

**50<sup>th</sup>**  
**Annual Report**  
**2009-10**



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**HELLA INDIA LIGHTING LIMITED**

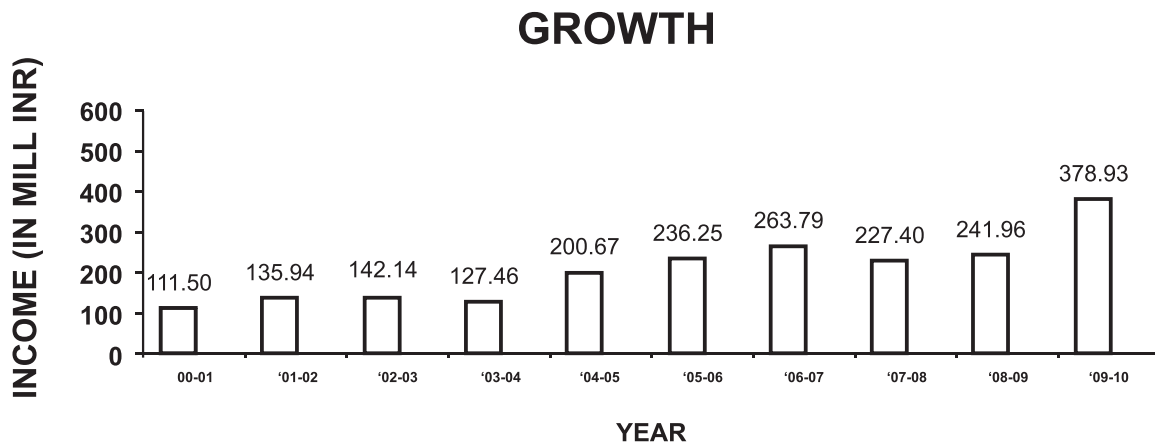
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## From the Managing Director's Desk

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. 1<sup>st</sup> January 2010)  
Mr. Stephan Gerres : Director  
(Resigned as Managing Director  
w.e.f. 1<sup>st</sup> 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. 15<sup>th</sup> 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, 28<sup>th</sup> 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,  
2<sup>nd</sup> Floor, Near Batra Banquet Hall,  
New Delhi - 110028

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## HELLA INDIA LIGHTING LIMITED

### NOTICE

Notice is hereby given that the 50<sup>th</sup> 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 28<sup>th</sup> 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 31<sup>st</sup> 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 50<sup>th</sup> Annual General Meeting, be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of 50<sup>th</sup> Annual General Meeting till the conclusion of 51<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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
<b>TOTAL</b>	<b>30,00,000</b>

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

## HELLA INDIA LIGHTING LIMITED

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: 12<sup>th</sup> 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, 26<sup>th</sup> day of August 2010 to Tuesday, 31<sup>st</sup> 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

## HELLA INDIA LIGHTING LIMITED

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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. 1<sup>st</sup> 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 28<sup>th</sup> 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 16<sup>th</sup> 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 28<sup>th</sup> 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

Sd/-

Place: Gurgaon  
Date: 12<sup>th</sup> August 2010

Sarvesh Upadhyay  
Company Secretary

## HELLA INDIA LIGHTING LIMITED

### DIRECTORS' REPORT

To,

The Members,

Your Directors are pleased to present the 50<sup>th</sup> 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 YEARENDED 31.03.2010	PREVIOUS YEARENDED 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 16<sup>th</sup> 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 19<sup>th</sup> 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 29<sup>th</sup> May 2009, to fill up the casual vacancy due to the resignation of Mr V K Mathur w.e.f. 31<sup>st</sup> January 2009.

Dr. V. P. Juneja, an Independent Director of the Company, resigned from the Board of Directors of the Company w. e. f. 16<sup>th</sup> July 2009. Mr A K Maheshwari was appointed as an Independent Director w.e.f. 31<sup>st</sup> 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. 27<sup>th</sup> 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. 27<sup>th</sup> 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. 31<sup>st</sup> 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. 1<sup>st</sup> 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. 1<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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



## HELLA INDIA LIGHTING LIMITED

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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 3<sup>rd</sup> 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 27<sup>th</sup> 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: 29<sup>th</sup> July 2010

Sd/-  
(Rama Shankar Pandey)  
Managing Director

Sd/-  
(Constantin Von Buelow)  
Director

# HELLA INDIA LIGHTING LIMITED

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## 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.

#### 1. Industry Structure and developments

Continuous economic liberalization over the years by the Government of India has resulted in making India as one of the Prime business destinations for many global automotive players. Almost all the global majors have set up their facilities in India. And, that helped Indian economy to trounce the impact of one of the worst recessions in the global history.

On the canvas of the Indian Economy, Auto Industry occupies a prominent place. Due to its deep forward and backward linkages with several key segments of the economy, Automotive Industry has a strong multiplier effect and is capable of being the driver of economic growth. The Automotive Sector in India is growing at considerable pace. Your company is also engaged in the business of automotive lighting and signaling equipment.

##### **Auto Component Industry**

The growth of auto component industry is directly linked with the growth of the auto industry. As the Indian automobiles industry has grown with the presence of worldwide renowned automakers, the Indian auto component Industry has also grown tremendously. The auto Industry has shown continuously encouraging results. The domestic as well as export sales has registered a tremendous growth. India has also emerged as an outsourcing hub for auto parts for international companies such as Ford, Fiat, Volkswagon and Tyota.

#### 2. Opportunities and Threats

India holds huge potential in the automobile sector including the automobile component sector owing to its technological cost and manpower advantage. Further, India has a well-developed, globally competitive Auto Ancillary Industry and established automobile testing and R & D centres. The country enjoys natural advantage and is among the lowest cost producers of steel in the world. The current scenario offer huge growth opportunities for Auto Component Industry in general and also for your company.

The stiff and intense competition from existing and new players in the domestic as well as international market, rigid norms and the competition from various copy product manufacturers are the threats to the Company. The other areas of concern for your company are consistent pressure on realization, need for continued investment in product up-gradation and new product introduction etc.

Your company proposes to address these threats and convert the opportunities into growth of the company by cost reduction measures, developing economies of scale, process improvements, quality up-gradations, increase market share and by diversifying existing customer base with the addition of new strategic customers and enhancing the existing relationship.

#### 3. Segment wise performance

The Company is engaged in the business of manufacture of auto components/accessories which is a primary segment for the Company which constitutes a single business segment.

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As the Company also exports its products, the secondary segment for the Company is based on the location of its customers. Information on the geographic segment is as follows :

	Year ended 31 March 2010			Year ended 31 March 2009		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment revenue	321,099,339	57,826,279	<b>378,925,618</b>	229,713,975	12,245,758	<b>241,959,733</b>
Segment assets	349,687,797	7,692,881	<b>357,380,678</b>	338,977,974	8,115,175	<b>347,093,149</b>
Capital expenditure	17,998,807	-	<b>17,998,807</b>	109,935,692	-	<b>109,935,692</b>

### Segment

The description of segment assets and liabilities in relation to segment accounting are as under:

#### a) Segment assets

Segment assets include all operating assets used by a segment and consist principally of fixed assets, capital work in progress, current assets and loans and advances. Segment assets do not include advance taxes.

#### b) Segment revenue

Segment revenue excludes trade discounts and excise duty and includes other income. Segment revenue has been allocated to both the segments on the basis of specific identification.

#### 4. Outlook

The Independent Aftermarket business continues to be one of our major growth focuses in coming years. The company had shifted its Faridabad unit to Derabassi to save in cost of production and to serve the market with the products of world standard. Now our concentration is to maintain our quality and commitments, which will play key roles in business expansion and to consolidate business with focused business activities under the single manufacturing facility at Derabassi.

#### 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 Directors' 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 Corporate Office and also at Derabassi factory 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.

## HELLA INDIA LIGHTING LIMITED

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### 8. Risk and Concern

The company operates in the economic environment, where any slowdown in the economy would have its impact on the business of the Company and consequently on its growth. The growing competition could further squeeze margins in the future.

The company's growth plans are likely to be hampered by any major changes in external environment that could adversely impact the auto industry, like government policies, change in duty/ tax structure, reduction in disposable income of the middle class segment of the population in India etc. Continuing initiatives in cost containment and observance of sound financial discipline would retain the Company's preparedness to combat such risks/ concerns and minimize/ soften their impact.

For and on behalf of the Board

Place: Gurgaon  
Date: 29<sup>th</sup> July 2010

Sd/-  
(Rama Shankar Pandey)  
Managing Director

Sd/-  
(Constantin Von Buelow)  
Director

## HELLA INDIA LIGHTING LIMITED

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### 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 and Sheet Metal Working.

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) 5,37,733 Units, unit cost Rs. 26,33,376/- (Previous year 5,55,790 Units, unit cost Rs. 37,69,382/-) supplied by DHBVN Limited and Punjab State Electricity Board.

b) DG Sets :

Diesel consumed: 54,148 Litres (Previous year 21,341 Litres). Rs.17,95,524/- (Previous year 1,42,839/-) 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  |

## HELLA INDIA LIGHTING LIMITED

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4	Expenditure on R&D	of new strategic customers and enhancing the existing relationship.
	Recurring expenses	Nil (Previous year NIL)
	R&D expenditure as a % of total turnover	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	
	b) Year of Import	Not Applicable
	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.57.83 Millions. All steps have been taken to improve export turnover and tap new markets.

a)	Earnings: (Sales)	Rs. 57.83 (previous year Rs. 12.25)
b)	Outgo:(Purchase)	Rs. 27.20. (previous year Rs. 31.70)

For and on behalf of the Board

Place: Gurgaon  
Date: 29<sup>th</sup> July 2010

Sd/-  
(Rama Shankar Pandey)  
Managing Director

Sd/-  
(Constantin Von Buelow)  
Director

# HELLA INDIA LIGHTING LIMITED

## REPORT ON CORPORATE GOVERNANCE

### 1. GENERAL

Standards of corporate governance are mandated by the Securities and Exchange Board of India for all companies listed on Indian stock exchanges. These standards are notified under Clause 49 of the listing agreement.

### 2. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is based upon a rich legacy of fair, ethical and transparent governance practices. The Company is conscious of its responsibility and is committed to high standard of Corporate Governance practices. This is reflected in the Management of the Company, which is well balanced and representing by independent and eminent personalities. The Company is in full compliance with the requirements under Clause 49 of the Listing Agreement with the Stock Exchanges.

### 3. BOARD OF DIRECTORS

As on 31<sup>st</sup> March 2010, the Board of Directors of the Company consist of 5 (five) Directors, with a mix of Executive (1) and Non-Executive (4) Directors. Out of four non-executive directors, the company has two independent director, and the directors elects one of them as Chairman for every Meeting of the Board as well as of all committee meetings. At the starting of the financial year Dr. V. P. Juneja was the only Independent Director. During the year, Mr. Carsten Hernig joined the Board on 29<sup>th</sup> May 2009 as Independent Director and later on, due to resignation of Dr. V. P. Juneja on 16<sup>th</sup> July 2009, Mr. A. K. Maheshwari was also appointed as an Independent Director on 31<sup>st</sup> July 2009 to fill the casual vacancy caused by the resignation of Dr. V. P. Juneja.

As mandated by Clause 49, none of the Directors are members of more than ten committees of Public Limited Companies nor are they Chairman of more than five committees in which they are members.

Apart from receiving sitting fee, Independent Directors do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in the judgment of the Board may affect independence of the Director.

#### a) Composition of the Board

The list of Board of Directors and their Directorship in other Companies including Committees' position during the year 2009-10 is given in the below table. During the year, the Board of Directors met 5 (Five) times i.e. on 29<sup>th</sup> May 2009, 31<sup>st</sup> July 2009, 27<sup>th</sup> October 2009, 28<sup>th</sup> January 2010 and 16<sup>th</sup> March 2010. The attendance of each of the Directors at the Board Meetings and at the last Annual General Meeting held on 29<sup>th</sup> September 2009, is also given in the below table.

Name of the Director	Category	No. of Directorship/ Committees' Membership/ Chairmanship in other Public Limited Companies			Board Meetings Attended	Attendance at last AGM
		Directorship	Chairman	Member		
Mr. Ramashankar Pandey*	Managing Director (ED)	-	-	-	2 (5)	N.A.
Mr. Stephan Gerres**	Director (NED)	-	-	-	5 (5)	Yes
Mr. Constantin Von Buelow	Director (NED)	-	-	-	2 (5)	Yes
Mr. A. K. Maheshwari***	Director (INED)	1	-	-	3 (5)	No
Mr. Carsten Hernig****	Director (INED)	-	-	-	4 (5)	No
Dr. V. P. Juneja *#	Director (INED)	-	-	-	1 (5)	N.A.
Mr. Rainer Krause #	Director (NED)	-	-	-	1 (5)	No
Mr. Martin Herbst ##	Director (NED)	-	-	-	0 (5)	No



## HELLA INDIA LIGHTING LIMITED

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### Note :

- ED – Executive Director, NED - Non-Executive Director; INED - Independent Non-Executive Director
- \* Mr. Rama Shankar Pandey was appointed as Casual Director w.e.f. 27<sup>th</sup> October 2009. Further he was appointed as Managing Director w.e.f. 1<sup>st</sup> January 2010.
- \*\* Mr. Stephan Gerres resigned from the Board as Managing Director w.e.f. 1<sup>st</sup> January 2010. However he is continuing as NED on the Board of the Company.
- \*\*\* Mr. A. K. Maheshwari was appointed as Director w.e.f. 31<sup>st</sup> July 2009.
- \*\*\*\* Mr. Carsten Hernig was appointed as Director w.e.f. 29<sup>th</sup> May 2009.
- \*# Dr. V. P. Juneja resigned from the Board as Director w.e.f. 16<sup>th</sup> July 2009. Dr. V. P. Juneja chaired the Audit Committee Meeting held on 29<sup>th</sup> May 2009 but he could not be present in the Annual general Meeting due to aforesaid resignation on 16<sup>th</sup> July 2009.
- # Mr. Rainer Krause resigned from the Board as Director w.e.f. 27<sup>th</sup> October 2009.
- ## Mr. Martin Herbst resigned from the Board as Director w.e.f. 1<sup>st</sup> January 2010.

### b) Code for Prevention of Insider Trading Practices

In compliance with the SEBI regulations on prevention of insider trading, the Company has a Code on Insider Trading for its Directors, Management and designated Executives. The Code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing in securities of the Company.

### c) Code of Conduct for Board Members & Senior Management Team

In compliance to the provisions of Clause 49 of the Listing Agreement, the Board has laid down a Code of Conduct for all Board Members and Senior Management Team.

All Board Members and Senior Management Team have affirmed compliance of Code of Conduct as on 31<sup>st</sup> March 2010 and a declaration to that effect signed by Managing Director is attached and forms part of this report.

## 4. INFORMATION SUPPLIED TO THE BOARD

The Board has complete access to all information with the Company. Further following information is regularly provided to the Board:

- Annual operating plans and budgets of the Company including any updates;
- Quarterly results of the Company.
- Minutes of meeting of audit committee and other committees of the board;
- Materially important show cause, demand, prosecution and penalty notices;
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company;
- Any issue which involves possible public or product liability claims of a substantial nature;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems if any.
- Significant labour problems and their proposed solutions;
- Information on foreign exchange exposure and risk, if any, and the steps taken by management to limit the risk of adverse exchange rate movement;
- Non-compliance of any regulatory, statutory nature or listing requirements as well as share holder services and delays in share transfer;

## 5. COMMITTEE OF DIRECTORS

The Company has four committees i.e. Audit Committee, Remuneration Committee, Shareholders' Grievance Committee and Share Transfer Committee.

All decisions pertaining to the constitution of committees, appointment of members and fixing of terms of service for committee members is taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings of the aforesaid committees held during the financial year 2009-2010 and the related attendance are provided below:

## HELLA INDIA LIGHTING LIMITED

### (a) Audit Committee

The Board of Directors had constituted an Audit Committee, which deals in all matters relating to financial reporting and internal controls. The role and terms of reference of the Audit Committee covers the matters specified for the Audit Committee under Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956.

The minutes of each Audit Committee meeting are placed before the Board for information.

The majority of members of the Audit Committee are Independent Non-Executive Directors and all the members of the committee are financially literate persons. The Company Secretary of the Company acts as the Secretary of the Committee.

During the year, the Committee met 3 (Three) times viz. on 29th May 2009, 27th October 2009 and 28th January 2010. The Members present in this Committee meeting elects Chairman of the meeting between Independent Directors. There was one more meeting planned during the year i.e. on 31st July 2009. *However, this meeting could not be convened as one of member (i.e. Dr. V.P. Juneja) resigned just before the meeting and company could not fill the casual vacancy before the meeting date. Therefore, company could not convene the said meeting due to lack of quorum.* Composition and members attendance at the committee meetings is presented below:

Name of the Member	Category	No. of Meetings Attended (Total Meetings held: 3)
Mr. Rama Shankar Pandey*	Member	0 (3)
Mr. A. K. Maheshwari**	Member	2 (3)
Mr. Carsten Hernig***	Member	3 (3)
Dr. V. P. Juneja****Member	1 (3)	
Mr. Martin Herbst*****	Member	0 (3)

\* Mr. R. S. Pandey was appointed as member of the Committee w.e.f. 28<sup>th</sup> January 2010.

\*\* Mr. A. K. Maheshwari was appointed as member of the Committee w.e.f. 31<sup>st</sup> July 2009.

\*\*\* Mr. Carsten Hernig was appointed as member of the Committee w.e.f. 29<sup>th</sup> May 2009.

\*\*\*\* Dr. V. P. Juneja resigned as member of the Committee w.e.f. 16<sup>th</sup> July 2009.

\*\*\*\*\* Mr. Martin Herbst resigned as member of the Committee w.e.f. 1<sup>st</sup> January 2010.

The functions of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Reviewing with the management the quarterly, half yearly and annual financial statements before submission to the Board, focusing primarily on:-
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualification in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transaction i.e. transaction of the Company of material nature, with promoters of the Company, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large;
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, including the structure of the internal

## HELLA INDIA LIGHTING LIMITED

audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

- Discussion with internal auditors any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences, on nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Reviewing the Company's financial and risk management policies;
- Review of management discussion and analysis of financial condition and results of operations;
- Review of reports relating to compliance with laws;

The Audit Committee is empowered, pursuant to its terms of reference, to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee;
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

### (b) Remuneration Committee

The Board re-constituted Remuneration Committee on 27<sup>th</sup> October 2009. The said Committee was dissolved on 24<sup>th</sup> February 2009 because Mr. Stephan Gerres was the only Executive Director and he was working without remuneration. However, after that the Board proposed to appoint Mr. Rama Shankar Pandey as Managing Director, therefore, it was proposed to re-constitute the Remuneration Committee again for framing and implementing, on behalf the Board and the shareholders, a credible and transparent policy on remuneration of Executive Directors.

The re-constituted committee is having 3 (Three) members, majority of them are Independent Directors and all of them are Non-Executive Directors. The Members present in this Committee meeting elects Chairman of the meeting between Independent Directors.

During the year, the Committee met twice i.e. on 28<sup>th</sup> January 2010 and 16<sup>th</sup> March 2010. The composition and Directors attendance at the committee meetings is presented below:

Name of the Member	Category	No. of Meetings Attended (Total Meetings held: 2)
Mr. Constantin Von Buelow	Member	1 (2)
Mr. A. K. Maheshwari	Member	2 (2)
Mr. Carsten Hernig	Member	2 (2)

The function of the Committee includes:

- Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors.
- Considering, approving and recommending to the Board the change in designation and increase in salary of the executive directors.
- Ensuring that remuneration policy is good enough to attract, retain and motivate directors.
- Bringing about objectivity determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

The remuneration payable to the Managing Director is reviewed by the Remuneration committee and approved by the Board of Directors and the shareholders of the Company.

