

# *Fiem Industries Limited* *Annual Report 2010-11*



*Lights The Path*



(Front View of Corporate Office & Unit -VII at Rai, Sonapat, Haryana)

Automotive Lighting, Signaling Equipments, Rear View Mirrors & LED Display Panels

## ***Chairman's Message***

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Dear Fellow Shareholders,

I am delighted to share with you that once again your company has notched up a remarkable performance and surged ahead in its journey of growth. During FY 2010-11, your company has registered a growth of 42% by achieving a Net Turnover of Rs. 417.29 Crores in comparison to Rs. 294.18 Crores in FY 2009-10.

We should also admit that this impressive growth of the Company has its share from rebound of the Indian economy, which has grown by 8.5% in FY 2010-11, 2<sup>nd</sup> highest in the world after China. The rebound in the economy has well reflected by the Automobile Industry, which has registered a 27% overall vehicle production growth, 26% growth in domestic sales and 30% growth in exports.

As outlook for Indian economy expected to remain robust and Automobile Industry growth potential is strong enough, your company is confident for ample growth opportunities and has made strategies to tap these growth opportunities. In addition to the existing auto components business, your company has also forayed into LED display panels, LED home lighting and torches. Further, management of the company is open to expand its footprints in any other strategic fit business opportunity to enhance the overall value of stakeholders.

Your management believes that strategies must be backed by the firm commitments and sound business plans. Further, to tap the growth opportunities and successful execution of these opportunities, capacity building is must. In this direction, I am pleased to inform that 8<sup>th</sup> Unit of the Company, which is established in Tapukara, Rajasthan at 10.5 acre of plot has started commercial production in March, 2011, well within the original planned schedule. The Rai Unit of the Company, which now also houses the Corporate Office, is one of the best manufacturing facilities in the industry and equipped with ultra modern facilities with state of the art technology and in-house R&D Centre. With the same objective, the renovation and modernization of the Kundli Unit is underway, which will result into capacity addition.

To reward the shareholders of the Company, the board of directors has recommended a dividend of 25% i.e. Rs. 2.50/- per share for FY 2010-11.

I want to conclude with my sincere thanks to all colleagues on the board and employees of the Company for their hard work to achieve this performance. I would also like to extend my thanks to fellow shareholders for their support, encouragement and trust during all this time.

**With warm regards,**

**J.K. Jain**  
Chairman & Managing Director

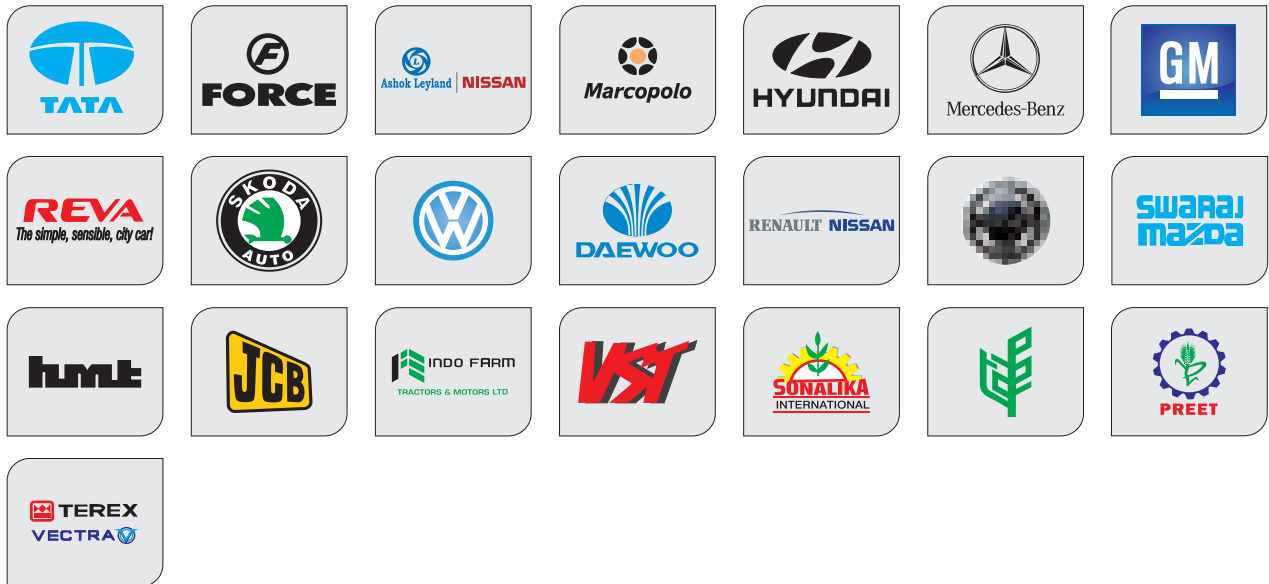
# ***Our Technical Partner***



Ichikoh Industries Ltd., Japan

# ***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



HEAD / TAIL LAMPS



SIDE INDICATOR LAMPS



LED LAMPS



FRONT / FOG / AUXILLARY LAMPS



OTHER SIGNALING  
EQUIPMENTS



IRVM/OUTSIDE REAR VIEW MIRROR



OTHER PLASTIC COMPONENTS



SHEET METAL COMPONENTS



# Certifications



# Awards





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## Attendance Slip and Proxy Form

## **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. Kashi Ram Yadav	- Whole-time Director
Ms. Aanchal Jain	- Whole-time Director
Mr. Rahul Jain	- Non-Executive Director
Mr. C.D. Shah	- Independent Director
Mr. Iqbal Singh	- Independent Director
Mr. Charoen Sachamuneewongse	- Independent Director
Mr. C.S. Kothari	- Independent Director
Mr. P.S. Bhatia	- Independent Director (up to 30.04.2010)
Mr. Amitabh Prakash Agrawal	- Independent Director (w.e.f. 01.08.2010)
Mr. J. S. Chandhok	- Independent Director (up to 03.08.2011)
Mr. V. K. Malhotra	- Independent Director (w.e.f. 04.08.2011)

### **CHIEF FINANCIAL OFFICER**

Mr. O.P. Gupta

### **COMPANY SECRETARY AND COMPLIANCE OFFICER**

Arvind K. Chauhan

### **AUDIT COMMITTEE**

Mr. C.S. Kothari	- Member /Chairman
Mr. P.S. Bhatia	- Member (up to 30.04.2010)
Mr. Iqbal Singh	- Member (w.e.f. 01.05.2010)
Mr. J. S. Chandhok	- Member/Chairman (up to 03.08.2011)
Mr. V. K. Malhotra	- Member (w.e.f. 04.08.2011)

### **SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE**

Mr. C.S. Kothari	- Chairman
Mr. Kashi Ram Yadav	- Member
Mr. Rahul Jain	- Member

### **REMUNERATION COMMITTEE**

Mr. C.S. Kothari	- Chairman
Mr. Iqbal Singh	- Member
Mr. P.S. Bhatia	- Member (up to 30.04.2010)
Mr. J. S. Chandhok	- Member (from 01.05.2010 to 03.08.2011)
Mr. V.K. Malhotra	- Member (w.e.f. 04.08.2011)

### **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 & UNIT VII**

Plot No. 1915, Rai Industrial Estate, Phase - V  
Distt. Sonapat, Haryana -131029  
**Website:** [www.fieminindustries.com](http://www.fieminindustries.com)

### **PRINCIPAL BANKERS**

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

### **REGISTRAR AND SHARE TRANSFER AGENT**

Link Intime India Pvt. Ltd.  
(Formerly, Intime Spectrum Registry Limited)  
2<sup>nd</sup> 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 22nd Annual General Meeting of the Company will be held on Friday the 30th day of September 2011 at 10.00 A.M. at Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, New Delhi-110036, to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as on 31st March 2011 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 2010-11.
3. To appoint a Director in place of Mr. Chatter Singh Kothari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. J.S.S. Rao, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Charoen Sachamuneewongse, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Iqbal Singh, who retires by rotation and being eligible, offers himself for re-appointment.
7. To re-appoint M/s Anil S. Gupta & Associates, Chartered Accountants as 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** pursuant to section 224 and other applicable provisions of the Companies Act, 1956, 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 and the remuneration of the Auditors shall be fixed by the Board of Directors of the Company."

### SPECIAL BUSINESS:

#### 8. Appointment of Mr. Vinod Kumar Malhotra as Director of the Company.

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

**"RESOLVED THAT** Mr. Vinod Kumar Malhotra, who was appointed as Additional Director by the Board of Directors of the Company w.e.f. 04.08.2011 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 a Director of the Company liable to retire by rotation."

#### 9. Re-appointment of Mr. Kashi Ram Yadav as Whole-time Director of the Company.

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

**"RESOLVED THAT** pursuant to the provisions of Section 269, 198, 309, 310, 311 and Schedule XIII read with other applicable provisions 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 consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. Kashi Ram Yadav, as Whole-time Director of the Company w.e.f. 25<sup>th</sup> October, 2011 for a period of three years i.e. up to 24<sup>th</sup> October 2014 on the remuneration and 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:

1. Contribution to Provident Fund, Bonus, Medical Insurance, Personal Accident Policy and such other perquisites/allowances in accordance with the rules of the Company or as decided by the Board or any Committee thereof.
2. Company provided car with driver facility.
3. Leave Encashment and Gratuity in accordance with the rules of the Company and as per Payment of Gratuity Act.
4. Telephone / Mobile phone facility.

**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 payable 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** in case of no profits or inadequate profits in any financial year, the remuneration or revised remuneration as mentioned above payable to Mr. Kashi Ram Yadav will be paid to him as minimum remuneration as permissible in Schedule XIII read with other applicable provisions of the Companies Act, 1956.

**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 are hereby severally authorized to file the necessary forms, returns and to do all such acts, things and deeds necessary and incidental to give effect to this resolution."

#### 10. Re-appointment of Mr. J.S.S. Rao as Whole-time Director of the Company.

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

**"RESOLVED THAT** pursuant to the provisions of Section 269, 198, 309, 310, 311 and Schedule XIII read with other applicable provisions 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 consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. J.S.S. Rao, as Whole-time Director of the Company w.e.f. 1<sup>st</sup> December, 2011 for a period of three years i.e. up to 30<sup>th</sup> November, 2014 on the remuneration and 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:

1. Medical Insurance, Personal Accident Policy and such other perquisites/ allowances in accordance with the rules of the Company or as decided by the Board or any Committee thereof.
2. Company provided car with driver facility.
3. Leave Encashment and Gratuity in accordance with the rules of the Company and as per Payment of Gratuity Act.
4. Telephone / Mobile phone facility.

