



Fiem

Lights The Path

Fiem Industries Limited

Annual Report 2008-09



Lights The Path

Automotive Lighting, Signaling Equipments and Rear View Mirrors

Chairman's Message



Dear Shareholders,

I am delighted to inform you that we have been able to register a growth of 24% in Net Turnover in a challenging economic environment. The top line of your Company has grown significantly since it came with IPO. In the FY 2005-06 the Net Turnover of the Company was Rs. 123.60 Crore and in FY 2008-09 it has become Rs. 219.29 Crore, registering a growth of 77%. It reflects our inherent strengths and resilience to stand strongly in turbulent times. The Board of Directors has recommended a dividend of 25% (Rs.2.50 per share) for the Financial Year 2008-09.

Year 2008-09 continued to be 'not a good year' for the global economy. The Automobile Industry is among the worst hit industries by the global financial and economic slowdown.

However, it seems that the worst is over and we are heading for a revival and better growth.

The global economic crisis has forced the Automobile majors in developed countries to keep their costs in control and shift the focus on producing comparatively low cost vehicles. This all will force them to procure the auto components from low cost countries like India and will open new growth opportunities for Indian Automotive Industry.

Further, Indian Automobile Industry has its own growth drivers like growing middle class population, low penetration of vehicles and increasing trend of owning personal vehicles, cropping up of townships and growing rural economy. Political stability and thrust of the UPA government on Infrastructure development will also contribute towards economic growth and stability. These all will also result in growth of the Automotive Industry. Additionally, Global and Indian Automobile companies are planning for expansion of Indian operations due to huge potential demand and low cost advantage.

We, therefore hope that Automotive Industry being directly dependent on Automobile Industry will also perform better in the current year and in long-term.

Your company is aware of all these developments and increasing its capacities by setting up new manufacturing Unit (Unit-VII) in Rai Industrial Area, Distt. Sonapat, Haryana.

At the end, I want to share with you one heartening news. The Company has signed a strategic MoU for Equity Participation by Ichikoh Industries Limited, Japan, one of the world leaders in manufacturing for Automotive Lighting & Rear View Mirrors and supplier to all major Automobile Companies of Japan like Toyota, Nissan, Honda and Mitsubishi among others. Under this MoU, Ichikoh will extend to Fiem its technical assistance for designing, development and manufacturing of Automotive Lightings & Rear View Mirrors for supplying to various car manufactures (OEMs) in India. By this strategic collaboration your Company will attain technical superiority with wider market potential for Business Development and Growth.

On behalf of the Board, I express my sincere thanks to all of you for the trust and confidence reposed on us. We strive for strong fundamentals with sustainable growth and long-term value to the stakeholders.

Thank You !

J.K. Jain
Chairman & Managing Director

Our Technical Partners



Ichikoh Industries Ltd., Japan



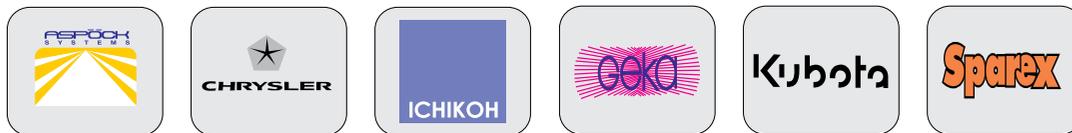
BATZ S. Coop., Spain

Our Prestigious Customers

• Four-Wheeler segment (Domestic Customers)



• Four-Wheeler segment (Global Customers)



• Two-Wheeler segment (Domestic Customers)



• Two-Wheeler segment (Global Customers)



Product Portfolio

HEAD LAMPS



REAR COMBI. /TAIL LAMPS



SIDE INDICATOR LAMPS



OTHER LAMPS



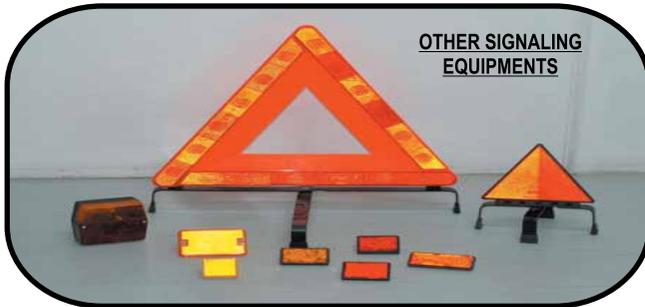
LED LAMPS



FRONT / FOG / AUXILLARY LAMPS



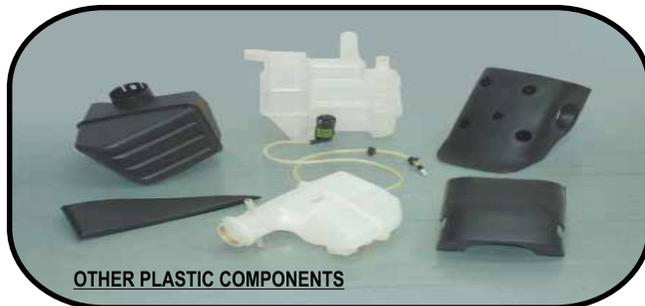
OTHER SIGNALING EQUIPMENTS



IRVM/OUTSIDE REAR VIEW MIRROR



OTHER PLASTIC COMPONENTS



SHEET METAL COMPONENTS



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GENERAL INFORMATION

BOARD OF DIRECTORS

Mr. J.K. Jain	- Chairman & Managing Director
Mrs. Seema Jain	- Whole Time Director
Mr. J.S.S. Rao	- Whole Time Director
Mr. Pravin Kumar	- Whole Time Director (up to 24.10.2008)
Mr. Kashi Ram Yadav	- Whole Time Director (w.e.f. 25.10.2008)
Ms. Aanchal Jain	- Whole Time Director
Mr. Rahul Jain	- Non-Executive Director
Mr. C.D. Shah	- Independent Director
Mr. Iqbal Singh	- Independent Director
Mr. K.S. Lamba	- Independent Director (up to 29.04.2009)
Mr. Charoen Sachamuneewongse	- Independent Director (w.e.f. 30.04.2009)
Mr. P.S. Bhatia	- Independent Director
Mr. C.S. Kothari	- Independent Director
Mr. J.S. Chandhok	- Independent Director

CHIEF FINANCIAL OFFICER

Mr. O.P. Gupta

COMPANY SECRETARY AND COMPLIANCE OFFICER

Arvind K. Chauhan

AUDIT COMMITTEE

Mr. J.S. Chandhok	- Chairman
Mr. C.S. Kothari	- Member
Mr. P.S. Bhatia	- Member

SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE

Mr. C.S. Kothari	- Chairman
Mr. J.S.S. Rao	- Member (up to 24.10.2008)
Mr. Kashi Ram Yadav	- Member (w.e.f. 25.10.2008)
Mr. Rahul Jain	- Member

REMUNERATION COMMITTEE

Mr. C.S. Kothari	- Chairman
Mr. P.S. Bhatia	- Member
Mr. Iqbal Singh	- Member

AUDITORS

M/s Anil S. Gupta & Associates
201, Vikram Tower, 16 Rajendra Place, New Delhi-110008

REGISTERED OFFICE

D-34, DSIDC Packaging Complex
Kirti Nagar, New Delhi-110015

CORPORATE OFFICE

32 Mile Stone, G.T. Road
Kundli, Sonapat, Haryana -131028
Website: www.fieminustries.com

BANKERS

CITI Bank N.A.
Standard Chartered Bank
State Bank of Patiala

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
(Formerly, Intime Spectrum Registry Limited)
2nd Floor, A-40, Naraina Industrial Area, Phase-II, New Delhi-110028
Ph: 011-41410592/93/94 Fax No: 011-41410591

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of the company will be held on Wednesday the 30th day of September 2009 at 10.00 A.M. at Guru Kirpa Farms, Palla Bakhtawarpur Road, G.T. Karnal Road, Village Alipur, Delhi-I 10036, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as on 31st March 2009 and Profit & Loss Account for the period ended on that date together with Directors' Report and Statutory Auditor's Report thereon.
2. To declare dividend on the Equity Shares of the Company for the financial year 2008-09.
3. To appoint a Director in place of Mr. Rahul Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. C.S. Kothari, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Iqbal Singh, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. P.S. Bhatia, who retires by rotation and being eligible, offers himself for re-appointment.
7. To re-appoint statutory auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"RESOLVED THAT M/s Anil S. Gupta & Associates, Chartered Accountants, be and are hereby re-appointed as statutory auditors of the Company to hold the office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS:

8. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Charoen Sachamuneewongse, who was appointed as Additional Director by the Board of Directors of the Company on 30.04.2009 pursuant to section 260 and other applicable provisions of the Companies Act, 1956 and Articles of Association of the Company and who being the Additional Director hold the office up to this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member as required under section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company liable to retire by rotation.

9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT Mr. Kashi Ram Yadav, who was appointed as Additional Director by the Board of Directors of the Company on 25.10.2008 pursuant to section 260 and other applicable provisions of the Companies Act, 1956 and Articles of Association of the Company and who being the Additional Director hold the office up to this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member as required under section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company liable to retire by rotation.

RESOLVED FURTHER THAT in accordance with the provisions of Section

269,198,309,310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification and re-enactment thereof) and in terms of Articles of Association of the Company and as recommended by the Remuneration Committee and approved by the Board of Directors of the Company, the appointment of Mr. Kashi Ram Yadav as Whole-time Director of the Company be and is hereby approved w.e.f. 25th October 2008 for a period of three years on the terms and conditions as mentioned hereunder:

(a) Salary

Rs. 2,50,000/- (Rs. Two Lac Fifty Thousand only) per month.

(b) Other Benefits, Perquisites & Allowances

In addition to salary, he will be entitled to:

- (i) Contribution to Provident Fund, Bonus, Medical Insurance/ Personal Accident Policy and such other perquisites/ allowances in accordance with the rules of the Company as decided by the Board or any Committee thereof, from time to time.
- (ii) Company maintained car with driver for official use.
- (iii) Leave Encashment and Gratuity in accordance with the rules of the Company.
- (iv) Telecommunication / mobile phone facilities.

RESOLVED FURTHER THAT if in any financial year, the Company has no profits or profits are inadequate then the remuneration to Mr. Kashi Ram Yadav shall be payable as permissible in Schedule XIII and other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to alter or vary the terms of appointment or revise the remuneration of Mr. Kashi Ram Yadav, as it may deem fit from time to time, so that remuneration shall not exceed the permissible limits under section 198,309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification and re-enactment thereof).

RESOLVED FURTHER THAT Mr. Kashi Ram Yadav shall be liable to retire by rotation within the meaning of section 255 and 256 of the Companies Act, 1956.

RESOLVED FURTHER THAT Managing Director or Company Secretary of the Company be and is hereby authorized to file the necessary forms, returns to the respective authorities and to do all such acts, things and deeds necessary and incidental to give effect to this resolution."

10. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to provisions of sections 198,269,309,310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof) and in terms of Articles of Association of the Company and as recommended by the Remuneration Committee and approved by the Board of Directors of the Company, the re-appointment of Mr. Jagjeevan Kumar Jain as Chairman & Managing Director of the Company be and is hereby approved w.e.f.

07.08.2009 for a period of three years on the current remuneration, as detailed under:

(a) Salary

Rs. 10, 25,000/- (Rupees Ten Lac Twenty Five thousand) per month.

(b) Other Benefits, Perquisites & Allowances

In addition to the Salary, he will be entitled to:

- (i) Leave Travel Assistance, medical facility/ reimbursement, medical insurance, club fees, house servants and other perquisites/ allowances not exceeding Rs. 15,000/- (Rupees Fifteen Thousand) per month in aggregate.
- (ii) Conveyance facility.
- (iii) Telephone facility.
- (iv) Gratuity as per Payment of Gratuity Act.
- (v) Encashment of Leaves as per Rules of the Company.

RESOLVED FURTHER THAT the above-mentioned remuneration to Mr. Jagjeevan Kumar Jain, being already approved by the Central Government up to 31.03.2010 be and is hereby noted.

RESOLVED FURTHER THAT Mr. Jagjeevan Kumar Jain shall not be liable to retire by rotation within the meaning of section 255 and 256 of the Companies Act, 1956.

RESOLVED FURTHER THAT as recommended by the Remuneration Committee and approved by the Board of Directors of the Company and subject to the approval of the Central Government, the above-mentioned remuneration to Mr. Jagjeevan Kumar Jain be and is hereby approved for a further period of three years w.e.f. 1st April 2010. This period of three years will also consist part of the tenure under his subsequent re-appointment w.e.f. 07.08.2012.

RESOLVED FURTHER THAT the above-mentioned remuneration be paid as minimum remuneration to Mr. Jagjeevan Kumar Jain, notwithstanding that in any financial year during his tenure as Chairman & Managing Director, the Company has made no profits or profits are inadequate within the meanings of Schedule XIII and other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT Any Whole-time Director or Company Secretary of the Company be and is hereby authorized to file such application, representation and documents, as may be prescribed with the Central Government or such other concerned authorities for seeking their approval and to write, sign, file such applications, forms, documents, returns as may be prescribed for the purpose and to do all such acts, deeds and things as may be deemed necessary for the purpose of giving effect to this resolution."

**By Order of the Board
For Fiem Industries Limited**

**-Sd-
Arvind K. Chauhan
Company Secretary**

Place : New Delhi
Date : 12.08.2009

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself/ herself and the proxy need not be a member of the company. The instrument appointing**

the proxy, in order to be effective must be received at the registered office of the company not less than forty-eight hours before the scheduled time for commencement of the meeting. Blank proxy form is enclosed with the Notice.

2. Corporate members intending to send their authorised 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.
3. In terms of Article 159 of the Articles of Association read with Section 255 and 256 of the Companies Act, 1956, Shri Rahul Jain, Shri C.S. Kothari, Shri Iqbal Singh and Shri P.S. Bhatia, Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Further, resolutions proposing appointment of Mr. Charoen Sachamuneewongse as Independent Director, appointment of Mr. Kashi Ram Yadav as Whole-time Director and Re-appointment of Mr. Jagjeevan Kumar Jain as Chairman & Managing Director are to be considered in ensuing Annual General Meeting. Brief resume of all these Directors, nature of their expertise in specific functional areas, their shareholding in the Company, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees and relationship between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Notice and Report on Corporate Governance forming part of the Annual Report. Shareholders are requested to refer the Notice and Report on Corporate Governance for these informations. The Board of Directors of the Company commends their respective re-appointments/ appointments.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.
6. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting.
9. The Register of Members and Transfer Books of the Company shall remain closed from Thursday, September 24, 2009 to Wednesday, September 30, 2009 (both days inclusive) for the purpose of the Annual General Meeting and Dividend.
10. The Board has recommended a Final dividend at the rate 25% (Rs. 2.50 per Share) on the equity shares of the Company. The dividend, if declared by the members at the said Annual General Meeting, will be payable to the members as follows:
 - a. In case of members holding shares in physical form, whose names appear on the Register of Members of the Company as on September 30, 2009 (after giving effect all the valid transfer received to the Company/RTA before 24.09.2009).

b. In respect of shares held in electronic form, to those members whose names appear as beneficial owners as at the closure of the business hours on September 23, 2009 as per details to be furnished by the depositories.

11. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd. (formerly, Intime Spectrum Registry Limited) for consolidation into a single folio.
12. Under section 109A of the Companies Act, 1956 members are entitled to make nomination in respect of shares held by them in physical mode. Members desirous of making nominations are requested to send their request in Form 2B of the Companies (Central Government's) General Rules & Forms, 1956 in duplicate to the Company's Registrar & Transfer Agent.
13. Members holding shares in dematerialized mode are advised to intimate all changes pertaining to their bank details, ECS mandate, nominations, power of attorney, address etc. to their depository participant only and not to the Company or its Registrar & Transfer Agent. Members holding shares in physical form are advised to submit particulars of bank account, viz., name and address of the Branch of the Bank, 9 digit MICR code of the branch, type of account and account no. to the Company's Registrar & Transfer Agent.
14. **Investors are requested to note that consequent to amendment in section 205A and introduction of section 205C of the Companies Act, 1956, the amount of dividend, which remains unclaimed or unpaid for a period of seven years from the date of transfer of the same in Unpaid Dividend Account, shall be transferred in Investor Education and Protection Fund as provided under section 205C. Once the amount transferred in said Fund, investor will not be able to claim the dividend and no claim will lie against the company or the Fund. Therefore investors are reminded to claim their unpaid/ unclaimed dividend for the previous financial years 2006-07 and 2007-08.**
15. Non-Resident Indian Members are requested to inform the Company's Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd (formerly, Intime Spectrum Registry Limited), immediately of:
 - a) Change in their Residential status on return to India for permanent settlement.
 - b) Particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 8

Mr. Charoen Sachamuneewongse was appointed as Additional Director of the Company by the Board of Directors in their meeting held on 30.04.2009. He was appointed as Independent Director of the Company. He is having a rich business experience in the field of merchandise trading and broking and presently running his own trading and broking firm in Thailand, the Board considers that his experience will immensely benefit the Company. Being an Additional Director he hold the office up to ensuing Annual General Meeting. As the Board has appointed him for a long-term purpose, therefore his appointment as a Director is being proposed in ensuing Annual General Meeting.

The Company has received a Notice under section 257 of the Companies Act, 1956 proposing his candidature as Director.

Mr. Charoen Sachamuneewongse holds 42,450 Shares in the Company. Further, he is not related to any other Director of the Company.

Except Mr. Charoen Sachamuneewongse himself, none of the other Director is interested in above resolution.

Your Directors commend this resolution for your approval as Ordinary Resolution.

ITEM NO. 9

Mr. Kashi Ram Yadav was appointed as Additional Director of the Company by the Board of Directors in their meeting held on 25.10.2008. He was also appointed as Whole-time Director of the Company in the same meeting. He is having more than 30 years experience in the field of Production and Manufacturing Operations of Automotive Lightings, Signalling Equipments and Rear View Mirrors including setting-up new plants for the Company. Considering his long association with Company and his long experience in Production and Manufacturing Operations, the Board of Directors decided to elevate him and appointed him as Additional Director on 25.10.2008. In the same board meeting he was also appointed as Whole-time Director of the Company for a period of three years with the designation, Director (Operations-North) on a remuneration as given in the Resolution which was recommended by the Remuneration Committee and approved by the Board of the Directors. He is responsible for Production and Manufacturing Operations in north India Units of the Company. Being an Additional Director he hold the office up to ensuing Annual General Meeting. As the Board has appointed him for a long-term purpose, therefore his appointment as a Director is being proposed in ensuing Annual General Meeting. The Company has received a Notice under section 257 of the Companies Act, 1956 proposing his candidature as Director.

Mr. Kashi Ram Yadav holds 338 Shares in the Company. Further, he is not related to any other Director of the Company.

Except, Mr. Kashi Ram Yadav himself, none of the other Director is interested in above resolution.

As the remuneration to Mr. Kashi Ram Yadav as Whole-time Director is as per provisions of Schedule XIII of the Companies Act, 1956, hence the other required information are given at the end of this explanatory statement.

Your Directors commend this resolution for your approval as Special Resolution.