The Committee in its meeting held on 28<sup>th</sup> January 2010 noted the appointment and approved the remuneration of Mr. Rama Shankar Pandey as Managing Director of the Company w.e.f. 1<sup>st</sup>

## HELLA INDIA LIGHTING LIMITED

January 2010. The approved remuneration was Rs 12 lacs per annum which were under the limits as prescribed by Schedule XIII of Companies Act, 1956. Later on, in the meeting of the Committee held on 16<sup>th</sup> March 2010, the Committee revised the remuneration payable to Mr. Rama Shankar Pandey to Rs 40.05 lacs subject to approval of Central Government and Shareholders. The aforesaid remunerations were further approved by the Board also and consequently an application to Central Government was made. The same will be placed before the Shareholders for their approval in the upcoming Annual General Meeting.

The details of the remuneration paid to the Executive Directors of the Company for the year ended March 31, 2010, is presented below:

### Executive Director

Mr. Rama Shankar Pandey - Managing Director (from 1<sup>st</sup> January 2010 to 31<sup>st</sup> March 2010)

(Rs. In lakh)

Salary & Allowances	Performance Linked Incentive	Retainership Fees	Perquisites	Contribution to PF & Other Funds	Gratuity	Leave Encashment	Total
3.00	Nil	Nil	0.15	0.22	Nil	Nil	3.37

### Non-Executive Directors

The Non-Executive Directors have not drawn any remuneration from the Company, for the year ended 31<sup>st</sup> March 2010 other than a sitting fee and other out-of-pocket expenses for Board and committee meetings attended by them.

### (c) Shareholders' Grievance Committee

The Company has constituted a Shareholders' Grievance Committee for redressing shareholders complaints. The Committee has three (3) members, majority of them are Independent Directors and all of them are Non-Executive Directors as on 31<sup>st</sup> March 2010. The Members present in this Committee meeting elects Chairman of the meeting among Non - Executive Directors.

Mr. Sarvesh Upadhyay, Company Secretary, acts as the Compliance Officer of the Company.

During the year, the Committee met four (4) times viz. 29<sup>th</sup> May 2009, 31<sup>st</sup> July 2009, 27<sup>th</sup> October 2009 and 7<sup>th</sup> January 2010. The composition and Directors attendance at the committee meetings is presented below:

Name of the Member	Category	No. of Meetings Attended (Total Meetings held: 4)
Mr. Stephan Gerres	Member	4 (4)
Mr. A. K. Maheshwari*	Member	2 (4)
Mr. Carsten Hernig**	Member	3 (4)
Dr. V. P. Juneja***	Member	1 (4)

Note:

\* Mr. A. K. Maheshwari was appointed as member of this Committee w.e.f. 31<sup>st</sup> July 2009.

\*\* Mr. Carsten Hernig was appointed as member of this Committee w.e.f. 29<sup>th</sup> May 2009

\*\*\* Dr. V. P. Juneja resigned from this Committee w.e.f. 16<sup>th</sup> July 2009.

The Committee supervises the mechanism for redressal of investor grievances and ensures cordial investor relations. Apart from looking into redressal of shareholders' complaints like transfer of shares, non-receipt of annual reports, non-receipt of dividend and allied matters, the committee performs the following functions:

- Split-up/Sub division and consolidation of shares, letters.
- Issue of new and duplicate share certificates.

## HELLA INDIA LIGHTING LIMITED

- Registration of Power of Attorneys. Probate Letters of transmission or similar other documents.
- To look into the redressing of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.
- Any allied matter(s) out of and incidental to these functions and not herein above specified.

The Committee also oversees the performance of the Registrar & Transfer Agents and recommends measures for the overall improvement of the quality of the investor services.

In the year 2009-10, there was an opening balance of 6 (Six) complaints at the beginning of the year and 15 complaints were received during the year. All the complaints were attended / resolved to the satisfaction of the complainants. Thus as on 31<sup>st</sup> March 2010, there were Nil complaints pending.

### (d) Share Transfer Committee

The Company has constituted a Share Transfer Committee for transfer/transmission of the Shares of the Company. The Committee has three (3) members, majority of them are Independent Directors. As on 31<sup>st</sup> March 2010 Mr. A. K. Maheshwari – Independent Non – Executive Director, Mr. Carsten Hernig – Independent Non – Executive Director and Mr. Rama Shankar Pandey – Executive Director are the members of the Committee. The Members present in this Committee meeting elects Chairman of the meeting among themselves.

The Company Secretary of the Company reviews the request of transfer on fortnight basis. During the year, the Committee met Seven (7) times viz. 4<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 5<sup>th</sup> September 2009, 7<sup>th</sup> November 2009, 7<sup>th</sup> January 2010, 28<sup>th</sup> January 2010 and 24<sup>th</sup> March 2010.

## 6. GENERAL MEETINGS

Following are the last three Annual General Meetings of the Company:

Financial Year	Venue	Date	Time
2008-2009	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110 030.	29 <sup>th</sup> September, 2009	11.00 A.M.
2007-2008	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110 030.	24 <sup>th</sup> September, 2008	11.00 A.M.
2006-2007	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110 030.	25 <sup>th</sup> September, 2007	11.00 A.M.

Special Resolution passed in the last three Annual General Meetings:

The details of special resolutions passed in the last three Annual General Meetings are as under:

Date of AGM	Details of Special Resolution
29 <sup>th</sup> September 2009	Alteration in Article of Association of the Company (Clause 123 – Sitting Fee to Non-Executive Directors)
24 <sup>th</sup> September 2008	Issue of Compulsory Convertible Non-cumulative Preference Shares on preferential basis.
25 <sup>th</sup> September 2007	Issue of Compulsory Convertible Non-cumulative Preference Shares on preferential basis.

## HELLA INDIA LIGHTING LIMITED

Following are the Extraordinary General Meetings held during last three years:

Date of EGM	Venue	Time	Details of the Resolution
19 <sup>th</sup> January 2010	9 <sup>th</sup> Milestone, Gurgaon Farookhnagar Road, Dhankot, Gurgaon - 122 002	10:00 A.M.	To consider the conversion of External Commercial Borrowing of Euro 0.9 Million.
24 <sup>th</sup> March 2009	9 <sup>th</sup> Milestone, Gurgaon Farookhnagar Road, Dhankot, Gurgaon - 122 002	11.00 A.M.	To consider the result of Postal Ballot.
9 <sup>th</sup> March 2009	9 <sup>th</sup> Milestone, Gurgaon Farookhnagar Road, Dhankot, Gurgaon - 122 002	11.00 A.M.	Issue of Non-Convertible Non-Cumulative Redeemable Preference Shares on preferential basis.

During the year, no resolution was passed through Postal Ballot, in terms of the provisions of Section 192A of the Companies Act, and rules framed by Government of India being Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

In the forthcoming Annual General Meeting of the Company, there is no proposal to pass a resolution through Postal Ballot.

### 7. DISCLOSURES

- (i) During the year, there were no transactions of material nature of the Company with the Promoters, Directors, Management, their relatives, or subsidiaries of the Company etc. that had potential conflict with the interest of the Company at large. The related party transactions with the subsidiary/ group companies have been disclosed in the Annual Accounts.
- (ii) There were few instances of non-compliance by the Company, where the Company made a default u/s 297 of the Companies Act, 1956. The Company and Officers in default has applied for compounding of the default to Company Law Board (CLB), Northern Region Bench. CLB may impose some monetary penalty on the Company and Officer in default.  
Apart from above no penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital markets.
- (iii) The Company is complying with all mandatory requirements of Clause 49 of the Listing Agreement.

### 8. MEANS OF COMMUNICATION

The Company interacts with its shareholders through multiple forms of corporate and financial communications such as annual reports and result announcements. Quarterly results are usually published in prominent daily newspapers, viz. Business Standard – English and Hindi (vernacular newspaper).

### 9. GENERAL SHAREHOLDERS' INFORMATION

- (i) **Date, Time & Venue of the Annual General Meeting:**  
**Venue :** The Daffodils Hotels, Tania Farm Complex, Chattarpur Mandir Road, New Delhi – 110030  
**Date & Time :** 28<sup>th</sup> September, 2010 at 10:00 A.M
- (ii) **Financial Year:**  
The financial year of the Company is 1<sup>st</sup> April to 31<sup>st</sup> March.
- (iii) **Book Closure Date:**  
26<sup>th</sup> August 2010 to 31<sup>st</sup> August 2010 (both days inclusive).
- (iv) **Listing on Stock Exchanges:**  
The Company's equity shares are listed on:
  - Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, having a Scrip code - 520026.

## HELLA INDIA LIGHTING LIMITED

- The Delhi Stock Exchange Association Limited (Regional), DSE House, 3/1, Asaf Ali Road, New Delhi – 110 002, having a Scrip code - 10020.

The Demat ISIN Number in NSDL & CDSL for equity shares is INE431D01013.

The annual listing fee for the financial year 2010-2011 has been paid to the Bombay Stock Exchange Limited, Mumbai and The Delhi Stock Exchange Association Limited, New Delhi.

**Registrar and Share Transfer Agents:** Link Intime India Private Limited (formerly Intime Spectrum Registry Ltd.), A-40, Naraina Industrial Area, Phase-II, 2<sup>nd</sup> Floor, Near Batra Banquet Hall, New Delhi – 110028, Tel (91) -11-41410592-94, Fax (91)- 11-41410591, E-mail: delhi@linkintime.com

**Share Transfer system:** The Company has made arrangements with Link Intime India Private Limited, the common agency for share transfer and depository services. After the completion of preliminary formalities of transfer/ transmission by the Share transfer Agent, the Share Transfer Committee does the approval of transfer of shares in the physical form.

The Share Transfer Committee, constituted specifically for this purpose, meets periodically to approve the share transfer and transmission.

The Company has complied with the provisions of the requisite guidelines issued by the regulatory authorities in respect of the transfer of shares and other related matters.

### (v) Stock Market Data for the period 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010

Monthly high and low quotations traded at Bombay Stock Exchange during the financial year 2009-10.

Month	High (Rs.)	Low (Rs.)
April 2009	172.90	140.00
May 2009	160.50	112.90
June 2009	169.95	107.50
July 2009	132.95	102.65
August 2009	126.75	96.00
September 2009	138.00	95.05
October 2009	138.00	103.00
November 2009	123.75	105.00
December 2009	132.05	111.85
January 2010	132.00	107.15
February 2010	136.80	107.00
March 2010	180.60	115.80

### (vi) Distribution of Holding as on 31.3.2010

Nominal Value of Shareholding	No. of Shares held	Amount in Rs.	% of Total	No. of Shareholders
1-2500	191616	1916160	6.042	1831
2501-5000	86809	868090	2.737	223
5001-10000	47517	475170	1.498	61
10001-20000	45455	454550	1.433	31
20001-30000	18942	189420	0.597	7
30001-40000	19027	190270	0.600	5
40001-50000	19107	191070	0.602	4
50001-100000	28983	289830	0.914	4
100001 & Above	2713944	27139440	85.576	8
<b>Total</b>	<b>3171400</b>	<b>31714000</b>	<b>100</b>	<b>2174</b>

## HELLA INDIA LIGHTING LIMITED

### (vii) Shareholding Pattern as on 31<sup>st</sup> March 2010

	Category	No. of Shares	% of Holding
<b>A</b>	<b>Promoters Holding</b>		
i)	Promoters *		
	- Indian	978,263	30.85
	- Foreign	1,617,400	51.00
ii)	Persons acting in concern #		
	<b>Sub Total</b>	<b>25,95,663</b>	<b>81.85</b>
<b>B</b>	<b>Non - Promoters Holding</b>		
i)	Institutional Investors	Nil	Nil
ii)	Mutual Funds and U.T.I.	Nil	Nil
iii)	Banks, Financial Institutions, Insurance Companies / Central / State Govt. Institutions / Non Government Institution	100	0.00
iv)	Foreign Institutional Investors	Nil	Nil
	<b>Sub Total</b>	<b>100</b>	<b>0.00</b>
<b>C</b>	<b>Others</b>		
a)	Bodies Corporate	43,306	1.36
b)	Individual-i) individual shareholders holding nominal share capital upto Rs.1 lakh	426,868	13.46
	ii) individual shareholders holding nominal share capital in excess of Rs.1 lakh	93,801	2.96
c)	Any other (Please specify)		
	- Directors & their relatives	Nil	Nil
	- NRIs	5267	0.17
	- Clearing members	132	0.00
	- Hindu Undivided Families	6263	0.20
	<b>Sub Total</b>	<b>5,75,637</b>	<b>18.15</b>
	<b>Grand Total</b>	<b>31,71,400</b>	<b>100.00</b>

### (viii) Dematerialization of shares and liquidity

The shares of the Company have already been inducted in dematerialization on NSDL & CDSL. The Tripartite Agreements with NSDL & CDSL have been executed on 27<sup>th</sup> June 2001 & 3<sup>rd</sup> May 2001, respectively. As on 31<sup>st</sup> March 2010, 12,73,642 equity share capital of the Company representing 40.16% of the total paid up equity share capital of the Company are in dematerialized mode.

The Company has not issued any GDRs/ADRs/warrants or any convertible instruments, which are pending for conversion.

### (ix) Plant Location

The Company's plant is located at Ambala Chandigarh Highway, Derabassi - 140507, District Patiala, Punjab.

### (x) Address of Registered Office of the Company.

The Company's Registered Office is situated at B-13, Badarpur Extension, New Delhi – 110 044.

### (xi) Address for Correspondence.

Correspondence by the shareholders should be addressed to:



## HELLA INDIA LIGHTING LIMITED

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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 – 110 028

OR

Company Secretary  
Hella India Lighting Limited  
610-A, Udyog Vihar,  
Phase –V,  
Gurgaon

### 10. DECLARATION REGARDING COMPLIANCE OF CODE OF CONDUCT

I, Rama Shankar Pandey - Managing Director of Hella India Lighting Limited hereby declare that all Board Members and Senior Management Team have affirmed compliance of the Code of Conduct during the year 2009-2010.

Sd/-

Place: Gurgaon  
Date: 29<sup>th</sup> July 2009

Rama Shankar Pandey  
Managing Director

### 11. CEO & CFO DECLARATION

We hereby certify that:

- (a) we have reviewed financial statements and the cash flow statement for the year ended on 31<sup>st</sup> March 2010 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct;
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
- (d) we have indicated to the auditors and the Audit committee that:
  - (i) there is no significant changes in internal control over financial reporting during the year;
  - (ii) there is no significant changes in accounting policies during the year; and
  - (iii) there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Gurgaon  
Date: 28<sup>th</sup> May 2010

Sd/-  
(Pawan Sharma)  
C.F.O.

Sd/-  
(Rama Shankar Pandey)  
Managing Director/C.E.O.

### 12. CERTIFICATE ON CORPORATE GOVERNANCE

The certificate on corporate governance has been obtained from Practicing Company Secretary and form part of this report.

## HELLA INDIA LIGHTING LIMITED

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### CERTIFICATE ON CORPORATE GOVERNANCE

#### TO THE MEMBERS OF HELLA INDIA LIGHTING LIMITED

We have examined the compliance of conditions of Corporate Governance by Hella India Lighting Limited for the year ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange (s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

We further state that such compliance is neither an assurance as the future viability of the Company nor the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

**For J.K. Gupta & Associates  
(Company Secretaries)**

Date:29/07/2010  
Place : Delhi

Sd/-  
**J.K. Gupta**  
(Proprietor)  
FCS No.: 3978  
C.P. No.: 2448

## HELLA INDIA LIGHTING LIMITED

### AUDITORS' REPORT

To the Members of

**Hella India Lighting Limited**

1. We have audited the attached Balance Sheet of Hella India Lighting Limited ('the Company') as at 31 March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  4. Further to our comments in the Annexure referred to above, we report that:
    - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
    - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
    - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards prescribed by Companies (Accounting Standards) Rules, 2006, to the extent applicable;
  - (e) on the basis of written representations received from the Directors of the Company as on 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (f) *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; and*
  - (g) *subject to para 4 (f) above, the impact of which is not ascertainable, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
    - i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31 March 2010;
    - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For B S R & Co.  
Chartered Accountants  
Registration No. 101248W

Sd/-  
Jiten Chopra  
Partner

Place: Gurgaon  
Date: 28 May, 2010

Membership No.092894

## HELLA INDIA LIGHTING LIMITED

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### ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the current year, and as explained to us, no material discrepancies were noticed on such verification.
  - (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
2. (a) Inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
  - (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods. As informed to us, the Company does not provide any services. We have not observed any major weakness in the internal control system during the course of the audit.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
  - (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of rupees five lakhs are for the Company's specialised requirements and for which suitable alternative sources are not available to obtain comparable quotations. Hence, it is not possible for us to comment whether above contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Sales-tax, Customs duty, Excise duty, Cess and

## HELLA INDIA LIGHTING LIMITED

other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. Undisputed statutory dues of Provident Fund, Employee's State Insurance, tax deducted at source and Service tax have generally been regularly deposited with the appropriate authorities, though there have been slight delays in few cases. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund and Wealth tax.

There were no dues on account of cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2010 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no disputed dues of Customs duty, Sales tax, Excise duty, Wealth tax, Cess and Service tax. According to the information and explanations given to us, the following dues of Income tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of dues	Amount* (Rs.)	Assessment Year	Forum where the dispute is pending
Income tax Act, 1961	Disallowance for foreign exchange fluctuation	3,129,228	2001-02	High Court
Income tax Act, 1961	Disallowance for foreign exchange fluctuation	3,958,969	2004-05	High Court

\* Amount as per demand orders

10. 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.