**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. J.S.S. Rao, as it may deem fit from time to time, so that remuneration payable 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** in case of no profits or inadequate profits in any financial year, the remuneration or revised remuneration as mentioned above payable to Mr. J.S.S. Rao will be paid to him as minimum remuneration as permissible in Schedule XIII read with other applicable provisions of the Companies Act, 1956.

**RESOLVED FURTHER THAT** Mr. J.S.S. Rao 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 are hereby severally authorized to file the necessary forms, returns and to do all such acts, things and deeds necessary and incidental to give effect to this resolution."

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

-Sd-

**Arvind K. Chauhan  
Company Secretary**

Place : Rai, Sonapat (HR.)  
Date : 19.08.2011

**NOTES:**

1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint proxy(ies) to attend and vote on a poll instead of himself/ herself and the proxy(ies) need not be a member of the company. The instrument appointing the proxy(ies), 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 the Articles of Association read with Section 255 and 256 of the Companies Act, 1956, Mr. Chatter Singh Kothari, Mr. J.S.S. Rao, Mr. Charoen Sachamuneewongse and Mr. Iqbal Singh, Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Further, resolution

proposing appointment of Mr. Vinod Kumar Malhotra as Director and resolutions for re-appointment of Mr. Kashi Ram Yadav and Mr. J.S.S. Rao as Whole-time Directors 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 annexed to the Notice and provided in the Report on Corporate Governance forming part of the Annual Report. Shareholders are requested to refer the Notice and Report on Corporate Governance for these information. 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 at the venue of 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 Annual General Meeting.
9. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, September 24, 2011 to Friday, September 30, 2011 (both days inclusive) for the purpose of the Annual General Meeting and Dividend.
10. The Board has recommended a Final dividend at the rate of 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, 2011 (after giving effect all the valid transfer received to the Company/RTA on or before 24.09.2011).
  - 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, 2011 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, 2007-08, 2008-09 and 2009-10.**

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.

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item 8. Appointment of Mr. Vinod Kumar Malhotra as Director of the Company.**

Mr. Vinod Kumar Malhotra was appointed as Additional Director of the Company w.e.f. 04.08.2011 by the Board of Directors in their meeting held on 03.08.2011. He was appointed as Independent Director of the Company. He is a Commerce graduate and running his own business with a rich experience of more than 20 years. The Board considers that his experience will 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. Vinod Kumar Malhotra doesn't hold any Shares in the Company. Further, he is not related to any other Director of the Company.

Except Mr. Vinod Kumar Malhotra himself, none of the other Director is interested in above resolution.

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

**Item 9. Re-appointment of Mr. Kashi Ram Yadav as Whole-time Director of the Company.**

Mr. Kashi Ram Yadav was appointed as Whole-time Director of the Company w.e.f. 25.10.2008 for a period of three years and his current tenure is due for completion on 24.10.2011. He is looking after manufacturing operations of all factories of Company situated in North India. He is having a rich experience of more than 32 years in the field of production and manufacturing operations of the Automotive Lightings, Signalling Equipments and Rear View Mirrors. He is associated with the Company for more than 20 years. As the Company is growing with a decent rate and with the increase in operations of the Company his duties and responsibilities have increased significantly. Considering above, the Remuneration Committee and the Board felt it necessary to keep continue his services as Director (Operations-North). Therefore, in the respective meetings held on 19.08.2011, the Remuneration Committee recommended his re-appointment on the same remuneration and the Board of Directors re-appointed him as Whole-time Director for another term of three years w.e.f. 25.10.2011 subject to approval of the members of the Company.

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 read with other applicable provisions of the Companies Act, 1956, hence the other required information are also annexed to this Explanatory Statement and Notice.

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

**Item 10. Re-appointment of Mr. J.S.S. Rao as Whole-time Director of the Company.**

Mr. J.S.S. Rao was re-appointed as Whole-time Director of the Company w.e.f. 01.12.2008 for a period of three years and his current tenure is due for completion on 30.11.2011. He is looking after manufacturing operations of all factories situated in South India and also responsible for overseas operations of the Company. He is having a rich experience of around 3 decades in the field of production, manufacturing operations, strategic affairs in the Auto Component Industry. He is associated with the Company since 2003. As the Company is growing with a decent rate and with the increase in operations of the Company his duties and responsibilities have increased significantly. Considering above, the Remuneration Committee and the Board felt it necessary to keep continue his services as Director (Operations-South & Overseas). Therefore, in the respective meetings held on 19.08.2011, the Remuneration Committee recommended his re-appointment on the same remuneration and the Board of Directors re-appointed him as Whole-time Director for another term of three years w.e.f. 01.12.2011 subject to approval of the members of the Company.

Mr. J.S.S. Rao holds 12 Shares in the Company. Further, he is not related to any other Director of the Company.

Except Mr. J.S.S. Rao himself, none of the other Director is interested in above resolution.

As the remuneration to Mr. J.S.S. Rao as Whole-time Director is as per provisions of Schedule XIII of the Companies Act, 1956 read with other applicable provisions of the Companies Act, 1956, hence the other required information are also annexed to this Explanatory Statement and Notice.

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

**The explanatory statement together with Notice and other annexed information are to be treated as abstracts of the change in terms of the appointment and Memorandum of concern or interest about Mr. Kashi Ram Yadav and Mr. J.S.S. Rao 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 : Rai, Sonapat (HR.)  
Date : 19.08.2011



**-ANNEXURE**

Information pursuant to Clause I(B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 in connection with re-appointment of Mr. Kashi Ram Yadav and Mr. J.S.S. Rao as Whole-time Directors of the Company:

- (i) The remuneration of both these whole-time directors on their re-appointment has 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 re-appointment of above whole-time directors.
- (iii) The re-appointment of both these whole time directors is for three years at one time and proposed to be approved by way of special resolutions.
- (iv) **Statement pursuant to proviso to Clause I(B) (iv) of Section II of Part II of Schedule XIII to the Companies Act, 1956 in connection with re-appointment of above whole-time directors of the Company is as under:**

<b>I. GENERAL INFORMATION:</b>				
(1)	Nature of Industry	Auto Components: manufacturing of Automotive Lighting, Signalling Equipments, Rear View Mirrors and Sheet Metal Components etc.		
(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.	<b>Particulars</b>	<b>FY 2010-11</b>	<b>FY 2009-10</b>
				<b>Change (+/-)</b>
		Net Sales (Rs. Crore)	417.29	294.19
		PAT (Rs. Crore)	11.43	10.75
		PAT/Net Sales	2.73%	3.65%
				+41.84%
				+6.33%
				-0.92%
(5)	Export performance and net foreign exchange collaborations.	The Company don't have any net foreign exchange collaboration. The Export Sale on FOB value was Rs. 12.48 Crore during FY 2010-11 and Rs. 12.72 Crore during FY 2009-10.		
(6)	Foreign Investments or collaborators, if any.	The Company has Technical Support Agreement with Ichikoh Industries Limited of Japan.		

<b>II. INFORMATION ABOUT THE APPOINTEE(S):</b>	
<b>I. Mr. Kashi Ram Yadav</b>	
(1)	Background Details
	Mr. Kashi Ram Yadav is having a rich experience of more than 32 years in the field of production and manufacturing operations of the Automotive Lightings, Signalling Equipments and Rear View Mirrors etc. He is looking after manufacturing operations of all factories of Company situated in North India and is associated with the Company for more than 20 years and remained instrumental in establishing the new factories of the Company.
(2)	Past Remuneration
	Since April 1, 2008 Rs. 2,50,000/- per month with other benefits.
(3)	Recognition & Awards
	Nil.
(4)	Job profile and his suitability
	Mr. Kashi Ram Yadav is having a rich experience of more than 32 years in the field of production and manufacturing operations of the Automotive Lightings, Signalling Equipments and Rear View Mirrors etc. He is associated with the Company for more than 20 years. As the Company is growing with a decent rate and with the increase in operations of the Company his duties and responsibilities have increased significantly. Considering his job profile and growing operations of the Company, Board felt him most suitable for the job and considered it fit and right to keep continue his services as Director (Operations-North).
(5)	Remuneration Proposed
	As per Resolution in the Notice for 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 <b>comparable size</b> is not available in public domain. Hence no information could be provided in this regard.

(7)	Pecuniary relationship directly or indirectly with the Company, relationship with the managerial personnel, if any.	Except his remuneration as Whole-time Director, Mr. Kashi Ram Yadav has no pecuniary relationship with the Company. He holds 338 Shares in the Company and he is not related to any other managerial personnel of the Company. The financial details related to these are disclosed under "Related Party Disclosure" in the Financial Statements of each year's Annual Report.
<b>2. Mr. J.S.S. Rao</b>		
(1)	Background Details	Mr. J.S.S. Rao is a post graduate with specialisation in cost accounting and factory organisation. He has around 30 years rich experience in auto component industry in the field of operations, marketing and strategic planning. Prior to joining in Fiem Industries Ltd., he has worked in Lumax Industries Ltd. and Evershine Moulders Ltd. etc.
(2)	Past Remuneration	Since 1 <sup>st</sup> December, 2008 Rs. 2,50,000/- per month.
(3)	Recognition & Awards	Nil
(4)	Job profile and his suitability	Mr. J.S.S. Rao is having a rich experience of around 30 years in auto component industry in the field of operations, marketing and strategic planning. He has a vast and multifarious experience in the auto component industry. Since his joining in the Company, he is part of the senior management of the Company and looking after strategic, business development and overseas affairs of the Company in addition to devoting his time in manufacturing operations of the Company. Currently he is looking after South India units of the Company situated in Hosur and Mysore and also seeing overseas affairs. Considering his job profile and growing operations of the Company, Board felt him most suitable for the job and considered it fit and right to keep continue his services as Director (Operations- South & Overseas).
(5)	Remuneration Proposed	As per Resolution in the Notice of 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 in this regard.
(7)	Pecuniary relationship directly or indirectly with the Company, relationship with the managerial personnel, if any.	Mr. J.S.S. Rao don't have any pecuniary relationship with the Company except as his remuneration as Whole-time Director. Further, he holds 12 shares in the Company. The financial details related to these are disclosed under "Related Party Disclosure" in the Financial Statements of each year's Annual Report.
<b>III. OTHER INFORMATION:</b>		
(1)	Reason for loss or inadequacy of the profits	There are no losses in the Company and the Company is earning profits. However, the total Managerial Remuneration is exceeding the 10% of profits of Financial Year (FY) 2010-11 calculated under section 349 & 350 read with section 198 of the Companies Act, 1956. Consequent to that, the Remuneration payable to these Whole-time Directors come under Clause 1(B) of Section II of Part II of Schedule XIII to the Companies Act, 1956. Hence the information required under this clause are being provided.
(2)	Steps taken or proposed to be taken for improvement.	The Company is growing with a decent growth rate because of hard work and prudent decisions of the Management of the Company. With the increase in existing operations, the management is also exploring new growth opportunities in LED based lighting. On Operational front, the Company is increasing its manufacturing capabilities and has established Unit-VII at Rai, Sonapat and Unit-VIII at Tapukara in Rajasthan. Further, the Company is trying to increase its share in replacement market by opening new depots.
(3)	Expected increase in productivity and profits in measurable terms.	The growth in Turnover and Net Profit After Tax (PAT) of the company is expected to increase by 15% to 20% on year on year basis.