ITEM No. 10

The tenure of Mr. Jagjeevan Kumar Jain as Chairman & Managing Director was due for completion on 6th August 2009, therefore, in the respective meetings of Remuneration Committee and Board of Directors held on 29.07.2009, he was re-appointment as Chairman & Managing Director of the Company for a further period of three years w.e.f. 7th August 2009 at the same remuneration as he was receiving before re-appointment. This re-appointment was done subject to approval of the members in General Meeting.

The members are hereby informed that current remuneration of Mr. Jagjeevan Kumar Jain as Chairman & Managing Director had already been approved by the Central Government under Schedule XIII for a period of three years w.e.f. 01.04.2007 to 31.03.2010.

The Remuneration Committee and Board of Directors in their respective meetings held on 29.07.2009 have also approved the remuneration of Mr. Jagjeevan Kumar Jain for a further period of three years beyond 31.03.2010 in terms of provisions of Schedule XIII of the Companies Act, 1956, subject to approval of the Members in General Meeting and subject to approval of the Central Government. As the tenure under the current re-appointment will end on 06.08.2012, therefore the approval of remuneration for the period of three years beyond 31.03.2010 will also consist of part of the tenure under his subsequent re-appointment w.e.f. 07.08.2012.

Mr. J.K. Jain is the founder promoter of the company and under his dynamic leadership, the Company has been able to grow exponential and today the company operates by Six state of the art manufacturing units spreading in north and south India. The Company is establishing one more unit (Unit-VII) at Rai Industrial Area, Distt. Sonapat, Haryana. Because of his vision, passion and entrepreneurship, the Company has turned into a multi crore company and added a number of new customers. Since inception he has relentlessly provided his guidance and leadership and presently spearheading the company to enter into a strategic business collaboration with M/s Ichikoh Industries Ltd. of Japan. M/s Ichikoh Industries is one of the world leaders in Automotive Lighting, Signalling Equipments and Rear View Mirrors. It has a global footprint and supplies to all major Japanese OEMs. The proposed strategic business collaboration will give new dimensions to growth story of your company especially in 4-wheel market segment. The Board is confident that under the able leadership of Mr. J.K. Jain, the Company will keep continue this success journey and will achieve new milestones. With the increase in operations of the Company, his duties and responsibilities have increased many fold, still the Board of Directors have approved the same remuneration as he was receiving before his re-appointment.

Considering all the above factors, the Board of Directors thought it prudent to re-appoint Mr. J.K. Jain as Chairman & Managing Director

for another term of three years at the remuneration mentioned in the Resolution. Board of Directors commend to approve his re-appointment and remuneration (as given in Resolution) by way of Special Resolution.

Mr. Jagjeevan Kumar Jain, hold 18,71,092 (15.64 %) shares in his name. The whole promoter group hold 79,09,262 (66.12%) shares in the Company. Mr. Jagjeevan Kumar Jain is one of the founder-promoters of the Company.

Mr. Jagjeevan Kumar Jain, Chairman & Managing Director is husband of Mrs. Seema Jain, Whole-time Director and father of Ms. Aanchal Jain, Whole-time Director and Mr. Rahul Jain, Director hence related to these Directors. Further, all of these are promoters of the Company with major shareholding, therefore, all of them deemed to be concerned or interested in this resolution.

As the remuneration to Jagjeevan Kumar Jain as Chairman & Managing Director is as per provisions of Schedule XIII of the Companies Act, 1956, hence the other required details are given at the end of this explanatory statement.

The explanatory statement together with the Notice is to be treated as abstracts of the terms of appointment / change in terms of the appointment and Memorandum of concern or interest about Mr. Kashi Ram Yadav and Mr. Jagjeevan Kumar Jain pursuant to Section 302 of the Companies Act, 1956.

**By Order of the Board
For Fiem Industries Limited,**

**-Sd-
Arvind K. Chauhan
Company Secretary**

Place : New Delhi
Date : 12.08.2009

Information pursuant to Clause I(B) and I(C) of Section II of Part II of Schedule XIII to the Companies Act, 1956 in connection with remuneration of Mr. Kashi Ram Yadav as Whole-time Director and Mr. Jagjeevan Kumar Jain as Chairman & Managing Director:

- (i) The remuneration of both these directors on their appointment / re-appointment have been approved by the resolutions passed by the Remuneration Committee.
- (ii) The Company has not made any default in repayment of any of its debts or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date(s) of above appointment / re-appointment.
- (iii) Both the above appointment / re-appointment is for three years at one time. Remuneration and appointment / re-appointment is proposed to be approved by the general meeting by way of special resolution.
- (iv) **Statement pursuant to Clause I(B)(iv) and I(C)(iv) of Section II of Part II of Schedule XIII to the Companies Act, 1956 in connection with remuneration on above appointment / re-appointment.**

I GENERAL INFORMATION:	
(1) Nature of Industry	Auto Components: Automotive Lighting, Signalling Equipments, Rear View Mirrors and Sheet Metal Components.
(2) Date or expected date of commencement of commercial production:	The Company is already in operations since the year of incorporation i.e. 1989 and Commercial Production had started in that year.
(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable, as the Company is already in operations.

(4) Financial performance based on given indicators.	Please refer Directors Report forming part of this Annual Report. For detailed information kindly refer Financial Statements for the year 2008-09 forming part of this Annual Report. (page 10, 28, 29)
(5) Export performance and net foreign exchange collaborations.	The Company don't have any net foreign exchange collaboration. For Export performance and Foreign exchange details, kindly refer Directors Report forming part of this Annual Report. (page 14, 43)
(6) Foreign Investments or collaborators, if any.	The Company have Technical Support Agreement with Ichikoh Industries Limited of Japan and Licence & Technical Assistance Agreement with BATZ, S. Coop. of Spain.
II. INFORMATION ABOUT THE APPOINTEE (S):	
1. Mr. Kashi Ram Yadav	
(1) Background Details	Please refer 'Profile of Directors' in 'Corporate Governance Report' forming part of the Annual Report. (Page 18)
(2) Past Remuneration	Salary of Rs. 2,00,000/- per month from April 1, 2007 to March 31, 2008. Since April 1, 2008 Rs. 2,50,000/- per month.
(3) Recognition & Awards	Nil.
(4) Job profile and his suitability	He is having more than 30 years experience in the field of Production and Manufacturing Operations of Automotive Lightings, Signalling Equipments and Rear View Mirrors including setting-up new plants for the Company. Considering his long association with Company and his long experience in Production and Manufacturing Operations, the Board of Directors decided to elevate him as Director (Operations-North). He is responsible for Production and Manufacturing Operations in north India Units of the Company. Considering his past experience and job profile he is very much suitable for the new responsibility.
(5) Remuneration Proposed	As per Resolution in the Notice for the Annual General Meeting.
(6) Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person.	The Company operates in Automotive Lighting and Mirrors segment of the Auto components Industry. Information about remuneration of Whole-time Directors of other companies of Comparable Size is not available in public domain. Hence, no information could be provided on this point.
(7) Pecuniary relationship directly or indirectly with the Company, relationship with the managerial personnel, if any.	Except his remuneration, Mr. Kashi Ram Yadav has no pecuniary relationship with the Company and he is not related to any managerial person of the Company.
2. Mr. Jagjeevan Kumar Jain	
(1) Background Details	Please refer 'Profile of Directors' in 'Corporate Governance Report' forming part of the Annual Report. (Page 17)
(2) Past Remuneration	Salary of Rs. 2,50,000/- per month from April 1, 2005 to March 31, 2007. Since April 1, 2007 as given in the Resolution.
(3) Recognition & Awards	Please refer 'Profile of Directors' in 'Corporate Governance Report' forming part of the Annual Report. (Page 18)
(4) Job profile and his suitability	Being the Chairman & Managing Director of the company, Mr. J.K. Jain possesses substantial powers of management and also looks after overall management of company affairs. Mr. J.K. Jain is the founder promoter of the company and under his dynamic leadership, the Company has been able to grow exponential and today the company operates by Six state of the art manufacturing units spreading in north and south India. The Company is establishing one more unit (Unit-VII) at Rai Industrial Area, Distt. Sonapat, Haryana. Because of his vision, passion and entrepreneurship, the Company has turned into a multi crore company and added a number of new customers. Since inception he has relentlessly provided his guidance and leadership and presently spearheading the company to enter into a strategic business collaboration with M/s Ichikoh Industries Ltd. of Japan. M/s Ichikoh Industries is one of the world leaders in Automotive Lighting, Signalling

	<p>Equipments and Rear View Mirrors. It has a global footprint and supplies to all major Japanese OEMs. The proposed strategic business collaboration will give new dimensions to growth story of the company especially in 4-wheel market segment. The Board is confident that under the able leadership of Mr. J.K. Jain, the Company will keep continue this success journey and will achieve new milestones. With the increase in operations of the Company, his duties and responsibilities have increased many fold, still the Board of Directors have approved the same remuneration as he was receiving before his re-appointment. Considering all the above factors, the Board of Directors thought it prudent to re-appoint Mr. J.K. Jain as Chairman & Managing Director for another term of three years at the remuneration mentioned in the Resolution.</p>
(5) Remuneration Proposed	As per Resolution in the Notice for the Annual General Meeting.
(6) Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person.	The Company operates in Automotive Lighting and Mirrors segment of the Auto components Industry. Information about remuneration of Managing Director of other companies of Comparable Size is not available in public domain. Hence, no information could be provided on this point.
(7) Pecuniary relationship directly or indirectly with the Company, relationship with the managerial personnel, if any.	Mr. Jagjeevan Kumar Jain is one of the promoters of the Company and promoters group hold 66.12% of the shareholding of the Company. The other Directors i.e. Ms. Aanchal Jain, Mrs. Seema Jain and Mr. Rahul Jain are relatives of Mr. Jagjeevan Kumar Jain. For other details/ pecuniary relationship, please refer "Related Party Disclosure" in Schedule 19 to the Financial Statements forming part of the Annual Report. (Page 41)
III OTHER INFORMATION:	
(1) Reason for loss or inadequacy of the profits	There are no losses in the Company and the Company is earning profits. However, the remuneration of Mr. J.K. Jain, Chairman & Managing Director is exceeding 5% and the total Managerial Remuneration is exceeding 10% of profits of Financial Year 2008-09 calculated under section 349 & 350 read with section 198 of the Companies Act, 1956. Consequent to that, the Remuneration payable to the Whole-time directors and Managing Director come under Clause 1(B) / 1(C) of Section II of Part II of Schedule XIII to the Companies Act, 1956. Hence the information required under this clause is being provided.
(2) Steps taken or proposed to be taken for improvement.	The Management of the Company has taken important decisions for business development. Company is adding new global customers to increase its share in Exports and four- wheel segment. To meet the increasing demand, company is setting up one more manufacturing Unit in Rai Industrial Area, Distt. Sonapat, Haryana. The focus has increased in the Replacement Market where the margins are better than O.E.M. Customers. Further, the management is trying to increase its share in four-wheel market. Presently, the Chairman & Managing Director spearheading the company to enter into a strategic business collaboration with M/s Ichikoh Industries Ltd. of Japan, one of the world leaders in Automotive Lighting, Signalling Equipments and Rear View Mirrors. It has a global footprint and supplies to all major Japanese OEMs. The proposed strategic business collaboration will give new dimensions to growth story of the company especially in 4-wheel market segment
(3) Expected increase in productivity and profits in measurable terms.	The growth in Turnover and Net Profit After Tax of the company is expected to increase by 15% to 20% on year on year basis.
IV DISCLOSURES:	
The shareholders of the company shall be informed of the remuneration of the remuneration package of the managerial person.	This information has been furnished in Notice of the Annual General Meeting and Corporate Governance Report forming part of the Annual Report.
Disclosures need to be mentioned in Corporate Governance Report forming part of the Annual Report.	Required Disclosures are mentioned in Corporate Governance Report forming part of the Annual Report.

Brief Details of Directors seeking Appointment / Re-appointment as required under Clause 49 of the Listing Agreement:					
Sr. No.	Name	Category/ Designation	Date of Birth	Date of Ist Appointment	Experience in Special Function Area
1.	Mr. J.K. Jain	Chairman & Managing Director	09.05.1952	06.02.1989	Industrialist with experience of overall management.
2.	Mr. Kashi Ram Yadav	Whole-time Director	07.02.1956	25.10.2008	Manufacturing and Production Operations.
3.	Mr. Rahul Jain	Non-Executive Promoter Director	14.11.1986	14.11.2004	Overall Business Management.
4.	Mr. C.S. Kothari	Independent Director	21.07.1948	01.03.2005	Marketing & Finance.
5.	Mr. PS. Bhatia	Independent Director	20.11.1947	05.10.2005	Manufacturing & Trading in Industrial Furniture
6.	Mr. Iqbal Singh	Independent Director	20.07.1953	05.10.2005	Manufacturing, Trading & Exports.
7.	Mr. Charoen Sachamuneewongse	Independent Director	18.02.1947	30.04.2009	Merchandise Trading & Broking.
Sr. No.	Name	Name of other Directorships	Name of Committees, where Member (M)/ Chairman (C) (Fiem Industries Ltd.)	Shareholding in the Company	
1.	Mr. J.K. Jain	Fiem Auto Pvt. Ltd.	Nil	18,71,092 (15.64 %)	
2.	Mr. Kashi Ram Yadav	Nil	-Shareholder/ Investor Grievance Committee (M)	338	
3.	Mr. Rahul Jain	Nil	-Shareholder/ Investor Grievance Committee (M)	40,09,957 (33.52 %)	
4.	Mr. C.S. Kathari	Nil	-Audit Committee (M) -Shareholder/ Investor Grievance Committee (C) -Remuneration Committee (C)	1	
5.	Mr. PS. Bhatia	Nil	-Audit Committee (M) -Remuneration Committee (M)	Nil	
6.	Mr. Iqbal Singh	-Parspex (India) Pvt. Ltd. -Harv India Pvt. Ltd.	-Remuneration Committee (M)	20,014	
7.	Mr. Charoen Sachamuneewongse	Nil	Nil	42,450	

Inter-se Relation Between Directors as Required to Disclose Under Clause 49 of the Listing Agreement:

Mr. J.K. Jain, Chairman & Managing Director is husband of Mrs. Seema Jain, Director and father of Ms. Aanchal Jain and Mr. Rahul Jain, Directors hence all four are related to each other. Further, all of these are promoters of the Company.

Except above, no other Director is related to each other.

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your company have pleasure in presenting the 20th Annual Report on the affairs of the company together with the Audited Financial Statements of the Company for the financial year ended 31st March 2009 and the report of Statutory Auditors thereon.

FINANCIAL RESULTS:

The working results of the company, in brief, are as under

PARTICULARS	(Rs. In Lacs)	
	F.Y. (2008-09)	F.Y. (2007-08)
Gross Sales	24195.68	20207.77
Sales, Net of Excise	21928.93	17729.79
Profit before Tax, Depreciation, Interest, Bank charges & Prior Period Expenses	2070.75	2400.11
Less Prior Period Expenses.	15.70	5.22
Less Interest & Bank Charges	399.78	195.08
Profit before Tax & Depreciation	1655.27	2199.81
Less Depreciation	882.32	782.16
Profit Before Tax	772.95	1417.65
Less:		
a) Provision for tax	304.61	479.20
b) Income Tax Paid for earlier years	7.16	4.52
Net Profit	461.18	933.93

REVIEW OF OPERATIONS

Your company has been able to register a growth of 23.68% over last financial year despite recessive sentiments in the economy worldwide. The Indian economy though not affected that badly as of developed economies but tremors were felt strongly. Downturn was prevalent across the board and some sectors were affected very badly. Almost same was the case with Automobile Industry as high Interest rates and tight liquidity coupled with lack in demand were proved bottlenecks for growth of the Industry. It also affected growth of Automotive Industry.

However, your company proved to be a niche player by registering this impressive growth, thanks to the strategic management of the Company.

DIVIDEND

Your Board of Directors has recommended a dividend of 25% (Rs. 2.50 per share) on the Equity Shares of the Company for the year 2008-09 to the shareholders to be determined by Book Closure. The same is recommended for approval of the shareholders.

TRANSFER TO RESERVES

Out of the profits for the financial year ended 2008-09 an amount of Rs. 50.00 Lacs is transferred to General Reserve Account.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is presented in addition to the Directors' Report in a separate section forming part of Annual Report.

CORPORATE GOVERNANCE REPORT

A Corporate Governance Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is presented in a separate section forming part of Annual Report.

OPERATIONAL UPDATE

The major development on operational front during the year 2008-09 and up to the date of this Report are as under:

Strategic MoU with Ichikoh Industries Limited:

The Company has signed a strategic MoU for Equity Participation by Ichikoh Industries Limited, Japan, one of the world leaders in manufacturing for Automotive Lighting & Rear View Mirrors and supplier to all major Automobile Companies of Japan like Toyota, Nissan, Honda and Mitsubishi among others. Under this MoU, Ichikoh will extend to Fiem its technical assistance for designing, development and manufacturing of Automotive Lightings & Rear View Mirrors for supplying to various car manufactures (OEMs) in India. By this strategic collaboration Company will attain technical superiority with wider market potential for Business Development and Growth.

DIRECTORS

In terms of Article 159 of the of the Articles of Association read with Section 255 and 256 of the Companies Act, 1956, Shri C.S. Kothari, Shri Rahul Jain, Shri Iqbal Singh and Shri P.S. Bhatia, Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

During the year under review and up to date of this Report the following changes happened in Board of Directors: Mr. Pravin Kumar resigned as Whole-time Director and Mr. Kashi Ram Yadav was appointed as Additional Director (Whole-time Director) by the Board of Directors w.e.f. 25.10.2008. Mr. K.S. Lamba resigned from the Board of Directors w.e.f. 30.04.2009. Mr. Charoen Sachamuneewongse was appointed as Additional Director (Independent Director) w.e.f. 30.04.2009.

Further, resolutions proposing re-appointment of Mr. J.K. Jain, Chairman & Managing Director and appointment of Mr. Charon Sachamuneewongse as regular Director (Independent Director) and appointment of Mr. Kashi Ram Yadav as Whole-time Director are to be considered in ensuing Annual General Meeting.

SUBSIDIARY COMPANY

In March, 2009, a subsidiary was incorporated in Japan namely 'Fiem Industries Japan Co. Ltd.' However, the newly incorporated company is yet to be capitalized and has not commenced any operations as yet.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposit within the meaning of the Companies (Acceptance of Deposit) Rules, 1975.

AUDITORS' REPORT

The observations made in the Auditors' Report are self-explanatory and therefore do not call for further comments, except in respect of slight delay in payment of Statutory Dues in some cases, which have since been paid.