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding debentures or any outstanding loans from any financial institution during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans taken by the company have been applied for the purpose for which they were raised.
17. 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.
18. The Company has not made any preferential allotment of shares during the year to companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Co.  
Chartered Accountants  
Registration No. 101248W

Sd/-  
Jiten Chopra  
Partner

Place: Gurgaon  
Date: 28th May, 2010

Membership No.092894

## HELLA INDIA LIGHTING LIMITED

### BALANCE SHEET AS AT 31 MARCH 2010

(All amounts are in Rupees)

	Schedule No.	As at 31 March 2010	As at 31 March 2009
<b>SOURCES OF FUNDS</b>			
Shareholders' funds			
Share capital	1	146,077,000	85,714,000
Reserve and surplus	2	299,600,283	299,600,283
		<u>445,677,283</u>	<u>385,314,283</u>
<b>LOAN FUNDS</b>			
Secured loans	3	25,043	445,381
Unsecured loans	4	131,457,534	182,991,692
		<u>131,482,577</u>	<u>183,437,073</u>
		<u>577,159,860</u>	<u>568,751,356</u>
<b>APPLICATION OF FUNDS</b>			
Fixed assets	5		
Gross block		122,430,230	81,660,426
Accumulated depreciation		27,797,238	22,478,225
Net block		<u>94,632,992</u>	<u>59,182,201</u>
Capital work in progress		141,779,679	169,253,357
		<u>236,412,671</u>	<u>228,435,558</u>
<b>Investments</b>	6	—	—
<b>Current assets, loans and advances</b>	7		
Inventories		52,013,686	58,167,942
Sundry debtors		47,932,358	25,667,320
Cash and bank balances		6,542,175	13,687,193
Loan and advances		14,479,788	21,135,136
		<u>120,968,007</u>	<u>118,657,591</u>
<b>Current liabilities and provisions</b>	8		
Current liabilities		153,641,514	133,044,803
Provisions		3,645,672	5,385,286
		<u>157,287,186</u>	<u>138,430,089</u>
<b>Net current assets</b>		<u>(36,319,179)</u>	<u>(19,772,498)</u>
<b>Balance of Profit and Loss Account</b>		<u>377,066,368</u>	<u>360,088,296</u>
		<u>577,159,860</u>	<u>568,751,356</u>
<b>Significant accounting policies and notes to accounts</b>	14		

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

For **B S R & Co.**

Chartered Accountants

For and on behalf of the Board of Directors

Sd/-

**Jiten Chopra**

Partner

Membership No: 092894

Sd/-

**Rama Shankar Pandey**

Managing Director

Sd/-

**Stephan Gerres**

Director

Sd/-

**Pawan Sharma**

Chief Financial Officer

Sd/-

**Sarvesh Upadhyay**

Company Secretary

Place: Gurgaon

Date: 28th May, 2010

## HELLA INDIA LIGHTING LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

(All amounts are in Rupees)

	Schedule No.	Year Ended 31 March 2010	Year Ended 31 March 2009
<b>INCOME</b>			
Gross sales		394,219,809	268,887,290
Less: Excise duty		31,044,196	33,512,746
Net sales			363,175,613
235,374,544			
Other income	9	15,750,005	6,585,189
		<b>378,925,618</b>	<b>241,959,733</b>
<b>EXPENDITURE</b>			
Material cost	10	261,894,169	188,305,779
Personnel cost	11	45,227,693	35,830,778
Administrative and selling expenses	12	63,903,791	56,356,381
Depreciation	5	6,401,490	4,097,970
Finance charges	13	18,476,547	17,463,051
		<b>395,903,690</b>	<b>302,053,959</b>
<b>Loss before tax from ordinary activities</b>		<b>(16,978,072)</b>	(60,094,226)
Add: Extraordinary item		—	11,376,188
<b>Loss before tax for the period</b>		<b>(16,978,072)</b>	(48,718,038)
Less: Prior period expenses		—	5,879,235
<b>Loss before tax</b>		<b>(16,978,072)</b>	(54,597,273)
Less: Provision for taxation			
- For current year		—	1,989,922
- For prior year		—	120,000
- For fringe benefit tax		—	744,464
<b>Loss after tax</b>		<b>(16,978,072)</b>	(57,451,659)
Balance brought forward		<b>(360,088,296)</b>	(302,636,637)
<b>Balance carried to Balance Sheet</b>		<b>(377,066,368)</b>	(360,088,296)
Earning per equity share (face value Rs 10)			
-Basic and diluted	14 (11)	<b>(5.35)</b>	(18.12)
<b>Significant accounting policies and notes to accounts</b>	14		

The schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date

For **B S R & Co.**

Chartered Accountants

For and on behalf of the Board of Directors

Sd/-

**Jiten Chopra**

Partner

Membership No: 092894

Sd/-

**Rama Shankar Pandey**

Managing Director

Sd/-

**Stephan Gerres**

Director

Sd/-

**Pawan Sharma**

Chief Financial Officer

Sd/-

**Sarvesh Upadhyay**

Company Secretary

Place: Gurgaon

Date: 28th May, 2010

## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the accounts

(All amounts are in Rupees)

	As at 31 March 2010	As at 31 March 2009
<b>Schedule 1:</b>		
<b>SHARE CAPITAL</b>		
<b>Authorized</b>		
3,500,000 (previous year 3,500,000) equity shares of Rs.10 each	<b>35,000,000</b>	35,000,000
2,150,000 (previous year 2,150,000) 0.0000001% non-convertible, non-cumulative, redeemable preference shares of Rs. 100 each	<b>215,000,000</b>	215,000,000
	<b>250,000,000</b>	250,000,000
<b>Issued, subscribed and paid-up</b>		
3,171,400 (previous year 3,171,400) equity shares of Rs. 10 each fully paid up.	<b>31,714,000</b>	31,714,000
1,143,630 (previous year 540,000) 0.0000001% non-convertible, non-cumulative, redeemable preference share of Rs. 100 each fully paid up.	<b>114,363,000</b>	54,000,000
	<b>146,077,000</b>	85,714,000

#### Notes:

- 1) 1,617,400 (previous year 1,617,400) equity shares of Rs. 10 each are held by Reinhold Poersch GmbH, Germany, the holding company and 978,263 (Previous year; 978,263) equity shares of Rs.10 each are held by Hella India Electronics Pvt. Ltd., a fellow subsidiary of the Company. 13,000 (Previous year: 13,000) equity shares has been allotted as fully paid up bouns shares by capitalizaton of reserves in earlier years.
- 2) 0.0000001% non-convertible, non-cumulative, redeemable preference share are redeemable at par at any time after five years but prior to the expiry of twenty years from the date of allotment. 500,000 preference shares have been allotted on 31 August 2006, 40,000 preference shares have been allotted on 18 March 2009 and 603,630 preference shares have been allotted on 16 March 2010.
- 3) The Ultimate Holding Company of the company is Hella KGaA Hueck & Co., Germany.

#### Schedule 2:

##### RESERVES AND SURPLUS

Capital reserve (Opening and closing balance)	<b>1,756,311</b>	1,756,311
Revaluation reserve (Opening and closing balance)	<b>2,494,752</b>	2,494,752
Capital redemption reserve (Opening and closing balance)	<b>100,000</b>	100,000
	<b>4,351,063</b>	4,351,063
<b>Securities premium account:</b>		
Opening balance	<b>295,249,220</b>	229,249,220
Add: transfer on issue of preference shares	<b>—</b>	66,000,000
Closing balance	<b>295,249,220</b>	295,249,220
	<b>299,600,283</b>	299,600,283



## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the accounts

(All amounts are in Rupees)

	As at 31 March 2010	As at 31 March 2009
<b>Schedule 3:</b>		
<b>SECURED LOANS</b>		
Loan from Banks	25,043	445,381
(Secured by hypothecation of the vehicles) (Amount payable within one year Rs. 25,043) (Previous year Rs. 420,338)	<u>25,043</u>	<u>445,381</u>
<b>Schedule 4:</b>		
<b>UNSECURED LOANS</b>		
Short term loan : from banks		
– Overdraft facility #	119,009,834	109,815,072
Other loans : from holding Company*	–	61,641,000
Add : Interest accrued and due	<u>12,447,700</u>	<u>11,535,620</u>
	<u>131,457,534</u>	<u>182,991,692</u>

\* Converted into 603,630 preference shares allotted on 16 March 2010 to Reinhold Poersch GmbH. Germany, the Holding Company. Also refer to schedule 1.

# Guaranteed by Hella KGaA Hueck & Co., Germany, the ultimate Holding company.

Schedules forming part of the accounts

Schedule 5:

FIXED ASSETS

(All amounts are in Rupees)

Particulars	Gross Block (at cost)			Depreciation			Net Block	
	As at 1 April 09	Additions during the year	Sales/ Adjustments	As at 31 March 10	For the year	Sales/ Adjustments	As at 31 March 10	As at 31 March 2009
Land (Freehold)	21,851,765	5,890,000	—	27,741,765	—	—	27,741,765	21,851,765
Buildings	4,540,858	151,737	551,911	4,140,684	145,317	355,715	1,517,126	1,706,902
Leasehold improvements	1,155,357	—	—	1,155,357	254,771	—	—	254,771
Plant and machinery	41,004,675	25,208,037	663,175	65,549,537	3,046,237	474,262	48,601,656	26,628,769
Computers	6,078,831	4,842,851	—	10,921,682	1,386,987	—	8,096,480	4,640,616
Furniture and fixtures	1,820,156	752,968	—	2,573,124	313,693	—	1,646,052	1,206,777
Office equipment	611,615	60,487	—	672,102	44,111	—	279,915	263,539
Electric installations	1,069,588	5,122,658	—	6,192,246	870,980	—	4,505,693	254,015
Air conditioning plant	341,878	141,540	53,000	430,418	20,137	1,159	371,946	302,384
Vehicles*	3,185,703	198,012	330,400	3,053,315	319,257	251,341	1,872,359	2,072,663
<b>Total</b>	<b>81,660,426</b>	<b>42,368,290</b>	<b>1,598,486</b>	<b>122,430,230</b>	<b>6,401,490</b>	<b>1,082,477</b>	<b>27,797,238</b>	<b>59,182,201</b>
Previous year	77,536,960	8,543,530	4,420,064	81,660,426	4,097,970	2,549,063	59,182,201	
Capital Work in progress [including capital advances to suppliers Rs. 2,049,863 (previous year Rs. 6,950,661) (and net of provision for impairment loss Rs. 2,056,518 (previous year Rs. Nil)]							141,779,679	169,253,357
							<u>236,412,671</u>	<u>228,435,558</u>

Note: The net block of assets as at 31 March 2010 includes assets held for sale aggregating to Rs. 141,258,222 (previous year Rs. 45,557,629). Refer note 18 of schedule 14.

## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the accounts

(All amounts are in Rupees)

#### Schedule 6:

#### INVESTMENTS (UNQUOTED)

	As at 31 March 2010	As at 31 March 2009
<b>Long term (at cost)</b>		
<b>Investment in subsidiaries (fully paid up)</b>		
Bitoni Lamps Limited	334,252	334,252
32,900 (previous year 32,900) equity shares of face value Rs. 10 each		
Chetan Genthe & Co. Ltd.	618,048	618,048
6,992 (previous year 6,992) equity shares of face value Rs. 100 each		
<b>Trade investments (fully paid up)</b>		
Wegu Sondhi Private Limited	110,000	110,000
11,000 (previous year 11,000) equity shares of face value Rs. 10 each		
	<b>1,062,300</b>	<b>1,062,300</b>
Less : Provision for other than temporary diminution in value of investments	1,062,300	1,062,300
	<b>—</b>	<b>—</b>

#### Schedule 7:

#### CURRENT ASSETS, LOANS AND ADVANCES

##### Inventories

Raw material and components*	<b>30,198,525</b>	34,766,299
Stores, spares and consumables	<b>1,128,846</b>	2,911,625
Work in progress	<b>3,758,329</b>	3,000,683
Finished goods#	<b>19,443,281</b>	19,188,766
	<b>54,528,981</b>	59,867,373
Less: Provision for slow moving inventory	<b>2,515,295</b>	1,699,431
	<b>52,013,686</b>	58,167,942

\*Includes raw materials and components of the value of Rs. 62,328  
(Previous year: Rs. 637,700) lying with the third parties.

# Includes Finished goods of the value of Rs.5,788,109  
(Previous year: Rs. 9,129,561) lying with the third parties.

##### Sundry Debtors\*\*

Debtors outstanding for a period exceeding six month		
- Unsecured, considered good	—	835,910
- Unsecured, considered doubtful	<b>6,207,978</b>	6,249,617
	<b>6,207,978</b>	7,085,527
Other debts- considered good		
- secured	<b>350,000</b>	—
- unsecured	<b>47,582,358</b>	24,831,410
	<b>47,932,358</b>	24,831,410
	<b>54,140,336</b>	31,916,937
Less: Provision for doubtful debt	<b>6,207,978</b>	6,249,617
	<b>47,932,358</b>	25,667,320

\*\* refer to note 13 of schedule 14

## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the accounts

(All amounts are in Rupees)

	As at 31 March 2010	As at 31 March 2009
<b>Schedule 7 (continued)</b>		
<b>Cash and bank balances</b>		
Cash in hand	190,691	200,466
Balance with scheduled banks		
- Current accounts	5,768,142	2,134,902
- Fixed deposit accounts #	583,342	11,351,825
	<u>6,542,175</u>	<u>13,687,193</u>
# includes Rs. 583,342 (Previous year Rs. 570,727) held with banks against margin money.		
<b>Loan and advances</b>		
(Unsecured and considered good, unless otherwise stated )		
Advance recoverable in cash or in kind or for value to be received *#	6,326,091	9,486,280
Security Deposits	2,180,800	1,131,600
Taxes deducted at source	1,530,667	1,522,339
Balances with excise authorities	9,800,465	12,244,452
	<u>19,838,023</u>	<u>24,384,671</u>
Less: Provision for doubtful advances	(5,358,235)	(3,249,535)
	<u>14,479,788</u>	<u>21,135,136</u>

\* refer to note 14 of schedule 14

# Includes Rs. 2,224,181 (Previous year Rs. 2,210,393) due from Chetan Genthe & Co. Ltd. and Rs. 1,041,642 (Previous year Rs. 1,039,142) from Bitoni Lamps Limited, the subsidiaries of the company

### Schedule 8:

#### CURRENT LIABILITIES AND PROVISIONS

##### Current Liabilities

Sundry Creditors		
- Total outstanding dues of Micro & Small enterprises*	<b>6,987,816</b>	4,085,437
- Total outstanding dues of Creditors other than Micro & Small Enterprises**	<b>140,548,995</b>	122,705,902
Security deposit from dealers and retention money	<b>691,967</b>	2,384,194
Advance from customers	<b>764,427</b>	340,162
Other liabilities #	<b>4,648,309</b>	3,529,108
	<u>153,641,514</u>	<u>133,044,803</u>

\* refer to note 5 of schedule 14

\*\* Includes salary payable Rs.652,060 (previous year Rs. 1,849,250) and bonus payable of Rs. 401,000 (previous year Rs. 476,507)

# Includes contribution to provident and other funds payable Rs. 286,465 (previous year Rs. 320,048).

##### Provisions

Leave encashment	<b>1,353,462</b>	1,433,073
Gratuity (refer to note 4(b) of schedule 14)	<b>2,292,210</b>	3,687,749
Fringe benefit tax [net of advance fringe benefit tax Rs. 744,464 (previous year Rs. 600,000)]	—	144,464
Provision for income tax [net of advance tax Rs. 2,109,922 (previous year Rs. 1,989,922)]	—	120,000
	<u>3,645,672</u>	<u>5,385,286</u>

## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the accounts

(All amounts are in Rupees)

	As at 31 March 2010	As at 31 March 2009
<b>Schedule 9:</b>		
<b>OTHER INCOME</b>		
Interest (gross)*		
- On deposits with banks	37,821	58,713
Scrap Sale (Net)	2,664,700	4,370,708
Profit on sale of fixed assets	809,142	—
Liabilities and provisions no longer required written back	4,589,619	2,137,621
Exchange fluctuation (net)	7,293,507	—
Miscellaneous income	355,216	18,147
	<u>15,750,005</u>	<u>6,585,189</u>

\* Income tax deducted at source is Rs.8,328 (Previous year Rs. 11,081)

### Schedule 10:

#### MATERIAL COST

##### Consumption of raw material and components:

Opening stock	34,766,299		14,275,366	
Add: Purchases	240,401,411		200,029,869	
Less: Closing stock	30,198,525	244,969,185	34,766,299	179,538,936
Stores, spares and consumables		15,936,731		9,359,552
Purchase of finished goods for resale		—		2,428,940
		<u>260,905,916</u>		<u>191,327,428</u>

( Increase)/Decrease in stocks:

Opening Stock				
- Work in progress	3,000,683		5,261,786	
- Finished goods	19,188,766		13,357,226	
	<u>22,189,449</u>		<u>18,619,012</u>	
Less: Closing Stock				
- Work in progress	3,758,329		3,000,683	
- Finished goods	19,443,281		19,188,766	
	<u>23,201,610</u>	(1,012,161)	22,189,449	(3,570,437)
Increase/(Decrease) in excise duty on stock		2,000,414		548,788
		<u>261,894,169</u>		<u>188,305,779</u>

### Schedule 11:

#### PERSONNEL COST

Salaries, wages and bonus	41,965,033	32,756,237
Contribution to provident and other funds	1,853,640	1,990,723
Staff welfare	1,409,020	1,083,818
	<u>45,227,693</u>	<u>35,830,778</u>

## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the accounts

(All amounts are in Rupees)

	As at 31 March 2010	As at 31 March 2009
<b>Schedule 12:</b>		
<b>Administrative and selling expenses</b>		
Power and fuel	4,891,671	4,542,106
Travelling and conveyance	8,498,919	7,062,441
Freight outward	10,843,287	5,862,566
Security charges	1,201,351	1,084,729
Cash discount	—	1,332,977
Legal and professional charges (refer to note 7 of schedule 14)	7,747,938	6,132,630
Rent	3,054,352	2,895,078
Rates and taxes	2,647,652	1,539,953
Insurance	419,598	290,397
Repairs and maintenance:		
on buildings	94,064	99,116
on plant and machinery	936,977	190,897
on others	5,067,099	1,734,462
Vehicle running and maintenance	589,886	923,274
Printing and stationery	464,380	481,760
Telephone expenses	2,881,640	1,363,818
Bank charges	850,218	1,377,155
Exchange fluctuation (net)	—	8,629,921
Provision for doubtful debts	—	1,151,796
Provision for doubtful advances	2,108,700	838,151
Provision for slow moving inventory	815,864	1,699,431
Sundry advances written off	726,566	924,790
Bad debts written off	—	1,192,772
Advertisement and sales promotion	4,244,110	1,424,761
Directors' sitting fees	120,000	54,000
Loss on sale of assets	—	692,467
Provision for Impairment loss (refer to note 18 of schedule 14)	2,056,518	—
Miscellaneous expenses	3,643,001	2,834,933
	<b>63,903,791</b>	<b>56,356,381</b>
<b>Schedule 13:</b>		
<b>Finance charges</b>		
Interest on cash credit and overdraft	16,927,084	14,205,381
Other interest *	1,549,463	3,257,669
	<b>18,476,547</b>	<b>17,463,051</b>

\* includes Rs. 912,080 (Previous year Rs. 3,003,750) being interest on unsecured loan that was taken from the Holding company and has been converted into preference shares in the current year. Also refer to schedule 1

## HELLA INDIA LIGHTING LIMITED

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*(All amounts are in Rupees)*

### Schedules forming part of the accounts

#### Schedule 14: Significant Accounting Policies and Notes to Accounts

##### 1. Significant Accounting Policies

###### i) Basis of preparation

The financial statements are prepared under the historical cost convention on the accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and comply with the accounting standards, as prescribed by the Companies (Accounting Standards) Rules, 2006, and the provisions of the Companies Act, 1956, to the extent applicable, as adopted consistently by the Company. The financial statements have been prepared in Indian rupees.

###### ii) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimated provision for doubtful debts, future obligations under employee retirement benefit plans and estimated useful life of fixed assets. Differences between actual results and estimates are recognised in the year in which the actual results are known or materialised. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

###### iii) Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation/amortisation. Cost is inclusive of freight, duties, taxes and any other directly attributable costs to bring the assets to their working condition for intended use.

Fixed assets are depreciated over the estimated useful life of the assets, on straight line basis at the rates which are equal to the rate prescribed under Schedule XIV of the Companies Act, 1956.

Leasehold improvements are amortised over the estimated useful life of the asset as estimated by management or the remaining period of the lease, whichever is shorter. Assets costing upto Rs. 5,000 are fully depreciated in the year of purchase.

Depreciation is charged on a pro-rata basis for assets acquired/sold during the year from/to the date of acquisition/sale.

###### iv) Impairment

The carrying amounts of assets are reviewed at each balance sheet date in accordance with Accounting Standard – 28 on 'Impairment of Assets' to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

###### v) Operating lease

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease.

Lease payments under operating lease are recognised as an expense in the profit and loss account on a straight line basis over the lease period.

###### (vi) Investments

Long term investments are valued at cost. Provision is made for diminution in value to recognise a decline, if any, other than of temporary nature.

###### (vii) Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership in the goods to the customer.

Interest income is recognised using the time proportion method, based on underlying interest rates.

## HELLA INDIA LIGHTING LIMITED

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### (viii) Inventories

Stores, raw materials and components, work in progress and finished goods are valued at cost or net realisable value, whichever is lower. The cost formula applied for inventories is weighted average or FIFO based on the nature of product and complexity of the production process involved in conversion of the raw material to finished goods.

In determining cost of work in progress and finished goods, fixed production overheads are allocated on the basis of normal capacity of production facilities.

Stores, raw materials and components held for use in production of finished goods are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished goods will exceed their net realisable value.

Obsolete, defective and unserviceable stocks are duly provided for, wherever required.

### (ix) Foreign currency transactions

The Company accounts for the effects of changes in foreign exchange rates in accordance with Accounting Standard-11 notified by the Companies (Accounting Standards) Rules, 2006. Transactions in foreign currency are recognised on the basis of the rate of exchange prevailing at the date of the transaction. Exchange differences arising on settlement during the year are recognised in the Profit and Loss Account. Monetary items, denominated in foreign currency, are restated at the exchange rate prevailing at the year end and the resulting exchange difference recognized in the Profit and loss account.

### (x) Employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus, etc, are recognised in the profit and loss account in the period in which the employee renders the related service.

**Defined contribution plans:** The employee's provident fund scheme & employees' state insurance fund are defined contribution plans. The Company's contribution paid/payable under these schemes is recognised as an expense in the profit and loss account during the period in which the employee renders the related service.

**Defined benefit plans:** The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of current and past service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

#### **Other long term employee benefits**

Benefits under the Company's leave encashment policy constitute the other long term employee benefits. The liability in respect of leave encashment is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognised immediately in the profit and loss account.