<b>IV. DISCLOSURES:</b>	
(1) The shareholders of the company shall be informed of the remuneration package of the managerial person.	This information is being furnished in Notice and Corporate Governance Report forming part of the Annual Report for FY 2010-11.
(2) Disclosures need to be mentioned in Corporate Governance Report forming part of the Annual Report.	Required Disclosures are being furnished in Corporate Governance Report of Annual Report for FY 2010-11.

<b>Brief Particulars of Directors seeking Appointment / Re-appointment as required under Clause 49 of the Listing Agreement:</b>						
Particulars	Mr. Chatter Singh Kothari	Mr. Charoen Sachamuneewongse	Mr. Iqbal Singh	Mr. Vinod Kumar Malhotra	Mr. J.S.S. Rao	Mr. Kashi Ram Yadav
<b>Date of Birth</b>	21.07.1948	18.02.1947	20.07.1953	01.02.1957	02.12.1956	07.02.1956
<b>Date of Appointment</b>	01.03.2005	30.04.2009	05.10.2005	04.08.2011	01.12.2005 <sup>®</sup>	25.10.2008 <sup>®</sup>
<b>Category/Designation</b>	Independent Director	Independent Director	Independent Director	Independent Director	Whole-time Director	Whole-time Director
<b>Brief Resume, Experience and Specialised Field</b>	A Businessman, with more than 35 years experience in Business & Finance matters	A Businessman, with more than 35 years experience in Trading and International Business.	A Businessman, with more than 30 years experience in Manufacturing, Trading & Exports.	A Businessman, with around 20 years experience in diverse businesses.	An executive, with experience of around more than 30 years in the field of production, business development and strategic matters in Auto Component Industry	An executive, with experience of around 35 years in the field of production & manufacturing operations of Automotive Lightings Industry.
<b>Directorships held in Companies, other than Fiem Industries Ltd.</b>	Nil	Nil	- Parspex (India) Pvt. Ltd. - Harav India Pvt. Ltd.	Nil	Nil	Nil
<b>Chairmanship(C) / Membership (M) of Committees* held in Companies, other than Fiem Industries Ltd.</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Shareholding in Fiem Industries Ltd. as on 31.03.2011.</b>	1	42450	20014	N.A.	12	338

<sup>®</sup> Before elevating to Whole-time Directors, Mr. Kashi Ram Yadav and Mr. J.S.S. Rao were working as regular employee with the Company.

**Inter-se relation between Directors as required to disclosed under Clause 49 of the Listing Agreement:**

- None of the above Directors is related to any other Director of the Company.

## DIRECTORS' REPORT

### Dear Shareholders,

The Directors of your company have pleasure in presenting the 22<sup>nd</sup> Annual Report on the affairs of the company together with the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2011 and the report of Statutory Auditors thereon.

### FINANCIAL RESULTS

The comparative performance of the Company for financial year ended 31<sup>st</sup> March 2011 and previous financial year on the major financial parameters are being presented as under:

	(Rs. In Lacs)	
PARTICULARS	F.Y. (2010-11)	F.Y. (2009-10)
Gross Sales	45300.45	31501.61
Sales, Net of Excise	41729.02	29418.88
Profit before Tax, Depreciation, Cost of Finance & Prior Period Expenses	3832.39	2838.95
Less: Prior Period Expenses.	6.63	12.84
Less: Cost of Finance	949.97	332.95
Profit before Tax & Depreciation	2875.79	2493.16
Less: Depreciation	1297.93	924.67
Profit Before Tax	1577.86	1568.49
Less:		
a) Provision for tax	433.79	492.01
b) Income Tax Paid for earlier years	1.37	1.45
<b>Net Profit</b>	<b>1142.70</b>	<b>1075.03</b>

### BRIEF REVIEW OF F.Y. 2010-11

Once again your company has notched up a remarkable performance and surged ahead in its journey of growth. During FY 2010-11, the company has registered a growth of 41.84% by achieving a Net Turnover of Rs. 417.29 Crores in comparison to Rs. 294.18 Crores in FY 2009-10. The growth of the Company is also because of rebound of the Indian economy, which has grown by 8.5% in FY 2010-11, 2<sup>nd</sup> highest in the world after China. The rebound in the economy has well reflected by the Automobile Industry, which has registered a 27% overall vehicle production growth, 26% growth in domestic sales and 30% growth in exports.

The company has improved marginally in the profits from Rs. 1075 lacs in 2009-10 to Rs. 1143 lacs in 2010-11 registering a growth of 6.30%. Though the net sales has increased substantially by 41.84%, the profitability of the Company has been adversely affected mainly due to loss on settlement of currency forward contracts during the year under review.

Management firmly believes that best of the opportunities yet to come and to tap these growth opportunities capacity building is must. In this direction, management wishes to inform that the 8<sup>th</sup> Unit of the Company, which is established in Tapukara, Rajasthan at 10.5 acre of plot has started commercial production in March, 2011. The Rai Unit (Unit-7) of the Company, which now also houses the Corporate Office, is one of the best manufacturing facilities in the industry and equipped with ultra modern facilities with state of the art technology and in-house R&D Centre. With the same objective, the renovation and modernization of the Kundli Unit is underway, which will also result into capacity addition.

### DIVIDEND

Like last four years, your Board of Directors has recommended a dividend of 25% (Rs. 2.50 per share) from the profits of the Company on the Equity Shares of the Company for the year 2010-11 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 2010-11 an amount of Rs 125.00 Lacs is transferred to General Reserve Account.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per requirement of Clause 49 of the Listing Agreement, Management Discussion and Analysis Report for the year under review, is presented in addition to the Directors' Report in a separate section forming part of Annual Report.

### CORPORATE GOVERNANCE REPORT

As per requirement of Clause 49 of the Listing Agreement, a Corporate Governance Report for the year under review is presented in a separate section forming part of Annual Report.

### DIRECTORS

In terms of the Articles of Association read with Section 255 and 256 of the Companies Act, 1956, Mr. Chatter Singh Kothari, Mr. J.S.S. Rao, Mr. Charoen Sachamuneewongse and Mr. Iqbal Singh, Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Further, resolutions for re-appointment of Mr. Kashi Ram Yadav and Mr. J.S.S. Rao as Whole-time Directors are also to be considered in ensuing Annual General Meeting.

During the year under review and up to date of this Report the following changes happened in Board of Directors:

- Mr. P.S. Bhatia had resigned from Directorship w.e.f. 01.05.2010.
- Mr. Amitabh Prakash Agrawal has been appointed as Additional Director (Independent Director) w.e.f. 01.08.2010 and regularized in last AGM on 30.09.2010.
- Mr. J.S. Chandhok has resigned from the Directorship w.e.f. 04.08.2011.
- Mr. Vinod Kumar Malhotra has been appointed as additional director w.e.f. 04.08.2011 and to be considered for regularization in ensuing Annual General Meeting.

### SUBSIDIARY COMPANY

Your Company has one wholly-owned subsidiary Company incorporated in Japan namely 'Fiem Industries Japan Co., Ltd.' The Financial Statements of the same together with Report of the Auditors and Directors thereon are being attached with the Financial Statements of the Company as required under section 212 of the Companies Act, 1956.

### CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard 21 on Consolidated Financial Statements read with other applicable provisions, the Audited Consolidated



Financial Statements has also been prepared for FY 2010-11, which forms part of this Annual Report of your Company.

#### **FIXED DEPOSITS**

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

#### **AUDITORS**

M/s Anil S. Gupta & Associates, Chartered Accountants who retire at the conclusion of this 22nd Annual General Meeting and being eligible are proposed for re-appointment. They have given their consent for re-appointment and certificate to the effect that the re-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.

#### **OBSERVATIONS IN AUDITORS' REPORT**

The observations made in the Auditors' Report are self-explanatory and therefore do not call for further comments, except Para 9(a) to the Annexure of their Report in respect of slight delay in payment of statutory dues in some cases. It is hereby explained and informed that, these statutory dues have since been paid.

#### **PARTICULARS OF EMPLOYEES**

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report which forms part of this Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Financial Statements i.e. Annual Report excluding the above information is being sent to all members of the Company and others entitled thereto. Any member interested in obtaining such Particulars of Employees under section 217(2A) of the said Act read with Companies (Particulars of Employees) Rules, 1975, may write to the Company Secretary at the Registered Office of the Company. The same is also available for inspection in accordance with the provision of Section 219(1)(b)(iv) of the Companies Act, 1956.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The management of the Company believes that CSR is an integral part of the company's larger objective and leads to sustainable growth. It is based on premise of fulfilling one's duty of giving back to the society, helping the underprivileged, protecting the environment and helping the humanity in the similar ways. The Company contributes towards all these causes by way of donations to the various societies and trusts, which are engaged in these social activities. Company also contributes to Kutch Vikas Trust, which organizes free eye operation camp for underprivileged. Company takes a lot

of initiatives for environment protection and encouragement for greener environment.

#### **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, 2011, 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 31.3.2011 have been prepared on a going concern basis.