AUDITORS

M/s Anil S. Gupta & Associates, Chartered Accountants who retire at the conclusion of this 20th Annual General Meeting and being eligible are proposed for re-appointment. They have given certificate to the effect that the appointment, if made, would be within the limit prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

PARTICULARS OF EMPLOYEES

As per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 a statement of particulars of employees is as under:

(i) **Employed throughout the Financial year (2008-09), was in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 24,00,000/-:**

Name	Designation	Annual Remuneration (Rs. In Lacs)	Qualification	Experience in years	Date of Commencement of Employment	Age in years	Last Employment & position held	%age of Equity Shares held
Mr. J.K. Jain	Chairman & Managing Director	124.80	B.Com	38	05.08.1996 ¹	57	-See Note ¹	15.64% ²
Mrs. Seema Jain	Whole-time Director	24.00	B.Sc.	27	01.04.2005 ¹	54	-See Note ¹	13.53% ²
Mr. J.S.S. Rao	Whole-time Director	26.00	P.G. in Cost Accounting and Factory Management	28	02.05.2003	52	Toshi Auto Industries Ltd. (Now Lumax Automotive Systems Ltd.) as Executive Director	N.A. ²
Mr. Kashi Ram Yadav	Whole-time Director (w.e.f. 25.10.2008) ⁴	31.45	Matriculation	30	01.05.1995	53	B.P Plastic Industries as Manager (Operations)	N.A. ²
Mr. Rajesh Sharma	Marketing Head	27.00	B.Sc. M.B.A.	22	01.09.2003	46	Toshi Auto Industries Ltd. (Now Lumax Automotive Systems Ltd.) as Sr-Vice President	N.A. ²
Mr. O.P. Gupta	C.FO	25.20	M.Com, FCA, FCS, FICWA	24	24.05.2006	49	C.L. Gupta Exports Limited as V.P. (Fin. & Corp. Affairs) cum Company Secretary	Nil ²

Notes:

- Mr. J.K Jain and Mrs. Seema Jain with family members promoted the company on 06.02.1989. Since then they are on the Board of the Company. On and from 05.08.96 Mr. J.K. Jain is on the Board as Chairman & Managing Director and on and from 01.04.2005 Mrs. Seema Jain is on the Board as Whole-time Director; prior to this period they were not receiving any remuneration from the Company.
 - Mr. J.K Jain and Mrs. Seema Jain along with family members and related concerns hold 66.12 % of the total share capital of the Company. Mr. J.S.S. Rao holds 12 Shares, Mr. Kashi Ram Yadav holds 338, Mr Rajesh Sharma holds 495 shares and Mr. O.P. Gupta hold Nil shares as on 31.03.2009.
 - The above remuneration does not include leave encashment and gratuity.
- ^{@4} Mr. Kashi Ram Yadav was elevated to the Board w.e.f. 25.10.2008. Prior to that he was working in the Company as regular employee on the same monthly remuneration. His remuneration also include Bonus and contribution to Provident Fund. .

Other information:
(a) Nature of Employment & other terms and conditions:

- The Employment of Mr. J. K. Jain, Mrs. Seema Jain, Mr. J.S.S. Rao and Mr. Kashi Ram Yadav is contractual in nature and their appointments and terms are approved by resolutions of the Board of Directors and approved by the Members in General Meeting at the respective times.
- Mr. Rajesh Sharma and Mr. O.P. Gupta are regular employees of the Company.
- Other terms and conditions of employment are as per rules of the Company.

(b) Nature of Duties:

- Mr. J.K. Jain :** Being the Chairman & Managing Director of the Company, Mr. J.K. Jain possess the substantial powers of management and also looks after overall management of the Company affairs.

- **Mrs. Seema Jain** : She is in-charge of overall finance and accounts functions of the Company and monitoring these functions on the head office level.
- **Mr. J.S.S. Rao**: He is Director (Operations- South & Overseas), hence in-charge of overseas and south India operations of the Company.
- **Mr. Kashi Ram Yadav**: He is Director (Operations- North) and in-charge of the Manufacturing & Production Operations in the north Indian Units of the Company.
- **Mr. Rajesh Sharma**: He is heading the Marketing Department of the Company.
- **Mr. O.P. Gupta**: He is Chief Financial Officer and looking after day-to-day finance and accounts functions of the Company.

(c) Relation with Director or Manager of the Company:

- Mr. J.K. Jain, Chairman & Managing Director is husband of Mrs. Seema Jain, Director and father of Ms. Aanchal Jain and Mr. Rahul Jain, Directors hence all four are related to each other. Further, all of these are promoters of the Company.
- None of the other persons listed above are related to any Director / Manager of the Company.

(ii) There is no other employee who employed for the part of the Financial year (2008-09), was in receipt of remuneration for any part of the year, at a rate which, in the aggregate, was not less than Rs. 2,00,000/- per month.

(iii) There is no other employee who was in receipt of remuneration, which is more than remuneration of managing director or whole-time director and also holds by himself or along with his spouse and dependent children not less than 2% of the equity shares of the company. Hence sub-clause (iii) of Section 217(2A)(a) of the Companies Act, 1956 is not applicable.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in 'Annexure- A' which forms part of this Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217(2AA) of the Companies Act, 1956, Directors of your company hereby confirm, that:

- (i) In the preparation of the annual accounts for the year ended March 31, 2009, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) 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 protecting & detecting fraud and other irregularities;
- (iv) The Annual Accounts for the year ended 31.3.2009 have been prepared on a going concern basis.

ACKNOWLEDGEMENT

The Board of Directors wish to place on record its thanks & gratitude to the Government authorities, shareholders, banks and vendors for the co-operation and confidence reposed and to the OEMs for their valued patronage.

Your Directors also take this opportunity to express its sincere appreciation for the employees of the company at all levels for their dedication in achieving the results and hope that they would continue their endeavor for attaining the better results during the current year.

**For and on behalf of the Board of
FIEM INDUSTRIES LIMITED**

-Sd-

J.K. JAIN

Chairman & Managing Director

Place : New Delhi

Date : 12.08.2009

ANNEXURE-‘A ‘ TO THE DIRECTORS REPORT

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo – Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

CONSERVATION OF ENERGY

Your management has the belief that energy conserved is energy produced and taking all possible steps for conservation of energy. To achieve this objective, the following steps have been taken:

1. All cooling Tower Pumps have been synchronized, resulting in minimization of breakdown of motor pumps.
2. Temperature Controller and Time Switch installed on Air-conditioners resulting in reduction in power consumption.
3. In Diesel Generators fuel injection technology is improved which have reduced diesel consumption.
4. Energy saving devices has been installed wherever found necessary.
5. Fixed Pumps has been replaced with Variable Pumps on Molding Machines resulting in reduction of power consumption.
6. 250 W Mercury lights have been replaced with 96 W resulting in reduction of power consumption.
7. Proper conservation training is imparted to concerned staff to use minimum power while working in the office & switch off the electric driven equipments when these are not in use.

Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy:

The above measures were implemented by additional investments, wherever necessary. Energy conservation is a continuous process and company is doing its best for this purpose. Some proposals have been identified and shall be implemented for energy conservation.

Impact of Above Measures:

Energy is a major cost factor; the above measures resulted in energy saving and consequent reduction in cost of production.

RESEARCH & DEVELOPMENT

1. **Specific Areas In Which R & D Carried Out By The Company:**
 - R&D carried out in the areas of LED development, designing, Tool development, product development, process engineering and testing facilities.
2. **Benefit derived as a result of R & D:**
 - LED developed as a new generation product.
 - Development of New products dies and moulds.
 - Increase in operational efficiency.
 - Improvement in process control.
 - Reduction in rejections
 - Improvement in confidence of Customers.

3. **Future Plan of action :**

The management believe that R&D is a must for sustainable growth, hence will increase focus in this direction in the areas of testing, designing, engineering, product development and tool making capabilities.

4. **Expenditure on R&D:**

Research expenses are charged to Profit & Loss Account as and when incurred. Development expenses are capitalized when the Company is certain to recover the development cost from future economic benefits in accordance with AS-26. Fixed Assets utilized for research and development are capitalized and depreciated in accordance with the depreciation method as explained in Notes to Accounts.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. **Efforts Made:**

The management is aware that technology updation is a must in the automotive industry. Hence, as and when new machineries are needed, ultra-modern machines are procured with latest technology. As and when training is needed to the employees, it is imparted without delay and it is a continuous process. Old machinery are upgraded, if this is feasible and economic, otherwise these are replaced with new machineries. Software are upgraded as and when required. The efforts of the company are towards maximum automation by using latest technology.

2. **Benefits Derived:**

- Efficiency in working, less rejection and increase in accuracy level.
- Increase in performance of the new products with better aesthetics and safety features.
- Testing lab has become one of the best in the industry in which the Company operates and is designed to use the latest testing techniques as per the International Standards.

EXPORT INITIATIVE AND FOREIGN EXCHANGE EARNING & OUTGO

Activities relating to Exports: The Company exports automotive lights and mirrors to OEMs and Tier-I Suppliers in other countries.

Initiatives taken to increase exports, development of New Export markets and export plans: Company is concentrating in foreign markets and taking the initiatives to increase the exports and new customers. These can be summarized as under:

- (i) Company is focusing on big customers for their global needs.
- (ii) Regular advertisements in Auto magazines and other publications, participation in Auto Exhibitions..
- (iii) Representation on the delegations from India to other countries.
- (iv) Marketing for the Company's products in other countries.
- (v) Focusing on taping the global needs of the existing Indian customers.

(vi) Established 100% EOU at Hosur with the Technical support of Ichikoh Industries Limited, Japan.

(vii) In addition to export to the direct OEMs, the company is also planning to tap the outsourcing opportunities from Tier-I suppliers of world repute.

During the year 2008-09, foreign exchange earning and outgo had been as under:

Foreign Exchange Outgo

		Amount (In Rs. lacs)	
S.No.	Particulars	2008-09	2007-08
1.	Value of Import on CIF basis	2066.67	2687.46
2.	Foreign Travel	38.30	23.75
3.	Professional Expenses	-	7.12
4.	Technical Know how fee & Other fee	61.09	58.64
5.	Overseas Office Expenses	42.57	35.29
6.	Other Exp.	2.34	2.54
	TOTAL	2210.97	2814.80

Earning in Foreign Exchange

		Amount (In Rs. lacs)	
S.No.	Particulars	2008-09	2007-08
1.	Export Sale on FOB Value	1375.67	1002.40
2.	Testing Fee Received	1.80	0.00
3.	Packing & Forwarding	0.07	-
4.	Sale of Fixed Assets	-	83.35
5.	Tool Development Charges	-	29.91
	TOTAL	1377.54	1115.66

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and development

Indian Automobile Industry constitutes a mix presence of Indian and Global Automobile players. Manufacturing advantages, strong domestic demand and export potential collectively encouraged for a strong growth trajectory for Automobile Industry in the recent years. These growth drivers encouraged the players to develop large capacities, infrastructure and market for their products. Indian auto component industry, which follows the moves of Automobile Industry, has also grown significantly. The small players have turned into big business houses and niche players. Over the times, they have increased their acceptance in the global markets, opening new growth areas.

The growth story was getting good by each passing year and the Industry was also doing well. However, year 2007-08 saw a negative growth in production of Automobiles. The main reasons for this decline were high interest rates, limited access to retail finance, limited and costly options of fund raising and low demand for vehicles. These all factors acted as vicious effect on the growth of Industry.

The year 2008-09 continued to be 'not a good year' for the global economy. While developed economies like US and Europe are worst hit, the impact is worldwide. In US, the bankruptcy by Banks, Financial Institutions and Automobile giants had become frequent news. However, the governments of all countries acted very fast and provided support in the form of bailout and stimulus packages. These supports not only helped the industries to keep floating during turbulent times but also resulted in survival and confidence booster of the economies.

The Automobile Industry is among the worst hit industries by this global financial and economic slowdown. In US, General Motors and Chrysler had filed Chapter-11 bankruptcies, though for the better future. The growth in Indian Automobile industry also ran into rough whether for a while. Severe credit crunch, costly and limited access to funds, sluggishness in demand and non-availability of consumer finance have collectively contributed for the low single digit growth in Indian automobile industry in 2008-09.

However, it seems that the worst is over and the Indian industry is heading for a revival and better growth. The signals of the 1st quarter of current fiscal are encouraging. The stimulus packages by the Indian Government and recovery sentiments in the economy have contributed positively.

The economies in the global prospective are also showing recovery. The badly affected Automobile giants of developed economies are trying their level best to return to normalcy by support of sovereign governments, restructuring, new strategies and other means.

Automotive Industry being directly dependent on Automobile Industry will also perform better in the current year and in long-term.

Opportunities and threats

a) Opportunities

The global economic crisis has forced the Automobile majors in developed countries to keep their costs in control and shift the focus on producing comparatively low cost vehicles. This all will force them to procure the auto components from low cost countries like India and will open new growth opportunities for Indian Automotive Industry.

Further, Indian Automobile Industry has its own growth drivers like growing middle class population, low penetration of vehicles and increasing trend of owning personal vehicles, cropping up of townships

and growing rural economy. Political stability and thrust of the UPA government on Infrastructure development will also contribute towards economic growth and stability. These all will also result in growth of the Automotive Industry. Additionally, Global and Indian Automobile companies are planning for expansion of Indian operations due to huge potential demand and low cost advantage.

The Company is seeing big opportunities in four wheeler segment of the Industry and this is one of the main thrust areas for future growth of the Company.

The management of the company is aware of all these developments and increasing its capacities by setting up new manufacturing Unit (Unit-VII) in Rai Industrial Area, Distt. Sonapat, Haryana.

b) Threats/Challenges

At the Company level, the management doesn't see any major threat. Further, it is well aware of the possible challenges and keep them as a part to be factored into business management and strategy planning. At the Industry level, management feels that India has some structural disadvantages like higher power cost coupled with inadequate supply resulting in higher transaction costs in comparison to developed countries and competitor low cost countries like China and Thailand. Further, there are some infrastructure issues like roads, ports, and railways, which adversely impacts logistics efficiency. However, the management is hopeful that thrust of the UPA government on Infrastructure development will address these issues.

Segment-wise performance

The company is engaged in the business of automotive parts, which is governed by the same set of risk and returns. Hence, the Company's business falls within one segment only. The main products of the Company are Automotive Lighting & Signaling Equipments, Rear View Mirrors including Prismatic Mirror and Sheet Metal Components.

In FY 2008-09, the Company has been able to register a growth of 24% in Net Turnover in a challenging economic environment and prevailing worldwide downturn.

Outlook

The year 2008-09 continued to be 'not a good year' for the global economy. However, the management of the Company feels that the worst is over and the Indian industry is heading for a revival and better growth. The signals of the 1st quarter of current fiscal are encouraging. The stimulus packages by the Indian Government and recovery sentiments in the economy have contributed positively.

The management hopes that Automotive Industry being directly dependent on Automobile Industry will also perform better in the current year and in long-term.

Risk and Concerns

Severe credit crunch, costly and limited access to funds, sluggishness in demand and non-availability of consumer finance have collectively contributed for the low single digit growth in Indian automobile industry in 2008-09. However, these things are returning to normalcy with the revival signs of the economy. It is a widely accepted phenomenon that the low interest rate was a boon for the industry and played a vital role in its development. If the growth potential exist and untapped, then

effect of low interest rate and easy availability of finance have positive and dynamic cascading effect on all growth factors leading to overall development.

Internal Control Systems and its adequacy

The management feels that for better and sustainable growth, the Company must have robust internal control systems and these should be adequate keeping in size and geographic spread of the business. Keeping this philosophy, the Company has implemented a proper and adequate system of internal controls for financial reporting of all transactions. To keep enhancing efficiency in the operations, the operational control systems are implemented and being reviewed periodically by cross-functional teams. The system of compliance with relevant laws and regulations is well implemented with primary responsibility of functional head. The adequacy of each system is reviewed periodically.

The Audit Committee also periodically reviews the internal controls systems and financial results of the company.

Financial performance with respect to operational performance

The Company's net turnover for F.Y. 2008-09 is Rs. 21928.93 lacs which is higher by 23.68% in comparison to last year's net turnover of Rs. 17729.79 lacs and profit before finance charges, depreciation, tax and prior period expenses is Rs. 2,070.75 lacs in comparison to last year's Rs. 2400.11 lacs, lower by 13.72%.

Human Resources Management System / Industrial Relations

The management of the Company is well aware of about its most valuable asset i.e. 'Human Resources'. The aim of the management is retaining, attracting, motivating and development of best talent to achieve sustainable growth and smooth running of the operations.

The manufacturing process of the company requires specialized skilled human resources in some of the key processes. To keep them efficient and abreast with latest technology and processes, company impart them necessary training. In this way company has trained and talented human resources pool for its all key processes.

The management understands that cordial Industrial relations are of utmost importance for the smooth functioning and growth of the Company, hence it leaves no stone unturned for the safety, health and welfare of the employees. The company has maintained excellent relationship with the employees during the year.

Cautionary statement

Some of the statements (expressed, implied, inferred) in Management Discussion and Analysis or elsewhere in this Annual Report are 'forward looking statements' and made for the limited context of the respective subject/ topic. These may be categorized as such within the applicable laws and regulations. As these are based on certain subjective factors, assumptions and expectations of future events hence may differ materially from actual results. The company assumes no responsibility to publicly amend, modify or revise any forward-looking statement. Readers are cautioned that the Company is in no way responsible for any loss / adverse result caused to the readers attributable to these statements. The risks outlined here are not exhaustive. Readers are requested to exercise their own judgment in assessing the risk associated with the company.

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY

The Company's philosophy on corporate governance originates from the philosophy, values, culture, vision and mindset of the management. The regulatory framework and business needs shapes the philosophy in to practices, then these translate into working of the whole organization. Growth of organization, changing business environment, change in regulatory framework and emerging best practices make the concept of Corporate Governance more dynamic.

The Company's philosophy on corporate governance underlies the above philosophy of the management and based on the principles of integrity, fairness, equity, accountability, commitment and transparency. It strives to be a good corporate citizen by imbibing prudent business practices, best business acumen, respect for law and commitments in its dealings. It aims for a sustainable growth and creating long-term value for all its stakeholders.

2. BOARD OF DIRECTORS:

2.1 Composition of the Board

The strength of the Board is Twelve Directors. Mr. J.K. Jain is an Executive Chairman and designated as Chairman and Managing Director. The Board consists of Six (6) independent directors. All important strategic, planning and policy matters are deliberated at the board meetings.

The required details about the Directors viz. the Directorships in other Public Companies, Memberships / Chairmanship in Committees of other Companies, Shareholding in the Company (Fiem Industries Ltd.) as on 31.03.2009 are as under:

Sr. No.	Name of the Director	Category	Number of Directorship held in other Public Limited Companies	No. of Chairmanship/ membership held in Committees** of Other Public Limited	Shareholding in the Company (Fiem Industries Ltd.)
1	Mr. J.K. Jain	CMD Promoter	Nil	Nil	1871092
2	Mrs. Seema Jain	E PD	Nil	Nil	1619582
3	Mr. J.S.S. Rao	E D	Nil	Nil	12
4	Mr. Pravin Kumar (up to 24.10.2008)	E D	Nil	Nil	N.A.
5	Mr. K.R. Yadav (w.e.f. 25.10.2008)	E D	Nil	Nil	338
6	Ms. Aanchal Jain	E PD	Nil	Nil	312693
7	Mr. Rahul Jain	NEPD	Nil	Nil	4009957
8	Mr. C.D. Shah	ID	Nil	Nil	36000
9	Mr. Iqbal Singh	ID	Nil	Nil	20014
10	Mr. K.S. Lamba	ID	Nil	Nil	80000
11	Mr. PS. Bhatia	ID	Nil	Nil	Nil
12	Mr. C.S. Kothari	ID	Nil	Nil	1
13	Mr. J.S. Chandhok	ID	Nil	Nil	Nil

CMD : Chairman & Managing Director
 NEPD : Non Executive Promoter Director
 EPD : Executive Promoter Director
 ED : Executive Director
 ID : Independent Director.