### (xi) Earning per share

Basic earnings per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.



## HELLA INDIA LIGHTING LIMITED

### (xii) Provisions and contingencies

A provision arising from claims, litigation, assessment, fines, penalties, etc. is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These are reviewed at each balance sheet date and adjusted to reflect current management estimates. Contingent liabilities are disclosed in respect of possible obligations that have risen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. When there is a possible obligation or present obligation where the likelihood of an outflow is remote, no disclosure or provision is made.

### (xi) Taxation

Income-tax expense comprises current tax (i.e. the amount of tax for the year determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future. However, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

### 2. Capital commitments

	As at 31 March 2010	As at 31 March 2009
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,712,680	1,131,000

### 3. Contingent liabilities

- a) The Company has received assessment orders for the Assessment year 2001-02 and 2004-05 from the Income Tax authorities as a result of which demands have been raised against the Company. The Company has filed appeals with High Court against these assessment orders, details of which are as under:

Name of the Statute	Nature of dues	Amount involved (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance for foreign exchange fluctuation	3,129,228	2001-02	High Court
Income Tax Act, 1961	Disallowance for foreign exchange fluctuation	3,958,969	2004-05	High Court

- b) The company has in the earlier years received a notice from Haryana Urban Development Authority towards payment of Rs. 5,102,580 as external development charges in respect of its land at Faridabad.

The company is of the firm belief that the above demands are not tenable and are highly unlikely to be retained and is therefore not carry any provision in its books in respect of such demands.

### 4. Employee benefits

Disclosure in respect of employee benefits under Accounting Standard (AS) – 15 “Employee Benefits” prescribed by the Companies (Accounting Standards) Rules, 2006:

- a) **Defined Contribution Plans:** An amount of Rs.1,853,640 (previous year Rs. 1,990,723) pertaining to employers’ contribution to provident fund, pension fund, employees’ state insurance fund and superannuation fund is recognised as an expense and included in “Personnel costs” in Schedule 11.
- b) **The Gratuity Plan (defined benefit plan)** The following table sets forth the status of the Gratuity Plan of the Company, and the amounts recognized in the balance sheet and the profit and loss account.

## HELLA INDIA LIGHTING LIMITED

Particulars	As at 31 March 2010	As at 31 March 2009
<b>Changes in the present value of defined benefit obligation</b>		
Projected benefit obligation at the beginning of the year	3,687,749	3,972,085
Interest Cost	276,581	278,046
Current service cost	294,129	341,696
Benefits paid	(2,115,627)	(912,289)
Actuarial (gain)/loss	149,378	8,211
<b>Projected benefit obligation at the end of the year</b>	<b>2,292,210</b>	<b>3,687,749</b>
<b>Changes in the fair value of the Plan assets</b>	—	—
(The Company does not have any Plan assets)		
<b>Actuarial gain/ (loss)</b>		
Actuarial gain/ (loss) for the year – obligation	(149,378)	(8,211)
Actuarial (gain)/ loss for the year - plan assets	—	—
Total (gain)/ loss for the year	149,378	8,211
Actuarial (gain)/ loss recognized in the year	149,378	8,211
<b>Unrecognised actuarial (gains)/ losses at the end of year</b>	—	—
<b>Amount recognized in the balance sheet</b>		
Projected benefit obligation at the end of the year	2,292,210	3,687,749
Fair value of the plan assets in the end of the year	—	—
Funded status	2,292,210	3,687,749
<b>Unrecognised actuarial (gains)/losses</b>	—	—
Liability recognized in the balance sheet	<b>2,292,210</b>	<b>3,687,749</b>
<b>Gratuity cost for the year</b>		
Current service cost	294,129	341,696
Past service cost	—	—
Interest cost	276,581	278,046
Expected return on plan assets	—	—
Net actuarial (gain)/loss recognized in the year	149,378	8,211
<b>Expenses recognised in the statement of profit and loss</b>	<b>720,088</b>	<b>627,953</b>
<b>Economic assumptions</b>		
Discount rate	7.50%	7.00%
Expected rate of return on plan assets	—	—
Long term rate of compensation increase	5.00%	4.50%
<b>Demographic assumptions</b>		
Retirement age	58 years	58 years
Mortality table	LIC (1994-96) mortality tables.	LIC (1994-96) mortality tables.
Withdrawal Rates		
<b>Ages</b>	<b>Withdrawal rate</b>	<b>Withdrawal rate</b>
Upto 30 years	3%	3%
Upto 44 years	2%	2%
Above 44 years	1%	1%

### Actuarial assumptions

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors. Medical cost trend rates have no impact on actuarial valuation of the above defined benefit plan. Discount rate is based on market yields prevailing on government securities as at 31 March 2010 for the estimated term of the obligations.

- The Company has obtained relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006 ('the Act') which came into force from 2 October 2006. Based on the information presently available with the management, following are the disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 in respect of micro and small suppliers as defined in the Act:

## HELLA INDIA LIGHTING LIMITED

Particulars	As at 31 March 2010	As at 31 March 2009
(i) the principal amount remaining unpaid to supplier as at the end of the year	6,513,172	4,017,308
(ii) the interest due on the principal remaining outstanding as at the end of the year	65,809	68,129
(iii) the amount of interest paid under the Act beyond the appointed day during the year	—	—
(iv) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	—	—
(v) the amount of interest accrued and remaining unpaid at the end of the year	474,644	68,129
(vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Act	—	—

### 6. Managerial remuneration

Salaries and allowances	300,000	236,958
Contribution to funds	21,600	46,228
Monetary value of benefits (at cost)	15,000	354,009
Gratuity	—	478,472
Leave Encashment	—	546,825
<b>Total</b>	<b>336,600</b>	<b>1,662,492</b>
Directors' sitting fees	120,000	54,000

Previous year figures includes contribution to the gratuity fund and leave encashment paid on full and final dues towards resignation of the Managing Director Mr. R. S. Sharma who resigned on 31 May 2008.

In respect of the current year, gratuity and leave encashment liability has been based on actuarial valuations carried out on an overall company basis is not separately available on an individual basis.

### 7. Auditor's remuneration (excluding service tax)

Statutory audit fees	1,300,000	1,400,000
Tax audit fees	120,000	100,000
Other matters	500,000	100,000
Out of pocket expenses	286,889	160,495
<b>Total</b>	<b>2,206,889</b>	<b>1,760,495</b>

### 8. Segment information

The Company is engaged in the business of manufacture of auto components/accessories which is a primary segment for the Company which constitutes a single business segment and accordingly disclosure requirements of Accounting Standard 17, "Segment Reporting", prescribed by the Companies (Accounting Standard) Rules 2006 in relation to primary segment are not required to be given.

As the Company exports its products, the secondary segment for the Company is based on the location of its customers. Information on the geographic segment is as follows:

	Year ended 31 March 2010			Year ended 31 March 2009		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment revenue	321,099,339	57,826,279	<b>378,925,618</b>	229,713,975	12,245,758	241,959,733
Segment assets	349,687,797	7,692,881	<b>357,380,678</b>	338,977,974	8,115,175	347,093,149
Capital expenditure	12,108,807	—	<b>12,108,807</b>	109,935,692	—	109,935,692

## HELLA INDIA LIGHTING LIMITED

### Segment accounting policies

The accounting principles consistently used in the preparation of the financial statements and consistently applied to record revenue and expenditure in individual segments are as set out in Note 1 to this schedule on significant accounting policies. The description of segment assets and liabilities and the accounting policies in relation to segment accounting are as under:

#### a) Segment assets

Segment assets include all operating assets used by a segment and consist principally of fixed assets, capital work in progress, current assets and loans and advances. Segment assets do not include advance taxes.

#### b) Segment revenue

Segment revenue excludes trade discounts and excise duty and includes other income. Segment revenue has been allocated to both the segments on the basis of specific identification.

### 9. Related Party Disclosures

The Company has entered into transactions with affiliated companies and its parent and key management personnel during the normal course of its business. The names of related parties of the Company and their relationship, as required to be disclosed under Accounting Standard 18, are as follows:

#### a) Related parties and nature of related party relationship where control exists

Nature of the relationship	Name of the Company/ Party
1. Ultimate holding company	Hella KGaA Hueck & Co, Germany
2. Holding company	Reinhold Poersch GmbH, Germany

#### b) Other related parties with whom transactions have taken place during the year:

Nature of the relationship	Name of the Company/ Party
1. Subsidiary Companies	a) Chetan Genthe & Company (P) Limited b) Bitoni Lamps Limited
2. Fellow subsidiaries	<i>In India</i> a) Hella India Electronics Private Limited b) Hella Engineering Private Limited <i>Outside India</i> a) Hella Fahrzeugteile, Austria b) Hella Phil Inc., Philippines c) Hella Australia Pty. Limited d) Hella Asia Singapore Pte. Limited e) Hella Umform, Germany f) Hella Innenleuchten-Systeme GmbH g) Hella Lighting, Finland h) Hella Inc., USA i) Changchun Hella Automotive Lighting Ltd., China
3. Key management personnel	Mr. R.S Sharma (Managing Director) (upto 31 May 2008) Mr. Stephan Gerres (Managing Director) (from 1 June 2008 to 31 Dec 2009) Mr. R. S. Pandey (Managing Director) (with effect from 1 Jan 2010)

#### c) Related party transactions:

Name of the related party	Nature of relationship	Nature of transaction	Year ended 31 March 2010	Year ended 31 March 2009
Hella KGaA Hueck & Co,	Ultimate Holding	Sales Purchase of raw materials and components	54,162,321 3,907,634	8,594,501 12,777,565

## HELLA INDIA LIGHTING LIMITED

Name of the related party	Nature of relationship	Nature of transaction	Year ended 31 March 2010	Year ended 31 March 2009
Germany	company	Commission on guarantee Balances outstanding - Sundry debtors - Sundry creditors - Loans and advances Guarantee is given for the overdraft facility availed by the Company. The commission paid on such guarantee are reimbursed by the company.	1,267,311 5,774,148 56,290,930 394,579	972,393 3,465,575 53,248,082 —
Reinhold Poersch GmbH, Germany	Holding company	Interest expense Issue of preference shares Balances outstanding - Unsecured loans	1,013,423 60,363,000 12,447,700	3,003,750 — 73,176,620
Bitoni Lamps Limited	Subsidiary company	Balances outstanding - Loans and advances	1,041,642	1,039,142
Chetan Genthe & Company (P) Limited	Subsidiary company	Balances outstanding - Loans and advances	2,224,181	2,210,393
Hella India Electronics Private Limited	Fellow Subsidiary	Sales Capital work in progress Purchase of raw materials and components Balances outstanding - Sundry creditors - Sundry debtors	4,383,643 81,664,031 18,563,803 28,280	— 77,822,138 8,319,170 —
Hella Lighting, Finland	Fellow subsidiary	Balances outstanding - Sundry creditors	—	155,591
Hella Fahrzeugteile, Austria	Fellow subsidiary	Sales Purchase of raw materials and components Purchase of Fixed assets Balances outstanding - Sundry creditors - Sundry debtors - Loans and advances	2,199,993 1,144,841 135,900 1,002,333 947,895 —	2,412,296 177,248 — 4,356,262 612,855 3,517,556
Hella Phil Inc., Philippines	Fellow subsidiary	Sales Balances outstanding - Sundry debtors	84,090 74,806	76,906 82,077
Hella Australia Pty. Limited	Fellow subsidiary	Sales Balances outstanding - Sundry debtors	155,251 64,341	354,651 —
Hella Asia Singapore Pte. Limited	Fellow subsidiary	Sales Purchase of raw materials and components Balances outstanding - Sundry creditors	— 17,094,439 3,792,351	24,049 7,375,599 3,500,617
Hella Inc., USA	Fellow subsidiary	Purchase of raw materials and components Balances outstanding - Sundry creditors	9,185 9,055	— —

## HELLA INDIA LIGHTING LIMITED

Name of the related party	Nature of relationship	Nature of transaction	Year ended 31 March 2010	Year ended 31 March 2009
Hella Innenleuchten-Systeme GmbH	Fellow subsidiary	Purchase of raw material and components Balance outstanding - Sundry creditors - Loans and advances	1,013,059 6,708,144 158,700	5,123,283 7,443,954 158,700
Changchun Hella Automotive Lighting Ltd., China	Fellow Subsidiary	Purchase of raw materials and components	13,562	—
Hella Engineering Private Limited	Fellow Subsidiary	Rent - Sundry creditors	330,000 27,750	244,000 24,538
Mr. R. S. Pandey (Previous year represents amount paid to Mr. R. S. Sharma)	Managing Director	Managerial remuneration (refer note 6)	336,600	1,662,492

### 10. Operating leases

The Company has acquired office and residential premises for its personnel under cancellable and non-cancellable operating leases. Operating lease rentals charged to the profit and loss account during the year ended 31 March 2010 is Rs. 3,054,352 (previous year Rs. 2,895,078). The future minimum lease expense in respect of non cancellable lease is as follows:

	As at 31 March 2010	As at 31 March 2009
Not later than 1 year	1,452,000	220,000
Later than 1 year but not later than 5 years	342,833	—
Later than 5 years	—	—
<b>Total</b>	<b>1,794,833</b>	<b>220,000</b>

### 11. Earnings/Loss per share

Loss after tax	(16,978,072)	(57,451,659)
Weighted average number of equity shares outstanding during the year	3,171,400	3,171,400
Basic and diluted earnings per share in Rupees (face value – Rs. 10 per share )	(5.35)	(18.12)

The Company has not issued any potential equity shares and accordingly the basic earnings per share and diluted earnings per share is the same.

## HELLA INDIA LIGHTING LIMITED

### 12. Deferred Tax

Components of deferred tax asset / (deferred tax liability) are as under:

	As at 31 March 2010	As at 31 March 2009
<b>Timing differences between accounting And tax books on account of:</b>		
<b>Deferred tax liability</b>		
Difference between written down value of fixed assets as per Income tax Act, 1961 and as per Companies Act, 1956	6,847,247	5,115,249
<b>Total (A)</b>	<b>6,847,247</b>	<b>5,115,249</b>
<b>Deferred tax assets</b>		
Provision for gratuity	761,415	1,253,466
Provision for leave encashment	449,586	487,102
Provision for doubtful debts	2,062,135	2,124,245
Provision for doubtful advances	1,779,872	1,104,517
Provision for slow moving inventory	835,518	577,637
Unabsorbed depreciation and carry forward of losses under the Income-tax Act, 1961	94,600,834	97,466,634
<b>Total (B)</b>	<b>100,489,360</b>	<b>103,013,601</b>
<b>Net Deferred tax asset (B-A)</b>	93,642,113	97,898,352
<b>Net amount recognized in profit and loss account</b>	Nil	Nil

In the absence of virtual certainty of realisability of deferred tax assets, the deferred tax asset has been recognised only to the extent of deferred tax liability.

13. Sundry debtors include the following balances, which are due from companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.

Hella KGaA Heuck and Co, Germany	5,774,148	3,465,575
Hella Australia Pty Ltd.	64,341	—
Hella Fahrzeugteile Austria	947,895	612,855
Hella Phil Inp., Philippines	74,806	82,077

14. Loans and Advances include the following balances, which are due from companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.

	As at 31 March 2010	Maximum amount due during the year	As at 31 March 2009	Maximum amount due during the year
Hella Fahrzeugteile, Austria	—	3,517,556	3,517,556	3,517,556
Hella Innenleuchten-Systeme GmbH	158,700	158,700	158,700	158,700
Hella KGaA Heuck and Co, Germany	394,579	394,579	—	—

## HELLA INDIA LIGHTING LIMITED

15. The Company's foreign currency exposure not hedged is as follows:

	As at 31 March 2010		As at 31 March 2009	
	(in original currency)	(in Rupees)	(in original currency)	(in Rupees)
Debtors receivable				
– EURO	114,483	6,796,850	62,423	4,160,507
– USD	1,452	64,341	–	–
Loans and Advances				
– EURO	–	–	52,777	3,517,556
Payables				
– EURO	1,114,580	68,791,894	1,018,728	69,772,671
– USD	197	9,055	–	–
Unsecured loan				
– EURO	201,680	12,447,700	1,068,429	73,176,620
Cash in hand and at bank				
– USD	3,585	161,804	3,585	178,974
– EURO	768	46,510	1218	80,607
– RMB80	529	–	–	–

16. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arms length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of income tax expense and that of provision for taxation.

17. Additional information pursuant to the provisions of the Companies Act, 1956

### (a) Quantitative details of products manufactured (Pcs.)

Item	Installed*		Production	
	Year ended 31 March 2010	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2009
HORN	400,000	355,000	396,843	216,934
SUNDRY LAMPS	420,000	486,000	399,808	246,963
SWITCHES	1,080,000	1,080,000	182,473	46,209
HEAD LAMPS	450,000	530,000	456,877	448,212
FLASHER LAMPS	660,000	660,000	6,418	1,284

\* Installed capacity (on single shift basis) are as certified by the management and relied upon by the auditors, being a technical matter.

Note: Licensed capacity has not been disclosed as the products manufactured by the Company are delicensed.



**Schedule 14: Significant Accounting Policies and Notes to Accounts (Continued)**  
**(b) Stock of Finished Goods, Purchase for resale and Sales**

Particulars	Opening Stock				Production / Purchase				Sales**				Closing Stock			
	As at 1 April 2009		As at 1 April 2008		For the year ended 31 March 2010		For the year ended 31 March 2009		For the year ended 31 March 2010		For the year ended 31 March 2009		As at 31 March 2010		As at March 2009	
	Qty (Pcs.)	Amt/Rs.	Qty (Pcs.)	Amt/Rs.	Qty (Pcs.)	Amt/Rs.	Qty (Pcs.)	Amt/Rs.	Qty (Pcs.)	Amt/Rs.	Qty (Pcs.)	Amt/Rs.	Qty (Pcs.)	Amt/Rs.	Qty (Pcs.)	Amt/Rs.
<b>Manufactured and Traded Goods</b>																
HORNS	24,548	3,585,546	5,582	212,336	396,843	NA	410,777	NA	391,210	101,244,715	391,811	99,211,944	30,181	4,718,964	24,548	3,585,546
SUNDRY LAMPS	32,188	3,288,121	70,288	3,612,728	399,808	NA	287,784	NA	402,562	53,589,749	325,854	46,608,302	29,434	2,862,077	32,188	3,288,121
SWITCHES	11,941	594,641	46,415	1,422,549	182,473	NA	77,592	NA	175,984	34,467,882	112,066	13,098,883	18,430	1,545,961	11,941	594,641
HEAD LAMPS	47,690	8,991,177	87,451	7,399,771	456,877	NA	376,045	NA	455,789	120,379,571	415,806	98,526,951	48,778	8,652,435	47,690	8,991,177
FLASHER UNIT	2,581	93,950	5,964	278,786	6,418	NA	33,449	NA	7,682	453,154	36,832	3,377,957	1,317	50,203	2,581	93,950
OTHER	#	2,645,331	#	431,056	#	NA	#	NA	#	84,084,738	#	8,063,253	#	1,613,641	#	2,645,331
<b>Total</b>		<b>19,188,766</b>		<b>13,357,226</b>						<b>394,219,809</b>		<b>268,887,290</b>		<b>19,443,281</b>		<b>19,188,766</b>

\*\* Gross of Excise duty

# In view of the considerable number of items diverse in size & nature, it is not practicable to furnish quantitative information. Also, no individual item exceed 10% of total purchase, sales & total stock.

## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the accounts

#### Schedule 14: Significant Accounting Policies and Notes to Accounts

##### 1. Significant Accounting Policies

##### (c) Raw materials and components consumed

Item	Unit	Year ended 31 March 2010		Year ended 31 March 2009	
		Qty.	Amount	Qty.	Amount
CRC sheet/ CRC coil	Kgs	111,044	4,155,808	121,495	5,626,024
Diffusing lenses	Nos.	487,703	5,864,820	376,716	4,809,680
Motor	Nos.	116,862	21,486,524	102,701	20,026,757
Horn (unfinished)	Nos.	530,025	64,873,758	312,459	26,672,337
Others		*	148,588,275	*	122,404,138
			<b>244,969,185</b>		<b>179,538,936</b>

\* In view of the considerable number of items divces in size and nature, it is not practicable to furnish quantitative information. Also, no such individual item exceeds ten percent of total raw materials and components consumed.