#### **ACKNOWLEDGEMENT**

The Board of Directors of your company firmly believes in the power of team work and co-operation of associates and stakeholders and wants to take this opportunity to place on record its sincere thanks & gratitude to the valued OEM customers, banks and vendors for their co-operation and support. Board of Directors also wishes to express its sincere appreciation and thanks for the employees of the company at all levels for their commitment, dedication and hard work in achieving the success and growth of the Company.

**For and on behalf of the Board of  
Fiem Industries Limited**

**-Sd-**

**J.K. JAIN**

Chairman & Managing Director

**Place : Rai, Sonapat (HR.)**

**Date : 19.08.2011**

## ANNEXURE-‘A’ TO THE DIRECTORS REPORT

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo as per Section 217(1)(e) read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

#### CONSERVATION OF ENERGY

Energy conservation has remained among most attended area as energy saved is equal to energy produced. Though, the Company is not under the category of power intensive unit, still energy conservation measures are taken regularly. The following measures and initiatives have been taken for energy conservation:

1. In newly established Rai Unit and at renovated Kundli Unit, 28W-T5 Street Lights installed in place of 250W, resulting in saving of energy on continuous basis.
2. Water chiller units has been installed for Metalizing Plants and interlinked in such a way that during the nights the usage has been reduced when cooling requirement is low.
3. All DG Sets are synchronized in such a way that in case of low load, only one DG can cover the entire area of plant. This is resulting in saving of diesel and energy.
4. In Rai and Kundli Units, 24W tube fitting installed in place 28W resulting in energy saving.
5. Additional energy saving devices has been installed wherever found necessary.
6. Proper energy 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 energy saving measures implemented during set-up of Rai Plant, has also been implemented in Tapukara Plant and renovated Kundli Plant. Proper natural light transmission through roof and windows has been ensured, resulting in minimum power requirement during day time. The above measures were implemented by additional investments, wherever necessary. Energy conservation is an important area to focus and regular periodic reviews are carried out to improve upon these measures and new proposals are being considered on regular basis and particularly at the time of new construction and renovation of existing factories and at the time of major repair work.

#### Impact of Above Measures:

Energy saving is not only resulting in cost saving, but it also result into more efficiency of machines. All these measure of energy conservation result in to reduction of overheads and costs. The above measures resulted in energy saving, cost saving and lowering of overheads. Consequently, these resulted in reduction in cost of production.

#### RESEARCH & DEVELOPMENT

Research & Development (R&D) has remained an area of special importance for the company and most recently company has set-up and formalized its

in house R&D Unit at newly established Rai Plant. Earlier also company has remained engaged in R&D activities which lead it to new product and process development. The brief about the R&D activities of the Company are as under:

#### 1. Specific Areas in which R&D carried out by the Company:

- LED Torch and LED Display Panels for advertisement, Transport Vehicles and for Railways.
- Head Lamp, Tail Lamp and Blinker designing with development of prototype.
- LED High Mount Stop Lamp for four wheelers.
- Tool development, Product development and Process engineering.

#### 2. Benefit derived as a result of R&D:

- More Orders and Projects received from customers because of R&D activities of the Company.
- LED Torch and LED Display panels for Advertisement, Transport Vehicles and Railways developed as a new product line for the Company
- R&D is resulting in better designing as increasing database is helping in it.
- Better development of the tools, dies and moulds.
- New products development with better Quality.
- Increase in operational efficiency.

#### 3. Future Plan of action:

- Company aims to establish and improve facilities for complete designing of the products from conceptualization to production covering product design, testing, optical simulation, prototyping for Head Lamp, Tail Lamp and Blinkers in conventional bulb type as well as LED type.
- Designing & Development of project lamp with bulb for two wheelers and four wheelers.
- Designing & Development of LED Head Lamp, LED Projector Lamp for two wheeler and three wheelers.

#### 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.

The following expenses have been incurred by the company on its in-house Research & Development centre at Rai Plant:

Particulars	Amount (in Rs.)	
	2010-11	2009-10
<b>Capital Expenditure:</b>		
Capital Expenditure	10,26,217	2,93,025
<b>TOTAL</b>	<b>10,26,217</b>	<b>2,93,025</b>
<b>Revenue Expenditure:</b>		
Salaries, Allowances & Bonus	61,16,928	41,28,325
Contribution to Provident Fund	19,440	19,440
Depreciation & Amortization	1,10,178	35,625
<b>TOTAL</b>	<b>62,46,546</b>	<b>41,83,390</b>

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

### 1. Efforts Made:

Company's management is proactive for technology absorption, adaptation and innovation and these are an integral part of the manufacturing operations. As and when new machines are purchased and new unit is set-up, technology is the most attended area. The machines and plant are bought/ imported from world's best manufacturers. The following summarized points will reflect the efforts made by the Company:

- New technologies applications adopted for tools, die and moulds development.
- LED is introduced in Tail Lamp of 2 wheelers and central high mount stop lamp for 4 wheelers.
- Robotic application and automation installed on molding machines.
- Assembly lines at new plants are equipped with latest technology for testing etc.

### 2. Benefits Derived:

- Because of LED introduction, new products developed with more sophistication and prolonged life with better lighting results.
- Robotic application and automation has resulted in increased efficiency.
- Customer's confidence has increased because of the world class Plants of the Company with latest technology.
- Faster & better product development.

## EXPORT INITIATIVE AND FOREIGN EXCHANGE EARNING & OUTGO

### Activities relating to Exports:

The Company manufactures Automotive Lamps, signaling lamps and rear view mirrors including prismatic mirror plates. It exports these products to OEMs and Tier-I Suppliers in other countries as well as customers who further supply in their replacement market.

### Initiatives taken to increase exports, development of New Export markets and export plans:

The company is striving for increasing the export pie in the total turnover of the Company and taking every initiative to increase the exports, development of new market and making new plans for exports. The following are main initiatives and plans:

- (i) The Company is trying its level best to leverage its relations with the existing customers for fulfilling their supply need in foreign markets. Company's valuable customers also need components for their global requirement and for that Company is trying to grab the orders and also succeeded in this direction by winning the award for global requirement of components of esteemed customers.
- (ii) Marketing low cost manufacturing with best quality aspect of Indian manufacturing to the foreign OEMs.
- (iii) Established 100% EOU at Hosur with latest technology and arrange Plant visits by the OEM teams for plant evaluation and awarding the business.
- (iv) Company is not only focusing on OEMs but also approaching the top class Tier-I suppliers, by marketing before them the benefit and synergy of low cost, high quality manufacturing in India coupled with the benefits of their presence in their home markets.

During the year 2010-11, foreign exchange earning and outgo had been as under:

### Foreign Exchange Outgo

		Amount (In Rs. lacs)	
S.No.	Particulars	2010-11	2009-10
1.	Value of Import on CIF basis	1865.38	1833.54
2.	Foreign Travel	30.79	18.66
3.	Professional Expenses	15.97	16.24
4.	Overseas Office Expenses	-	13.41
5.	Other Exp.	4.71	12.35
6.	Interest	19.83	-
<b>TOTAL</b>		<b>1936.68</b>	<b>1894.20</b>

### Earning in Foreign Exchange

		Amount (In Rs. lacs)	
S.No.	Particulars	2010-11	2009-10
1.	Export Sale on FOB Value	1248.49	1271.70
2.	Testing Fee Received	-	0.41
3.	Packing & Forwarding	1.46	3.16
4.	Mould & Die Modification Charges	-	6.40
5.	Other Income	2.13	6.57
6.	Design & Development Charges	272.75	-
<b>TOTAL</b>		<b>1524.83</b>	<b>1288.24</b>

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Economic Overview:

It is a matter of great satisfaction that growth momentum of last financial year has continued and Indian economy has remained robust and marching towards a high growth trajectory. According to Central Statistical Organization (CSO) India's GDP has registered a growth of 8.5% in the year 2010-11. The broad-based recovery of the Indian economy, which started in FY 2009-10, was majorly fueled by robust domestic consumption coupled with new Industrial investments, which came to nearly halt during economic recession. Government's initiatives in the form of fiscal prudence and infrastructure spending have also strongly aided the growth story. All round industrial activities were strongly reflected in industrial production growth, capacity expansion and growth in credit activities.

Though the economy is witnessing strong turnaround and marching towards pre-recession growth trajectory, firming up of commodity prices has posed a moderate risk to growth. The headline inflation remained in double digits for a significant period in 2010. It was generally explained that inflation was primarily because of food articles and can be controlled by adequate supply. Adding to this, Euro region debt crisis and slow economic recovery in developed countries posed a challenge to the economic growth. While global uncertainties directly impact exports, they also affect the domestic economy up to some extent.

While inflation can be controlled by the government by tightening the liquidity and increasing the supply side of commodities, external global factors are largely beyond the control of government and can affect the Indian growth story up to some extent. On this backdrop, the year has begun with a positive

note with great optimism and confidence. The country hopes that inflationary trend will be in control on improvement at supply front and government will continue to deliver on policy reforms. The long term growth prospects of the economy remain strong and domestic demand seems to be a major growth driver.

### Industry Structure and Developments:

Structurally, automobile industry and auto component industry are complementary to each other and jointly forms one industry. Auto component industry supplies the product to automobile industry for making a vehicle. Hence, automobile industry act as parent industry for auto component industry, these two are wholly integrated with each other.

Indian automobile industry constitutes the presence of world's best automobile players from Japan, Korea, Europe, America and our own home grown players. In the same way auto component industry is a mix of Indian and foreign players. India is emerging as a manufacturing hub, both for automobile and auto components. Indian auto component Industry is capable of producing all types and varieties of components and it has come a long way in development, capable of competing with other countries. Indian auto component industry is not only supplying to Indian players but also exporting a significant part to other countries. Component Industry is having mainly two segments, one is 'OEMs' (Original Equipment Manufacturers) and another is 'after market'.