** Committee Means Audit Committee and Shareholders' Grievance Committee only.

2.2 Changes in Board of Directors

During the Financial Year 2008-09 and till the date of this Annual Report following changes have occurred in the Board of Directors:

Sr. No.	Name of Director	Appointment/ Resignation	Effective Date	Category
1.	Mr. Pravin Kumar	Resignation	25.10.2008	Whole-time Director
2.	Mr. Kashi Ram Yadav	Appointment	25.10.2008	Whole-time Director
3.	Mr. K.S. Lamba	Resignation	30.04.2009	Independent Director
4.	Mr. Charoen Sachamuneewongse	Appointment	30.04.2009	Independent Director

2.3 Board Meetings

During the Financial Year 2008-09, five Board Meetings were held on 30.04.2008, 29.07.2008, 29.08.2008, 25.10.2008 and 31.01.2009.

2.4 Directors Attendance Record

The attendance of directors at the above Board Meetings and at the previous Annual General Meeting held on 29th September 2008 is as under:

Sr. No.	Name of the Director	Board Meetings held	No. of Board Meetings attended	Whether present at the previous AGM
1	Mr. J.K. Jain	5	5	Yes
2	Mrs. Seema Jain	5	5	Yes
3	Mr. J.S.S. Rao	5	3	No
4	Mr. Pravin Kumar (up to 24.10.2008)	3	3	No
5	Mr. K. R. Yadav (w.e.f. 25.10.2009)	2	2	N.A.
6	Ms. Aanchal Jain	5	5	Yes
7	Mr. Rahul Jain	5	1	No
8	Mr. C.D. Shah	5	0	No
9	Mr. Iqbal Singh	5	5	Yes
10	Mr. K.S. Lamba	5	0	No
11	Mr. PS. Bhatia	5	5	No
12	Mr. C.S. Kothari	5	5	Yes
13	Mr. J.S. Chandhok	5	2	Yes

2.5 Profile of Directors:

Brief Profile of the Directors:

Mr. J. K. Jain, aged 57 years, is the Chairman and Managing Director of the Company. He hails from a business family and is one of the pioneers in the automotive lighting industry in India. After completing his graduation in Commerce from Delhi University, he got involved in the operations of M/s. B. P. Plastic Industries in the year 1970, a proprietary concern set-up by Bishamber Sahai Jain Trust, a family trust. M/s. B. P. Plastic Industries was then engaged into the business of manufacturing automotive lighting and signaling equipments. To fulfill the growing demand of O. E. M. customers, he set-up another proprietary concern in the year 1977 under the name and style of FIEM Auto & Electrical Industries. In the year 1986, he set-up a Company under the name and style of FIEM Auto Pvt. Ltd. as an ancillary

to Ind Suzuki Motorcycle Pvt. Ltd. (now TVS Motor Co. Ltd.). Keeping in view the pace of the automotive industry and the growing customer demand, he set-up another Company in the year 1989 under the name and style of Rahul Auto Pvt. Ltd. (now FIEM Industries Ltd.) for manufacturing of rear view mirrors along with automotive lighting & signaling equipment. After visualizing the potential growth in the Indian Automobile Industry, he initiated action for re-structuring and re-engineering of all the units under FIEM Industries Ltd. He has been instrumental in the growth of the Company since beginning. He has a number of awards and recognitions to his credit; some of these are as under:

1. Udyog Rattan Award by The Institute of Economic Studies (2005),
2. Rashtriya Samman Purskar with Gold Medal by Indian Society for Industry & Intellectual Development (2007),
3. Automotive Lighting Equipment Man of the Year by Business Sphere magazine (2007),
4. Vikas Rattan Gold Award by Indian Organization for Business Research & Development (2007),
5. International Quality Excellence Award by International Business Productivity Forum (2007).
6. "Life Time Achievement Award" by India International Council for Industries & Trade. (2007)
7. "National Business Leadership Award" with Gold Medal by 'Indian Society for Industry & Intellectual Development.' (2008)
8. "Rashtriya Gaurav Ratan Award" by 'Indian Society for Industry & Intellectual Development' (2009).

Mrs. Seema Jain, aged 54 years, is the Whole-time Director of the Company. She is wife of Mr. J.K. Jain. She completed her B.Sc. from Lady Erwin College of Delhi in 1974. She hails from a business family and looked after the day-to-day business activities of her family business since her college days. She is presently actively involved in overseeing the finance functions of the Company.

Mr. Rahul Jain, aged 22 years, is a Non Executive Director of the Company. He is son of Mr. J.K. Jain and Mrs. Seema Jain. After qualifying from 12th class exam from Modern School, Barakhamba Road, New Delhi he has completed B.Sc. (Management) from the Indian Institute of Learning Management (IILM), New Delhi. He is also involved in the business activities of the organization and taking interest in manufacturing and other operations of the Company.

Ms. Aanchal Jain, aged 27 years, is the Whole-time Director of the Company. She is daughter of Mr. J.K. Jain and Mrs. Seema Jain and sister of Mr. Rahul Jain. She completed her B.Sc. in Management from the Indian Institute of Learning Management (IILM), New Delhi in the year 2002 and further enrolled herself for further studies in the USA. She completed her Masters in Business Administration in Human Resource and Management from Indiana Institute of Technology, USA in the year 2004. She is presently actively involved in human resource management functions of the Company.

Mr. J. S. S. Rao, aged 52 years, is the Whole-time Director of the Company. He is a Post Graduate from Bangalore University with specialization in Cost Accounting and Factory Organization. He has an overall experience of over 28 years in automotive lighting and components industry with specialization in manufacturing, operational and business strategic planning. Prior to joining the Company, he has

worked with Lumax Industries Ltd., Evershine Moulders Ltd. and Toshi Auto Industries Ltd. He joined the Company in May 2003. He was subsequently appointed as a Whole-time Director of the Company in December 2005. He is presently responsible for the overseas and south India operations of the Company.

Mr. Kashi Ram Yadav aged 53 years, is the Whole-time Director of the Company. He has more than 30 years experience in production and manufacturing operations of automotive lightings, signaling equipments and rear view mirrors. He started his carrier with the promoters of the Company in 1975 and since then working in different capacities. Keeping his long association with the Company and his long experience he was elevated to the Board of the Company w.e.f. 25.10.2008 and appointed as Whole-time Director on the same date. He was designated as Director (Operations-North) and responsible for production and manufacturing operations in North India Units of the Company.

Mr. Paramjit Singh Bhatia, aged 61 years, is an Independent Director on the Board of the Company. He is running his own business and has an experience of over 30 years in the field of manufacturing and marketing of industrial steel & wooden furniture and allied items. He has been appointed as a Non executive Director of the Company on October 5, 2005.

Mr. Chandrakant D. Shah, aged 81 years, is an Independent Director on the Board of the Company. He has a rich industrial & business experience of about 60 years in various fields. He was the Managing Director of Neometal & Electrical Industries (P) Ltd., which was engaged in the manufacturing of automobile accessories and was one of the leading exporters of headlamps and tail lamps. During his tenure as the Managing Director of this Company, the Company had won certificates from EEPC for highest export in small-scale sector for many years. He was elected as the first Asian Chairman of the Dar Es Salaam Municipal Corporation (Capital of Tanzania). He has been appointed as Non executive Director of the company on March 7, 2006.

Mr. Kuldeep Singh Lamba, aged 70 years, is an Independent Director on the Board of the Company. He has an overall experience of over 40 years in the area of automotive parts Import and Exports. He is presently running his business operations in automotive parts in Kuwait, Dubai and USA. He has been appointed as a Non executive Director of the Company on April 26, 2006.

Mr. Kuldep Singh Lamba has resigned from the Directorship of the Company w.e.f. 30.04.2009.

Mr. Chatter Singh Kothari, aged 61 years, is an Independent Director on the Board of the Company. He is a Commerce Graduate from University of Delhi. He is running his own business and has an experience of over 32 years in the field of finance and marketing. He has been appointed as a Non executive Director of the Company on March 1, 2005.

Mr. Iqbal Singh, aged 56 years, is an Independent Director on the Board of the Company. He is running his own business and has an overall experience of over 30 years in the field of exports of automotive parts and engineering goods. He has been appointed as a Non executive Director of the Company on October 5, 2005.

Mr. Jasmit Singh Chandhok, aged 36 years, is an Independent Director on the Board of the Company. He holds a degree in Masters in Business Administration from Manipal Academy of Higher Education and has an overall experience of about 10 years in the fields of finance

& education. He has been appointed as a Non executive Director of the Company on April 26, 2006.

Mr. Charoen Sachamuneewongse, aged 62 years, is an Independent Director on the Board of the Company. He is an NRI holding Thai citizenship and running his own business of Merchandising Trading & Broking in Bangkok. He has an overall experience of over 35 years in the field of Merchandising Trading & Broking. He has been appointed as a Independent Director of the Company on April 30, 2009.

2.6 Inter-se relationship among the Directors as on 31.03.2009

Mr. J.K. Jain, Chairman & Managing Director is husband of Mrs. Seema Jain, Director and father of Ms. Aanchal Jain and Mr. Rahul Jain, Directors hence all four are related to each other. Further, all of these are promoters of the Company.

Except these, no other Director is related to each other.

3. AUDIT COMMITTEE

The Audit Committee consists of Mr. Jasmit Singh Chandhok, Mr. Chatter Singh Kothari and Mr. Paramjit Singh Bhatia as its members. All the members of the Committee are Independent Directors. Presently, Mr. Jasmit Singh Chandhok is the Chairman of the audit committee. The Company Secretary, Mr. Arvind K. Chuahan acts as Secretary to the Committee.

The terms of the Audit Committee is to comply with the requirements of Section 292 A of the Companies Act and Clause 49 of the listing agreement. The scope of Audit Committee include the following:

- Authority to investigate any matter pertaining to the items specified in section 292A of the Companies Act and any other matter referred to it by the Board;
- Investigate any activity within its terms of reference;
- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Review of the annual financial statements with the management;
- Review of the adequacy of internal control systems with the management and the external and internal auditors;
- Review of the adequacy of internal audit system including the reporting structure coverage and frequency of internal audit;
- Review of Company's financial and risk management policies; and
- Periodic discussion with the auditors about internal control systems, scope of audit including the observations of the auditors and review the quarterly and annual financial statements before submissions to the Board.

3.1 Audit Committee Meetings

During the Financial year ended 31.03.2009, five meetings of the Audit Committee were held on 30.04.2008, 29.07.2008, 29.08.2008, 25.10.2008 and 31.01.2009. The Attendance of the Members at these meetings were as under:

Sr. No.	Name	No. of Meetings held	No. of Meetings Attended
1	Mr. Jasmit Singh Chandhok	5	2
2	Mr. P.S. Bhatia	5	5
3	Mr. C.S. Kothari	5	5

4. REMUNERATION COMMITTEE

The Remuneration Committee consists of Mr. C. S. Kothari, Mr. P. S. Bhatia and Mr. Iqbal Singh as its members. All the members of the remuneration committee are Independent Directors. Mr. Chatter Singh Kothari is the Chairman of the remuneration committee.

The committee considers the appointment, remuneration and related matters of Directors of the Company.

4.1 Remuneration Committee Meeting

During the Financial year ended 31.03.2009, two meetings of the Remuneration Committee were held on 29.08.2008 and 25.10.2008. The Attendance of the Members at these meetings were as under:

Sr. No.	Name	No. of Meetings held	No. of Meetings Attended
1	Mr. C.S. Kothari	2	2
2	Mr. P.S. Bhatia	2	2
3	Mr. Iqbal Singh	2	2

4.2 Remuneration Policy

Remuneration of Managing Director and Executive Directors is determined on their appointment/re-appointment or during the currency of tenure by the Remuneration committee and approved by the Board of Directors and Shareholders as per applicable provisions of law. Wherever required, the approval of the Central Government also obtained.

4.3 Details of remuneration paid during the financial year ended on 31.03.2009 are furnished as under:

Sr. No.	Name of the Director	Salary (Rs.)	Perquisites (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
1	Mr. J.K. Jain	1,23,00,000	1,80,000	Nil	1,24,80,000
2	Mrs. Seema Jain	24,00,000	Nil	Nil	24,00,000
3	Mr. J.S.S. Rao	26,00,000	Nil	Nil	26,00,000
4	Mr. Pravin Kumar (up to 24.10.2008)	10,32,258	Nil	Nil	10,32,258
5	Ms. Aanchal Jain	12,00,000	Nil	Nil	12,00,000
6	Mr. Kashi Ram Yadav (w.e.f. 25.10.2008)	13,69,538	Nil	Nil	13,69,538
7	Mr. Rahul Jain	Nil	Nil	Nil	Nil
8	Mr. C.D. Shah	Nil	Nil	Nil	Nil
9	Mr. Iqbal Singh	Nil	Nil	Nil	Nil
10	Mr. K.S. Lamba	Nil	Nil	Nil	Nil
11	Mr. P.S. Bhatia	Nil	Nil	Nil	Nil
12	Mr. C.S. Kothari	Nil	Nil	Nil	Nil
13	Mr. J.S. Chandhok	Nil	Nil	Nil	Nil

Notes:

- The Company does not have any Stock Option Scheme or performance-linked incentives for the Directors.
- The Remuneration Committee considers and recommends the remuneration on appointment/re-appointment of Whole-time Director / Managing Director or any change during the currency of tenure. The Appointment and remuneration of all the Whole-time Directors / Managing Director are approved at the Board Meeting subject to approval of General Meeting and Central Government wherever required. There is no provision for notice period, service contract and severance fees for the Directors.
- The Company has not paid any sitting fees or other payment to the non-executive directors for Board or Committee Meetings.

4. Mr. Pravin Kumar resigned from Directorship of the Company w.e.f. 25.10.2008.
5. Mr. Kashi Ram Yadav was elevated to the Board w.e.f. 25.10.2008. Prior to that he was working in the Company as regular employee of the Company on the same monthly remuneration. The above remuneration of Rs. 13,69,538 is for the period of his Directorship (i.e. w.e.f. 25.10.2008 to 31.03.2009) it includes Rs. 6020 as Bonus and Rs. 57,066 as contribution to Provident Fund. None of the other Directors are receiving these benefits.
6. The above remuneration does not include leave encashment and gratuity, as the amount pertaining to directors is not ascertainable separately.

5. SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE

The Shareholders / Investor Grievance Committee constituted for redressal of shareholders and investors' complaints like non-receipt of share certificates sent for transfer, non-receipt of balance sheets, non-receipt of declared dividends, matters related to transfer, transmission, dematerialization, rematerialization and other similar related matters to the shareholders. The Committee consists of Mr. Chatter Singh Kothari, Mr. J.S.S. Rao (up to 24.10.2008), Mr. Kashi Ram Yadav (w.e.f. 25.10.2008) and Mr. Rahul Jain as its members. Mr. Chatter Singh Kothari is the Chairman of the committee.

5.1 Shareholders/ Investors Grievance Committee Meetings

During the Financial year ended 31.03.2009, 10 meetings of the Shareholders'/ Investors' Grievance Committee were held on 22.04.2008, 30.05.2008, 14.06.2008, 30.06.2008, 15.07.2008, 02.08.2008, 02.09.2008, 29.11.2008, 31.01.2009 and 30.03.2009. The Attendance of the Members at these meetings were as under:

Sr. No.	Name	No. of Meetings held	No. of Meetings Attended
1	Mr. Chatter Singh Kothari	10	10
2	Mr. Rahul Jain	10	3
3	Mr. J.S.S. Rao (Member up to 24.10.2008)	7	6
4	Mr. Kashi Ram Yadav (Member w.e.f. 25.10.2008)	3	3

5.2 Name and Designation of Compliance Officer

Mr. Arvind K. Chauhan, Company Secretary is also appointed as Compliance Officer of the Company.

5.3 The status and details of the shareholders' complaints received during the financial year ended 31.03.2009 are as under:

Sr. No.	Particulars	No. of Complaints received	No. of Complaints resolved	Pending Complaints
1.	Received through direct Correspondence	05	05	Nil
2.	Received through BSE	01	01	Nil
3.	Received through NSE	Nil	Nil	Nil
4.	Received through SEBI	Nil	Nil	Nil
Total		06	06	Nil

6. GENERAL BODY MEETINGS

6.1 The details of last three Annual General Meetings of the Company are as under:

Financial Year	Date	Venue	Time
2007-08	29.09.2008	Guru Kirpa Farms, Palla Bakhtawarpur Road, G.T. Karnal Road, Village Alipur, Delhi-I 10036	10.00 a.m.
2006-07	17.12.2007	Airforce Auditorium, Subrato Park, New Delhi -I 10010	10.30 a.m.
2005-06	21.08.2006	D-34, DSIDC Packaging Complex, Kirti Nagar, New Delhi-I 10015	10.30 a.m.

There was no special resolution passed by the Company at the AGMs held on 21.08.2006. However, in the AGM held on 17.12.2007 and 29.09.2008 the following Special Resolutions were passed:

Special Resolutions passed at the A.G.M. held on 17.12.2007:

- 1 Increase in Remuneration of Mr. J.S.S. Rao, Whole Time Director.
- 2 Increase in Remuneration of Mrs. Seema Jain, Whole Time Director.
- 3 Increase in Remuneration of Ms. Aanchal Jain, Whole Time Director.
- 4 Increase in Remuneration of Mr. J.K. Jain, Chairman & Managing Director.
- 5 Approval to Keep Register of Members and Index at the office of Registrar & Transfer Agent.

Special Resolutions passed at the A.G.M. held on 29.09.2008:

- 1 Re-appointment of Mrs. Seema Jain as Whole Time Director w.e.f. 1st April 2008 for 3 years.
- 2 Re-appointment of Ms. Aanchal Jain as Whole Time Director w.e.f. 1st April 2008 for 3 years.
- 3 Re-appointment of Mr. J.S.S. Rao as Whole Time Director w.e.f. 1st December 2008 for 3 years.
- 4 Re-appointment of Mr. Pravin Kumar as Whole Time Director w.e.f. 5th October 2008 for 3 years.

No special resolution was passed by way of postal ballots at the last AGMs. At the ensuing AGM also, there is no resolution proposed to be passed through postal ballots.

7. DISCLOSURES

7.1 Disclosure on materially significant related party transactions that may have potential conflict with the interest of the Company at large:

- a) The 'Related Party Transactions' have been reported elsewhere in this Annual Report in Schedule 19 to the Financial Statements i.e. 'Significant Accounting Policies and Notes to Accounts'. None of the transactions are in conflict with the interest of the Company at large.

b) The details of the related party transactions have been periodically placed before the Audit Committee.

7.2 Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years. Hence no penalties, strictures have been imposed on the company by any Stock Exchange, SEBI or any statutory authority.

7.3 Whistle Blower policy and affirmation that no personnel have been denied access to the audit committee.

The Company has not adopted any Whistle Blower Policy. However, no personnel have been denied access to the Audit Committee.