##### (d) Value of imported and indigenous raw materials and components consumed and the percentage of each to the total consumption.

(Amount in Rupees)

Item	Year ended 31 March 2010		Year ended 31 March 2009	
	Amount	%	Amount	%
Raw materials and components				
– Imported	41,115,051	16.78%	23,890,171	13.31%
– Indigenous	203,854,134	83.22%	155,648,765	86.69%
	<b>244,969,185</b>	<b>100%</b>	<b>179,538,936</b>	<b>100%</b>

##### (e) C.I.F. value of imports

(Amount in Rupees)

	Year ended 31 March 2010	Year ended 31 March 2009
Raw materials and components	27,195,985	31,707,522
<b>Expenditure in foreign currency</b>		
Finance charges	1,013,423	3,003,750
Personnel cost	1,348,375	–
Travelling	384,840	1,144,455
Legal and professional charges	1,267,311	972,393
Repairs and maintenace	2,090,737	–
Miscellaneous expenses	520,289	–

## HELLA INDIA LIGHTING LIMITED

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*(All amount are in Rupees)*

### Schedules forming part of the accounts

#### Schedule 14: Significant Accounting Policies and Notes to Accounts

##### 1. Significant Accounting Policies

###### (f) Earnings in foreign currency

*(Amount in Rupees)*

	<b>Year ended 31 March 2010</b>	<b>Year ended 31 March 2009</b>
F.O.B. value of exports	57,826,279	12,245,758

18. In the view of Management decision to close down the Faridabad Plant and after the disposal/transfer of certain assets to Derabassi Plant, assets having net book value of Rs. 141,258,222 as at 31 March 2010 are held for disposal at the Faridabad Plant. This comprises land and capital work in progress and is net of provision for impairment loss with respect to capital work in progress aggregating to Rs. 2,056,518.

19. The Company has entered into certain transactions of sale of capital goods aggregating Rs. 3,086,565 with a private company in which a director of the Company was a director. Inadvertently the Company has not obtained the prior approval of the Central Government as envisaged under section 297 of the Companies Act, 1956, in respect of the above transactions. The transaction has been validated by the Board of Directors and the Company is in the process of taking necessary steps to take the approval from the Central Government.

20. Previous year figures have been rearranged/ regrouped, wherever necessary to confirm to current year's classification.

#### For Hella India Lighting Limited

Sd/-  
**Rama Shankar Pandey**  
Managing Director

Sd/-  
**Stephan Gerres**  
Director

Sd/-  
**Pawan Sharma**  
Chief Financial Officer

Sd/-  
**Sarvesh Upadhyay**  
Company Secretary

Place: Gurgaon  
Date: 28th May, 2010

## HELLA INDIA LIGHTING LIMITED

### Cash Flow Statement for the year ended 31 March 2010

(All amounts are in Rupees)

	Year ended 31 March 2010	Year ended 31 March 2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>LOSS BEFORE TAX</b>	<b>(16,978,072)</b>	<b>(54,597,273)</b>
<b>ADJUSTMENTS FOR :</b>		
Depreciation	6,401,490	4,097,970
Liabilities and provisions no longer required written back	(4,589,619)	(2,137,621)
Interest expense	18,476,547	17,463,051
Interest income	(37,821)	(58,713)
Extraordinary item	—	(11,376,188)
Unrealised foreign exchange fluctuations (net)	(7,307,022)	8,629,921
Loss/ (Profit) on sale of fixed assets	(809,142)	692,467
Provision for doubtful debts	—	1,151,796
Provision for doubtful advances	2,108,700	838,151
Provision for slow moving inventory	815,864	1,699,431
Provision for impairment loss	2,056,518	—
Bad debts written off	—	1,192,772
Sundry advances written off	726,566	924,790
<b>OPERATING LOSS BEFORE WORKING CAPITAL CHANGES</b>	<b>864,009</b>	<b>(31,479,446)</b>
<b>ADJUSTMENTS FOR :</b>		
Decrease/(Increase) in inventories	5,338,392	(25,347,726)
Increase in trade / other receivables	(18,985,388)	(4,159,821)
Increase in trade / other payables	23,111,186	27,074,685
<b>CASH GENERATED FROM / (USED IN) OPERATIONS</b>	<b>10,328,199</b>	<b>(33,912,308)</b>
Taxes paid	(264,464)	(2,601,003)
<b>NET CASH FROM / (USED IN) OPERATING ACTIVITIES (A)</b>	<b>10,063,735</b>	<b>(36,513,311)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including capital work-in-progress	(14,165,325)	(109,935,692)
Sale of fixed assets including capital work-in-progress	5,708,794	12,554,722
Interest received	37,821	58,713
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(8,418,710)</b>	<b>(97,322,257)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of preference share capital	—	70,000,000
Repayment of secured loans	(420,338)	(4,984,059)
Proceeds from unsecured loans	9,194,762	90,080,640
Interest paid	(17,564,467)	(14,784,456)
<b>NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)</b>	<b>(8,790,043)</b>	<b>140,312,125</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(7,145,018)</b>	<b>6,476,558</b>
Cash and cash equivalents at the beginning of period	13,687,193	7,210,635
Cash and cash equivalents at the end of period (refer schedule 7)	6,542,175	13,687,193

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard 3 "Cash Flow Statement".
- Cash and cash equivalents consist of cash on hand and balances with banks and include Rs. 583,342/- (Previous year Rs. 570,727/-) held as margin accounts which are not available for use by the Company.

As per our report of even date

For **B S R & Co.**

Chartered Accountants

Sd/-

**Jiten Chopra**

Partner

Membership No: 092894

Sd/-

**Rama Shankar Pandey**

Managing Director

Sd/-

**Stephan Gerres**

Director

Sd/-

**Pawan Sharma**

Chief Financial Officer

Sd/-

**Sarvesh Upadhyay**

Company Secretary

Place: Gurgaon

Date: 28th May, 2010

For and on behalf of the Board of Directors

## HELLA INDIA LIGHTING LIMITED

**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

### **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**01. REGISTRATION DETAILS**

Registration number	003126	State Code	55
Balance sheet date	31-03-2010		

**02. CAPITAL RAISED DURING THE YEAR ( Amount in Rs.)**

Public issue	Nil	Right issue	Nil
Bonus issue	Nil	Private placement	60,363,000

**03. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.)**

<b>TOTAL LIABILITIES</b>	734,447,046	<b>TOTAL ASSETS</b>	734,447,046
Source of funds		Application of funds	
Paid-up capital	146,077,000	Net fixed assets	94,632,992
Reserves and surplus	299,600,283	CWIP	141,779,679
Secured loans	25,043	Current assets	120,968,007
Unsecured loans	131,457,534	Investments	–
Current Liabilities and Provisions	157,287,186	Debit balance of Profit and Loss Account	377,066,368
Deferred Tax (net)	–		

**04. PERFORMANCE OF THE COMPANY (Amount in Rs.)**

Turnover*	378,925,618	Total expenditure	395,903,690
Profit/(Loss) before tax	(16,978,072)	Profit/(Loss) after tax	(16,978,072)
Earning per share in Rs.	(5.35)	Dividend rate %	0%

\* Including other income

**05. GENERIC NAMES OF THE PRINCIPAL PRODUCT / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)**

Item code no. (ITC code)	Product description
411561-62	Head Lamp
403644-45	Sundry Lamps
401172	Horns

**For and on behalf of the Board**

Sd/-  
**Rama Shankar Pandey**  
Managing Director

Sd/-  
**Stephan Gerres**  
Director

Sd/-  
**Pawan Sharma**  
Chief Financial Officer

Sd/-  
**Sarvesh Upadhyay**  
Company Secretary

Place: Gurgaon  
Date: 28th May, 2010

## HELLA INDIA LIGHTING LIMITED

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### AUDITORS' REPORT

#### TO THE BOARD OF DIRECTORS OF HELLA INDIA LIGHTING LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HELLA INDIA LIGHTING LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached consolidated Balance Sheet of Hella India Lighting Limited ('the Company') as at 31 March 2010, consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, Chetan Genthe & Company (P) Limited and Bitoni Lamps Limited, whose financial statements reflect total assets of Rs. 2,923,381 and Rs. 1,370,642 respectively as at 31 March 2010 (these figures include intra-group assets eliminated on consolidation), and revenues and cash flows of Rs. Nil and Rs. Nil respectively for the year ended 31 March 2010. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of those subsidiaries, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, specified in Companies (Accounting Standard) Rules, 2006 and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.
5. on the basis of the information and explanations given to us, and on consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that:
  - (a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Company and its subsidiaries as at 31 March 2010;
  - (b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the Company and its subsidiaries for the year ended on 31 March 2010; and
  - (c) the consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the Company and its subsidiaries for the year ended on 31 March 2010.

For B S R & Co.  
Chartered Accountants  
Registration No. 101248W

Sd/-  
Jiten Chopra  
Partner

Membership No.092894

Place: Gurgaon  
Date: 28th May, 2010

## HELLA INDIA LIGHTING LIMITED

### CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2010

(All amounts are in Rupees)

	Schedule No.	As at 31 March 2010	As at 31 March 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	1	146,077,000	85,714,000
Reserve and surplus	2	299,676,183	299,676,183
		<u>445,753,183</u>	<u>385,390,183</u>
<b>Loan funds</b>			
Secured loans	3	25,043	445,381
Unsecured loans	4	131,457,534	182,991,692
		<u>131,482,577</u>	<u>183,437,073</u>
		<u>577,235,760</u>	<u>568,827,256</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	5	122,430,230	81,660,426
Accumulated depreciation		27,797,238	22,478,225
Net block		<u>94,632,992</u>	<u>59,182,201</u>
Capital work in progress		141,779,679	169,253,357
		<u>236,412,671</u>	<u>228,435,558</u>
<b>Investments</b>			
	6	—	—
<b>Current assets, loans and advances</b>			
Inventories	7	52,013,686	58,167,942
Sundry debtors		47,932,358	25,667,320
Cash and bank balances		6,542,175	13,687,193
Loan and advances		14,776,929	21,432,277
		<u>121,265,148</u>	<u>118,954,732</u>
<b>Current liabilities and provisions</b>			
Current liabilities	8	153,641,514	133,044,803
Provisions		3,645,672	5,385,286
		<u>157,287,186</u>	<u>138,430,089</u>
<b>Net current assets</b>		<b>(36,022,038)</b>	<b>(19,475,357)</b>
<b>Balance of Profit and Loss Account</b>		<b>376,845,127</b>	<b>359,867,055</b>
		<u>577,235,760</u>	<u>568,827,256</u>
<b>Significant accounting policies and notes to accounts</b>	14		

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

For **B S R & Co.**

Chartered Accountants

For and on behalf of the Board of Directors

Sd/-

**Jiten Chopra**

Partner

Membership No: 092894

Sd/-

**Rama Shankar Pandey**

Managing Director

Sd/-

**Stephan Gerres**

Director

Sd/-

**Pawan Sharma**

Chief Financial Officer

Sd/-

**Sarvesh Upadhyay**

Company Secretary

Place: Gurgaon

Date: 28th May, 2010

## HELLA INDIA LIGHTING LIMITED

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

(All amounts are in Rupees)

	Schedule No.	Year Ended 31 March 2010	Year Ended 31 March 2009
<b>INCOME</b>			
Gross sales		394,219,809	268,887,290
Less: Excise duty		31,044,196	33,512,746
Net sales		363,175,613	235,374,544
Other income	9	15,750,005	6,585,189
		<b>378,925,618</b>	<b>241,959,733</b>
<b>EXPENDITURE</b>			
Material cost	10	261,894,169	188,305,779
Personnel cost	11	45,227,693	35,830,778
Administrative and selling expenses	12	63,903,791	55,531,759
Depreciation	5	6,401,490	4,097,970
Finance charges	13	18,476,547	17,463,051
		<b>395,903,690</b>	<b>301,229,337</b>
<b>Loss before tax from ordinary activities</b>		<b>(16,978,072)</b>	<b>(59,269,604)</b>
Add: Extraordinary item		—	11,376,188
<b>Loss before tax for the period</b>		<b>(16,978,072)</b>	<b>(47,893,416)</b>
Less: Prior period expenses		—	5,879,235
<b>Loss before tax</b>		<b>(16,978,072)</b>	<b>(53,772,651)</b>
Less: Provision for taxation			
- For current year		—	1,989,922
- For prior year		—	120,000
- For fringe benefit tax		—	744,464
<b>Loss after tax</b>		<b>(16,978,072)</b>	<b>(56,627,037)</b>
Balance brought forward		<b>(359,867,055)</b>	<b>(303,240,018)</b>
<b>Balance carried to Balance Sheet</b>		<b>(376,845,127)</b>	<b>(359,867,055)</b>
Earning per equity share (face value Rs 10)			
-Basic and diluted	14 (11)	<b>(5.35)</b>	<b>(17.86)</b>
<b>Significant accounting policies and notes to accounts</b>	14		

The schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date

For **B S R & Co.**

Chartered Accountants

For and on behalf of the Board of Directors

Sd/-

**Jiten Chopra**

Partner

Membership No: 092894

Sd/-

**Rama Shankar Pandey**

Managing Director

Sd/-

**Stephan Gerres**

Director

Sd/-

**Pawan Sharma**

Chief Financial Officer

Sd/-

**Sarvesh Upadhyay**

Company Secretary

Place: Gurgaon

Date: 28th May, 2010



## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the consolidated accounts

(All amounts are in Rupees)

	As at 31 March 2010	As at 31 March 2009
<b>Schedule 1:</b>		
<b>SHARE CAPITAL</b>		
<b>Authorized</b>		
3,500,000 (previous year 3,500,000) equity shares of Rs.10 each	35,000,000	35,000,000
2,150,000 (previous year 2,150,000) 0.0000001% non-convertible, non-cumulative, redeemable preference shares of Rs. 100 each	215,000,000	215,000,000
	<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up		
3,171,400 (previous year 3,171,400) equity shares of Rs. 10 each fully paid up.	31,714,000	31,714,000
1,143,630 (previous year 540,000) 0.0000001% non-convertible, non-cumulative, redeemable preference share of Rs. 100 each fully paid up.	114,363,000	54,000,000
	<u>146,077,000</u>	<u>85,714,000</u>
<b>Notes:</b>		
1) 1,617,400 (previous year 1,617,400) equity shares of Rs. 10 each are held by Reinhold Poersch GmbH, Germany, the holding company and 978,263 ( Previous year; 978,263) equity shares of Rs.10 each are held by Hella India Electronics Pvt. Ltd., a fellow subsidiary of the Company. 13,000 (Previous year 13,000). Equity shares has been allotted as fully Paid up Bonus shares by Capitalisation of reserves in earlier year.		
2) 0.0000001% non-convertible, non-cumulative, redeemable preference share are redeemable at par at any time after five years but prior to the expiry of twenty years from the date of allotment. 500,000 preference shares have been allotted on 31 August 2006, 40,000 preference shares have been allotted on 18 March 2009 and 603,630 preference shares have been allotted on 16 March 2010.		
3) The Ultimate Holding Company of the company is Hella KGaA Hueck & Co., Germany.		
<b>Schedule 2:</b>		
<b>RESERVES AND SURPLUS</b>		
Capital reserve (Opening and closing balance)	1,832,211	1,832,211
Revaluation reserve (Opening and closing balance)	2,494,752	2,494,752
Capital redemption reserve (Opening and closing balance)	100,000	100,000
	<u>4,426,963</u>	<u>4,426,963</u>
Securities premium account:		
Opening balance	295,249,220	229,249,220
Add: transfer on issue of preference shares	—	66,000,000
Closing balance	<u>295,249,220</u>	<u>295,249,220</u>
	<u>299,676,183</u>	<u>299,676,183</u>

## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the consolidated accounts

(All amounts are in Rupees)

	As at 31 March 2010	As at 31 March 2009
<b>Schedule 3:</b>		
<b>SECURED LOANS</b>		
Loan from Banks (Secured by hypothecation of the vehicles) Amount payable within one year Rs. 25,043 (Previous year Rs. 4,203,38)	25,043	445,381
	<u>25,043</u>	<u>445,381</u>
 <b>Schedule 4:</b>		
<b>UNSECURED LOANS</b>		
Short term: from bank		
- Overdraft facility#	119,009,834	109,815,072
Other Loan : from holding company *	—	61,641,000
Add : Interest accrued and due	12,447,700	11,535,620
	<u>12,447,700</u>	<u>73,176,620</u>
	<u>131,457,534</u>	<u>182,991,692</u>

\*Converted into 603,630 preference shares allotted on 16 March 2010 to Reinhold Poersch GmbH. Germany, the Holding Company. Also refer to schedule 1.

# Guaranteed by Hella KGaA HUCK & Co., Germany, the ultimate holding company.

**Schedules forming part of the consolidated accounts**

**Schedule 5:**

**FIXED ASSETS**

(All amounts are in Rupees)

Particulars	Gross Block (at cost)			Depreciation			Net Block		
	As at 1 April 09	Additions during the year	Sales/ Adjustments	As at 31 March 10	As at 1 April 09	For the year	Sales/ Adjustments	As at 31 March 10	As at 31 March 2009
Land (Freehold)	21,851,765	5,890,000	-	27,741,765	-	-	-	27,741,765	21,851,765
Buildings	4,540,858	151,737	551,911	4,140,684	2,833,956	145,317	355,715	1,517,126	1,706,902
Leasehold improvements	1,155,357	-	-	1,155,357	900,586	254,771	-	-	254,771
Plant and machinery	41,004,675	25,208,037	663,175	65,549,537	14,375,906	3,046,237	474,262	48,601,656	26,628,769
Computers	6,078,831	4,842,851	-	10,921,682	1,438,215	1,386,987	-	8,096,480	4,640,616
Furniture and fixtures	1,820,156	752,968	-	2,573,124	613,379	313,693	-	1,646,052	1,206,777
Office equipment	611,615	60,487	-	672,102	348,076	44,111	-	279,915	263,539
Electric installations	1,069,588	5,122,658	-	6,192,246	815,573	870,980	-	4,505,693	254,015
Air conditioning plant	341,878	141,540	53,000	430,418	39,494	20,137	1,159	371,946	302,384
Vehicles*	3,185,703	198,012	330,400	3,053,315	1,113,040	319,257	251,341	1,872,359	2,072,663
Total	81,660,426	42,368,290	1,598,486	122,430,230	22,478,225	6,401,490	1,082,477	94,632,992	59,182,201
Previous year	77,536,960	8,543,530	4,420,084	81,660,426	20,929,318	4,097,970	2,549,063	59,182,201	

Capital Work in progress [including capital advances to suppliers Rs. 2,049,863 (previous year Rs. 6,950,661) (and net of provision for impairment loss Rs. 2,056,518 (previous year Rs. Nil))

141,779,679 169,253,357  
236,412,671 228,435,558

**Note:** The net block of assets as at 31 March 2010 includes assets held for sale aggregating to Rs. 141,258,222 (previous year Rs. 45,557,629). Refer note 18 of schedule 14.

## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the consolidated accounts

#### Schedule 6 : Investment (Unquoted)

(All amounts are in Rupees)

	As at 31 March 2010	As at 31 March 2009
<b>Long term (at cost)</b>		
<b>Trade investments (fully paid up)</b>		
Wegu Sondhi Privae Ltd.	110,000	110,000
11,000 (previous year 11,000) equity shares of face value Rs. 10 each	<u>110,000</u>	<u>110,000</u>
Less : Provision for other than temporary diminution in value of investment	<u>110,000</u>	<u>110,000</u>
	<u>-</u>	<u>-</u>

#### Schedule 7:

#### CURRENT ASSETS, LOANS AND ADVANCES

##### Inventories

Raw material and components*	28,382,541	34,766,299
Stores, spares and consumables	2,944,830	2,911,625
Work in progress	3,758,329	3,000,683
Finished goods#	19,443,281	19,188,766
	<u>54,528,981</u>	<u>59,867,373</u>
Less: Provision for slow moving inventory	<u>2,515,295</u>	<u>1,699,431</u>
	<u>52,013,686</u>	<u>58,167,942</u>

\*Includes raw materials and components of the value of Rs. 62,328 (Previous year: Rs. 637,700) lying with the third parties.