During FY 2010-11, automobile industry has witnessed a strong production growth of 27.45%. The major growth trends and statistics are as under:

**Table-I. Automobile Production Trends (No. of Vehicles in lacs) [source: SIAM]**

Category	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Annual Growth in 2011
Passenger Vehicles	12.10	13.09	15.45	17.78	18.39	23.57	29.87	26.72%
Commercial Vehicles	3.54	3.91	5.20	5.49	4.17	5.68	7.53	32.63%
Three Wheelers	3.74	4.34	5.56	5.01	4.97	6.19	8.00	29.13%
Two Wheelers	65.30	76.09	84.67	80.27	84.20	105.13	133.76	27.24%
<b>Grand Total</b>	<b>84.68</b>	<b>97.44</b>	<b>110.88</b>	<b>108.54</b>	<b>111.72</b>	<b>140.57</b>	<b>179.16</b>	-
<b>Annual Growth Rate</b>	-	15.06%	13.80%	-2.11%	2.93%	25.82%	27.45%	-

**Table-I** shows the production trend for last 7 years and also reflects the growth and development of the sector. While in 2004-05, the total vehicle produced were 84.68 lacs, in 2010-11 it reached to 179.16 lacs. It also shows that production of two wheelers has remained 4 to 5 times more than passenger vehicles, reflecting that a substantial part of the population is dependent on two wheelers.

India is emerging as a low cost and quality conscious manufacturing base for global needs. A no. of global players are sourcing their components requirement from India. The global automobile players are setting-up their manufacturing and R&D base in India and exporting vehicles to other countries. Indian Government encouraging foreign companies to invest in India by providing them conducive environment and level playing fields with a liberalized FDI regime.

### Industry Outlook:

India is a vibrant economy with a huge population of more than 1 billion people. India is 2nd fastest growing economy after China and has maintained

an average growth rate between 7 to 8% in last 10 years. These factors attract the world towards Indian economy and no sensible company can ignore India for its growth potential.

During the year 2010-11, the domestic automobile sales have registered around 26% growth and automobile export growth is around 30%. With such a huge growth potential, automobile industry / auto component industry outlook seems robust in medium to long term. As per ACMA study, China's automobile sales zoomed with 24% CAGR, when per capita GDP exceeded USD 1000. In the same way India could experience a spurt in vehicles sales after crossing the per capita GDP of USD 1000. Hence, increasing income will give a big boost to the auto components industry in long term.

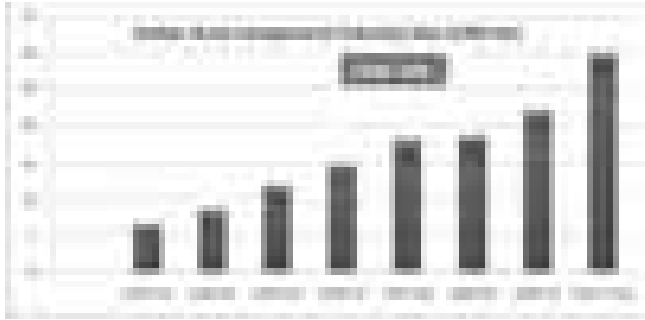
### Opportunities & Threats:

India is an emerging economy and a land of million opportunities. Its huge demography provides a big consumption market and a treasure of human resources. India is a country of relatively young population, which will drive the country in this century.



Indian automobile and auto component industry is growing with a fast pace and all major automobile companies are expanding capacities and setting manufacturing base in India to tap the domestic market as well as to use India as manufacturing hub for exports. India is proving to be a cost competitive manufacturing location. In the same way auto component players in India are expanding capacities and supplying the components in worldwide market.

The Auto component turnover reflects a healthy growth trend and is growing with around 24% CAGR. [source: ACMA website]



**Chart-I: Indian Auto Component Industry Size (in USD bn)**  
[source: ACMA website]

As per ACMA-EY Vision 2020, the Indian auto component industry has an opportunity to tap a potential of USD 110 bn by 2020. [Source: ACMA website].

In a strong and emerging economy, the following growth drivers will give new dimension and sustain growth trajectory for Indian automobile / auto component industry:

- Burgeoning middle class in India- a big domestic market.
- Increasing income levels – increasing disposable income.
- Rapid urbanization and emergence of new cities – boost for personal vehicles.
- Low penetration till now – great future potential for vehicles.
- Vehicle usage time reducing – early purchase of next vehicle.
- Emerging trend of owning two vehicles - boost for passenger vehicles.
- Availability of easy finance - boost for passenger vehicles..
- Wide range of vehicles to choose with in same budget.
- Thrust of the government on road infrastructure.
- Low cost of labor in India – giving cost competitiveness to manufacturers.
- Global OEMs setting-up their manufacturing base in India.
- Availability of low cost skilled manpower.
- Government's encouraging policies to invest in India and providing level playing fields.
- Increasing quality consciousness in Indian auto component manufacturers.

India is 7<sup>th</sup> largest vehicle manufacturer in the world and vehicle production in India is expected to grow by 3 fold by 2020 from 2009. With such a huge growth potential in vehicles, auto component industry has no reason to believe a lesser growth opportunity.

On this backdrop, your company is expanding capacities to meet the growing demand of the OEMs. The new green field facility at Rai is set up with ultra modern facilities and state of the art technology and an in-house R&D Centre. Renovation and modernization of Kundli Unit is underway, which will result in capacity addition. The Tapukara Unit has started commercial production and has ample scope for capacity addition and expansion. To tap the emerging opportunities capacity building is must and your company is steadily building capacities in tandem with growth and opportunities.

With such vast opportunities, Indian automobile & auto component industry also faces some threats. Power and Infrastructure issues are main area of concern. Inadequate power supply reduces the efficiency and increase the cost of production. Lack of infrastructure like adequate roads & ports throws a big challenge on the industry by creating logistics problems. Inadequate roads also result into traffic congestion, as vehicles are increasing day by day, however roads are not increasing in that proportion. Government is lacking behind on its road development targets by one or other reasons. One more area of concern is lack of adequate skilled manpower, which problem may increase on growing demand of experienced and skilled manpower. Disposal of old and dumped vehicles is also an emerging problem in the country. In absence of proper norms for disposal of old vehicles and restriction on their usage life, the old and dump vehicles creates pollution and environmental problem because of their prolonging usage more than optimum life. Auto component industry is also facing the problem of counterfeiting and spurious parts, which form a big part of total industry.

In addition to the industry specific threats, at macro economic level, surging commodities prices and continuing inflationary trends posing threat to the economic growth. Additionally, euro region debt crisis is also a problem for the global economy and can leave its impact on Indian economy.

#### Segment-wise or Product-wise Performance:

The business of the Company is manufacturing of auto components and main product line are Automotive Lighting & Signaling Equipments, Rear View Mirrors, Sheet Metal Parts and some other components. All the product line of the Company is categorized in auto components category and is subject to same set of risk and returns. Hence, the Company's business falls with in one segment only i.e. Automotive Components. Company is also foraying into LED display panels, torches and other LED products.

During Financial Year 2010-11, Company has achieved a remarkable growth of 41.84 % in Net Turnover, the turnover details as per product line are as under:

Products	2010-11	2009-10	(Rs. In Lacs)	
			Absolute Change	Percentage Change
Automotive Lighting, Signaling Equipments and Parts	33022.21	22852.34	10169.87	44.50
Rear View Mirrors, Prismatic Mirrors & Mirror Plates	5901.28	4404.66	1496.62	33.98
Sheet Metal Parts	1583.25	1076.43	506.82	47.08
Moulds	791.74	597.71	194.03	32.46
Others Miscellaneous Items	430.54	487.75	-57.21	-11.73
<b>Total</b>	<b>41729.02</b>	<b>29418.88</b>	<b>12310.14</b>	<b>41.84</b>

#### Risks and Concerns:

As mentioned earlier, surging commodity prices and continued inflationary trends are the areas of concern for economic growth. Surging commodity prices may increase input costs resulting in increase in product cost. Reserve Bank of India is continuously attempting to combat serious inflationary

pressure and inturn interest rates are going northward. Raising interest rates will squeeze the liquidity and will increase finance cost resulting in tightening of finance availability to Industry. Raising interest rates will also adversely impact the consumer's purchasing power, which may result in lowering of demand.

Further, euro region debt crisis and slow growth in developed economies are also area of concern as global economy may be impacted adversely leaving its impact on the Indian economy. Though, medium to long-term view appears healthy for the growth of the Automobile Industry; but any recession in general economy may impact the growth in Automobile Industry. The dynamics of two-wheeler industry are bit different from passenger vehicles industry. Two-wheeler Industry had performed fairly well even during the recession time. This was partly because of the reason that two-wheelers are more of necessity item rather than luxury. Secondly, two-wheelers are relatively less financed purchases than four-wheelers / passenger vehicles. Therefore, it is less likely that increasing interest rates will adversely impact two-wheeler purchases. However, any slowdown in demand of two-wheelers, if happens, may impact the growth of the Company, as substantial business of your company come from two-wheeler sector of the Automobile Industry.

Further, in previous years, your company had entered into some currency derivative contracts for the purpose of hedging the risk of foreign currency exchange fluctuations. Any adverse movement in exchange rates of relevant currencies may impact the financials of the Company.

## Internal Control Systems and their Adequacy:

As the scale of operations of the Company is increasing by establishing new plants and by adding new capacities to existing plants, hence robust internal control system have become necessary to safeguard the assets of the Company and protect them against unauthorised use. The locations of the plants of the Company are at different places as these are set-up in proximity to the Plants of the OEMs giving logistics and other operational & strategic benefits. Hence, geographically these are spread in different states. Considering the size, growth and geographic spread of the business, the company has implemented adequate internal control systems.

The company also adopts the system of cross-functional teams to internally review the systems from time to time to enhance the efficiency in the operations and avoid any problem at earliest stage. The company has also implemented a proper and adequate system of internal controls for financial reporting of all transactions. The system of compliance with relevant laws and regulations is well implemented with primary responsibility of functional head. The adequacy of each internal control system is reviewed periodically, so that necessary improvement and change can be implemented at earliest to keep the system robust and adequate.

## Financial Performance with respect to Operational Performance:

Like last year, the Company has notched up a remarkable performance and surged ahead in its journey of growth. During FY 2010-11, the company has registered a growth of 41.84% by achieving a Net Turnover of Rs. 417.29 Crores in comparison to Rs. 294.18 Crores in FY 2009-10. This impressive growth of the Company is also because of rebound of the Indian economy, which has grown by 8.5% in FY 2010-11, 2nd highest in the world after China. The rebound in the economy has well reflected by the Automobile Industry, which has registered a 27% overall vehicle production growth, 26% growth in domestic sales and 30% growth in exports.