7.4 Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The Company has complied with mandatory requirements and has constituted a Remuneration Committee from the non-mandatory requirements.

7.5 The members of the senior management have made disclosure to the Board relating to all material financial and other transactions, if any, stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.

7.6 The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and has not adopted a treatment different from that prescribed in Accounting Standards.

7.7 The Chairman & Managing Director and Chief Financial Officer of the Company have certified about financial statements, internal control and accounting policies etc. for Financial year 2008-09 to the Board under Clause 49(V) of the Listing Agreement.

7.8 The Management Discussion and Analysis Report is annexed to the Directors Report forming part of Annual Report.

8. MEANS OF COMMUNICATION

The Company regularly intimates its un-audited results to the Stock Exchanges, as soon as these are taken on record/ approved by the Board. These Financial Results published in Financial Express and Jansatta (Hindi) Newspapers. The results are also posted on the website of the Company www.fiemindustries.com. During the year the Company has not issued any official news release.

9. GENERAL SHAREHOLDER INFORMATION:

a) Date, time and Venue of the 20th AGM:

Wednesday, the 30th September 2009 at 10.00 a.m. at Guru Kirpa Farms, Palla Bakhtawarpur Road, G.T. Karnal Road, Village Alipur, Delhi-110036.

b) Financial Year

Financial Year is 1st April to 31st March.

c) Book Closure Date

The Register of Members and Share Transfer Books of the Company will be closed from Thursday, September 24, 2009 to Wednesday, September 30, 2009 (both days inclusive) for the purpose of the Annual General Meeting and Dividend.

d) Dividend Payment Date

With in 30 days from the date of declaration.

e) Listing on Stock Exchanges

The Company's Shares are listed on the following Stock Exchanges with effect from 19th October 2006.

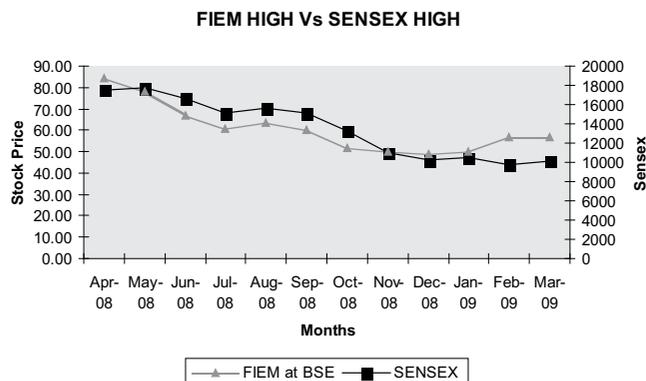
Name of the Stock Exchange	Address	Stock Code
National Stock Exchange of India Ltd.	Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051.	FIEMIND
Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001	532768

The Annual Listing Fees for the year 2009-10 has been paid by the Company to both the Stock Exchanges.

f) Market Data: Monthly High and Low (Rs.) during Financial Year 2008-09

Month	NSE		BSE	
	High	Low	High	Low
April, 2008	80.80	63.05	84.50	63.10
May, 2008	77.80	65.00	78.00	65.55
June, 2008	67.00	46.90	67.00	46.15
July, 2008	60.95	42.00	60.85	41.60
August, 2008	58.85	52.00	63.70	47.00
September, 2008	64.80	47.00	60.30	47.00
October, 2008	54.40	36.70	52.00	40.00
November, 2008	52.40	40.00	50.00	40.50
December, 2008	48.00	43.00	49.00	43.00
January, 2009	48.70	36.50	49.80	39.25
February, 2009	55.00	42.00	57.00	42.00
March, 2009	56.00	42.25	56.65	42.00

g) Comparison of FIEM High Vs Sensex High during Financial Year 2008-09



h) Registrar and Share Transfer Agent:

Link Intime India Pvt. Ltd.
(Formerly, Intime Spectrum Registry Ltd.)
2nd Floor, A-40, Naraina Industrial Area, Phase-II,
New Delhi-110028
Ph: 011-41410592/93/94 Fax No: 011-41410591

i) Share Transfer System

Applications for transfer of shares held in physical form are received at the office of the Registrar and Share Transfer Agents of the Company. All valid transfers are processed within 15 days from the date of receipt.

j) Distribution of shareholding as on 31.03.2009

Distribution by category:

Shareholding Pattern as on 31.03.2009

Category code	Category of shareholder	Number of share holders	Total number of shares	As a % of Total Capital
(I)	(II)	(III)	(IV)	(V)
(A)	Shareholding of Promoter Group	6	7909262	66.12
(B)	Public Shareholding			
(1)	Institutions			
(a)	Foreign Institutional Investors	1	53831	0.45
(2)	Non-Institutions			
(a)	Bodies Corporate	205	1024857	8.57
(b)	Individuals	7918	2384683	19.94
(c)	Any Other (specify)-			
	i. Non Resident Indians	95	355784	2.97
	ii. Directors & Their Relatives	4	20365	0.17
	iii. Clearing Members	16	7933	0.07
	iv. Hindu Undivided Families	328	101460	0.84
	v. Foreign Corporate Bodies	1	104051	0.87
	Total Public Shareholding	8568	4052964	33.88
	TOTAL (A)+(B)	8574	11962226	100.00

Distribution by Size:

Sr. No.	Shareholding Range	No. of Shareholders	Shares held	%age of Total
1	1 to 250	7182	603051	5.04
2	251 to 500	1020	361818	3.03
3	501 to 1000	174	136702	1.14
4	1001 to 2000	87	130195	1.10
5	2001 to 3000	24	61450	0.51
6	3001 to 4000	11	41891	0.35
7	4001 to 5000	11	50590	0.42
8	5001 to 10000	13	91356	0.76
9	10001 and above	52	10485173	87.65
	Total	8574	11962226	100

k) Dematerialization of shares and Liquidity status as on 31.03.2009

Sr. No.	Demat / physical	No. of Shares	Liquidity/ lock-in	%age of Total shares
1	NSDL	31,24,347	Free to trade	26.12
2	CDSL	10,45,661	Free to trade	8.74
3	Physical	77,92,218	Free Under Lock-in	45.10 23,97,653 20.04
	Total	1,19,62,226		100.00

l) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity

So far the Company has not issued any GDRs/ ADRs/ Warrants.

m) Plant Locations

The Company has six plants. The details about name & address are as under:

Unit I	Unit II	Unit III
32 Mile Stone, G. T. Road, Kundli, Sonapat, Haryana	219/2B, Thally Road, Kallukondapalli, Hosur, Tamil Nadu	Kelamangalam, Achittapalli Post, Hosur, Tamil Nadu
Unit IV	Unit V (EOU)	Unit VI
S. No. 29, Madargali Village, Varuna Hobli, Mysore Taluk, Karnataka	Kelamangalam, Achittapalli Post, Hosur, Tamil Nadu	Village Bhatian, Tehsil -Nalagarh, Himachal Pradesh

Upcoming Plant Location:

Unit VII

Plot No. 1915, Rai Industrial Estate, Phase -V, Distt. Sonapat, Haryana.

n) Address for Correspondence

Registered Office Address: D-34, DSIDC Packaging Complex, Kirti Nagar, New Delhi-110015
Corporate Office Address 32 Mile Stone, G.T. Road, Kundli, Distt. Sonapat, Haryana - 131028

o) Prevention of Insider Trading

In accordance with requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has instituted a comprehensive code of conduct for prohibition of Insider Trading in Company's Shares and also revised the same keeping in view the amendments in the Regulations in 2008-09.

CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of
Fiem Industries Limited**

We have examined the compliance of the conditions of Corporate Governance by Fiem Industries Limited, for the year ended on March 31, 2009, as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of 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 abovementioned Listing Agreements.

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

**For Anil S. Gupta & Associates
Chartered Accountants**

Sd/-

Anil Kumar Gupta

Proprietor

Memb. No. 83159

Place : New Delhi

Date : 12.08.2009

COMPLIANCE WITH CODE OF CONDUCT

I, J.K. Jain, Chairman & Managing Director of the Company hereby certify that the Board of Directors and the Sr. Management Personnel have affirmed compliance of the Code of Conduct of the company for the financial year ended March 31, 2009.

Place : New Delhi

Date : 12.08.2009

Sd/-

J.K. Jain

Chairman & Managing Director

CERTIFICATION BY MANAGING DIRECTOR AND CFO FOR FINANCIAL YEAR 2008-09

To the Board of Directors

Fiem Industries Limited

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Fiem Industries Limited ("the company") to the best of our knowledge and belief certify that:

- a) We have reviewed the financial statements and the cash flow statement for the financial year 2008-09 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 the 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, wherever applicable, the following:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) 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 : New Delhi
Date : August 12, 2009

Sd/-
O.P. Gupta
Chief Financial Officer

Sd/-
J.K. Jain
Chairman & Managing Director

AUDITORS' REPORT

To The Members of

FIEM Industries Limited

1. We have audited the attached Balance Sheet of FIEM INDUSTRIES LIMITED ("the Company") as at 31st March 2009, and the Profit & Loss Account and the 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. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in Annexure here to a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our Comments in the Annexure referred to in Paragraph 3 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 purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the company so far, as appears from our examination of the books.
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Sec. 211 of the Companies Act, 1956,
 - (e) On the basis of written representations received from directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31st, 2009 from being appointed as director in items of clause (g) of Sub section (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and Other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India: -
 - i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009.
 - ii) In case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the Cash flows of the company for the year ended on that date.

for **ANIL S. GUPTA & ASSOCIATES**
Chartered Accountants

Sd/-
(ANIL KUMAR GUPTA)
Proprietor
Membership No.:- 83159

Place: New Delhi
Dated: 12.08.2009

ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph 3 of our Report of even date)

1.
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, the company has a planned programme for physically verifying all fixed assets once in three years which in our opinion, is reasonable having regard to the size and nature of assets. During the year, the fixed assets have been physically verified by the management in accordance with the programme and no material discrepancies were identified on such verification.
 - c) During the year, the company has not disposed off any substantial part of the fixed assets and the going concern status of the company is not affected.
2.
 - a) The inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
 - b) 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) The company is maintaining proper records of inventory and there were no material discrepancies noticed on physical verification of the inventory as compared to the book records.
3.
 - a) In our opinion & according to the information & explanations given to us by the management, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Sec. 301 the Companies Act 1956. Therefore, the provisions of clause 4(iii) (b), (c) and (d) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.
 - b) As informed, the company has taken unsecured loan during the year from Two Parties covered in register maintained under section 301 of Companies Act, 1956. The maximum amount of loan taken from such parties outstanding at any time during the year was Rs 136.49 lacs and the year end balance was Nil.
 - c) In our opinion, the rate of interest wherever applicable and other terms and conditions on which loans have been taken from other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
 - d) The Company is regular in repaying the principal amounts or interest wherever stipulated.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5.
 - a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act. 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to 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 made by the Central Government for the maintenance of cost records under section 209(I) (d) of the companies Act 1956 and are of opinion that prima facie, the prescribed accounts and records have been maintained.
9.
 - a) According to the records of the company & also the information & explanations given to us, the company is generally regular in depositing with appropriate authorities all undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it *though there has been a slight delay in a few cases.*
 - b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as at the year end for a period of more than six months from the date they became payable.
 - c) According to the records of the Company, the dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute are as follows

Name of Statute	Nature of Due	Period to which it Pertains	Amount in Rs	Forum where dispute is Pending
The Central Excise Act, 1944	Modvat Credit of Excise Duty	December 1996 to October 1997	25,07,076	CESTAT, New Delhi
Income tax Act 1961	Income Tax demand on various Disallowances in case of Fiem Sung San (India) Limited amalgamated with Fiem Industries Limited w.e.f 1.04.06.	AY 2006-07	2,75,794	In the process of Filling appeal with ITAT. New Delhi
Income tax Act 1961	Income Tax demand on various Disallowances	AY 2006-07	4,77,395	CIT (Appeals). New Delhi
		Total	32,60,265	

10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or 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 a financial institution or banks.
12. In our opinion and according to the information & explanations given to us, no loans or advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the company.
14. In our Opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the company.
15. In our opinion & according to the information & explanations given to us, no guarantees for loans taken by others from banks or financial institutions have been given by the company.
16. In our opinion & according to the information & explanations given to us, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us by the Management and on an overall examination of the balance sheet of the company, we are of opinion that there are no funds raised on short term basis that have been used for long term investments.
18. The company has not made preferential allotment of shares to parties and company covered in the register maintained under section 301 of the Act during the year. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the company.
19. The company has not issued any debentures.
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 **ANIL S. GUPTA & ASSOCIATES**
Chartered Accountants

Place: New Delhi
Dated: 12.08.2009

Sd/-
(ANIL KUMAR GUPTA)
Proprietor
Membership No.:- 83159

BALANCE SHEET AS AT 31ST MARCH 2009

(Amount in Rs)

Schedules		AS AT 31.03.2009	AS AT 31.03.2008		
SOURCES OF FUNDS					
Shareholders' Funds					
a)	Share Capital	1	119,622,260	119,622,260	
b)	Reserves & Surplus	2	840,426,760	1,017,114,347	1,136,736,607
			960,049,020		
Loan Funds					
a)	Secured Loans	3	492,486,141	479,915,815	
b)	Unsecured Loans		-	-	
			492,486,141		479,915,815
	Deferred Tax Liability (Net)	4	103,360,714		93,665,604
TOTAL			1,555,895,875		1,710,318,026
APPLICATION OF FUNDS					
Fixed Assets					
a)	Gross Block	5	1,745,989,196	1,679,633,734	
b)	Less : Depreciation		373,913,083	287,988,831	
c)	Net Block		1,372,076,113	1,391,644,903	
d)	Capital Work in Progress (Including capital advances)		132,038,247	36,103,029	
			1,504,114,360		1,427,747,932
	Investments	6	200,000		-
Current Assets, Loans and Advances					
a)	Inventories	7	269,986,559	228,431,313	
b)	Sundry Debtors		325,381,271	239,492,760	
c)	Cash and Bank Balances		15,346,939	9,818,395	
d)	Loans and advances		152,142,604	149,184,518	
			762,857,373	626,926,986	
Less :-					
Current Liabilities and Provisions					
a)	Current Liabilities	8	646,803,493	282,913,698	
b)	Provisions		64,769,265	61,919,994	
			711,572,758	344,833,692	
Net Current Assets			51,284,615		282,093,294
	Miscellaneous Expenditure	9	296,900		476,800
(to the extent not written off or adjusted)					
TOTAL			1,555,895,875		1,710,318,026
Significant Accounting Policies and & Notes to Accounts					
Schedule 1 to 19 referred to above form an Integral Part of Balance Sheet					
For and on behalf of the Board of Directors					

As per our report of even date
for Anil S. Gupta & Associates
Chartered Accountants

Sd/-
(Jagjevan Kumar Jain)
Managing Director

Sd/-
(Rahul Jain)
Director

Sd/-
(Arvind K. Chauhan)
Company Secretary

Sd/-
Anil Kumar Gupta
Prop.

Place : New Delhi
Date : 12.08.2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2009

(Amount in Rs)

		Current Year 2008-09	Previous Year 2007-08
INCOME			
Gross Sales and Operating Income	2,419,568,362		2,020,776,800
Less : Excise Duty	226,675,275		247,797,658
Net Sales	10	2,192,893,087	1,772,979,142
Other Income	11	10,076,123	28,764,412
Increase / (Decrease) in Stock	12	24,263,650	52,468,051
TOTAL [A]		2,227,232,860	1,854,211,605
EXPENDITURE			
Cost of Goods Traded in		25,303,424	17,637,216
Cost of Moulds, dies and tools for sale	13	49,532,113	11,931,700
Raw Materials Consumed	14	1,302,308,831	1,053,964,322
Manufacturing Expenses	15	422,429,679	341,984,700
Employees Cost	16	86,126,076	74,672,623
Cost of Finance	17	39,977,639	19,508,419
Administrative and Selling Expenses	18	134,457,732	114,010,251
Depreciation & Amortization	5	88,231,864	78,215,506
TOTAL [B]		2,148,367,358	1,711,924,737
Net Profit before Taxation " A - B "		78,865,502	142,286,868
Prior Period Expense		1,570,243	522,048
Net Profit after Prior Period Expenses		77,295,259	141,764,820
Less : Tax Expenses			
i) Provision for Current Tax (Including Wealth Tax)	17,666,000		16,125,000
ii) Provision for Deferred Tax	9,695,110		28,544,591
iii) Provision for Fringe Benefit Tax	3,100,000		3,250,000
iv) Income Tax & FBT paid for earlier year	716,444		452,083
		31,177,554	48,371,674
Net Profit after Tax		46,117,705	93,393,146
Add :- Balance Brought Forward		337,939,421	289,534,291
Profit Available for Appropriation		384,057,126	382,927,437
APPROPRIATIONS			
i) Transfer to General Reserve		5,000,000	10,000,000
ii) Proposed Dividend		29,905,565	29,905,565
iii) Corporate Dividend Tax		5,082,451	5,082,451
Profit Carried to Balance Sheet		344,069,110	337,939,421
Basic and Diluted EARNINGS PER EQUITY SHARE (Par value Rs 10 per share)			
- Before Extraordinary items		3.86	7.81
- After Extraordinary items		3.86	7.81
No. of shares (Weighted Average)		11,962,226	11,962,226
Significant Accounting Policies and & Notes to Accounts	19		
Schedule 1 to 19 referred to above form an Integral Part of Balance Sheet			

For and on behalf of the Board of Directors

As per our report of even date
for Anil S. Gupta & Associates
Chartered Accountants

Sd/-
(Jagjeevan Kumar Jain)
Managing Director

Sd/-
(Rahul Jain)
Director

Sd/-
(Arvind K. Chauhan)
Company Secretary

Sd/-
Anil Kumar Gupta
Prop.