# Includes Finished goods of the value of Rs.5,788,109 (Previous year: Rs. 9,129,561) lying with the third parties.

##### Sundry Debtors\*\*

Debtors outstanding for a period exceeding six month		
- Unsecured, considered good	-	835,910
- Unsecured, considered doubtful	6,207,978	6,249,617
	<u>6,207,978</u>	<u>7,085,527</u>
Other debts- considered good		
- secured	350,000	-
- unsecured	47,582,358	24,831,410
	<u>47,932,358</u>	<u>24,831,410</u>
	<u>54,140,336</u>	<u>31,916,937</u>
Less: Provision for doubtful debt	<u>6,207,978</u>	<u>6,249,617</u>
	<u>47,932,358</u>	<u>25,667,320</u>

\*\* refer to note 13 of schedule 14

## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the consolidated accounts

(All amounts are in Rupees)

	As at 31 March 2010	As at 31 March 2009
<b>Schedule 7 : Current Assets, Loans and Advances (continued)</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	190,691	200,466
Balance with scheduled banks		
– Current accounts	5,768,142	2,134,902
– Fixed deposit accounts #	583,342	11,351,825
	<u>6,542,175</u>	<u>13,687,193</u>
# includes Rs. 583,342 (Previous year Rs. 570,727) held with banks against margin money.		
<b>Loan and advances</b>		
(Unsecured and considered good, unless otherwise stated )		
Advance recoverable in cash or in kind or for value to be received *#	3,060,268	6,236,745
Security Deposits	2,180,800	1,131,600
Taxes deducted at source	1,827,808	1,819,480
Balances with excise authorities	9,800,465	12,244,452
	<u>16,869,341</u>	<u>21,432,277</u>
Less: Provision for doubtful advances	<u>(2,092,412)</u>	<u>—</u>
	<u>14,776,929</u>	<u>21,432,277</u>
* refer to note 14 of schedule 14		
<b>Schedule 8:</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors		
– Total outstanding dues of Micro and Small enterprises*	6,987,816	4,085,437
– Total outstanding dues of creditors other than Micro and Small enterprises**	140,548,995	122,705,902
Security deposit from dealers and retention money	691,967	2,384,194
Advance from customers	764,427	340,162
Other liabilities #	4,648,309	3,529,108
	<u>153,641,514</u>	<u>133,044,803</u>
* refer to note 5 of schedule 14		
** Includes salary payable Rs.652,060 (previous year Rs. 1,849,250) and bonus payable of Rs. 401,000 (previous year Rs. 476,507)		
# Includes contribution to provident and other funds payable Rs. 286,465 (previous year Rs. 320,048).		
<b>Provisions</b>		
Leave encashment	1,353,462	1,433,073
Gratuity (refer to note 4(b) of schedule 14)	2,292,210	3,687,749
Fringe benefit tax [net of advance fringe benefit tax Rs. 744,464 (previous year Rs. 600,000)]	—	144,464
Provision for income tax [net of advance tax Rs. 2,109,922 (previous year Rs. 1,989,922)]	—	120,000
	<u>3,645,672</u>	<u>5,385,286</u>

## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the consolidated accounts

(All amounts are in Rupees)

	As at 31 March 2010	As at 31 March 2009
<b>Schedule 9:</b>		
<b>OTHER INCOME</b>		
Interest (gross)*		
– On deposits with banks	37,821	58,713
Scrap Sale (Net)	2,664,700	4,370,708
Profit on sale of fixed assets	809,142	—
Liabilities and provisions no longer required written back	4,589,619	2,137,621
Exchange fluctuation (net)	7,293,507	—
Miscellaneous income	355,216	18,147
	<u>15,750,005</u>	<u>6,585,189</u>

\* Income tax deducted at source is Rs.8,328 (Previous year Rs. 11,081)

### Schedule 10:

#### MATERIAL COST

##### Consumption of raw material and components:

Opening stock	34,766,299	14,275,366	
Add: Purchases	240,401,411	200,029,869	
Less: Closing stock	28,382,541	246,785,169	179,538,936
Stores, spares and consumables	14,120,747		9,359,552
Purchase of finished goods for resale	—		2,428,940
	<u>260,905,916</u>		<u>191,327,428</u>

( Increase)/Decrease in stocks:

Opening Stock			
– Work in progress	3,000,683	5,261,786	
– Finished goods	19,188,766	13,357,226	
	<u>22,189,449</u>	<u>18,619,012</u>	
Less: Closing Stock			
– Work in progress	3,758,329	3,000,683	
– Finished goods	19,443,281	19,188,766	
	<u>23,201,610</u>	<u>22,189,449</u>	(3,570,437)

Increase/(Decrease) in excise duty on stock	2,000,414		548,788
	<u>261,894,169</u>		<u>188,305,779</u>

### Schedule 11:

#### PERSONNEL COST

Salaries, wages and bonus	41,965,033	32,756,237
Contribution to provident and other funds	1,853,640	1,990,723
Staff welfare	1,409,020	1,083,818
	<u>45,227,693</u>	<u>35,830,778</u>

## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the consolidated accounts

(All amounts are in Rupees)

	As at 31 March 2010	As at 31 March 2009
<b>Schedule 12:</b>		
<b>ADMINISTRATIVE AND SELLING EXPENSES</b>		
Power and fuel	4,891,671	4,542,106
Travelling and conveyance	8,498,919	7,062,441
Freight outward	10,843,287	5,862,566
Security charges	1,201,351	1,084,729
Cash discount	—	1,332,977
Legal and professional charges (refer to note 7 of schedule 14)	7,764,226	6,146,160
Rent	3,054,352	2,895,078
Rates and taxes	2,647,652	1,539,953
Insurance	419,598	290,397
Repairs and maintenance:		
on buildings	94,064	99,116
on plant and machinery	936,977	190,897
on others	5,067,099	1,734,462
Vehicle running and maintenance	589,886	923,274
Printing and stationery	464,380	481,760
Telephone expenses	2,881,640	1,363,818
Bank charges	850,218	1,377,155
Exchange fluctuation (net)	—	8,629,921
Provision for doubtful debts	—	1,151,796
Provision for doubtful advances	2,092,412	—
Provision for slow moving inventory	815,864	1,699,431
Sundry advances written off	726,566	924,790
Bad debts written off	—	1,192,772
Advertisement and sales promotion	4,244,110	1,424,761
Directors' sitting fees	120,000	54,000
Loss on sale of assets	—	692,467
Provision for Impairment loss (refer to note 18 of schedule 14)	2,056,518	—
Miscellaneous expenses	3,643,001	2,834,932
	<u>63,903,791</u>	<u>55,531,759</u>
<b>Schedule 13:</b>		
<b>FINANCE CHARGES</b>		
Interest on cash credit and overdraft	16,927,084	14,205,381
Other interest *	1,549,463	3,257,669
	<u>18,476,547</u>	<u>17,463,051</u>

\* includes Rs. 912,080 (Previous year Rs. 3,003,750) being interest on unsecured loan that was taken from the Holding company and has been converted into preference shares in the current year. Also refer to schedule 1

## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the consolidated accounts

#### Schedule 14: Significant Accounting Policies and Notes to Accounts

##### 1. Significant Accounting Policies

###### i) Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards (AS) as specified in the Companies (Accounting Standards) Rules 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable.

###### ii) Principles of Consolidation

The consolidated financial statements relate to "Hella India Lighting Limited" (the Company), and its wholly owned subsidiaries, Chetan Genthe & Company (P) Limited ('Chetan'), and Bitoni Lamps Limited ('Bitoni') incorporated in India.

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the parent company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances. The amounts shown in respect of debit balance of Profit and Loss Account comprises the respective debit balance of Profit and Loss Accounts as per the balance sheet of the parent company and its subsidiaries.
- Consolidated financial statements are prepared by using uniform accounting policies for like significant transactions and other events in similar circumstances.
- The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
- The excess/ shortfall of cost to the parent company of its investment in subsidiary over its portion of equity in the subsidiaries is recognized as Goodwill / Capital Reserve respectively.

###### iii) Other Significant Accounting Policies

The significant accounting policies set out in the financial statements of Hella India Lighting Limited, have also been followed by the subsidiaries.

##### 2. Capital commitments

**As at 31 March 2010      As at 31 March 2009**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

**2,712,680                      1,131,000**

##### 3. Contingent liabilities

- The Company has received assessment orders for the Assessment year 2001-02 and 2004-05 from the Income Tax authorities as a result of which demands have been raised against the Company. The Company has filed appeals with High Court against these assessment orders, details of which are as under:

Name of the Statute	Nature of dues	Amount involved (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance for foreign exchange fluctuation	3,129,228	2001-02	High Court
Income Tax Act, 1961	Disallowance for foreign exchange fluctuation	3,958,969	2004-05	High Court

- The company has in the earlier years received a notice from Haryana Urban Development Authority towards payment of Rs. 5,102,580 as external development charges in respect of its land at Faridabad.

The company is of the firm belief that the above demands are not tenable and are highly unlikely to be retained and is therefor not carry any provision in its books in respect of such demands.



## HELLA INDIA LIGHTING LIMITED

### 4. Employee benefits

Disclosure in respect of employee benefits under Accounting Standard (AS) – 15 “Employee Benefits” prescribed by the Companies (Accounting Standards) Rules, 2006:

a) Defined Contribution Plans: An amount of Rs.1,853,640 (previous year Rs. 1,990,723) pertaining to employers’ contribution to provident fund, pension fund, employees’ state insurance fund and superannuation fund is recognised as an expense and included in “Personnel costs” in Schedule 11.

b) The Gratuity Plan (defined benefit plan)

The following table sets forth the status of the Gratuity Plan of the Company, and the amounts recognized in the balance sheet and the profit and loss account.

Particulars	As at 31 March 2010	As at 31 March 200
<b>Changes in the present value of defined benefit obligation</b>		
Projected benefit obligation at the beginning of the year	3,687,749	3,972,085
Interest Cost	276,581	278,046
Current service cost	294,129	341,696
Benefits paid	(2,115,627)	(912,289)
Actuarial (gain)/loss	149,378	8,211
<b>Projected benefit obligation at the end of the year</b>	<b>2,292,210</b>	<b>3,687,749</b>
<b>Changes in the fair value of the Plan assets</b>	<b>—</b>	<b>—</b>
(The Company does not have any Plan assets)		
<b>Actuarial gain/ (loss)</b>		
Actuarial gain/ (loss) for the year – obligation	(149,378)	(8,211)
Actuarial (gain)/ loss for the year - plan assets	—	—
Total (gain)/ loss for the year	149,378	8,211
Actuarial (gain)/ loss recognized in the year	149,378	8,211
<b>Unrecognised actuarial (gains)/ losses at the end of year</b>	<b>—</b>	<b>—</b>
<b>Amount recognized in the balance sheet</b>		
Projected benefit obligation at the end of the year	2,292,210	3,687,749
Fair value of the plan assets in the end of the year	—	—
Funded status	2,292,210	3,687,749
<b>Unrecognised actuarial (gains)/losses</b>	<b>—</b>	<b>—</b>
<b>Liability recognized in the balance sheet</b>	<b>2,292,210</b>	<b>3,687,749</b>
<b>Gratuity cost for the year</b>		
Current service cost	294,129	341,696
Past service cost	—	—
Interest cost	276,581	278,046
Expected return on plan assets	—	—
Net actuarial (gain)/loss recognized in the year	149,378	8,211
<b>Expenses recognised in the statement of profit and loss*</b>	<b>720,088</b>	<b>627,953</b>
<b>Economic assumptions</b>		
Discount rate	7.50%	7.00%
Expected rate of return on plan assets	—	—
Long term rate of compensation increase	5.00%	4.50%
<b>Demographic assumptions</b>		
Retirement age	58 years	58 years
Mortality table	LIC (1994-96) mortality tables.	LIC (1994-96) mortality tables.
<b>Withdrawal Rates</b>		
<b>Ages</b>	<b>Withdrawal rate</b>	<b>Withdrawal rate</b>
Upto 30 years	3%	3%
Upto 44 years	2%	2%
Above 44 years	1%	1%

## HELLA INDIA LIGHTING LIMITED

### Actuarial assumptions

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors. Medical cost trend rates have no impact on actuarial valuation of the above defined benefit plan. Discount rate is based on market yields prevailing on government securities as at 31 March 2010 for the estimated term of the obligations.

5. The Company has obtained relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006 ('the Act') which came into force from 2 October 2006. Based on the information presently available with the management, following are the disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 in respect of micro and small suppliers as defined in the Act:

Particulars	As at 31 March 2010	As at 31 March 2009
(i) the principal amount remaining unpaid to supplier as at the end of the year	6,513,172	4,017,308
(ii) the interest due on the principal remaining outstanding as at the end of the year	65,809	68,129
(iii) the amount of interest paid under the Act beyond the appointed day during the year	—	—
(iv) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	—	—
(v) the amount of interest accrued and remaining unpaid at the end of the year	474,644	68,129
(vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Act	—	—

### 6. Managerial remuneration

Salaries and allowances	300,000	236,958
Contribution to funds	21,600	46,228
Monetary value of benefits (at cost)	15,000	354,009
Gratuity	—	478,472
Leave Encashment	—	546,825
<b>Total</b>	<b>336,600</b>	<b>1,662,492</b>
Directors' sitting fees	120,000	54,000

Previous year figures includes contribution to the gratuity fund and leave encashment paid on full and final dues towards resignation of the Managing Director Mr. R. S. Sharma who resigned on 31 May 2008.

In respect of the current year, gratuity and leave encashment liability has been based on actuarial valuations carried out on an overall company basis is not separately available on an individual basis.

### 7. Auditor's remuneration (excluding service tax)

Statutory audit fees	1,300,000	1,400,000
Tax audit fees	120,000	100,000
Other matters*	515,000	112,500
Out of pocket expenses	286,889	160,495
<b>Total</b>	<b>2,221,889</b>	<b>1,772,995</b>

\*Includes fee paid to the auditors of subsidiary companies.

### 8. Segment information

The Company is engaged in the business of manufacture of auto components/accessories which is a primary segment for the Company which constitutes a single business segment and accordingly disclosure requirements of Accounting Standard 17, "Segment Reporting", prescribed by the Companies (Accounting Standard) Rules 2006 in relation to primary segment are not required to be given.

## HELLA INDIA LIGHTING LIMITED

As the Company exports its products, the secondary segment for the Company is based on the location of its customers. Information on the geographic segment is as follows:

	Year ended 31 March 2010			Year ended 31 March 2009		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment revenue	321,099,339	57,826,279	378,925,618	229,713,975	12,245,758	241,959,733
Segment assets	349,984,937	7,692,881	357,677,818	338,977,974	8,115,175	347,093,149
Capital expenditure	12,108,807	—	12,108,807	109,935,692	—	109,935,692

### 8. Segment accounting policies

The accounting principles consistently used in the preparation of the financial statements and consistently applied to record revenue and expenditure in individual segments are as set out in Note 1 to this schedule on significant accounting policies. The description of segment assets and liabilities and the accounting policies in relation to segment accounting are as under:

a) Segment assets

Segment assets include all operating assets used by a segment and consist principally of fixed assets, capital work in progress, current assets and loans and advances. Segment assets do not include advance taxes.

b) Segment revenue

Segment revenue excludes trade discounts and excise duty and includes other income. Segment revenue has been allocated to both the segments on the basis of specific identification.

### 9. Related Party Disclosures

The Company has entered into transactions with affiliated companies and its parent and key management personnel during the normal course of its business. The names of related parties of the Company and their relationship, as required to be disclosed under Accounting Standard 18, are as follows:

a) Related parties and nature of related party relationship where control exists

Nature of the relationship	Name of the Company/ Party
1. Ultimate holding company	Hella KGaA Hueck & Co, Germany
2. Holding company	Reinhold Poersch GmbH, Germany

b) Other related parties with whom transactions have taken place during the year:

1. Fellow subsidiaries	<p><i>In India</i></p> <p>a) Hella India Electronics Private Limited b) Hella Engineering Private Limited</p> <p><i>Outside India</i></p> <p>a) Hella Fahrzeugteile, Austria b) Hella Phil Inc., Philippines c) Hella Australia Pty. Limited d) Hella Asia Singapore Pte. Limited e) Hella Umform, Germany f) Hella Innenleuchten-Systeme GmbH g) Hella Lighting, Finland h) Hella Inc., USA i) Changchun Hella Automotive Lighting Ltd., China</p>
2. Key management personnel	<p>Mr. R.S Sharma (Managing Director) (upto 31 May 2008) Mr. Stephan Gerres (Managing Director) (from 1 June 2008 to 31 Dec 2009) Mr. R. S. Pandey (Managing Director) (with effect from 1 Jan 2010)</p>

## HELLA INDIA LIGHTING LIMITED

### c) Related party transactions:

Name of the related party	Nature of relationship	Nature of transaction	Year ended 31 March 2010	Year ended 31 March 2009
Hella KGaA Hueck & Co, Germany	Ultimate Holding company	Sales Purchase of raw materials and components Commission on guarantee Balances outstanding – Sundry debtors – Sundry creditors – Loans and advances Guarantee is given for the overdraft facility availed of the Company. The commission paid on such guarantee are reimbursed by the company	54,162,321 3,907,634 1,267,311 5,774,148 56,290,930 394,579	8,594,501 12,777,565 972,393 3,465,575 53,248,082 —
Reinhold Poersch GmbH, Germany	Holding company	Interest expense Issue of preference shares Balances outstanding – Unsecured loans	1,013,423 60,363,000 12,447,700	3,003,750 — 73,176,620
Hella India Electronics Private Limited	Fellow Subsidiary	Sales CWIP Purchase of raw materials and components Balances outstanding – Sundry creditors – Sundry debtors	4,383,643 81,664,031 18,563,803 28,280	— 77,822,138 8,319,170 —
Hella Lighting, Finland	Fellow subsidiary	Balances outstanding – Sundry creditors	—	155,591
Hella Fahrzeugteile, Austria	Fellow subsidiary	Sales Purchase of raw materials and components Purchase of Fixed assets Balances outstanding – Sundry creditors – Sundry debtors – Loans and advances	2,199,993 1,144,841 135,900 1,002,333 947,895 —	2,412,296 177,248 — 4,356,262 612,855 3,517,556
Hella Phil Inc., Philippines	Fellow subsidiary	Sales Balances outstanding – Sundry debtors	84,090 74,806	76,906 82,077
Hella Australia Pty. Limited	Fellow subsidiary	Sales Balances outstanding – Sundry debtors	155,251 64,341	354,651 —
Hella Asia Singapore Pte. Limited	Fellow subsidiary	Sales Purchase of raw materials and components Balances outstanding – Sundry creditors	— 17,094,439 3,792,351	24,049 7,375,599 3,500,617
Hella Inc., USA	Fellow subsidiary	Purchase of raw materials and components Balances outstanding – Sundry creditors	9,185 9,055	— —

## HELLA INDIA LIGHTING LIMITED

Name of the related party	Nature of relationship	Nature of transaction	Year ended 31 March 2010	Year ended 31 March 2009
Hella Innenleuchten-Systeme GmbH	Fellow subsidiary	Purchase of raw material and components Balance outstanding - Sundry creditors - Loans and advances	1,013,059 6,708,144 158,700	5,123,283 7,443,954 158,700
Changchun Hella Automotive Lighting Ltd., China	Fellow Subsidiary	Purchase of raw materials and components	13,562	—
Hella Engineering Private Limited	Fellow Subsidiary	Rent - Sundry creditors	330,000 27,750	244,000 24,538
Mr. R. S. Pandey (Previous year represents amount paid to Mr. R. S. Sharma)	Managing Director	Managerial remuneration (refer note 6)	336,600	1,662,492

### 10. Operating leases

The Company has acquired office and residential premises for its personnel under cancellable and non-cancellable operating leases. Operating lease rentals charged to the profit and loss account during the year ended 31 March 2010 is Rs. 3,054,352 (previous year Rs. 2,895,078). The future minimum lease expense in respect of non cancellable lease is as follows:

	As at 31 March 2010	As at 31 March 2009
Not later than 1 year	1,452,000	220,000
Later than 1 year but not later than 5 years	342,833	—
Later than 5 years	—	—
<b>Total</b>	<b>1,794,833</b>	<b>220,000</b>

### 11. Earnings/Loss per share

Loss after tax		
Profit and Loss account	(16,978,072)	(56,627,037)
Weighted average Number of equity shares outstanding during the year	3,171,400	3,171,400
Basic and diluted earnings per share in Rupees (face value – Rs. 10 per share )	(5.35)	(17.86)

The Company has not issued any potential equity shares and accordingly the basic earnings per share and diluted earnings per share is the same.

