICE

B-13, Badarpur Extension,
New Delhi - 110044

UNIT

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

COMPANY SECRETARY

Mr. Sarvesh Kumar Upadhyay

AUDITORS

B S R & Co.
Chartered Accountants,
Gurgaon

BANKERS

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

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, 30th August, 2011 at 9:30 A.M. at
Emperors Court 1, T. G. Leisure & Resorts,
Chattarpur Hills, Mehrauli, New Delhi - 110074

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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NOTICE

Notice is hereby given that the 51st Annual General Meeting of the members of Hella India Lighting Limited will be held at Emperors Court 1, T. G. Leisure & Resorts, Chattarpur Hills, Mehrauli, New Delhi - 110074 on 30th August 2011, Tuesday at 9:30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March 2011, 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. Akhilesh Kumar Maheshwari who retires by rotation and is eligible for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration.

"RESOLVED THAT M/s B S R & Co., Chartered Accountants, Gurgaon, the Statutory Auditors of the Company, who retires at the conclusion of the 51st Annual General Meeting, be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of 51st Annual General Meeting till the conclusion of 52nd Annual General Meeting of the Company at such remuneration as may mutually agreed between M/s B S R & Co., Chartered Accountants and Mr. Rama Shankar 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 Ordinary Resolution with or without modification(s):**

"RESOLVED THAT Mr Avinash Razdan Bindra 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".

By Order of the Board
For Hella India Lighting Limited

Place: New Delhi
Date: 30th May 2011

Sd/-
Sarvesh Upadhyay
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 7 days, from 2nd July 2011 to 8th July 2011(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. Akhilesh Kumar Maheshwari,
Qualification: Chartered Accountant, Company Secretary, B.Com.
Brief Profile: Mr. Akhilesh Kumar Maheshwari is approx 47 years old and having 25 years of rich experience in finance, project finance, banking, fund raising, accounts, taxation, corporate matters, company secretarial matters etc. Being a versatile personality, he has vast experience in managing business affairs.
Other Directorships: Gulshan Polyols Limited
He is also a member of Audit Committee, Share Transfer Committee, Shareholders Grievance Committee and Remuneration Committee of the Company.
2. Name: Mr. Avinash Razdan Bindra,
Qualification: Fellow member of Institute of Cost & Works Accountants, MBA (Finance), PGDMM and also Bachelor of Science.
Brief Profile: Mr. Avinash Razdan Bindra is approx 45 years old and having more than 19 years of rich experience in budgeting, forecasting, evaluating P&L Account, internal control, cost controlling, management of finance, fund raising for new project and working capital, merger and de-merger etc.
Other Directorships: NIL
He is also a member of Audit Committee, Share Transfer Committee, Shareholders Grievance Committee and Remuneration Committee of the Company.

By Order of the Board
For Hella India Lighting Limited

Sd/-
Sarvesh Upadhyay
Company Secretary

Place: New Delhi
Date: 30th May 2011

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 4**

Mr. Avinash Razdan Bindra was appointed as an Additional Director in the Board Meeting held on 30th May 2011 and as per the provisions of article 120 of Articles of Association and Section 260 of the Companies Act, 1956, holds office up to the date of ensuing Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956, from him signifying his intention to propose himself 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 is interested or concerned in the Resolution except Mr. Avinash Razdan Bindra, being himself.

By Order of the Board
For Hella India Lighting Limited

Sd/-
Sarvesh Upadhyay
Company Secretary

Place: New Delhi
Date: 30th May 2011

DIRECTORS' REPORT

To,
The Members,

Your Directors are pleased to present the 51st Annual Report and the Audited Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

The financial performance of the Company for the financial year ended March 31, 2011 is summarized below:

(Rs. In Million)

	CURRENT YEAR ENDED 31.03.2011	PREVIOUS YEAR ENDED 31.03.2010
Profit/(Loss) after tax but before Depreciation & Interest	282.82	7.90
Less: Interest	5.26	18.48
Profit/(Loss) after tax & Interest but before Depreciation	277.56	(10.58)
Less: Depreciation	21.09	6.40
Profit/(Loss) after tax, Interest & Depreciation	256.47	(16.98)
Balance Brought forward	(377.07)	(360.09)
Transfer from General Reserve to Profit & Loss Account	Nil	Nil
Balance carried over to the Balance Sheet	(120.60)	(377.07)

OPERATIONAL PERFORMANCE

During the period under review for 12 months, the company achieved a net sales turnover of Rs. 480.90 Million as compared to the previous year Rs. 363.18 Million. The net profit/(loss) amounts to Rs. 256.47 Million for 12 months as compared to the previous year's net loss of Rs. (16.98) Million.