Place : New Delhi
Date : 12.08.2009

SCHEDULES TO THE BALANCE SHEET

	(Amount in Rs)	
	AS AT 31.03.2009	AS AT 31.03.2008
SCHEDULE 1		
SHARE CAPITAL		
Authorised 3,00,00,000 Equity shares @ Rs 10 each	300,000,000	300,000,000
Issued, Subscribed & Paid-up 1,19,62,226 Equity Shares of Rs. 10/- each fully paid up.(Prv. Year 1,19,62,226 Equity Shares of Rs. 10/- each fully paid up)	119,622,260	119,622,260
TOTAL	119,622,260	119,622,260
Of the above		
a) 1,04,065 (Previous year 1,04,065) fully paid up equity shares of Rs 10/- each allotted during 2007-08 to the shareholders of M/s Fiem Sung San (India) Limited Pursuant to its Amalgamation without payment being received in cash.		
b) 10,00,000 (Previous year 10,00,000) Equity shares of Rs 10/- each were allotted as fully paid bonus shares by capitalization of profits on 9.03.2006.		
SCHEDULE 2		
RESERVES & SURPLUS		
CAPITAL RESERVE		
a) Land Revaluation Reserve As per Last Balance Sheet	117,477,278	117,477,278
b) Building Revaluation Reserve As Per Last Balance Sheet	26,725,304	27,717,330
Less:- Adjustment on account of depreciation on revalued portion of asset	<u>992,026</u>	<u>992,026</u>
	25,733,278	26,725,304
SECURITIES PREMIUM ACCOUNT As per Last Balance Sheet	509,972,344	509,972,344
GENERAL RESERVE As Per Last Balance Sheet	25,000,000	15,000,000
Add :- transferred from Profit and Loss A/c	<u>5,000,000</u>	<u>10,000,000</u>
	30,000,000	25,000,000
PROFIT AND LOSS ACCOUNT	344,069,110	337,939,421
HEDGING RESERVE ACCOUNT (refer note no. 19 of Schedule 19) As Per Last Balance Sheet	-	-
Addition During the year	<u>(186,825,250)</u>	<u>-</u>
	(186,825,250)	-
TOTAL	840,426,760	1,017,114,347
SCHEDULE 3		
SECURED LOANS		
TERM LOANS		
from BANKS	183,359,100	218,877,890
VEHICLE LOANS		
a) from BANKS	4,467,176	9,205,572
b) from OTHERS	<u>27,088</u>	<u>461,760</u>
	4,494,264	9,667,332
WORKING CAPITAL ADVANCE FROM BANKS	304,632,777	251,370,593
TOTAL	492,486,141	479,915,815
NOTES		
A) TERM LOANS FROM BANKS		
a) From Citibank NA :- Loan outstanding as at 31st March 2009 Rs. 6,99,10,571 (Previous Year 9,44,46,571) (Principal amount repayable within		

SCHEDULES TO THE BALANCE SHEET (Contd.)
(Amount in Rs)

	AS AT 31.03.2009	AS AT 31.03.2008
12 months from the date of Balance sheet Rs. 2,49,10,571) (Secured against exclusive charge on all the movable and immovable assets procured out of the term loan including factory land and building at Nalagarh Unit,H.P. and at Rai Unit,Haryana and personal guarantee of one of the directors)		
b) From Standard Chartered Bank :- Loan outstanding as at 31st March, 2009 Rs. 11,34,48,529 (Previous Year 12,44,31,319) (Principal amount repayable within 12 Months is Rs. 3,24,13,866) (Secured against First Charge on movable fixed assets(Present and Future) including Plant and Machinery at Hosur Unit-2 (Present and future) & Equitable Mortgage on Land and Building at Hosur Unit-2 situated at Thally Road, Hosur, Tamilnadu and Unit-3 situated at Kelamangalam Road, Hosur, Tamilnadu and Property at Mansarover Garden, Delhi)		
B) WORKING CAPITAL ADVANCES FROM BANKS		
a) From Citibank NA :- Loan outstanding as at 31st March, 2009 Rs. 16,82,46,585 (Previous Year Rs. 11,66,50,933) (Principal amount repayable within 12 months from the date of Balance sheet Rs. 16,82,46,585) (Secured against First Pari Passu Charge all present and future receivables, stocks/Inventories and on all fixed assets of the company(excluding assets specifically purchased out of term loans from Citibank and Standard Chartered Bank) including equitable mortgage charge on first pari passu basis on Land and Building situated at Kundli,Haryana & Thally Road Hosur,Tamilnadu and exclusive charge on all movable and immovable fixed assets at Rai unit,Haryana and personal guarantee of one of its directors)		
b) From Standard Chartered Bank :- Loan outstanding as at 31st March, 2009 Rs. 13,63,86,192 (Previous Year Rs. 13,47,19,660) (Principal amount repayable within 12 months from the date of Balance sheet Rs. 13,63,86,192) (Secured against First Pari Passu charge on Stocks & Book Debts, and Equitable mortgage charge on First Pari Passu basis on land and building situated at Kundli,Haryana & Thally Road Hosur,Tamilnadu)		
C) LOANS SECURED AGAINST HYPOTHECATION OF VEHICLES		
Loan outstanding as at 31st March, 2009 Rs. 44,94,264 (Previous Year Rs. 96,67,332) (Principal amount repayable within 12 months from the date of Balance sheet Rs. 33,44,032 (Previous Year Rs. 58,73,165)		

SCHEDULE 4
DEFERRED TAX LIABILITY (NET)
Deferred Tax Liabilities

On Difference in Depreciation and other differences in book value of Fixed assets as per Financial Books and Income Tax Books	112,664,982	112,664,982	103,793,652	103,793,652
Less :- Deferred Tax Assets				
i) On Disallowances under Income Tax Act 1961	5,527,573		5,092,455	
ii) On Tax Effect of Share Issue Expenses	3,776,695		5,035,593	
		9,304,268		10,128,048
Net Deferred Tax Liability		103,360,714		93,665,604

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 5

FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK	
	As at 01.04.2008	Additions	Deductions	As at 31.03.2009	For the Year	Deductions	Upto 31.03.2009	As at 31.03.2008
Tangible Assets								
Land Free hold	281,657,327	621,358	-	282,278,685	-	-	-	281,657,327
Land Lease hold	1,682,900	-	-	1,682,900	17,715	-	53,145	1,629,755
Building Factory	237,899,640	1,294,077	-	239,193,717	7,770,971	-	30,733,242	208,460,474
Building Office	19,421,315	-	-	19,421,315	316,567	-	783,205	18,638,110
Plant & Machinery	820,389,357	44,549,207	-	864,938,564	40,485,411	-	183,730,940	681,207,624
Office Equipment	8,997,723	1,355,539	93,500	10,259,762	461,873	22,400	2,296,621	7,963,141
Vehicles	47,189,387	2,489,758	5,206,343	44,472,802	4,392,549	2,851,966	19,325,910	25,146,892
Cycle	28,510	-	-	28,510	2,016	-	11,945	16,565
Staff Bus & Delivery Van	4,369,615	-	-	4,369,615	494,203	-	2,515,017	1,854,598
Mould, Block & Dies	122,090,275	15,508,064	3,200,244	134,398,095	20,116,629	421,080	76,069,525	58,328,570
Tools & Equipments	17,858,898	4,669,416	-	22,528,314	3,313,840	-	9,606,739	12,921,576
Furniture & Fixtures	27,576,231	1,922,534	-	29,498,765	6,130,745	-	7,919,280	21,579,486
Electrical Fitting	45,390,554	1,888,612	-	47,279,166	2,192,705	-	9,909,121	37,370,045
Computers	21,611,656	553,925	19,300	22,146,281	3,547,374	4,191	18,438,179	3,708,102
Intangible Assets								
Software	9,833,003	22,360	-	9,855,363	1,596,035	-	5,999,925	3,855,438
Patent & Trademarks	807,494	-	-	807,494	161,499	-	645,920	161,574
Development Expenditure	10,801,234	-	-	10,801,234	2,160,246	-	4,984,018	5,817,216
Technical Know How Fee	2,028,613	-	-	2,028,613	405,723	-	890,356	1,138,257
Total	1,679,633,734	74,874,850	8,519,387	1,745,989,196	89,223,890	3,299,637	373,913,083	1,372,076,113
Previous Year	1,293,105,572	414,047,450	27,519,288	1,679,633,734	79,207,532	3,160,875	287,988,831	1,391,644,903
Capital Work-in-Progress								132,038,247

NOTES:

- Depreciation & amortization for the year
Less: Additional depreciation on revalued assets withdrawn from building revaluation reserve
Depreciation & amortization charged to Profit & Loss Account

Rs.	Rs.
Current Year	Previous Year
89,223,890	79,207,532
<u>992,026</u>	<u>992,026</u>
88,231,864	78,215,506
- Land free hold amounting to Rs. 9,18,08,834 (Previous year Rs. 10,08,32,915) is pending registration in the name of the Company due to legal formalities.
- Addition to plant & machinery includes inhouse development of plant & machinery amounting to Rs 72,51,591 (Previous Year Rs.38,80,930) and moulds, block & dies includes inhouse development of moulds, block & dies amounting to Rs.1,55,08,064 (Previous Year Rs.2,52,61,670).
- Capital Work in progress includes:

Rs.	Rs.
Current Year	Previous Year
79,233,781	-
30,856,177	36,029,849
18,439,228	-
3,326,361	-
182,700	73,180
<u>132,038,247</u>	<u>36,103,029</u>

SCHEDULES TO THE BALANCE SHEET (Contd.)
(Amount in Rs)

	AS AT 31.03.2009	AS AT 31.03.2008
		SCHEDULE 6
INVESTMENTS		
LONG TERM INVESTMENTS (Valued at Cost)		
a) Other than trade, unquoted		
l) M/s Shivalik Solid Waste Management Ltd. 20,000 equity shares of Rs 10 each fully paid up (previous year Nil)	200,000	-
TOTAL	200,000	-
		SCHEDULE 7
CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS		
Inventories (As per Inventory taken valued & certified by the management and valued at lower of cost or net realisable value)		
a) Raw Material and Components	85,301,759	83,193,947
b) Mould, Tools and Dies (Traded)	5,263,906	410,088
c) Other Traded Goods	1,198,085	-
d) Stores and Spares (including Packing Material)	9,439,220	4,902,039
e) Work in Progress	128,453,474	110,964,006
f) Finished Goods	32,159,759	25,385,577
Material in Transit	261,816,203 8,170,356	224,855,658 3,575,655
TOTAL	269,986,559	228,431,313
Sundry Debtors Debt outstanding for a period exceeding Six Months		
a) Considered good	39,308,220	41,122,279
b) Considered Doubtful	4,367,580	4,137,809
Other debts :- Considered Good	286,073,051	198,370,481
Less provision for Doubtful Debts	329,748,851 4,367,580	243,630,569 4,137,809
TOTAL	325,381,271	239,492,760
Cash & Bank Balances		
Cash in Hand	1,385,785	2,333,084
Balances in Current Account		
- with Scheduled Banks	11,046,637	2,789,451
- with Others	859,573	68,497
- In Deposit with Banks	1,890,000	4,428,285
Add : Interest Accrued	63,956	157,338
- Unpaid Dividend Account	1,953,956 100,988	4,585,623 41,740
TOTAL	15,346,939	9,818,395
Loans & Advances (Unsecured but considered good)		
Advances Recoverable in cash or in kind or for value to be received.	5,909,894	5,936,903
Advances for Goods other than Capital Goods	50,250,452	26,256,069
Security Deposits	10,813,212	11,912,707
Balance with Customs, Excise Department	37,773,350	52,488,943
Balance with Sales Tax Department	1,403,224	2,792,459
Advance Income Tax (Including TDS)	42,892,472	46,547,437
Advance Fringe Benefit Tax	3,100,000	3,250,000
TOTAL	152,142,604	149,184,518

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Amount in Rs)

	AS AT 31.03.2009	AS AT 31.03.2008
		SCHEDULE 8
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Acceptances	17,081,940	-
Sundry Creditors @	374,741,798	205,357,791
Advances from Customers	25,934,379	33,471,814
Interest accrued but not due on loans	29,796	54,830
Unpaid Dividends	100,988	41,740
Security Deposits from Dealers	2,776,412	2,565,689
Liabilities for Expenses	23,971,711	25,417,839
Other Liabilities *	202,166,468	16,003,995
TOTAL	646,803,493	282,913,698
Note :		
@ The company has not received information from vendors regarding their status under the Micro, Small, Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under the Act have not been given.		
* Other Liabilities include fair value of Foreign Exchange Forward and Swap Contracts		
PROVISIONS		
Taxation		
I. Income Tax and Wealth Tax	17,666,000	16,125,000
II. Fringe Benefit Tax	3,100,000	3,250,000
III. Corporate Dividend Tax	5,082,451	5,082,451
	<u>25,848,451</u>	<u>24,457,451</u>
Proposed Dividend	29,905,565	29,905,565
Warranties	549,040	245,546
Excise Duty	988,223	1,560,915
Retirement Benefits		
a) Gratuity	4,024,939	3,973,121
b) Leave Encashment	3,453,047	1,777,396
	<u>7,477,986</u>	<u>5,750,517</u>
TOTAL	64,769,265	61,919,994
		SCHEDULE 9
MISCELLANEOUS EXPENDITURE (to the extent not written off/or adjusted)		
Increase in Authorised Capital		
Opening Balance	476,800	656,700
Less :- Written off during the year	179,900	179,900
	<u>296,900</u>	<u>476,800</u>
TOTAL	296,900	476,800

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT (Contd.)
(Amount in Rs)

	Current Year 2008-09	Previous Year 2007-08
		SCHEDULE 10
NET SALES		
Domestic Sales	1,976,893,868	1,659,239,097
Export Sales	133,568,869	100,240,045
Sales of Mould and Dies- Local	78,432,159	13,500,000
Sales of Mould and Dies- Export	3,998,190	-
TOTAL	2,192,893,087	1,772,979,142
		SCHEDULE 11
OTHER INCOME		
Testing Charges Received	2,482,859	2,473,903
Export Incentives	1,385,514	546,213
Exchange Variation - Derivatives	-	6,274,033
Difference in foreign Exchange (Net)	3,047,475	2,084,684
Dividend Received Mutual Fund	-	2,305,427
Tool development Charges Received	-	3,356,272
Interest Received (TDS Rs 0.97 lacs P.Y.1.29 lacs)	552,159	721,256
Profit on sale of Assets	504,164	8,764,123
Misc. Income	2,103,952	2,238,501
TOTAL	10,076,123	28,764,412
		SCHEDULE 12
INCREASE / (DECREASE) IN STOCK		
Stock in Trade at Close		
a) Work in Progress	128,453,474	110,964,006
b) Finished Goods	32,159,759	25,385,577
	160,613,233	136,349,583
Stock in Trade at Commencement		
a) Work in Progress	110,964,006	67,061,302
b) Finished Goods	25,385,577	16,820,230
	136,349,583	83,881,532
TOTAL	24,263,650	52,468,051
		SCHEDULE 13
COST OF MOULDS, DIES AND TOOLS FOR SALE		
Opening stock	410,088	-
Add:- Purchases	54,385,931	12,341,788
less :- Closing stock	5,263,906	410,088
TOTAL	49,532,113	11,931,700
		SCHEDULE 14
RAW MATERIAL CONSUMED		
Opening Stock	83,193,947	99,769,145
Add: - Purchases	1,304,416,644	1,037,389,124
Less :- Closing stock	85,301,759	83,193,947
TOTAL	1,302,308,831	1,053,964,322

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT (Contd.)

(Amount in Rs)

	Current Year 2008-09	Previous Year 2007-08
		SCHEDULE 15
MANUFACTURING EXPENSES		
Wages	171,864,946	137,018,341
Contribution to provident fund and other funds	4,153,103	3,470,180
Engineering Support fee and Training exp	6,108,601	-
Power & Fuel	107,258,565	91,943,329
Job Charges	4,724,802	10,788,769
Consumable Stores	36,944,834	30,658,053
Repair - Plant & Machinery	18,184,544	12,555,180
Repair - Dies	5,032,588	5,791,763
Increase/(decrease) of excise duty in stocks of Finished Goods	(572,692)	(241,681)
Factory / Godown rent Rent	3,576,877	1,314,195
Packing Expenses	45,305,906	33,521,085
Freight, Cartage & Octroi	15,271,665	10,221,125
Testing Fees	4,176,089	4,485,702
Segregation Charges Paid	399,852	458,659
TOTAL	422,429,679	341,984,700
		SCHEDULE 16
EMPLOYEES COST		
Salaries & Allowances	69,834,482	61,391,904
Contribution to provident fund and other funds	1,519,932	1,405,929
Staff Welfare	9,538,585	7,370,107
Gratuity to staff	3,383,226	3,860,673
Earned Leave to staff	1,849,851	644,010
TOTAL	86,126,076	74,672,623
		SCHEDULE 17
COST OF FINANCE		
Interest		
a. To Banks	37,459,633	16,813,144
b. To Others	954,368	301,268
Bank Charges	1,057,388	1,238,127
Processing Charges	506,250	1,155,880
TOTAL	39,977,639	19,508,419

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT (Contd.)
(Amount in Rs)

	Current Year 2008-09	Previous Year 2007-08
		SCHEDULE 18
ADMINISTRATIVE AND SELLING EXPENSES		
Advertisement, Sub & Membership Exp.	2,210,922	7,504,797
Amalgamation and Merger Exp.	-	615,392
Auditor's Remuneration	1,750,000	1,750,000
Brokerage and Commission	6,618	26,575
Diwali Expenses	2,121,665	1,784,190
Donation (other than Political Parties)	1,285,544	751,663
Insurance	1,703,264	1,681,982
Internal Audit Fees	1,200,000	960,000
Bad debt written off	2,466,983	-
Provision for bad and Doubtful debt	229,771	2,155,242
Rent	946,821	942,698
Rates, Taxes and Fee	1,840,945	958,311
Repair & Maintenance Building	1,029,847	1,445,959
Repair & Maintenance Other	5,392,190	5,769,076
Royalty	5,000,000	4,296,522
Difference in Foreign Exchange (net)	-	2,621,149
Exchange Variation - Derivatives	16,946,766	-
Other Office Exp	18,063,706	15,767,839
Other Selling & Distribution Expenses	20,762,457	16,826,701
Legal & Professional Charges	5,328,175	3,467,954
Telephone Expenses	2,948,342	3,416,888
Cash discount on sales	18,354,282	17,863,990
Travelling & Conveyance (Directors 39.03 lacs P.Y. 50.94 lacs)	12,207,985	12,212,661
Vehicle Running & Maintenance	12,481,549	11,010,760
Miscellaneous Expenditure written off	179,900	179,900
TOTAL	134,457,732	114,010,251

Significant Accounting Policies and Notes to Accounts attached to and forming part of the Financial Statements as at 31.03.2009

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

- I. The Financial statements have been prepared on accrual basis under the historical cost convention except for certain revalued fixed assets. They comply in all material respects with the Generally Accepted Accounting Principles in India, which comprise of mandatory Accounting Standard as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.
- II. The Accounting Policies have been consistently applied by the Company and are consistent with those applied in previous year. However the changes as required by a changes or revision to an existing Accounting Standard are dealt in the appropriate paras in the notes to accounts.

B. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of the revenue and expenses during the reporting periods. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized. Example of such estimates includes provision for doubtful debts, provisions for warranty costs, income tax etc. The estimates based upon management knowledge of current events and economic circumstances.

C. Fixed Assets

- I. Fixed assets are valued at the historical cost of acquisition except for certain fixed assets, which have been stated at revalued amounts less depreciation. Cost of acquisition is inclusive of freight, duties, levies (Net of tax/duty credits availed, if any,) installation and commissioning expenses and all incidentals cost attributable to bringing the assets to its working condition. Interest on borrowings and financing costs during the period of construction or installation of fixed assets which take substantial period of time to get ready for its intended use up to the date of commencement of commercial production is added to the cost of fixed assets.
- II. Intangible assets are shown at the consideration paid for acquisition less accumulated amortization.
- III. Own manufactured fixed assets are capitalized at cost including an appropriate proportion of manufacturing overheads based on normal operating capacities.
- IV. Capital work-in-progress comprises outstanding advances paid to acquire capital expenditure, the cost of fixed assets that are not yet ready for their intended use at the balance sheet date, expenditure during construction pending allocation and fixed assets in transit that are not yet received for their intended use at the balance sheet date.

D. Inventories

- I. Raw materials, components, stores and spare are valued at lower of cost or net realizable value. However, materials and other

items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First in First Out basis (FIFO).