## HELLA INDIA LIGHTING LIMITED

### 12. Deferred Tax

Components of deferred tax asset / (deferred tax liability) are as under:

	As at 31 March 2010	As at 31 March 2009
<b>Timing differences between accounting</b>		
<b>And tax books on account of:</b>		
<b>Deferred tax liability</b>		
Difference between written down value of fixed assets as per Income tax Act, 1961 and as per Companies Act, 1956	6,847,247	5,115,249
<b>Total (A)</b>	<b>6,847,247</b>	<b>5,115,249</b>
<b>Deferred tax assets</b>		
Provision for gratuity	761,415	1,253,466
Provision for leave encashment	449,586	487,102
Provision for doubtful debts	2,062,135	2,124,245
Provision for doubtful advances	695,047	—
Provision for slow moving inventory	835,518	577,637
Unabsorbed depreciation and carry forward of losses under the Income-tax Act, 1961	95,104,507	96,954,972
<b>Total (B)</b>	<b>99,908,208</b>	<b>101,397,422</b>
<b>Net Deferred tax asset (B-A)</b>	93,060,961	96,282,173
<b>Net amount recognized in the financial statements</b>	Nil	Nil

In the absence of virtual certainty of realisability of deferred tax assets, the deferred tax asset has been recognised only to the extent of deferred tax liability.

13. Sundry debtors include the following balances, which are due from companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.

Hella KGaA Heuck and Co, Germany	5,774,148	3,465,575
Hella Australia Pty Ltd.	64,341	—
Hella Fahrzeugteile Austria	947,895	612,855
Hella Phil Inc., Philippines	74,806	82,077

14. Loans and Advances include the following balances, which are due from companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.

	As at 31 March 2010	Maximum amount due during the year	As at 31 March 2009	Maximum amount due during the year
Hella Fahrzeugteile, Austria	—	3,517,556	3,517,556	3,517,556
Hella Innenleuchten-Systeme GmbH	158,700	158,700	158,700	158,700
Hella KGaA Heuck and Co, Germany	394,579	394,579	—	—

## HELLA INDIA LIGHTING LIMITED

15. The Company's foreign currency exposure not hedged is as follows:

	As at 31 March 2010		As at 31 March 2009	
	(in original currency)	(in Rupees)	(in original currency)	(in Rupees)
Debtors receivable				
– EURO	114,483	6,796,850	62,423	4,160,507
– USD	1,452	64,341	—	—
Loans and Advances				
– EURO	—	—	52,777	3,517,556
Payables				
– EURO	1,114,580	68,791,894	1,018,728	69,772,671
– USD	197	9,055	—	—
Unsecured loan				
– EURO	201,680	12,447,700	1,068,429	73,176,620
Cash in hand and at bank				
– USD	3,585	161,804	3,585	178,974
– EURO	768	46,510	1218	80,607
– RMB80	529	—	—	—

16. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arms length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of income tax expense and that of provision for taxation.

17. Additional information pursuant to the provisions of the Companies Act, 1956

### (a) Quantitative details of products manufactured (Pcs.)

Item	Installed*		Production	
	Year ended 31 March 2010	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2009
HORN	400,000	355,000	396,843	216,934
SUNDRY LAMPS	420,000	486,000	399,808	246,963
SWITCHES	1,080,000	1,080,000	182,473	46,209
HEAD LAMPS	450,000	530,000	456,877	448,212
FLASHER LAMPS	660,000	660,000	6,418	1,284

\* Installed capacity (on single shift basis) are as certified by the management and relied upon by the auditors, being a technical matter.

Note: Licensed capacity has not been disclosed as the products manufactured by the Company are delicensed.

**Schedule 14: Significant Accounting Policies and Notes to Accounts (Continued)**  
**(b) Stock of Finished Goods, Purchase for resale and Sales**

Particulars	Opening Stock				Production/Purchase				Sales**				Closing Stock			
	As at 1 April 2009		As at 1 April 2008		For the year ended 31 March 2010		For the year ended 31 March 2009		For the year ended 31 March 2010		For the year ended 31 March 2009		As at 31 March 2010		As at March 2009	
	Qty (Pcs.)	Amt/Rs.	Qty (Pcs.)	Amt/Rs.	Qty (Pcs.)	Amt/Rs.	Qty (Pcs.)	Amt/Rs.	Qty (Pcs.)	Amt/Rs.	Qty (Pcs.)	Amt/Rs.	Qty (Pcs.)	Amt/Rs.	Qty (Pcs.)	Amt/Rs.
<b>Manufactured and Traded Goods</b>																
HORNS	24,548	3,585,546	5,582	212,336	396,843	NA	410,777	NA	391,210	101,244,715	391,811	99,211,944	30,181	4,718,964	24,548	3,585,546
SUNDRY LAMPS	32,188	3,288,121	70,258	3,612,728	398,808	NA	287,784	NA	402,562	53,589,749	325,854	46,608,302	29,434	2,862,077	32,188	3,288,121
SWITCHES	11,941	584,641	46,415	1,422,549	182,473	NA	77,592	NA	175,984	34,467,882	112,066	13,098,883	18,430	1,545,961	11,941	584,641
HEAD LAMPS	47,680	8,991,177	87,451	7,399,771	456,877	NA	376,045	NA	455,789	120,379,571	415,806	98,526,951	48,778	8,662,435	47,680	8,991,177
FLASHER UNIT	2,581	93,950	5,984	278,786	6,418	NA	33,449	NA	7,682	453,154	36,832	3,377,957	1,317	50,203	2,581	93,950
OTHER	#	2,645,331	#	431,056	#	NA	#	NA	#	84,084,738	#	8,063,253	#	1,613,641	#	2,645,331
<b>Total</b>		<b>19,188,766</b>		<b>13,357,226</b>						<b>394,219,809</b>		<b>268,887,290</b>		<b>19,443,281</b>		<b>19,188,766</b>

\*\* Gross of Excise duty

# In view of the considerable number of items diverse in size & nature, it is not practicable to furnish quantitative information. Also, no individual item exceed 10% of total purchase, sales & total stock.



## HELLA INDIA LIGHTING LIMITED

### Schedules forming part of the accounts

#### Schedule 14: Significant Accounting Policies and Notes to Accounts

##### 1. Significant Accounting Policies

##### (c) Raw materials and components consumed

Item	Unit	Year ended 31 March 2010		Year ended 31 March 2009	
		Qty.	Amount	Qty.	Amount
CRC sheet/ CRC coil	Kgs	111,044	4,155,808	121,495	5,626,024
Diffusing lenses	Nos.	487,703	5,864,820	376,716	4,809,680
Motor	Nos.	116,862	21,486,524	102,701	20,026,757
Horn (unfinished)	Nos.	530,025	64,873,758	312,459	26,672,337
Others		*	148,588,275	*	122,404,138
			<b>244,969,185</b>		<b>179,538,936</b>

\* In view of the considerable number of items divces in size and nature, it is not practicable to furnish quantitative information. Also, no such individual item exceeds ten percent of total raw materials and components consumed.

##### (d) Value of imported and indigenous raw materials and components consumed and the percentage of each to the total consumption.

(Amount in Rupees)

Item	Year ended 31 March 2010		Year ended 31 March 2009	
	Amount	%	Amount	%
Raw materials and components				
– Imported	41,115,051	16.78%	23,890,171	13.31%
– Indigenous	203,854,134	83.22%	155,648,765	86.69%
	<b>244,969,185</b>	<b>100%</b>	<b>179,538,936</b>	<b>100%</b>

##### (e) C.I.F. value of imports

(Amount in Rupees)

	Year ended 31 March 2010	Year ended 31 March 2009
Raw materials and components	27,195,985	31,707,522
<b>Expenditure in foreign currency</b>		
Finance charges	1,013,423	3,003,750
Personnel cost	1,348,375	–
Travelling	384,840	1,144,455
Legal and professional charges	1,267,311	972,393
Repairs and maintenace	2,090,737	–
Miscellaneous expenses	520,289	–

## HELLA INDIA LIGHTING LIMITED

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(All amount are in Rupees)

### Schedules forming part of the accounts

#### Schedule 14: Significant Accounting Policies and Notes to Accounts

##### 1. Significant Accounting Policies

###### (f) Earnings in foreign currency

(Amount in Rupees)

	Year ended 31 March 2010	Year ended 31 March 2009
F.O.B. value of exports	57,826,279	12,245,758

18. In the view of Management decision to close down the Faridabad Plant and after the disposal/transfer of certain assets to Derabassi Plant, assets having net book value of Rs. 141,258,222 as at 31 March 2010 are held for disposal at the Faridabad Plant. This comprises land and capital work in progress and is net of provision for impairment loss with respect to capital work in progress aggregating to Rs. 2,056,518.
19. The Company has entered into certain transactions of sale of capital goods aggregating Rs. 3,086,565 with a private company in which a director of the Company was a director. Inadvertently the Company has not obtained the prior approval of the Central Government as envisaged under section 297 of the Companies Act, 1956, in respect of the above transactions. The transaction has been validated by the Board of Directors and the Company is in the process of taking necessary steps to take the approval from the Central Government.
20. Previous year figures have been rearranged/ regrouped, wherever necessary to confirm to current year's classification.

#### For Hella India Lighting Limited

Sd/-  
**Rama Shankar Pandey**  
Managing Director

Sd/-  
**Stephan Gerres**  
Director

Sd/-  
**Pawan Sharma**  
Chief Financial Officer

Sd/-  
**Sarvesh Upadhyay**  
Company Secretary

Place: Gurgaon  
Date: 28th May, 2010

## HELLA INDIA LIGHTING LIMITED

### Consolidated Cash Flow Statement for the year ended 31 March 2010

(All amounts are in Rupees)

	Year ended 31 March 2010	Year ended 31 March 2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>LOSS BEFORE TAX</b>	<b>(16,978,072)</b>	<b>(53,772,651)</b>
<b>ADJUSTMENTS FOR :</b>		
Depreciation	6,401,490	4,097,970
Liabilities and provisions no longer required written back	(4,589,619)	(2,137,621)
Interest expense	18,476,547	17,463,051
Interest income	(37,821)	(58,713)
Extraordinary item	-	(11,376,188)
Unrealized foreign exchange fluctuations (net)	(7,307,022)	8,629,921
Loss/ (Profit) on sale of fixed assets	(809,142)	692,467
Provision for doubtful debts	-	1,151,796
Provision for doubtful advances	2,092,412	-
Provision for impairment loss	2,056,518	-
Provision for slow moving inventory	815,864	1,699,431
Bad debts written off	-	1,192,772
Sundry advances written off	726,566	924,790
<b>OPERATING LOSS BEFORE WORKING CAPITAL CHANGES</b>	<b>(847,721)</b>	<b>(31,492,975)</b>
<b>ADJUSTMENTS FOR :</b>		
Decrease/(Increase) in inventories	5,338,392	(25,347,726)
Increase in trade / other receivables	(18,969,100)	(3,321,671)
Increase in trade / other payables	23,111,186	26,250,064
<b>CASH GENERATED FROM / (USED IN) OPERATIONS</b>	<b>10,328,199</b>	<b>(33,912,308)</b>
Taxes paid	(264,464)	(2,601,003)
<b>NET CASH FROM / (USED IN) OPERATING ACTIVITIES (A)</b>	<b>10,063,735</b>	<b>(36,513,311)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including capital work-in-progress	(14,165,325)	(109,935,692)
Sale of fixed assets including capital work-in-progress	5,708,794	12,554,722
Interest received	37,821	58,713
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(8,418,710)</b>	<b>(97,322,257)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of preference share capital	-	70,000,000
Repayment of secured loans	(420,338)	(4,984,059)
Proceeds from unsecured loans	9,194,762	90,080,640
Interest paid	(17,564,467)	(14,784,456)
<b>NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)</b>	<b>(8,790,043)</b>	<b>140,312,125</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(7,145,018)</b>	<b>6,476,558</b>
Cash and cash equivalents at the beginning of period	13,687,193	7,210,635
Cash and cash equivalents at the end of period (refer schedule 7)	6,542,175	13,687,193

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard 3 "Cash Flow Statement".
- Cash and cash equivalents consist of cash on hand and balances with banks and include Rs. 583,342/- (Previous year Rs. 570,727/-) held as margin accounts which are not available for use by the Company.

As per our report of even date

For **B S R & Co.**

For and on behalf of the Board of Directors

Chartered Accountants

Sd/-

Sd/-

Sd/-

Sd/-

Sd/-

**Jiten Chopra**

**Rama Shankar Pandey**

**Stephan Gerres**

**Pawan Sharma**

**Sarvesh Upadhyay**

Partner

Managing Director

Director

Chief Financial Officer

Company Secretary

Membership No: 092894

Place: Gurgaon

Date: 28th May, 2010

## HELLA INDIA LIGHTING LIMITED

**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

### **CONSOLIDATED BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**01. REGISTRATION DETAILS**

Registration number	003126	State Code	55
Balance sheet date	31-03-2010		

**02. CAPITAL RAISED DURING THE YEAR (Amount in Rs.)**

Public issue	Nil	Right issue	Nil
Bonus issue	Nil	Private placement	60,363,000

**03. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.)**

<b>TOTAL LIABILITIES</b>	734,447,046	<b>TOTAL ASSETS</b>	734,522,946
Source of funds		Application of funds	
Paid-up capital	146,077,000	Net fixed assets	94,632,992
Reserves and surplus	299,676,183	CWIP	141,779,679
Secured loans	25,043	Current assets	121,265,147
Unsecured loans	131,457,534	Investments	–
Current Liabilities and Provisions	157,287,186	Debit balance of Profit and Loss Account	376,845,128
Deferred Tax (net)	–		

**04. PERFORMANCE OF THE COMPANY (Amount in Rs.)**

Turnover*	378,925,618	Total expenditure	395,903,690
Profit/(Loss) before tax	(16,978,072)	Profit/(Loss) after tax	(16,978,072)
Earning per share in Rs.	(5.35)	Dividend rate %	0%

\* Including other income

**05. GENERIC NAMES OF THE PRINCIPAL PRODUCT / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)**

Item code no. (ITC code)	Product description
411561-62	Head Lamp
403644-45	Sundry Lamps
401172	Horns

**For and on behalf of the Board**

Sd/-  
**Rama Shankar Pandey**  
Managing Director

Sd/-  
**Stephan Gerres**  
Director

Sd/-  
**Pawan Sharma**  
Chief Financial Officer

Sd/-  
**Sarvesh Upadhyay**  
Company Secretary

Place: Gurgaon  
Date: 28th May, 2010

## HELLA INDIA LIGHTING LIMITED

### Annexure to the Balance Sheet as at 31st March, 2010 Statement Pursuant to Section 212 of the Companies Act, 1956

1	Name of the Subsidiary Company:	<b>BITONI LAMPS LIMITED</b>	<b>CHETAN GENTHE &amp; COMPANY PRIVATE LIMITED</b>
2	Financial Year of the Subsidiary Company:	31st March, 2010	31st March, 2010
3	Holding Company's interest in the subsidiary Company at the end of the financial year of the Subsidiary Company:	32900 Equity Shares of Rs.10/- each fully paid-up	6992 Equity Shares of Rs.10/- each fully paid-up
4	Extent of Holding	100%	100%
5	Net aggregate amount of profit/(loss) of the subsidiary Company not dealt within the Holding Company's accounts (concerning the members of the Holding Company) a) For the Current Year : b) Form the Previous Year since it became a subsidiary :	(Rs.2500) (Rs.2500)	(Rs.13788) (Rs.11030)
6	Net aggregate amount of the profits of the Subsidiary Company dealt with in the Holding Company's Accounts a) For the Current Year : b) For the Previous Year since it became a subsidiary :	Nil Nil	Nil Nil

For and on behalf of the Board

Sd/-  
**Pawan Sharma**  
Chief Financial Officer

Sd/-  
**Sarvesh Upadhyay**  
Company Secretary

Sd/-  
**Stephan Gerres**  
Managing Director

Sd/-  
**Constantin Von Buelow**  
Director

Place: New Delhi  
Date: 12th August 2010

## BITONI LAMPS LIMITED

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### DIRECTORS' REPORT

To,  
The Members,

Your Directors take pleasure in presenting the 45th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2010.

#### PERFORMANCE

During the period under review the company suffered a loss of Rs.2,500/- as against Rs.2,500/- during the previous year. The Company continues to suspend its manufacturing activities this year also.

#### DIVIDEND

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

#### DIRECTORS

Further, in accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Amod Kumar Shukla and Mr. B. L. Sharma, 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:

- a) That in the preparation of annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That the Directors had selected such accounting policies and applied them consistently and made judgements 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

M/s Rakesh Mrinal & Co, Chartered Accountants, the Statutory Auditors of the company, have audited the accounts of the Company for the financial year 2009-2010, following the prescribed accounting standards.

M/s Rakesh Mrinal & Co., Chartered Accountants would be retiring at the conclusion of the 45th Annual General Meeting. The Company has received a certificate from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

#### FIXED DEPOSITS

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

There are no employees whose particulars are to be furnished pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

#### ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation to the employees of the Company and the support extended by Holding Company, M/s Hella India Lighting Limited.

For and on behalf of the Board

Place: New Delhi  
Date: 14th May 2010

Sd/-  
CHAIRMAN

## BITONI LAMPS LIMITED

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### 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 Company has suspended its manufacturing activities.
- b) Additional Investments and proposals if any, being implemented for reduction in consumption of energy: Nil
- 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: Nil
- d) Total energy consumption and energy consumption per unit of production : **Not Applicable**

#### Form B

#### A RESEARCH & DEVELOPMENT (R&D):

- |   |  |     |
|---|--|-----|
| 1 | Specific Areas in which R&D carried out by the company | Nil |
| 2 | Benefits derived as a result of the above R&D          | Nil |
| 3 | Future plan of action                                  | Nil |
| 4 | Expenditure on R&D                                     |     |
|   | Recurring expenses                                     | Nil |
|   | R&D expenditure as a % of total turnover               | Nil |

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- |   |   |                         |
|---|---|-------------------------|
| 1 | Efforts, in brief, made towards technology absorption, adaptation and innovation              | No import of technology |
| 2 | Benefit derived as a result of the above efforts  | Not Applicable          |
| 3 | In case of imported technology during the last five years:                                    |                         |
|   | a) Technology imported  |                         |
|   | 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 | Not Applicable          |

#### FOREIGN EXCHANGE EARNINGS AND OUT GO:

- |    |           |                                |
|----|-----------|--------------------------------|
| a) | Earnings: | (Rs. In lacs)                  |
|    |           | Rs Nil (Previous year Rs. Nil) |
| b) | Outgo:    | Rs Nil (Previous year Rs. Nil) |

For and on behalf of the Board

Place: New Delhi  
Date: 14th May 2010

Sd/-  
CHAIRMAN

## **BITONI LAMPS LIMITED**

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### **AUDITOR'S REPORT TO THE MEMBERS OF BITONI LAMPS LIMITED.**

We have audited the attached Balance Sheet of M/s Bitoni Lamps Ltd. as on 31st March 2010 and the profit & loss account of the company for the year ended on that date annexed thereto and report that:-

As required by the companies (Auditor's Report) order 2003, issued by the Central Government in terms of section 227(4-A) of the Companies Act 1956, are not applicable to the company for the current year.