A brief comparison of major financial parameters is given hereunder for better understanding of the financial performance of the Company with respect to operational performance:

(Rs. In Lacs)

Particulars	2010-11	2009-10	Absolute Change	Percentage Change
Net Sales	41729.02	29418.88	12310.14	41.84
EBIDTA	3832.39	2838.95	993.44	34.99
Net Profit	1142.70	1075.03	67.67	6.29

The above table shows that the net sales has increased substantially by 41.84%. However, the company has improved marginally in the profits from Rs. 1075 lacs in 2009-10 to Rs. 1143 lacs in 2010-11 registering a growth of 6.30% only. The profitability of the Company has been adversely affected mainly due to loss on settlement of currency forward contracts during the year under review.

## Human Resources / Industrial Relations:

The Company firmly believes that employees are among its most vital resources. With positive and productive work environment, the Company committed to attract and retain the best talent in the industry. Your Company is a people centric organization, employees are its greatest strength and asset. Being a fast growing organization, your Company recognizes the essence of continuous personal and professional growth for its employees. Human Resources Department regularly assess the competencies important for the development of business and arrange for appropriate trainings and developmental programmes to cater to different learning needs of employees in the areas of workmanship, technology upgradation, management and other skills.

Training is an important tool to increase the efficiency and productivity of the employees. Therefore, necessary training is imparted regularly for some of the key operations. Training is being regularly provided by in-house trainers and at times it also arranges external trainers. TQM, 5S, Kaizen, 6 Sigma etc. are regular modules/ processes for enhancing the skills, productivity and efficiency of the employees.

Towards its social responsibility measures and to give force to women empowerment, the company employs maximum women employees at shop floor and assembly lines. Company provides all the requisite facilities namely, canteen, transportation, uniform, lockers, restroom etc. and good working environment to its all employees.

Management believes that employees' commitment to the company always translates into enhanced performance of the Company. Employees' commitment comes by providing them best measure for safety, health and welfare. To maintain cordial Industrial relations and sustainable growth of the Company, employees' safety and welfare are of paramount importance. Management is well aware of this fact and the company has maintained excellent relationship with the employees during the year. Employees' satisfaction is among best in the Industry because of whole hearted caring attitude of the management.

## Cautionary statement:

Some of the statements (expressed or implied) or inference drawn from statements in Management Discussion and Analysis Report or elsewhere in this Annual Report may be '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)

Clause 49 of the Listing Agreement with Stock Exchanges requires that listed companies need to present a Report on Corporate Governance in their Annual Report. In accordance with Clause 49 and as per practices followed by the Company's Board and senior management, the Report is being presented herewith, keeping in view the disclosure requirements as per Clause 49.

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Corporate Governance is a set of system and practices adopted by the Board to effectively run the Company for achieving its objectives and goals. Hence, the management of the company believes that Sound Corporate Governance Practices and Responsible Corporate Behavior with Proactive Approach is necessary for long-term and sustainable growth of the Company. These practices, behavior and approach should be a way of life in the Company and must reflect in every facet of daily operations and in each functional area and not something for demonstration on some occasion or event. These practices, behavior and approach of management form the foundation of Company's philosophy on corporate governance. It is true that Company's philosophy on corporate governance is an outcome of the belief, philosophy, values, culture, vision and mindset of the management. The regulatory framework, continuous learning and experience, social environment, business needs, prevailing economic conditions and emerging best practices make the concept of Corporate Governance more relevant and vibrant.

The principles of integrity, fairness, equity, accountability, commitment and transparency are the integral constituent of corporate governance philosophy of the Company. By adopting this corporate governance philosophy, the Company aims to be a responsible corporate citizen and work for a sustainable growth for all its stakeholders and society at large.

### 2. BOARD OF DIRECTORS:

#### 2.1 Composition of the Board

The Board has a fair mix of Whole-time Directors, Non-executive Director and Independent Directors. 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. In addition to complying the regulatory and statutory requirements, all major business decisions, policy matters and strategic matters are deliberated and decided at the board and committee meetings.

The required details about the Directors viz. the Directorships in other Public Companies, Memberships / Chairmanship in Committees of other Companies, Shareholding in the Fiem Industries Ltd. as on 31.03.2011 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 Fiem Industries Ltd. (No of Shares)
1	Mr. J.K. Jain	CMD Promoter	Nil	Nil	1871092
2	Mrs. Seema Jain	EPD	Nil	Nil	1651292
3	Mr. J.S.S. Rao	ED	Nil	Nil	12
4	Mr. K.R. Yadav	ED	Nil	Nil	338
5	Ms. Aanchal Jain	EPD	Nil	Nil	312693
6	Mr. Rahul Jain	NEPD	Nil	Nil	4187694
7	Mr. C.D. Shah	ID	Nil	Nil	27500
8	Mr. Iqbal Singh	ID	Nil	Nil	20014
9	Mr. Charoen Sachamuneewongse	ID	Nil	Nil	42450
10	Mr. C.S. Kothari	ID	Nil	Nil	1
11	Mr. P.S. Bhatia (up to 30.04.2010)	ID	Nil	Nil	Nil
12	Mr. Amitabh Prakash Agrawal (w.e.f. 01.08.2010)	ID	Nil	Nil	Nil
13	Mr. J.S. Chandhok (up to 03.08.2011)	ID	Nil	Nil	Nil
14	Mr. Vinod Kumar Malhotra (w.e.f. 04.08.2011)	ID	Nil	Nil	Nil

CMD : Chairman & Managing Director,

NEPD : Non Executive Promoter Director, EPD :Executive Promoter Director

ED : Executive Director, ID : Independent Director.

\* Excluding Foreign Companies.

\*\*Committee Means Audit Committee and Shareholders'/Investors Grievance Committee only.

#### 2.2 Changes in Board of Directors

During the Financial Year 2010-11 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. P.S. Bhatia	Resignation	01.05.2010	Independent Director
2.	Mr. Amitabh Prakash Agrawal	Appointment	01.08.2010	Independent Director
3.	Mr. J.S. Chandhok	Resignation	04.08.2011	Independent Director
4.	Mr. Vinod Kumar Malhotra	Appointment	04.08.2011	Independent Director

#### 2.3 Board Meetings

During the Financial Year 2010-11, five Board Meetings were held on 30.04.2010, 31.07.2010, 16.08.2010, 30.10.2010 and 07.02.2011.

#### 2.4 Directors Attendance Record

The attendance of directors at the above Board Meetings and at the previous Annual General Meeting held on 30th September 2010 is as under:

Sr. No.	Name of the Director	Board Meetings attended/held	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	3/5	No
4	Mr. K.R. Yadav	5/5	Yes
5	Ms. Aanchal Jain	5/5	Yes
6	Mr. Rahul Jain	5/5	Yes
7	Mr. C.D. Shah	0/5	No
8	Mr. Iqbal Singh	4/5	Yes
9	Mr. Charoen Sachamuneewongse	1/5	No
10	Mr. C.S. Kothari	5/5	Yes
11	Mr. P.S. Bhatia (upto 30.04.2010)	1/1	No
12	Mr. Amitabh Prakash Agrawal (w.e.f. 01.08.2010)	0/3	No
13	Mr. J.S. Chandhok (upto 03.08.2011)	4/5	Yes

## 2.5 Profile of Directors:

### Brief Profile of the Directors:

**Mr. J. K. Jain**, aged 59 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 family business of manufacturing automotive lighting and signaling equipments. In the year 1977, he set-up another proprietary concern namely 'Fiem Auto & Electrical Industries' to tap the business from OEM Customers. In year 1986, he set-up a Company under the name 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, namely 'Rahul Auto Pvt. Ltd.' (now Fiem Industries Ltd.) for manufacturing of rear view mirrors along with automotive lighting & signaling equipments. 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).
9. Indo-Nepal Sadbhavana Award (2010).

**Mrs. Seema Jain**, aged 56 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 24 years, is a Non Executive Director of the Company. He is son of Mr. J.K. Jain and Mrs. Seema Jain. After completing Sr. Secondary School 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 29 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 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 54 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 30 years in automotive lighting and components industry involving manufacturing, operational and business strategic functions. 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 55 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. Chandrakant D. Shah**, aged 83 years, is an Independent Director on the Board of the Company. He has a rich industrial & business experience of about 60 years in diverse 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. Chatter Singh Kothari**, aged 63 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 58 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 38 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 Chartered Financial Analyst (CFA). He 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. Jasmit Singh Chandhok has resigned from Directorship of the Company w.e.f 04/08/2011.

**Mr. Charoen Sachamuneewongse**, aged 64 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 an Independent Director of the Company on April 30, 2009.

**Mr. Amitabh Prakash Agrawal**, aged 55 years, is an Independent Director on the Board of the Company. He is a Doctor by profession and having a rich experience of more than 25 years in the field of Medical profession and presently working as Doctor in USA and settled there. He has been appointed as an Independent Director of the Company w.e.f. 01.08.2010.

**Mr. Vinod Kumar Malhotra**, aged 54 years, is an Independent Director on the Board of the Company. He is a Commerce Graduate from Delhi University and running his own business. He is having a rich experience of around 20 years in business. He has been appointed as an Independent Director of the Company w.e.f. 04.08.2011.

## 2.6 Inter-se relationship among the Directors as on 31.03.2011

Mr. J.K. 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, Non- executive Director, 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 (up to 30.04.2010), Mr. Iqbal Singh (w.e.f. 01.05.2010) as its members. All the members of the Committee are Independent Directors. Mr. Jasmit Singh Chandhok has remained the Chairman of the audit committee till he resigned w.e.f. 04.08.2011. Presently, Mr. Chatter Singh Kothari is the Chairman of the Committee and Mr. Vinod Kumar Malhotra has been inducted as 3rd member w.e.f. 04.08.2011. The Company Secretary, Mr. Arvind K. Chauhan 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 inter-alia 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 31.03.2011, five meetings of the Audit Committee were held on 30.04.2010, 31.07.2010, 16.08.2010, 30.10.2010 and 07.02.2011. The Attendance of the Members at these meetings were as under:

Sr. No.	Name	No. of Meetings held during his tenure	No. of Meetings Attended
1	Mr. J. S. Chandhok	5	4
2	Mr. PS. Bhatia	1	1
3	Mr. C.S. Kothari	5	5
4.	Mr. Iqbal Singh	4	3

## 4. REMUNERATION COMMITTEE

The Remuneration Committee consists of Mr. C.S. Kothari, Mr. PS. Bhatia (up to 30.04.2010), Mr. J.S. Chandhok (w.e.f. 01.05.2010) and Mr. Iqbal Singh as its members. Mr. J.S. Chandhok has resigned from the Directorship as well as committees w.e.f. 04.08.2011. Hence, Mr. Vinod Kumar Malhotra has been appointed as 3rd member w.e.f. 04.08.2011. All the members of the remuneration committee are Independent Directors. Mr. C. S. 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 31.03.2011, only one meeting of the Remuneration Committee was held on 07.02.2011, which was attended by all the members of the Committee at that time.