- II. Semi-finished goods and finished goods are valued lower of cost or net realizable value. Cost includes direct materials and direct labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
- III. Manufactured and bought out moulds, block & dies for sale are valued at lower of cost or net realizable value. Manufactured moulds, block & dies include direct material, direct labour and a proportion of manufacturing overhead based on normal operating capacity. Cost is determined on a First in First Out basis (FIFO).
- IV. Inventories of non-reusable waste say scrap sales for which facilities for reprocessing do not exist have been valued at net realizable value.
- V. "Goods in transit" are recorded as a component of inventories if the significant risk and rewards of ownership have passed to the company and valued at cost.

E. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Provision for diminution in the value of Investment is made only if such a decline is other than temporary in the opinion of management.

F. Depreciation & Amortization

- I. Depreciation is charged on Straight Line Method (SLM) at the rates specified in Schedule XIV to the Companies Act, 1956.
- II. Leasehold land is amortized over the period of lease term.
- III. On assets sold during the year, depreciation is charged up to the date of sale/discard.
- IV. Patents & Trademarks and Technical know-how expenses are amortized over a period of 5 years.
- V. Depreciation on computer software is charged on Straight Line Method at the rate of 16.21%.
- VI. Individual assets purchased during the year costing Rs. 5000 or less are depreciated at the rate of 100% on pro rata basis.

G. Foreign Currency Transaction

- I. Foreign currency transactions are recorded at the exchange rate prevailing at the date of transaction or that approximates the actual rate on the date of transaction.
- II. Monetary assets and liabilities denominated in foreign currency are reported at the exchange rates prevailing at the balance sheet date.
- III. Non-monetary assets and liabilities denominated in foreign currency items are carried at cost.

- IV. Any income or expense on account of exchange difference on settlement during the year is recognized in the profit and loss account except cost of fixed assets, if the same relates to acquisitions of fixed assets.
- V. Any income or expense on account of exchange difference on translation at the balance sheet date is recognized in the profit and loss account.
- VI. Profit or loss arising on cancellation or settlement of a forward contract is recognized as income or expense in the year in which such cancellation or settlement is made.

H. Miscellaneous Expenditure

Expenses incurred for increase in authorized capital are being amortized over a period of 5 years.

I. Revenue Recognition

- I. Revenue is recognized to the extent of the probability of the economic benefits flowing to the company, which can be reliably measured.
- II. The sale of goods is recognized when the significant risk & rewards of ownership have passed to the customers, which coincides with their delivery to the customers. Sale is shown net of excise duty. The Excise Duty is separately disclosed.
- III. Inter-unit/warehouse transfer has not been considered as part of "Turnover".
- IV. Insurance claims are accounted for based on certainty of realization.
- V. Interest and other dues are accounted on accrual basis.
- VI. Export benefit under the duty exemption passbook scheme are recognized in the year the goods are exported.

J. Research and Development

Research expenses are charged to Profit & Loss Account as and when incurred. Development expenses are capitalized when the Company is certain to recover the development cost from future economic benefits in accordance with AS-26. Fixed Assets utilized for research and development are capitalized and depreciated in accordance with the depreciation method set out in paragraph F (I).

K. Employee Benefits

- I. Retirement Benefits in the form of Provident Fund and ESI schemes are a defined contribution plans and the contributions are charged to Profit & Loss Account of the year when the contributions to the respective funds are due.
- II. Leave encashment is applicable to all permanent and full time employees of the company and is provided for on the basis of actuarial valuation made at the end of each financial year using Projected Unit Credit Method.
- III. The Gratuity Liability is a defined benefit obligation and is provided on the basis of an actuarial valuation made at the end of each financial year using Projected Unit Credit Method. The Liability as at the year-end represents the difference between the actuarial valuation of the future gratuity liability of the continuing employees and the fair value of plan assets with ING Vysya Life Insurance Company as at the end of the year.

- IV. Actuarial gains/losses are immediately taken to the profit and loss account.

L. Expenditure on New Projects and Substantial Expansion

Expenditure during the construction period of new units/substantial expansion has been debited to fixed assets (expenditure during the construction pending allocation has been debited to capital work in progress account) which are specifically attributable to construction of project or to the acquisition of a fixed assets or bringing it to its working condition and other expenditure during the construction period which are not specifically attributable to construction of projects or to the acquisition of a fixed assets or bringing to its working condition are recognized as an expenses when it is incurred.

M. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- I. The company has a present obligation as a result of past event,
- II. A probable outflow of resources is expected to settle the obligation; and
- III. The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

- I. A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation
- II. A present obligation when no reliable estimates is possible
- III. A possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

N. Taxation

- I. Tax Expense comprises Current Tax, Deferred Tax, and Fringe Benefit Tax. Current Income tax and Fringe Benefit Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.
- II. Deferred Tax Assets & Liabilities are recognized on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred Tax assets are recognized subject to the consideration of prudence. Deferred Tax Assets and Liabilities are measured using the tax rates as per tax Laws that have been enacted or substantially enacted as on the Balance Sheet date.

O. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. For the purpose of capitalization of

borrowing costs 'substantial period of time' primarily, have been interpreted on the basis of facts and circumstance of each case.

P. Excise Duty

The Excise duty has been accounted on the basis of both, payments made in respect of goods cleared as also goods lying in warehouse/ factory. Further the company makes provision for liability of unpaid excise duty on finished stock lying in factory or warehouse. The estimate of such liability has been made at the rates in force on the balance sheet date. On stock meant for exports, no excise duty provision has been made since excise duty is not leviable on goods meant for exports.

Q. Impairment

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated, an impairment loss is recognized whenever the carrying amount of an assets exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing Value in use, the estimated future cash flows is discounted to their present value based on an appropriate discount factor.

R. Cash and Cash Equivalents

Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

S. Derivatives Financial Instruments

The Company uses foreign currency forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these contracts reduces the risk or cost to the Company and the Company does not use those for trading or speculative purposes.

Effective April 1, 2008 the Company adopted AS 30, "Financial Instruments: Recognition and Measurement", to the extent that the adoption did not conflict with existing accounting standards and other authoritative pronouncement of the Company Law and other regulatory requirements.

The Foreign currency forward contracts are fair valued at each reporting date. The Company records the gain or loss on effective hedges, if any in the "Hedging Reserve Account" until the transactions are complete. On completion, the gain or loss is transferred to the

profit and loss account or adjusted to the fixed assets, as the case may be, of that period. To designate foreign currency forward contracts as an effective hedge, the management objectively evaluates and evidence with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flow attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the profit and loss account. Currently, hedge undertaken by the Company are effective in nature and the resultant gain or loss consequent to fair valuation is recognized in the Hedging Reserve Account until the transaction is complete, at each reporting date.

Derivative Financial Instruments is presented under "Current Liabilities and Provisions".

Derivative Financial Instruments are fair valued at the exchange rate prevailing at the reporting date.

NOTES TO ACCOUNTS

1. Nature of Operation

The company is in the business of manufacturing and suppliers of auto components, mainly, automotive lighting & signally equipments, Rear-view mirror, prismatic mirror, sheet metal parts and moulds, block & dies etc for two-wheeler and four wheeler applications. It has entered in to a license and technical assistance agreement with Ichikoh Industries Limited, Japan and Batz S. Coop, Spain.

2. Reclassified/Reworking of Previous year Figures

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Accordingly, amount and other disclosures for the preceding year are included as an integral part of the current financial statement and are to be read in relation to the amounts and other disclosure relating to the current year.

3. Revaluation of Fixed Assets

In order to present the assets of the company at a fair value, the Land & Building, at various units of the company, had been revalued from time to time in earlier years based on the valuation made by Government approved valuers resulting in an increase in their book values. The surplus of Rs 14,71,78,660 on the revaluation has been credited to Revaluation Reserve Account. Accumulated Depreciation charged on revalued portion of building amounting to Rs. 39,68,104 has been recouped from the Revaluation account. The details of revaluation are given hereunder.

(Amount in Rs.)

S. No	Nature of Assets	Year of Revaluation	Historical cost	Additional Amt Due to Revaluation	Carrying cost (after revaluation)
1.	Land-32 Mile Stone Kundli, Sonapat, Haryana	2001-02	50,62,500	4,47,31,920	4,97,94,420
2.	Land-32 Mile Stone Kundli, Sonapat, Haryana	2004-05	4,97,94,420 (See Note-1)	5,80,93,490	10,78,87,910
3.	Land-Kelananmanglam, Achittapalli, Hosur, Tamilnadu	2004-05	11,43,000	1,05,19,385	1,16,62,385
4.	Land-219/2B, Thally Road, Kallukondapalli, Hosur, Tamilnadu.	2004-05	14,30,000	41,32,483	55,62,483
5.	Building-32, Mile Stone, Kundli, Sonapat, Haryana	2004-05	3,89,15,660	2,97,01,382	6,86,17,042

- 1. The value shown is carrying cost after the first Revaluation in the year 2001-02.
- 2. The Government approved valuers on the basis of local/spot enquiries made in the area where properties are situated had done the valuation of the aforesaid properties.

(Amount in Rs.)

4. Capital Commitments

Particulars	31.03.2009	31.03.2008
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	4,34,54,123	2,60,19,127

5. Related Party Disclosures

Name of Related Parties with whom Transactions were carried out during the year

a. Key Management Personnel (KMP)

- Mr. Jagjeevan Kumar Jain-Managing director
- Mrs. Seema Jain-Whole time director
- Ms. Aanchal Jain-Whole time director
- Mr. JSS Rao-Whole time director
- Mr. Praveen Kumar-Whole time director (Up to 24th October, 2008)
- Mr. Kashi Ram Yadav-Whole time director (From 25th October, 2008)

b. Relative of Key Management Personnel (KMP)

- Mr. Rahul Jain

c. Related Parties Controlled by KMP

- Fiem Auto Private Limited
- Jagjeevan Kumar Jain (HUF)
- Fiem Auto & Electrical Industries (KMP is the Sole Proprietor)

Transactions and Balances with Related Parties

(Amount in Rs.)

Particulars	Key Management Personnel (KMP)	Relative of (KMP)	Related Parties controlled by (KMP)
Remuneration	2,10,81,796 (2,02,80,000)	-	-
Brand Royalty	-	-	50,00,000 (42,96,522)
Interest Paid	7,49,896 (Nil)	-	-
Purchase of Fixed Assets	- (4,00,00,000)	-	-
Dividend Paid	87,47,117 (87,46,272)	99,75,697 (99,75,697)	2,39,845 (2,39,845)
Remuneration Payable	21,01,135 (55,82,802)	-	-
Brand Royalty Payable	-	-	39,81,481 (14,93,976)

6. Deferred Tax Assets/Liability

Break-up of deferred tax assets/liability as follows.

(Amount in Rs.)

Particulars	31.03.2009	During the Year	31.03.2008
Deferred Tax Liability:			
On account of timing difference in			
Depreciation & Amortization and other timing differences in block of assets	11,26,64,982	88,71,330	10,37,93,652
Total (A)	11,26,64,982	88,71,330	10,37,93,652
Deferred Tax Assets:			
On account of timing difference in			
Amalgamation & Merger Expenses	1,21,723	(60,862)	1,82,585
Provision for Doubtful Debts	14,84,540	78,099	14,06,441
Provision for Leave Encashment	11,73,690	5,69,554	6,04,136
Provision for Gratuity	13,68,077	17,613	13,50,464
Provision for Bonus	11,84,319	(1,17,222)	13,01,541
Provision for Warranty	1,86,619	1,03,158	83,461
Provision for Excise Duty	-	(1,63,827)	1,63,827
Share Issue Expenses	37,76,695	(12,58,898)	50,35,593
Welfare Fund	8,605	8,605	-
Total (B)	93,04,268	(8,23,780)	1,01,28,048
Net Deferred Tax Liability (A-B)	10,33,60,714	96,95,110	9,36,65,604
Previous Year	9,36,65,604	2,85,44,591	6,51,21,013

7. Earning Per Share

As required by Accounting Standard (AS-20) "Earning Per Share" the numerators and denominators used to calculate Basic Earning Per Share are follows. For the purpose of weighted average number of equity shares, the share issued within the month has been taken full month.

(Amount in Rs.)

S. No.	Particulars	31.03.2009	31.03.2008
A	Profit attributable to equity shareholders	4,61,17,705	9,33,93,146
B	Basic/Weighted Average number of equity shares outstanding during the year (Nos.)	1,19,62,226	1,19,62,226
C	Nominal/Face Value of Equity share (In Rs.)	10.00	10.00
D	Basic/Diluted Earning per share (A/B) (In Rs.)	3.86	7.81

8. Contingent Liabilities not provided in the accounts

(Amount in Rs.)

Particulars	31.03.2009	31.03.2008
Guarantee/security given to Custom & Excise Authorities (Margin for guarantee provided Rs. 2,70,000-PY Rs. Nil)	18,00,000	-
Guarantee/security given to Himachal Pradesh State Electricity (Margin for guarantee provided Rs. 1,20,000-Previous year Rs. 1,80,000)	12,00,000	12,00,000
Guarantee/security given to Commercial Tax Officer (Margin for guarantee provided Rs. 75,000-Previous year Rs. Nil)	75,000	-
Excise demand made by authorities (in respect of which appeal has been filed and for which security of Rs. 50,000 has been deposited with the department.)	25,07,076	25,07,076
Import LC/guarantee (against Import of Mould & Dies and Plant & Machinery) (Margin for LC/guarantee provided Rs. Nil Previous year Rs. 12,71,000)	-	94,62,786
Guarantee/security given to Bombay Stock Exchange Ltd (Margin for guarantee provided Rs. Nil Previous year Rs. 3,90,000)	-	26,00,000
Income Tax demand in respect of Assessment Year 2006-07 for which Company is in the process of filing appeal with ITAT, New Delhi	2,75,794	-
Income Tax demand in respect of Assessment Year 2006-07 for which Company has filed appeal with CIT (Appeals), New Delhi	4,77,395	-

9. Payments to Auditors

(Amount in Rs.)

Particulars	31.03.2009	31.03.2008
For Statutory Audit	7,50,000	7,50,000
For Tax Audit	1,50,000	1,50,000
For Limited Review	5,00,000	5,00,000
For Other Services	3,50,000	3,50,000
Total	17,50,000	17,50,000

10. Director's Remuneration

(Amount in Rs.)

Particulars	31.03.2009	31.03.2008
Salaries and Allowances	2,08,44,730	2,01,00,000
Contribution to Provident Fund	57,066	-
Perquisite and other benefits	1,80,000	1,80,000
Total	2,10,81,796	2,02,80,000

Note: - The above figures do not include provisions for leave encashment, gratuity and premium paid as the same is provided on actuarial basis for the Company as a whole. The amount pertaining to directors is not ascertainable and therefore not included above.

11. Segment Reporting

The company's operations predominantly are manufacture of automotive parts and accessories. The company is managed organizationally as a unified entity and all its assets other than export debtors are located in India.

(Amount in Rs.)

Location	Segment Sales Revenue	
	31.03.2009	31.03.2008
Domestic Market	2,05,53,26,028	1,67,27,39,097
Overseas Market	13,75,67,059	10,02,40,045
Total	2,19,28,93,087	1,77,29,79,142
	Carrying Amount of Segment Debtors	
	31.03.2009 (Rs.)	31.03.2008 (Rs.)
Domestic Market	31,27,06,956	22,35,10,549
Overseas Market	1,26,74,315	1,59,82,211
Total	32,53,81,271	23,94,92,760

The Company has common assets for producing goods for Domestic market and overseas market. Hence, separate figures for fixed assets cannot be furnished.

12. Value of Import on CIF

(Amount in Rs.)

Particulars	31.03.2009	31.03.2008
Raw Materials	9,85,27,590	7,34,33,526
Capital Goods	2,46,93,374	17,05,69,456
Moulds & Dies	5,44,12,164	1,23,41,787
Mock-up Sample	1,87,90,861	96,86,872
Stores and Spare Parts	20,56,681	25,52,916
Consumable Store	81,86,405	28,868
Packing Materials	-	1,33,435

13. Expenditure in Foreign Currency

(Amount in Rs.)

Particulars	31.03.2009	31.03.2008
Travelling and Conveyance	38,29,719	23,74,483
Technical Support Fee	61,08,601	58,63,992
Overseas Office Expenses	42,56,964	35,28,911
Professional fees	-	7,11,960
Others	2,34,253	2,54,408

14. Income in Foreign Currency

(Amount in Rs.)

Particulars	31.03.2009	31.03.2008
Export Sales (On FOB Value)	13,75,67,059	10,02,40,045
Testing Fee Received	1,80,000	-
Sale of Capital Goods	-	83,34,850
Packing & Forwarding	7,200	-
Tool Development Charges	-	29,91,272

15. Lease Transaction

Lease payment under Operating Lease have been accounted for in accordance with AS-19 of the ICAI and accordingly lease payment under operating lease have been recognized as an expenses in the profit and loss account over the lease term.

(Amount in Rs.)

Particulars	31.03.2009	31.03.2008
Total of future minimum lease payments under non-cancelable operating lease for following periods:		
-Not later than one year	28,16,229	45,12,832
-Later than one year and not later than five years	19,48,350	1,80,51,328
-Lease payment recognized in Profit & Loss Account	60,46,180	42,17,892

16. Foreign Exchange Fluctuation/Adjustment
(Amount in Rs.)

Nature of Exchange Fluctuation	31.03.2009	31.03.2008
-Monetary Item		
Relating to Export during the year as a part of 'Sales*'	44,12,301	(13,64,228)
Relating to Import during the year as a part of 'Purchase*'	20,88,391	7,38,566
Other Exchange Fluctuation as a part of 'Indirect Exp/(Other Income)'	30,47,475	(26,21,149)
-Non Monetary Item		
Relating to Capital Goods/Assets as a part of 'Fixed Assets'	5,34,000	20,84,684
-Foreign Exchange Forward & Swaps Contracts		
On Settlement as part of 'Profit & Loss Account'	(1,73,39,650)	62,74,033
On Settlement as part of 'Fixed Assets/Capital Work in Progress'	(72,40,484)	9,91,695

*Figure in brackets denotes loss on foreign exchange fluctuation.

17. Disclosures required by Accounting Standard (AS)-29

I. Nature of Provisions: The Company gives warranties on certain products and services, undertaking to repair or replace the items that fails to perform satisfactory during the warranty period. Provision made as at 31st March 2009 represents the amount of the expected cost of meeting such obligations of rectification/replacement. The timing of the outflows is expected to be within warranty period.

II. Break up of Provision (Product Warranty)
(Amount in Rs.)

Particulars	31.03.2009	31.03.2008
Balance as at 01.04.2008	2,45,546	-
Addition	5,49,040	8,85,000
Utilization	240,037	6,39,454
Reversal	5,509	-
Balance as at 31.03.2009	5,49,040	2,45,546

18. Post-Employment Benefits Plans
A-Defined Contribution Plans

Contribution to Defined Contribution Plan, recognized as expenses for the year are as under:

(Amount in Rs.)