Further, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by the law have been kept by the company so far as it appears from our examination of such books.
- c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts of the company.
- d) The Balance Sheet and Profit & Loss Account are in compliance with the mandatory Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956 to the extent applicable.
- e) On the basis of written representations received from Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion to the best of our information and according to the explanations given to us the said accounts read together with the notes thereon give the information required by the companies act, 1956 in the manner so required and give a true and fair view.
  - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; and
  - ii) in the case of Profit and Loss Account, of the loss for the year ended on that date.

for & on behalf of  
RAKESH MRINAL & CO.  
CHARTERED ACCOUNTANTS

Sd/-  
(RAKESH GUPTA)  
M.No.82096

Place : New Delhi  
Date : 14th May,2010



**BITONI LAMPS LIMITED**

**BALANCE SHEET AS ON 31ST MARCH,2010**

Amount in Rs.

<b>PARTICULARS</b>	<b>ANNEXURE NO.</b>	<b>AS ON 31.03.2010</b>	<b>AS ON 31.03.2009</b>
<b>SOURCES OF FUNDS</b>			
Share Capital	1	329,000.00	329,000.00
Reserve & Surplus		—	—
		<u>329,000.00</u>	<u>329,000.00</u>
Total		<u>329,000.00</u>	<u>329,000.00</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block		—	—
Less:Depreciation		—	—
		—	—
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories		—	—
Sundry Debtors		—	—
Cash & Bank Balances		—	—
Loans & Advances		—	—
		—	—
<b>Less: Current Liabilities &amp; Provision</b>			
Current Liabilities	2	1,041,642.07	1,039,142.07
Provision		—	—
		<u>1,041,642.07</u>	<u>1,039,142.07</u>
		<u>(1,041,642.07)</u>	<u>(1,039,142.07)</u>
Profit & Loss Account		<u>1,370,642.07</u>	<u>1,368,142.07</u>
<b>Total</b>		<u>329,000.00</u>	<u>329,000.00</u>
<b>Notes of accounts &amp; Accounting Policies</b>	4		

As per our separate Report of even date  
**FOR RAKESH MRINAL & CO.**  
 Chartered Accountants

Sd/-  
 (Rakesh Gupta)  
 M.No. 82096

Place: New Delhi  
 Date: 14th May, 2010

Sd/-  
 DIRECTOR

Sd/-  
 DIRECTOR

**BITONI LAMPS LIMITED****PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED AS ON 31ST MARCH,2010**

Amount in Rs.			
<b>PARTICULARS</b>	<b>ANNEXURE NO.</b>	<b>AS ON 31.03.2010</b>	<b>AS ON 31.3.2009</b>
<b>INCOME FROM OPERATION</b>		-	-
Total		-	-
<b>EXPENDITURE</b>			
Expenses	3	2,500.00	2,500.00
Total		<u>2,500.00</u>	<u>2,500.00</u>
<b>PROFIT/LOSS FOR THE YEAR</b>		(2,500.00)	(2,500.00)
Reserves & Surplus tfrd. to P& L A/C		-	-
Brought Forward from last Year		(1,368,142.07)	(1,365,642.07)
Balance Loss carried over to B/Sheet		(1,370,642.07)	(1,368,142.07)
<b>Notes to accounts</b>	4		

As per our separate Report of even date  
**FOR RAKESH MRINAL & CO.**  
Chartered Accountants

Sd/-  
(Rakesh Gupta)  
M.No. 82096

Place: New Delhi  
Date: 14th May, 2010

Sd/-  
DIRECTOR

Sd/-  
DIRECTOR

**BITONI LAMPS LIMITED**

**ANNEXURE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDING  
31ST MARCH, 2010**

		Amount in Rs.	
ANNEXURE-I	SHARE CAPITAL	AS ON 31.03.2010	AS ON 31.03.2009
	<b>AUTHORISED</b>		
	50,000 Equity Shares of Rs.10/-each	5,00,000.00	5,00,000.00
	<b>ISSUED</b>		
	40,000 Equity Shares of Rs.10/-each	4,00,000.00	4,00,000.00
	<b>SUBSCRIBED &amp; PAID UP</b>		
	32,900 Equity Shares of Rs.10/-each	<u>3,29,000.00</u>	<u>3,29,000.00</u>
	<b>TOTAL</b>	<u>3,29,000.00</u>	<u>3,29,000.00</u>
ANNEXURE-II	<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
	Other Liabilities	-	-
	Sundry Creditors	<u>1,041,642.07</u>	<u>1,039,142.07</u>
		<u>1,041,642.07</u>	<u>1,039,142.07</u>
ANNEXURE-III	<b>EXPENSES</b>	<b>YEAR ENDED 31 MARCH 2010</b>	<b>YEAR ENDED 31 MARCH 2009</b>
	Auditors Remuneration	<u>2,500.00</u>	<u>2,500.00</u>
		<u>2,500.00</u>	<u>2,500.00</u>

## BITONI LAMPS LIMITED

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### ANNEXURE-IV

#### NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

#### ACCOUNTING POLICIES

##### 1. DEPRECIATION

No depreciation has been provided in the accounts as all fixed assets have already been written off .

#### NOTES TO ACCOUNTS

- 1) The company is in the process of being wound up and at present no operations are being carried out. Pursuant to this, the Company has written off all its fixed assets.
- 2) Maximum amount due to Holding Company M/s. Hella India Lighting Ltd. at any time during the year is Rs. 1,041,642.07
- 3) In the opinion of the Board the Current Assets, Loans and Advances are Approximate of the value stated, not realised, in the ordinary course of business.Hence written off.
- 4) Figures for previous year have been re-grouped/arranged, wherever necessary, to conform to current year classification.
- 5) Additional information pursuant to the provision of paragraph 3 and 4 of part IV of schedule VI of the Companies Act,1956 is Nil/not applicable as no production and sales activities have taken place during the year.

As per our seperate Report of even date

**FOR RAKESH MRINAL & CO.**

Chartered Accountants

Sd/-

(Rakesh Gupta)

M.No. 82096

Place: New Delhi  
Date: 14th May, 2010

Sd/-  
DIRECTOR

Sd/-  
DIRECTOR

## BITONI LAMPS LIMITED

### PART IV OF SCHEDULE -VI OF COMPANIES ACT, 1956 ( AS AMENDED ) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. REGISTRATION DETAILS

Registration No.	4941	State Code	55
Date of Balance Sheet	31.03.2010		

#### II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

#### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities	329	Total Assets	329
Paid up Capital	329	Reserves & Surplus	Nil
Secured Loans	Nil	Unsecured Loans	Nil

#### APPLICATION OF FUNDS

Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	(1042)	Mise. Expenditure	Nil
Accumulative Losses	1371		

#### IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Other Income.	0	Total Expenditure	3
Profit before tax	(3)	Profit after tax	(3)
Earnings Per Share	Nil	Dividend Rate (%)	Nil

#### V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS OF COMPANY

NAME	CODE
N.A.	N.A.

As per our separate Report of even date

**FOR RAKESH MRINAL & CO.**

Chartered Accountants

Sd/-

(Rakesh Gupta)

M.No. 82096

Place: New Delhi  
Date: 14th May, 2010

Sd/-  
DIRECTOR

Sd/-  
DIRECTOR

## CHETAN GENTHE & CO. PVT. LTD.

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### DIRECTORS' REPORT

To,

The Members,

Your Directors take pleasure in presenting the 39th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2010.

#### PERFORMANCE

During the period under review the company suffered a loss of Rs. 13,788/- as against Rs. 11,030/- during the previous year. The Company is carrying the business of job work for auto components in very negligible volume.

#### DIVIDEND

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

#### DIRECTORS

Further, in accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Amod Kumar Shukla and Mr. B. L. Sharma, 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:

- a) That in the preparation of annual accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That the Directors had selected such accounting policies and applied them consistently and made judgements 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

M/s J.C. Bhalla & Co, Chartered Accountants, the Statutory Auditors of the company, have audited the accounts of the Company for the financial year 2009-2010, following the prescribed accounting standards. M/s J.C. Bhalla & Co, Chartered Accountants would be retiring at the conclusion of 39th Annual general Meeting of the Company. The Company has received a certificate from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

#### FIXED DEPOSITS

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

There are no employees whose particulars are to be furnished pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

#### ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation to the employees of the Company and support extended by its Holding company M/s Hella India Lighting Limited.

For and on behalf of the Board

Place: New Delhi  
Date: 14th May 2010

Sd/-  
CHAIRMAN

## CHETAN GENTHE & CO. PVT. LTD.

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### 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 Company's operation do not involve any consumption of electrical energy since it's activities are confined to the polishing of bought out lenses used by its Holding Company M/s Hella India Lighting Limited.
- b) Additional Investments and proposals if any, being implemented for reduction in consumption of energy: Nil
- 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: Not applicable
- d) Total energy consumption and energy consumption per unit of production : Not Applicable

#### Form B

#### A RESEARCH & DEVELOPMENT (R&D):

- |   |  |   |
|---|--|---|
| 1 | Specific Areas in which R&D carried out by the company | As the company is engaged in job work, hence, no R&D was carried-out during the year. |
| 2 | Benefits derived as a result of the above R&D          | Not applicable  |
| 3 | Future plan of action                                  | Not applicable  |
| 4 | Expenditure on R&D                                     | (Rs. In Lacs)   |
|   | Recurring expenses                                     | Nil   |
|   | R&D expenditure as a % of total turnover               | Nil   |

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- |   |   |                             |
|---|---|-----------------------------|
| 1 | Efforts, in brief, made towards technology absorption, adaptation and innovation              | No technology was imported. |
| 2 | Benefit derived as a result of the above efforts  | Not Applicable              |
| 3 | In case of imported technology during the last five years:                                    |                             |
|   | a) Technology imported  |                             |
|   | b) Year of Import   |                             |
|   | c) Has technology been fully absorbed   | Not Applicable              |
|   | d) If not, areas where this has not taken place, reasons therefore and future plans of action |                             |

#### FOREIGN EXCHANGE EARNINGS AND OUT GO:

- |    |           |                            |
|----|-----------|----------------------------|
|    |           | <b>(Rs. In lacs)</b>       |
| a) | Earnings: | Rs Nil (Previous year Nil) |
| b) | Outgo:    | Rs Nil (Previous year Nil) |

For and on behalf of the Board

Place: New Delhi  
Date: 14th May 2010

Sd/-  
CHAIRMAN

## CHETAN GENTHE & CO. PVT. LTD.

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### AUDITORS' REPORT

To The Members of Chetan Genthe & Company Limited

We have audited the attached Balance Sheet of Chetan Genthe & Company Limited as at 31st March, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, are not applicable to the company for the current year.

Further, we report that;

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account, as required by law, have been kept by the company, so far as appears from our examination of the books.
- c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
- d) The Balance Sheet and Profit & Loss Account are in compliance with the mandatory Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956 to the extent applicable.
- e) On the basis of written representations received from Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Attention is drawn to Note No. 1 regarding winding up of the company.
- g) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; and
  - ii) in the case of Profit and Loss Account, of the loss for the year ended on that date.

Sd/-

Rajesh Sethi  
Partner

Membership No. 85669

For and on behalf of

J.C. Bhalla & Co.  
Chartered Accountants  
Firm Registration No 001111N

Place: New Delhi

Date: May 17, 2010



## CHETAN GENTHE & CO. PVT. LTD.

### ANNEXURE TO THE AUDITORS' REPORT ON THE ACCOUNTS OF CHETAN GENTHE & COMPANY LIMITED FOR THE YEAR ENDED 31ST MARCH 2010 AS REFERRED TO IN OUR REPORT OF EVEN DATE.

- (i) The Company does not have any fixed assets.
- (ii) According to the information and explanations given to us and in our opinion the company does not have any inventory during the year.
- (iii) (a) According to the information and explanations given to us and in our opinion, the company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.  
(b) According to the information and explanations given to us and in our opinion, the company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) Since the Company is not carrying out any operations, clause (iv) is not applicable.
- (v) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly clause (v)(b) of the Companies (Auditor Report) Order, 2003 is not applicable to the company for the current year.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public during the year within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
- (vii) The requirement of internal audit system is not applicable to the company.
- (viii) The Central Government has not prescribed the maintenance of cost records by the company under section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) Since the Company is not carrying any operations, clause (ix)(a) is not applicable.  
(b) As per the information and explanations given to us, there is no case where Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess have not been deposited on account of any dispute.
- (x) According to the records of the company, the company has accumulated losses as at the end of the financial year exceeding fifty percent net worth of the Company. The company has incurred the cash losses in the financial year under report and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to any bank.
- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the provisions of any special statute applicable to chit fund, nidhi, mutual benefit fund, societies are not applicable to company.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the company has not taken any term loan during the year.
- (xvii) According to the information and explanations given to us, on the basis of an overall examination of the balance sheet of the company, there are no fund raised by the company on short-term basis which have been used for long term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The company has not issued any debentures during the year.
- (xx) The company has not made any public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Place: New Delhi  
Date: May 17, 2010

Sd/-  
Rajesh Sethi  
Partner  
Membership No 85669  
For and on behalf of  
J.C. Bhalla & Co.  
Chartered Accountants  
Firm Registration No 001111N

**CHETAN GENTHE & CO. PVT. LTD.**

31.03.2009	LIABILITIES	31.03.2010	31.03.2009	ASSETS	(Amount in Rupees) 31.03.2010
	I. Share Capital			I. Fixed Assets	-
	Authorised			II. Current Assets, Loans & Advance	
4,500,000.00	45,000 Equity Shares of Rs. 100/- each	4,500,000.00		A. Current Assets	
500,000.00	5,000 Preference Shares of Rs.100/- each	500,000.00		B. Cash & Bank Balances	
5,000,000.00		5,000,000.00		i. Balance with Scheduled Banks (In Current A/c.)	
	Issued, Subscribed & Paid up			C. Loans & Advances	
	6,992 Equity Shares of Rs.100/- each			i. Tax Paid	297,140.00
	fully paid up (All the above shares			III. Profit & Loss Account	2,626,241.00
	are held by the holding company				
699,200.00	Hella India Lighting Limited)	699,200.00	297,140.00		
	II. Reserves & Surplus		2,612,453.00		
	III. Current Liabilities & Provisions				
	a) Current Liabilities				
	i. Sundry Creditors				
	Micro, Small & Medium Enterprises				
	Others				
	ii. Other Liabilities				
	iii. Hella India Lighting Limited				
2,210,393.00	(Holding Company)	2,224,181.00			
<b>2,909,593.00</b>		<b>2,923,381.00</b>	<b>2,909,593.00</b>		<b>2,923,381.00</b>

As per separate report of even date  
Notes on Accounts & Significant Accounting Policies (As per Annexure A)

**For CHETAN GENTHE & CO.(P) LTD.**

Sd/-

**(RAJESH SETHI)**

PARTNER

MEMBERSHIP NO. 85669

FOR & ON BEHALF OF

**J.C.BHALLA & CO.**

CHARTERED ACCOUNTANTS

Place : New Delhi

Date : May 17, 2010

Sd/-

DIRECTOR

Sd/-

DIRECTOR

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH 2010**

<b>31.03.2009</b>	<b>PARTICULARS</b>	<b>31.03.2010</b>	<b>31.03.2009</b>	<b>PARTICULARS</b>	<b>Amount in Rs.</b>
	To Auditor's Remuneration				<b>31.03.2010</b>
10,000.00	- Audit Fee	12,500.00	11,030.00	By Loss for the year carried down	13,788.00
1,030.00	- Service tax	1,288.00			<u>13,788.00</u>
11,030.00		13,788.00	11,030.00		
11,030.00	To Loss for the year b/d	13,788.00			
2,601,423.00	" Deficit as per last Balance Sheet	2,612,453.00	2,612,453.00	By Balance carried down to Balance Sheet	2,626,241.00
2,612,453.00		2,626,241.00	2,612,453.00		<u>2,626,241.00</u>

As per separate report of even date

Notes on Accounts & Significant Accounting Policies (As per Annexure A)

Sd/-  
**(RAJESH SETHI)**  
PARTNER  
MEMBERSHIP NO. 85669  
FOR & ON BEHALF OF

For **CHETAN GENTHE & CO. (P) LTD.**

Sd/-  
DIRECTOR  
Sd/-  
DIRECTOR

Sd/-  
**J.C.BHALLA & CO.**  
CHARTERED ACCOUNTANTS

Place : New Delhi  
Date : 17th May, 2010

## CHETAN GENTHE & CO. PVT. LTD.

### Schedule-A

#### NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

#### NOTES TO ACCOUNTS

1. The company is in the process of being wound up and at present no operations are being carried out.
2. The provision for taxation in respect of Income Tax is not deemed necessary because of the brought forward losses in the Income Tax assessment & Appeals filed by the Company before the higher authorities.
3. Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956 (Previous year figures have been given in brackets).

Particulars	Head Light Lenses	31.03.2010	31.03.2009
Installed Capacity	Nos.	NIL	NIL
Licensed Capacity	N.A.	N.A.	(N.A.)
Actual Production (Job Work)	Nos.	NIL	(NIL)

Turnover (Job Work)		Opening Stock		Closing Stock	
Quantity(Nos.)	Value (Rs.)	Quantity(Nos.)	Value (Rs.)	Quantity(Nos.)	Value (Rs.)
NIL	NIL	—	—	—	—
(NIL)	(NIL)	(—)	(—)	(—)	(—)

4. The company does not deal with any entity covered under Micro, Small & Medium Enterprises Development Act, 2006.

For Chetan Genthe & Company (P) Limited

Sd/-  
(Director)

Sd/-  
(Director)

Place: New Delhi  
Date: May 17, 2010

## CHETAN GENTHE & CO. PVT. LTD.

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. REGISTRATION DETAILS

Registration No.	5427	State Code	55
Date of Balance Sheet	31.03.2010		

#### II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

#### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS(AMOUNT IN RS.THOUSANDS)

Total Liabilities	2923	Total Assets	2923
Paid up Capital	699	Reserves & Surplus	Nil
Secured Loans	NIL	Unsecured Loans	Nil

#### APPLICATION OF FUNDS

Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	-1927	Mise. Expenditure	Nil
Accumulative Losses	2626		

#### IV. PERFORMANCE OF COMPANY(AMOUNT IN RS. THOUSANDS)

Turnover	0	Total Expenditure	14
Profit before tax	-14	Profit before tax	-14
Earnings Per Share	Nil	Dividend Rate (%)	Nil

#### V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS OF COMPANY

NAME	CODE
HEAD LIGHT LENSES	LCV

For CHETAN GENTHE & CO. (P) LTD.

Place : New Delhi  
Date : May 17, 2010

Sd/-  
DIRECTOR

Sd/-  
DIRECTOR

**FORM OF THE PROXY FOR THE 50<sup>TH</sup> ANNUAL GENERAL MEETING**

**Hella India Lighting Limited**  
**Registered Office: B-13, Badarpur Extension, New Delhi – 110044**

I/we, the undersigned Equity Shareholder(s) of the above Company hereby appoint Mr. \_\_\_\_\_ of \_\_\_\_\_ and failing him Mr. \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy, to vote for me/us at the 50<sup>th</sup> Annual General Meeting of the Equity Shareholders of the Company to be held at The Daffodils Hotels, Tania Farm Complex, Chattarpur Mandir Road, New Delhi – 110030 on 28<sup>th</sup> September 2010 at 10:00 A.M. or any adjournment or adjournments thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

**Signature**



Folio No./Client ID: \_\_\_\_\_

Address : \_\_\_\_\_

\_\_\_\_\_

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**ATTENDANCE SLIP**

**Hella India Lighting Limited**  
**Registered Office: B-13, Badarpur Extension, New Delhi – 110044**

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders may obtain additional attendance slip on request.

Name and Address of the Shareholders:

Folio No./Client ID: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I hereby record my presence at the Annual General Meeting of the Company held on 28<sup>th</sup> September 2010 at 10:00 A.M. at The Daffodils Hotels, Tania Farm Complex, Chattarpur Mandir Road, New Delhi – 110030.

**Signature of the Shareholders or Proxy**

Strike out whichever is not applicable

# BOOK POST

*If undelivered, please return to :*

**HELLA INDIA LIGHTING LIMITED**

Registered Office :

B-13, Badarpur Extension,

New Delhi - 110044