DIVIDEND

The Company still has operational losses during the year and considering the huge accumulated losses of past years and huge liabilities to be paid, therefore, your Directors do not recommend any dividend.

SUBSIDIARIES

The Company had in earlier years applied to the Registrar of Companies (ROC) for dissolution and consequently striking off the names of its subsidiaries, Chetan Genthe & Company Private Limited (Chetan) and Bitoni Lamps Limited (Bitoni), from the register of companies maintained by ROC.

In respect of Chetan, the Company received a notice dated 22 November 2010 from the ROC stating that unless the Company presents a reason to the contrary Chetan would be dissolved and its name would be struck off from the register maintained by ROC within three months of receiving such notice.

In the case of Bitoni, the Company had received a letter from ROC dated 31 July 2009 stating that on the basis of the application of closure filed by the Company, the ROC is of the belief that Bitoni Lamps Limited is not carrying on business and therefore unless the Company represents a reason to the contrary, the ROC would proceed further in accordance with provision of section 560 of the Companies Act, 1956 for dissolution and striking off Bitoni's name from the register of companies.

The Company has in both the above cases continued to maintain its stand on dissolution of its subsidiaries and has therefore decided not to consolidate the financial statement of its subsidiaries as required by the Listing Agreement with the stock exchange.

DIRECTORS

During the period under review, Mr. Carsten Hernig and Mr. Constantin Von Buelow resigned from the Board w.e.f. 10th September 2010 and 1st October 2011 respectively. The Board wish to place on record their appreciation for the valuable knowledge, skills and support provided and shared by Mr. Carsten Hernig and Mr. Constantin Von Buelow during their tenure.

Consequent to the aforesaid resignations, Mr. Guido Christ was appointed as an Independent Director in place of Mr Carsten Hernig and Dr. Gunther Schmidt was appointed as Non Executive Director in place of Mr. Constantin Von Buelow, both w.e.f. 1st October 2010. The Board welcomed both the Directors and wished them all the best.

Also to strengthen the Board, Mr Avinash Razdan Bindra was appointed as an Independent Director w.e.f. 30th May 2011. Mr. Avinash Razdan Bindra was appointed as an Additional Director. Further, in accordance with the provisions of the Companies Act 1956 and the Articles of Association of the Company, Mr. Avinash Razdan Bindra - shall hold office as Additional Director till the commencement of ensuing Annual General Meeting (AGM). Mr. Avinash Razdan Bindra has also offered himself to be appointed as a Director in forthcoming AGM.

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 2011; 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 profit/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 2011 on a going concern basis.

AUDITORS & THEIR REPORT

The Statutory Auditors of the Company, M/s B S R & Co., Chartered Accountants, retire at the ensuing AGM 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 given by the Auditors in their report have been noted and the comments of the Directors on the same were as under:

Observation of Auditors : *Attention is invited to note 18 of schedule 14 wherein it is stated that the Company has decided not to consolidate the financial statements of its wholly owned subsidiaries.*

Comments of Directors: The Company had in earlier years applied to the Registrar of Companies (ROC) for dissolution and consequently striking off the names of its subsidiaries, Chetan Genthe & Company Private Limited (Chetan) and Bitoni Lamps Limited (Bitoni), from the register of companies maintained by ROC.

In respect of Chetan, the Company received a notice u/s 560(3) dated 22 November 2010 from the ROC stating that unless the Company presents a reason to the contrary Chetan would be dissolved and its name would be struck off from the register maintained by ROC within three months of receiving such notice.

In the case of Bitoni, the Company had received a letter from ROC dated 31 July 2009 stating that on the basis of the application of closure filed by the Company, the ROC is of the belief that Bitoni is not carrying on business and therefore unless the Company represents a reason to the contrary, the ROC would proceed further in accordance with provision of section 560 of the Companies Act, 1956 for dissolution and striking off Bitoni's name from the register of companies.

The Company has in both the above cases continued to maintain its stand on dissolution of its subsidiaries and has therefore decided not to consolidate the financial statement of its subsidiaries as required by the Listing Agreement with the stock exchange.

Further, not consolidating these subsidiaries does not have material impact on the results of the Company as compared to the stand alone results of the Company;

Comment of Auditors : *Undisputed statutory dues on account of Provident Fund, Employee's State Insurance, Income tax and Service tax have generally been regularly deposited with the appropriate authorities, though there have been slight delays in few cases.*

Comments of Directors : Your Company is always dedicated to maintain high level of accuracy with the statutory compliances and follows the statutory time lines provided for depositing statutory dues like Provident Fund, Employee's State Insurance etc. However, on certain occasions, due to unavoidable reasons, there were slight delays in depositing certain Statutory Dues. Your Company will take every step to avoid it in future.