### 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 31.03.2011 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	30,00,000	Nil	Nil	30,00,000
4	Ms. Aanchal Jain	12,00,000	Nil	Nil	12,00,000
5	Mr. Kashi Ram Yadav	31,44,864	Nil	Nil	31,44,864
6	Mr. Rahul Jain	Nil	Nil	Nil	Nil
7	Mr. C.D. Shah	Nil	Nil	Nil	Nil
8	Mr. Iqbal Singh	Nil	Nil	Nil	Nil
9	Mr. Charoen Sachamuneewongse	Nil	Nil	Nil	Nil
10	Mr. PS. Bhatia (up to 30.04.2010)	Nil	Nil	Nil	Nil
11	Mr. C.S. Kothari	Nil	Nil	Nil	Nil
12	Mr. J.S. Chandhok	Nil	Nil	Nil	Nil
13	Mr. Amitabh Prakash Agrawal (w.e.f. 01.08.2010)	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 in remuneration 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.

3. The Company has not paid any sitting fees to the non-executive directors for Board or Committee Meetings.
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 of the Company. The above remuneration of Rs. 31,44,864 for Financial Year 2010-11 includes Rs. 13,824 as Bonus and Rs. 1,31,040 as contribution to Provident Fund. None of the other Directors are receiving these benefits.
5. The above remuneration does not include provisions for leave encashment and gratuity as the same is provided on actuarial basis for the Company as a whole. The amount pertaining to directors is not separately ascertainable and therefore not included above.

#### 5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Shareholders / Investors 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, re-materialization and other similar related matters to the shareholders. The Committee consists of Mr. Chatter Singh Kothari, Mr. Kashi Ram Yadav 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 31.03.2011, 2 meetings of the Shareholders'/ Investors' Grievance Committee were held on 30.06.2010 and 24.03.2011. 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	2	2
2	Mr. Rahul Jain	2	2
3	Mr. Kashi Ram Yadav	2	2

##### 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 31.03.2011 are as under:

Sr. No.	Particulars	Opening Complaints	No. of Complaints received	No. of Complaints resolved	Pending Complaints
1.	Received through direct Correspondence	01	Nil	01	Nil
2.	Received through BSE	Nil	Nil	Nil	Nil
3.	Received through NSE	Nil	Nil	Nil	Nil
4.	Received through SEBI	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>01</b>	<b>Nil</b>	<b>01</b>	<b>Nil</b>

#### 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
2009-10	30.09.2010	Suryadev Motel & Resort, G.T. Karnal Road, Village Alipur, Delhi-110036	10.00 a.m.
2008-09	30.09.2009	Guru Kirpa Farms, Palla Bakhtawarpur Road, G.T. Karnal Road, Village Alipur, Delhi-110036	10.00 a.m.
2007-08	29.09.2008	Guru Kirpa Farms, Palla Bakhtawarpur Road, G.T. Karnal Road, Village Alipur, Delhi-110036	10.00 a.m.

Special Resolutions passed in above-mentioned 3 AGMs held on 29.09.2008, 30.09.2009 and 30.09.2010 are as under:

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

##### Special Resolutions passed at the A.G.M. held on 30.09.2009:

1. Appointment of Mr. Kashi Ram Yadav as Whole Time Director w.e.f. 25.10.2008 and approving his remuneration for 3 years.
2. Re-appointment of Mr. J.K. Jain as Chairman & Managing Director w.e.f. 07.08.2009 and approving his remuneration subject to approval of Central Govt. for 3 years.

##### Special Resolutions passed at the A.G.M. held on 30.09.2010:

In the A.G.M. held on 30.09.2010, no Special Resolution was passed by the Shareholders.

##### 6.2 Resolutions through Postal Ballot:

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

However, vide Notice dated 7<sup>th</sup> February 2011, the Board of Directors of Company had sought the approval of the shareholders of the Company through Postal Ballot for following Resolutions:

**Resolution No. 1:** Special Resolution Under Section 17 of the Companies Act, 1956 for Alteration in the Object Clause of the Memorandum of Association.

**Resolution No. 2:** Special Resolution for re-appointment of Mrs. Seema Jain as Whole Time Director of the Company w.e.f. 1<sup>st</sup> April 2011 for a period of three years.

**Resolution No. 3:** Special Resolution for re-appointment of Ms. Aanchal Jain as Whole Time Director of the Company w.e.f. 1<sup>st</sup> April 2011 for a period of three years.

Pursuant to above, Postal Ballot Notice dated 7<sup>th</sup> February 2011 with Explanatory Statement and other required documents had been dispatched to all the eligible shareholders. The Postal Ballot Forms, duly completed by shareholders were to be received by the Scrutinizer by close of working hours on 17<sup>th</sup> March 2011.

Mr. Sanjay Grover, a Practicing Company Secretary, who was appointed as Scrutinizer for conducting Postal Ballot process in a fair and transparent manner, had submitted his report dated 21<sup>st</sup> March 2011.

On the basis of Report of Scrutinizer dated 21<sup>st</sup> March 2011, the details of Postal Ballot Forms received, valid, invalid, assents, dissents were as under:

Sr.	Particular	Resolution No. 1		Resolution No. 2		Resolution No. 3	
		No. of Postal Ballot Form	No. of Equity Shares	No. of Postal Ballot Form	No. of Equity Shares	No. of Postal Ballot Form	No. of Equity Equity
(a)	Total Postal Ballot Forms Received	150	8275657	150	8275657	150	8275657
(b)	Less: Invalid Postal Ballot Forms	3	206	3	206	3	206
(c)	Net Valid Postal Ballot Forms	147	8275451	147	8275451	147	8275451
(i)	Out of Valid Postal Ballot Forms, with Assent for the Resolution	134	8268944	125	8267767	124	8267169
	% of Votes with Assent (out of Total Valid Votes)		99.921%		99.907%		99.900%
(ii)	Out of Valid Postal Ballot Forms, with Dissent for the Resolution	13	6507	22	7684	23	8282
	% of Votes with Dissent (out of Total Valid Votes)		0.079%		0.093%		0.100%

**Note:** The Company is having only one type of Equity Share Capital with face value of Rs. 10/- each. All shares are fully paid-up.

On the basis of Report of Scrutinizer dated 21<sup>st</sup> March 2011, the Chairman, Mr. J.K. Jain had announced the Results of the Postal Ballots as under:

#### Resolution No. 1:

The Number of votes polled in favour of the Resolution No. 1 is 82,68,944 that is 99.921% of total Valid Votes, hence the Resolution No.1 declared passed as Special Resolution by overwhelming majority.

#### Resolution No. 2:

The Number of votes polled in favour of the Resolution No. 2 is 82,67,767 that is 99.907% of total Valid Votes, hence the Resolution No.2 declared passed as Special Resolution by overwhelming majority.

#### Resolution No. 3:

The Number of votes polled in favour of the Resolution No. 3 is 82,67,169 that is 99.900% of total Valid Votes, hence the Resolution No.3 declared passed as Special Resolution by overwhelming majority.

### 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 Disclosures / Transactions have been reported elsewhere in this Annual Report in Schedule 20 to the Financial Statements i.e. 'Significant Accounting Policies and Notes to Accounts'. Please refer Point 5 'Related Party Disclosures' under heading 'Notes to Accounts' in Schedule 20. 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 2010-11 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](http://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 22<sup>nd</sup> AGM:

Friday, the 30<sup>th</sup> September 2011 at 10.00 a.m. at Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, New Delhi-110036

## b) Financial Year

Financial Year is 1<sup>st</sup> April to 31<sup>st</sup> March.

## c) Book Closure Date

The Register of Members and Share Transfer Books of the Company will be closed from Saturday, September 24, 2011 to Friday, September 30, 2011 (both days inclusive) for the purpose of the Annual General Meeting and Dividend.

## d) Dividend Payment Date

If declared at the AGM, Dividend payment will start from 6th October, 2011

## e) Listing on Stock Exchanges

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

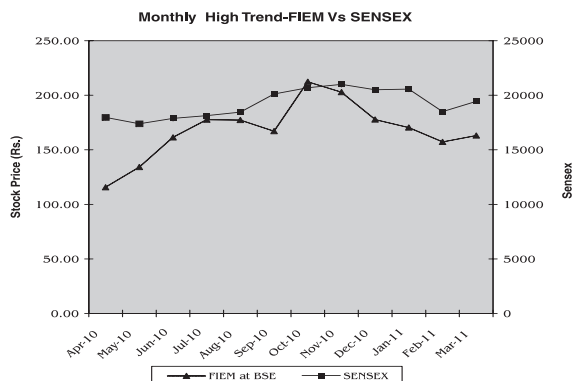
Name of the Stock Exchange	Address	Stock Code
National Stock Exchange of India Ltd.	Exchange Plaza, Plot no. C/I, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051.	FIEMIND
Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001	532768

The Annual Listing Fees for the year 2011-12 has been paid by the Company to both the Stock Exchanges.

## f) Market Data: Monthly High and Low of Closing Price during Financial Year 2010-11 (in Rs.)

Month	NSE		BSE	
	High	Low	High	Low
April, 2010	115.65	104.95	115.65	104.60
May, 2010	134.05	115.45	134.25	115.40
June, 2010	161.90	120.60	161.45	121.35
July, 2010	177.90	150.40	177.70	150.25
August, 2010	176.80	158.70	177.35	158.85
September, 2010	166.95	157.80	167.15	157.95
October, 2010	212.25	168.95	212.35	168.90
November, 2010	202.40	173.45	202.80	173.40
December, 2010	177.30	166.45	177.80	166.60
January, 2011	170.50	151.55	170.45	152.05
February, 2011	157.95	150.05	157.25	150.00
March, 2011	162.90	150.35	163.15	150.00

## g) Comparison of FIEM High Vs Sensex High during Financial Year 2010-11



## h) Registrar and Share Transfer Agent:

Link Intime India Pvt. Ltd.  
(Formerly, Intime Spectrum Registry Ltd.)  
2<sup>nd</sup> 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 Agent of the Company. All valid transfers are processed with in 15 days from the date of receipt.