Particulars	31.03.2009	31.03.2008
Employer's Contribution to Provident Fund	45,21,160	39,16,395
Employer's Contribution to ESI Fund	11,01,985	9,21,392
Employer's Contribution to Wages Welfare Fund	49,890	38,322
Total	56,73,035	48,76,109

B-Defined Benefit Plans

Disclosure requirement as per Revised Accounting Standard on Employee Benefit-AS (15)-As per actuarial valuation as on 31.03.2009 are as follows:

(Amount in Rs.)

Description	Gratuity		Leave Encashment	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
I. Net employee benefit expenses (Recognized in Profit & Loss A/c)				
Current Service Cost	30,23,417	35,14,400	17,68,790	5,43,610
Interest cost on benefit obligation	4,95,467	3,25,213	1,18,321	1,06,402
Expected return on plan assets	(3,33,948)	(1,26,201)	N/A	N/A
Net actuarial gain/(loss) recognized in the year	1,98,290	1,47,261	(37,260)	(6,001)
Net benefit expenses	33,83,226	38,60,673	18,49,851	6,44,011

2. Plan assets/(liability) (Recognized in Balance Sheet)				
Present value of Defined benefit obligation	1,02,37,560	71,62,649	34,53,047	17,77,395
Fair value of plan assets	62,12,621	31,89,528	-	-
Plan assets/(liability)	40,24,939	(39,73,121)	(34,53,047)	(17,77,395)
3. Change in the present value of the defined benefit obligation				
Opening defined benefit plan	71,62,649	40,68,656	17,77,395	13,33,089
Interest cost	4,95,467	3,25,213	1,18,321	1,06,402
Current service cost	30,23,417	35,14,400	17,68,790	5,43,610
Actuarial (gains)/losses on obligation	(2,74,885)	(1,32,405)	(37,260)	(6,001)
Benefits Paid	(1,69,088)	(6,13,215)	(1,74,199)	(1,99,705)
Closing defined benefit plan	1,02,37,560	71,62,649	34,53,047	17,77,395
4. Change in the fair value of the plan assets				
Opening fair value of plan assets	31,89,528	15,74,066	N/A	N/A
Expected return	3,33,948	1,26,201	N/A	N/A
Contribution by employer	33,31,408	23,80,692	N/A	N/A
Actuarial gains/(losses) on obligation	(4,73,175)	(2,78,216)	N/A	N/A
Benefits Paid	(1,69,088)	(6,13,215)	N/A	N/A
Closing fair value of plan assets	62,12,621	31,89,528	N/A	N/A
5. Actuarial Assumptions				
Interest & Discount Rate	7.00%	8.00%	7.00%	8.00%
Attrition Rate	1.00%	1.00%	1.00%	1.00%
Retirement Age	58	58	58	58
Service cost increase rate	4.00%	4.00%	4.00%	4.00%

19. Financial Derivatives Instruments

The Company uses Cross-currency swaps (principal only swaps and interest rate swaps), target redemption knock out forward and forward currency option contracts to hedge its exposure in foreign currency and interest rates. The counter party is bank. These contracts are for a period between four to five years. The instruments wise information on derivative instruments as on 31.03.2009 is as follows.

(Amount in Rs.)

As at	No of Contracts	JPY Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
1. Cross-Currency Swap				
Principal Only Swap				
31.03.2009	5	44,31,03,034	16,10,93,750	(6,87,43,700)
31.03.2008	5	55,22,14,597	20,07,50,000	-
Interest Swap				
31.03.2009	5	11,17,12,184	4,86,31,562	(93,13,550)
31.03.2008	5	16,96,69,565	7,28,78,625	-
	No of Contracts	USD Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
2. Target Redemption knock Out Forward				
31.03.2009	2	2,50,000	1,27,37,500	Determinable only on the date of Expiry of the Contract
31.03.2008	2	2,50,000	98,27,500	
3. Forward Currency Option				
31.03.2009	2	1,41,20,000	61,06,46,000	(10,87,68,000)
31.03.2008	2	92,20,000	39,88,63,000	-

Note: For the purpose of fair valuation of aforesaid above contracts, the conversion rate of foreign currency as on 31.03.2009 has been adopted on the basis of the exchange rates as per Reserve Bank of India (RBI).

Foreign Exchange Currency Exposure not covered by Derivative Instruments

The year end foreign currency exposures that have not been hedged by derivatives instruments or otherwise is as follows:

Nature of Instruments	Currency	31.03.2009		31.03.2008	
		Rs.	FC	Rs.	FC
Payables in foreign Currency					
-For Import of Goods	EURO	1,61,58,600	2,35,926	24,60,036	39,726
	USD	19,50,535	37,926	45,81,335	1,13,793
	JPY	11,16,286	20,72,570	-	-
-For Import of Capital Goods	JPY	27,55,089	51,32,429	64,33,336	1,64,11,572
	EURO	35,45,249	51,763	24,28,293	38,328
	USD	20,79,058	40,425	6,26,073	15,595
	GBP	11,05,963	14,990	-	-
Receivables in foreign Currency					
-For Export of Goods	JPY	92,63,052	1,81,34,400	25,89,081	66,04,800

Note: - The conversion rate of foreign currency as on 31.03.09 have been adopted on the basis of the rates intimated by the bankers of the company.

20. Opening and Closing Stock of Finished Goods

Product	Units	31.03.2009		31.03.2008	
		Qty	Rs.	Qty	Rs.
Opening Stock					
Automotive Lighting & Signaling Parts	Nos.	3,02,126	1,98,11,933	2,26,372	1,48,19,177
Rear View Mirrors & Parts	Nos.	1,43,742	54,92,325	46,971	17,24,916
Sheet Metal Parts	Nos.	81	7,880	21,389	2,70,825
Prismatic Mirror and Mirror Plates	Nos.	2,160	73,439	-	5,312
Total			2,53,85,577		1,68,20,230
Closing Stock					
Automotive Lighting & Signaling Parts	Nos.	3,88,093	2,20,98,049	3,02,126	1,98,11,933
Rear View Mirrors & Parts	Nos.	1,46,968	58,18,912	1,43,742	54,92,325
Sheet Metal Parts	Nos.	13,895	3,50,780	81	7,880
Prismatic Mirror and Mirror Plates	Nos.	86,360	38,92,018	2,160	73,439
Total		(A)	3,21,59,759		2,53,85,577

Closing Stock of Traded Goods

Product	31.03.2009		31.03.2008	
	Qty	Rs.	Qty	Rs.
Closing Stock				
Traded Goods		64,61,991		4,10,088
Total	(B)	64,61,991		4,10,088
Total Stock Including Traded Goods	A+B	3,86,21,750		2,57,95,665

21. Licensed and Installed Capacity

Particulars	Units	31.03.2009	31.03.2008
Licensed Capacity	Nos.	N/A	N/A
Installed Capacity	Nos.	N/A	N/A

22. Actual Production of Finished Goods

Particulars	Units	31.03.2009		31.03.2008	
		Qty	Rs.	Qty	Rs.
Automotive Lights, Signaling Parts	Nos.	1,74,53,327		1,55,38,168	
Rear View Mirror & Parts	Nos.	52,55,457		41,00,726	
Sheet Metal Parts	Nos.	23,07,358		25,16,766	
Prismatic Mirror and Mirror Plates	Nos.	7,22,540		73,200	

23. Detail of Sales (Net of Excise Duty)

Product	Units	31.03.2009		31.03.2008	
		Qty	Rs.	Qty	Rs.
Manufacturing Goods					
Automotive Lights, Signaling Equipment & Parts	Nos.	1,73,67,360	1,65,96,74,089	1,54,62,414	1,39,73,91,808
Rear View Mirror & Parts	Nos.	52,52,231	28,67,02,255	40,03,955	21,81,16,709
Sheet Metal Parts	Nos.	22,93,544	10,24,18,765	25,38,074	11,73,59,871
Prismatic Mirror & Mirror Plates	Nos.	6,38,340	2,95,89,267	71,040	24,23,577
Manufactured Mould	Nos.	-	1,74,08,190	-	-
Others	Nos.	-	63,59,509	-	63,23,378
Job Charges Received	Nos.	-	15,878	-	4,879
Total (A)			2,10,21,67,953		1,74,16,20,222
Traded Goods					
Plastic Powder	Kg.	-	-	3,939	2,55,531
Auto Bulbs	Nos.	1,35,780	21,01,963	3,75,946	33,14,963
Iron Sheet & Rods	Kg.	9,316	2,88,953	1,09,404	33,73,891
Moulds & Dies	Set.	13	6,50,22,159	2	1,35,00,000
Mock up Sample	Nos.	-	1,92,58,825	-	96,39,731
Other		-	40,53,234	-	12,74,804
Total (B)			9,07,25,134		3,13,58,920
Total (A+B)			2,19,28,93,087		1,77,29,79,142

24. Raw Material & Components Consumed

Product	Units	31.03.2009		31.03.2008	
		Qty	Rs.	Qty	Rs.
Plastic Powder	Kg.	31,99,501	33,85,41,719	26,63,359	26,51,03,189
Auto Bulb	Nos.	1,88,36,592	17,33,03,090	1,60,27,547	13,72,88,985
Iron Sheet & Rods	Kg.	23,71,663	11,21,04,118	21,89,284	8,10,72,742
In-house Mould		-	43,54,916	-	-
Others		-	67,40,04,988	-	57,04,99,406
Total			1,30,23,08,831		1,05,39,64,322

25. Detail of Purchases of Trading Goods

Product	Units	31.03.2009		31.03.2008	
		Qty	Rs.	Qty	Rs.
Plastic Powder	Kg.	-	-	3,939	2,50,961
Auto Bulb	Nos.	1,35,780	18,62,294	3,75,946	26,82,072
Iron Sheet & Rods	Kg.	9,316	3,71,237	1,09,404	36,02,777
Moulds & Dies	Set.	13	4,95,32,113	2	1,19,31,700
Mock up Sample	Nos.	-	1,91,15,423	-	96,86,862
Other		-	39,54,470	-	14,14,544
Total			7,48,35,537		2,95,68,916

26. Opening and Closing Stock of Raw Materials & Components

Product	Units	31.03.2009		31.03.2008	
		Qty	Rs.	Qty	Rs.
Opening Stock					
Plastic Powder	Kg.	1,64,689	1,59,54,237	1,91,980	1,87,92,466
Auto Bulb	Nos.	22,19,738	1,73,13,105	22,93,534	1,84,11,654
Iron Sheet & Rods	Kg.	66,144	27,52,192	1,08,111	43,73,503
Others			4,71,74,413	-	5,81,91,523
Total			8,31,93,947		9,97,69,146
Closing Stock					
Plastic Powder	Kg.	1,45,093	1,31,91,673	1,64,689	1,59,54,237
Auto Bulb	Nos.	24,62,574	2,60,63,887	22,19,738	1,73,13,105
Iron Sheet & Rods	Kg.	93,708	35,47,653	66,144	27,52,192
Others			4,24,98,546		4,71,74,413
Total			8,53,01,759		8,31,93,947

27. Imported and Indigenous Raw Material & Store and spare Consumption

Particulars	31.03.2009		31.03.2008	
	Amount	% of Consumption	Amount	% of Consumption
Raw Material	Rs.		Rs.	
Imported	10,41,26,685	8.00	7,48,97,021	7.11
Indigenous	1,19,81,82,146	92.00	97,90,67,301	92.89
Total	1,30,23,08,831	100.00	1,05,39,64,322	100.00
Stores & Spare Parts				
Imported	64,47,642	11.70	1,62,303	0.25
Indigenous	4,86,81,736	88.30	6,40,16,908	99.75
Total	5,51,29,378	100.00	6,41,79,211	100.00

28. Borrowing Cost

(Amount In Rs.)

Particulars	31.03.2009	31.03.2008
Borrowing cost Capitalized to Qualifying Assets	1,84,75,687	1,02,79,200

29. Dividend Paid to Non Resident Shareholders (Foreign Currency)

Particulars	31.03.2009	31.03.2008
Number of Non Resident Shareholder	1	1
Number of Equity Share held by them	104051	104051
Amount of Dividend Paid (In Rs.)	260127	260127
Year to which dividend relates	2007-08	2006-07

30. Transfer to General Reserve

The Company has transferred Rs. 50,00,000 (Previous Year Rs. 1,00,00,000) to General Reserve from Profit and Loss Account as per Companies (Transfer of Profits to Reserves) Rules, 1975.

31. Fiem Industries Japan Co. Limited was incorporated on March 5, 2009. The Company is yet to be capitalized and has not yet commenced its operations.
32. The figures appearing in brackets pertains to previous year.
33. Figure has been rounded off to the nearest rupee.

For and on behalf of the Board of Directors

As per our report of even date
for Anil S. Gupta & Associates
Chartered Accountants

Sd/-
(Jagjevan Kumar Jain)
Managing Director

Sd/-
(Rahul Jain)
Director

Sd/-
(Arvind K. Chauhan)
Company Secretary

Sd/-
Anil Kumar Gupta
Prop.

Place : New Delhi
Date : 12.08.2009

CASH FLOW STATEMENT FOR THE YEAR 2008-09
(Amount in Rs)

	2008-2009		2007-2008	
A: CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit Before Tax		77,295,259		141,764,820
Adjustments to Reconcile Net Profit Before Tax To Cash Provided By Operating Activities:				
Depreciation & Amortization	88,231,864		78,215,506	
Prior Period Expenses	1,570,243		522,047	
Loss/(Profit) on sale of Fixed Assets	(504,164)		(8,764,123)	
Effect of Translation of Exchange Rate Change	(1,806,571)		1,284,678	
Miscellaneous Expenditure Written-off	179,900		179,900	
Provision for Bad & Doubtful Debts	229,771		2,155,242	
Provision for Excise Duty	(572,692)		1,560,915	
Wealth Tax	-		110,200	
Dividend Income	-		(2,305,427)	
Interest Received	(552,159)		(721,256)	
Loss/(Profit) on Financial Derivatives	16,946,766		(6,274,033)	
Interest & Finance Charges	39,977,639	143,700,597	19,508,419	85,472,068
Operating Profit before Working Capital Changes		220,995,856		227,236,888
Changes In Current Assets & Liabilities:				
(Increase)/Decrease in Sundry Debtors	(85,986,159)		(12,958,291)	
(Increase)/Decrease in Inventories	(41,555,246)		(30,978,326)	
(Increase)/Decrease in Loans & Advances	(3,585,881)		(21,202,311)	
Increase/(Decrease) in Current Liabilities & Provisions	177,308,326	46,181,040	(54,247,684)	(119,386,612)
Cash Generated from Operation		267,176,896		107,850,276
Adjusted for Direct Taxes and Other Items:				
Prior Period Expenses/Adjustments	(1,570,243)		(522,047)	
Profit/(Loss) on Financial Derivatives	(24,580,134)		7,265,728	
Income Tax (Including TDS) Paid	(12,871,082)		(32,774,222)	
Wealth Tax Paid	(145,600)		(110,200)	
Fringe Benefit Tax Paid	(3,269,500)	(42,436,559)	(3,382,000)	(29,522,741)
NET CASH GENERATED BY OPERATING ACTIVITIES		224,740,337		78,327,535
B: CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(72,468,323)		(398,810,650)	
Purchase of Intangible Assets	(22,360)		(6,404,337)	
Sale of Fixed Assets	5,723,914		33,122,536	
(Increase)/Decrease in Capital Work in Progress	(72,603,215)		72,133,469	
Interest Received	297,328		551,058	
Investment in Equity Share	(200,000)		-	
Dividend Income	-		2,305,427	
NET CASH USED IN INVESTING ACTIVITIES		(139,272,656)		(297,102,497)

CASH FLOW STATEMENT FOR THE YEAR 2008-09 (Contd.)

(Amount in Rs)

	2008-2009		2007-2008	
C: CASH FLOW FROM FINANCING ACTIVITIES:				
Dividend Paid During the Period	(29,905,565)		(29,905,565)	
Dividend Tax Paid During the Period	(5,082,451)		(5,082,451)	
Interest & Financial charges	(57,822,540)		(29,787,619)	
Increase/(Decrease) in Long-Term Borrowing	(40,691,858)		106,473,966	
Increase/(Decrease) in Short-Term Borrowing	53,262,184		68,548,948	
NET CASH USED IN FINANCING ACTIVITIES		(80,240,230)		110,247,279
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		5,227,451		(108,527,683)
Opening Balance of Cash & Cash Equivalents		9,818,395		118,326,841
Effect of Exchange Rate Change		301,093		19,237
Closing Balance of Cash & Cash Equivalents		15,346,939		9,818,395

Foot Notes:

- Cash and Cash equivalents include restricted Cash and Bank balance amounting to Rs. 19,90,988 (Previous year Rs. 44,70,025)
- Figures in brackets denote outflows of cash and cash equivalents.

For and on behalf of the Board of Directors

Sd/-
(Jagjeevan Kumar Jain)
Managing Director

Sd/-
(Rahul Jain)
Director

Sd/-
(Arvind K. Chauhan)
Company Secretary

As Per our Report of even date
for Anil S. Gupta & Associates
Chartered Accountants

Sd/-
Anil Kumar Gupta
Prop.

Place : New Delhi

Date : 12.08.2009



ATTENDANCE SLIP

FIEM INDUSTRIES LIMITED

Regd. Office : D-34, DSIDC Packaging Complex, Kirti Nagar, New Delhi – 110 015

Regd. Folio No.....	No. of Shares held.....
DPID No.	Client ID No.....
NAME AND ADDRESS:	

I hereby record my presence at the 20th Annual General Meeting held at Guru Kirpa Farms, Palla Bakhtawarpur Road, G.T. Karnal Road, Village Alipur, Delhi-I 10036 on the Wednesday, 30th day of September 2009 at 10.00 A.M.

SIGNATURE OF THE MEMBER / PROXY PRESENT



PROXY FORM

FIEM INDUSTRIES LIMITED

Regd. Office: D-34, DSIDC Packaging Complex, Kirti Nagar, New Delhi – 110 015

Regd. Folio No.....	No. of Shares held.....
DPID No.	Client ID No.....

I/Weof
being a member/ members of Fiem Industries Limited,
hereby appoint Mr./ Ms./ Mrs.....of
or failing him Mr./ Ms./ Mrs.ofas
my/ our proxy to attend and vote for me/ us and on my / our behalf at the 20th Annual General Meeting of the Company to be held on
Wednesday, 30th day of September 2009 at 10.00 A.M. and at any adjournment thereof.

As witness my hand/ our hand(s) this Day of2009

Affix
revenue
stamp

Notes:

- (i) The form should be signed across the revenue stamp as per specimen signature registered with the company / depository.
- (ii) The proxy form duly completed must be deposited at the Registered Office of the company not less than 48 hours before the time fixed for holding the aforesaid meeting.
- (iii) A proxy need not be a member.

Awards





Unit-I, Kundli (Haryana)



Unit-II, Hosur (Tamil Nadu)



Unit-III, Hosur (Tamil Nadu)



Unit-IV, Mysore (Karnataka)



Unit-V (EOU), Hosur (Tamil Nadu)



Unit-VI, Nalagarh (HP)



Unit-VII, Rai (Haryana)
(Up-Coming)



AUTOMOTIVE LED LAMPS

Fiem Industries Limited
D-34, DSIDC Packaging Complex,
Kirti Nagar, New Delhi 110015 (India)
Website : www.fiemindustries.com