Comment of Auditors : *While the Company has incurred cash losses in the current financial year it had not incurred cash losses in the immediately preceding financial year.*

Comments of Directors : The performance of the Company is improving year by year now. However, it is observed that the Company incurred cash loss of INR (66.26) lacs from operating activities in the current financial year. Whereas in immediately preceding financial year the Company was having cash profits of INR 8.64 lacs. It is to be informed that due to Faridabad Land sale activity, the Company had to incur heavy expenses to execute the sale of Faridabad property which includes brokerage, local taxes etc amounting to INR 74.64 lacs. In addition to above, various administrative and professional expenses were also incurred to complete the Faridabad deal. These expenses were having direct impact on the cash profits. Thus the Company could not manage to get cash profit from operating activities in the current financial year.

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 Derabassi plant 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 I 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.

SALE OF LAND AT FARIDABAD

As you are already aware that the Company entered into a Memorandum of Understanding for disposal of its Land & Building situated at Faridabad. Consequently, the company completed the transaction of sale of land & building during 2010-11 and also realized the entire sale consideration in the same financial year.

DELISTING OF SECURITIES

Securities Appellate Tribunal (SAT) by its order dated 27th May 2008 allowed the Company to delist its securities from BSE. Few 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 II.

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

Sd/-
(Rama Shankar Pandey)
Managing Director

Sd/-
(Stephan Gerres)
Director

Place: New Delhi
Date: 30th May 2011

ANNEXURE I**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, Sheet Metal Working, metalizing etc.

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

b) No further investment was required during the year for reduction in consumption of energy:

c) Impact of the measures at (a) 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 225 KVA & 380 KVA. During the year the Company has consumed units of energy as detailed below:-

Electric Energy

- a) 885600 Units, unit cost Rs. 47,39,302/- (Previous year 537733 Units, unit cost Rs. 26,33,376/-) supplied by Punjab State Electricity Board.
- b) DG Sets: Diesel consumed: 52120 Litres (Previous year 54148 Litres). Rs. 19,23,000/- (Previous year Rs 17,95,524/-) incurred on Electricity Generation from DG Sets.

Form B**A RESEARCH & DEVELOPMENT (R&D):**

- | | | |
|---|--|--|
| 1 | Specific Areas in which R&D carried out by the company | In-house R&D has been carried out in the fields of lighting and signaling and also in production technology with the intent of producing better quality products. Many engineers of the company are working on this to achieve the task. |
| 2 | Benefits derived as a result of the above R&D | We have been able to successfully develop several headlamps for domestic & export market, tail lamps, blinker lamps and switches for the Indian vehicle manufacturers and for export to foreign customers. |
| 3 | Future plan of action | To reduce cost, to developed economies of scale, to upgrade the quality, to increase market share and to diversify existing customer base with the addition of new strategic customers and enhancing the existing relationship. |
| 4 | Expenditure on R&D
Recurring expenses
R&D expenditure as a % of total turnover | Nil (Previous year NIL)
Nil (Previous year NIL)
Nil (Previous year NIL) |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | | |
|---|---|--|
| 1 | Efforts, in brief, made towards technology absorption, adaptation and innovation | Company has its own Design & Development Department (D & D) and they were continuously making efforts towards technology, absorption, adaptation and innovation. |
| 2 | Benefit derived as a result of the above efforts | The after sale expenses i.e expenses on account of warranty performance has come down significantly. |
| 3 | In case of imported technology during the last five years: | |
| | a) Technology imported | Not Applicable |
| | b) Year of Import | |
| | c) Has technology been fully absorbed | |
| | d) If not, areas where this has not taken place, reasons therefore and future plans of action | |

FOREIGN EXCHANGE EARNINGS AND OUT GO: (Rs. In Million)

During the year the Company achieved total export turnover of Rs.65.18 Millions. All steps have been taken to improve export turnover and tap new markets.

- | | | |
|----|-------------------|-------------------------------------|
| a) | Earnings: (Sales) | Rs. 65.18 (previous year Rs. 57.83) |
| b) | Outgo:(Purchase) | Rs. 46.80 (previous year Rs. 27.20) |

For and on behalf of the Board

Place: New Delhi
Date: 30th May 2011

Sd/-
(Rama Shankar Pandey)
Managing Director

Sd/-
(Stephan Gerres)
Director