## j) Distribution of shareholding as on 31.03.2011

Distribution by category:

Shareholding Pattern as on 31.03.2011

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	8118709	67.87
(B)	Public Shareholding			
(1)	Non-Institutions			
(a)	Financial Institutional/Bank	1	540	0.004
(2)	Non-Institutions			
(a)	Bodies Corporate	189	1578199	13.19
(b)	Individuals	5006	1552847	12.98
(c)	Any Other (specify)-			
	i. Non Resident Indians	51	516996	4.32
	ii. Directors & Their Relatives	4	20365	0.17
	iii. Clearing Members	26	3717	0.03
	iv. Hindu Undivided Families	156	66802	0.56
	v. Foreign Corporate Bodies	1	104051	0.87
	<b>Total Public Shareholding</b>	5434	3843517	32.13
	<b>TOTAL (A)+(B)</b>	5440	11962226	100.00

Distribution by Size:

Sr. No.	Shareholding Range	No. of Shareholders	Shares held	%age of Total
1	1 to 250	4741	297242	2.49
2	251 to 500	421	153708	1.28
3	501 to 1000	131	103435	0.87
4	1001 to 2000	50	77661	0.65
5	2001 to 3000	14	37189	0.31
6	3001 to 4000	8	29380	0.25
7	4001 to 5000	11	52007	0.43
8	5001 to 10000	16	118603	0.99
9	10001 and above	48	11093001	92.73
<b>Total</b>		<b>5440</b>	<b>11962226</b>	<b>100</b>

## k) Dematerialization of shares and Liquidity status as on 31.03.2011

Sr. No.	Demat / physical	No. of Shares	Liquidity/ lock-in	%age of Total shares
1	NSDL	24,68,070	Free to trade	20.63
2	CDSL	17,85,138	Free to trade	14.92
3	Physical	77,09,018	Free 76,83,002 Under Lock-in 26,016	64.23 0.22
<b>Total</b>		<b>1,19,62,226</b>		<b>100.00</b>

**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 Eight Plants. The name & address are as under:**

<b>Unit I</b> 32 Mile Stone, G. T. Road, Kundli, Sonapat, Haryana	<b>Unit II</b> 219/2B, Thally Road, Kallukondapalli, Hosur, Tamil Nadu	<b>Unit III</b> Kelamangalam, Achittapalli Post, Hosur, Tamil Nadu
<b>Unit IV</b> S. No. 29, Madargali Village, Varuna Hobli, Mysore Taluk, Karnataka	<b>Unit V (EOU)</b> Kelamangalam, Achittapalli Post, Hosur, Tamil Nadu	<b>Unit VI</b> Village Bhatian, Tehsil -Nalagarh, Himachal Pradesh
<b>Unit VII</b> Plot No. 1915, Rai Industrial Estate, Phase -V, Distt. Sonapat, Haryana.	<b>Unit VIII</b> Plot No. SP I-C, Industrial Area Tapukara, Distt. Alwar, Rajasthan.	

**n) Address for Correspondence**

**Registered Office Address:** D-34, DSIDC Packaging Complex,  
Kirti Nagar, New Delhi-110015

**Corporate Office Address** Plot No. 1915, Rai Industrial  
Estate, Phase -V, Distt. Sonapat,  
Haryana-131029

**o) Prevention of Insider Trading**

In accordance with requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has instituted a comprehensive code of conduct for prevention of Insider Trading in Company's Shares.

**10. DISCLOSURE UNDER CLAUSE 5A OF THE LISTING AGREEMENT**

As per Clause 5A of the Listing Agreement, the Information and Disclosure for Unclaimed Shares lying in the Escrow Account of Registrar to the Issue / RTA are as under:

As no Shares of the Company were left unclaimed in Escrow Account of the RTA, therefore, requirement of opening a Demat Suspense Account and disclosure requirements related to the Account, as mandated under Clause 5A of the Listing Agreement is not applicable on the Company.



## **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, 2011, 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 : Rai, Sonapat (HR.)  
Date : 19.08.2011**

## **CERTIFICATION BY MANAGING DIRECTOR AND CFO FOR FINANCIAL YEAR 2010-11**

**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 2010-11 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 : Rai, Sonapat (HR.)**  
**Date : 19.08.2011**

**Sd/-**  
**O.P. Gupta**  
**Chief Financial Officer**

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

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## **COMPLIANCE WITH CODE OF CONDUCT**

I, J.K. Jain, Chairman & Managing Director of the Company hereby certify that the Directors of the Company and the Sr. Management Personnel have affirmed compliance of the Code of Conduct of the company for the financial year ended March 31, 2011.

**Place : Rai, Sonapat (HR.)**  
**Date : 19.08.2011**

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



**Standalone**

**Financial Statements**  
**of**  
**Fiem Industries Ltd.**

## 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 31<sup>st</sup> March 2011, 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. These 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 31<sup>st</sup> March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31<sup>st</sup>, 2011 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 31<sup>st</sup> March 2011.
    - 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**  
Firm Registration Number 004061N  
Chartered Accountants

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

Place : Rai, Sonapat (HR.)  
Dated : 19.08.2011

**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. In respect of loans, secured or unsecured granted or taken by the company to / from companies, firms or other parties covered in the register maintained under Sec. 301 the Companies Act 1956.
  - a) As informed, during the year the company has given unsecured interest free loan of Rs 13,74,000/- to a wholly owned foreign subsidiary of the company. In respect of said loans, the maximum amount outstanding at any time during the year is Rs 16,20,600/- and the year end balance is Rs 16,20,600/-.
  - b) In our opinion and according to the information and explanation given to us, the rate of interest wherever applicable and other terms and conditions of the loans given by the company are not prima facie prejudicial to the interest of the company
  - c) The principal amount is repayable on demand and there is no repayment schedule.
  - d) In respect of said loans, the same are repayable on demand and therefore the question of overdue amount does not arise. In respect of interest, there are no overdue amounts.
  - e) As informed, the company has taken unsecured loan during the year from one party covered in register maintained under section 301 of Companies Act, 1956. The maximum amount of loan taken from such party outstanding at any time during the year was Rs 166.08 lacs and the year end balance was Nil.
  - f) In our opinion, and according to the information and explanation given to us, the rate of interest wherever applicable and other terms and conditions of the loans taken by the company are not, prima facie, prejudicial to the interest of the company.
  - g) 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(1) (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
		<b>Total</b>	<b>25,07,076</b>	

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**  
Firm Registration Number 004061N  
Chartered Accountants

Place : Rai, Sonapat, (HR.)  
Dated : 19.08.2011

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

## BALANCE SHEET AS AT 31ST MARCH 2011

(Amount in Rs)

			AS AT 31.03.2011	AS AT 31.03.2010
Schedules				
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
a)	Share Capital	1	119,622,260	119,622,260
b)	Reserves & Surplus	2	1,140,249,359	980,161,781
			1,259,871,619	1,099,784,041
<b>Loan Funds</b>				
a)	Secured Loans	3	1,312,000,293	542,369,460
b)	Unsecured Loans		-	-
			1,312,000,293	542,369,460
<b>Foreign Currency Monetary Item Translation Difference Account ( note no. 15 of Schedule 20)</b>			2,200	-
	<b>Deferred Tax Liability (Net)</b>	4	146,616,427	118,761,821
	<b>TOTAL</b>		<b>2,718,490,539</b>	<b>1,760,915,322</b>
<b>APPLICATION OF FUNDS</b>				
	<b>Fixed Assets</b>	5		
a)	Gross Block		2,901,654,685	2,001,392,572
b)	Less : Depreciation/ Amortisation		595,340,133	466,078,811
c)	Net Block		2,306,314,552	1,535,313,761
d)	Capital Work in Progress (Including Capital Advances)		188,905,066	252,258,701
			2,495,219,618	1,787,572,462
	<b>Investments</b>	6	462,040	462,040
	<b>Current Assets, Loans and Advances</b>	7		
a)	Inventories		420,900,026	273,324,514
b)	Sundry Debtors		463,125,706	307,351,705
c)	Cash and Bank Balances		15,054,504	13,669,635
d)	Loans and advances		169,795,527	139,406,652
	<b>A</b>		1,068,875,763	733,752,506
	<b>Less :-</b>			
	<b>Current Liabilities and Provisions</b>	8		
a)	Current Liabilities		785,713,435	681,783,257
b)	Provisions		60,353,447	79,205,429
	<b>B</b>		846,066,882	760,988,686
	<b>Net Current Assets (A-B)</b>		222,808,881	(27,236,180)
	<b>Miscellaneous Expenditure</b>	9	-	117,000
	(to the extent not written off or adjusted )			
	<b>TOTAL</b>		<b>2,718,490,539</b>	<b>1,760,915,322</b>

**Significant Accounting Policies and Notes to Accounts** 20

Schedule 1 to 20 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  
Firm Registration Number: 004061N  
Chartered Accountants

Sd/-  
(J. K. Jain)  
Managing Director

Sd/-  
(Rahul Jain)  
Director

Sd/-  
(Arvind K. Chauhan)  
Company Secretary

Sd/-  
Anil Kumar Gupta  
Prop.  
(Membership No. 83159)

Place : Rai, Sonapat (HR.)  
Date : 19.08.2011

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

(Amount in Rs)

Schedules		Current Year 2010-11	Previous Year 2009-10
<b>INCOME</b>			
Gross Sales	4,530,044,994		3,150,161,309
Less Excise Duty	357,142,648		208,273,260
Net Sales	10	4,172,902,346	2,941,888,049
Other Income	11	40,100,002	8,385,070
Increase / (Decrease) in Stock	12	78,287,372	(56,428,211)
<b>TOTAL [ A ]</b>		<b>4,291,289,720</b>	<b>2,893,844,908</b>
<b>EXPENDITURE</b>			
Cost of Goods Traded In	13	23,076,396	33,785,224
Cost of Moulds, Dies and Tools for sale	14	61,142,310	37,313,490
Raw Materials Consumed	15	2,546,492,789	1,687,106,881
Manufacturing Expenses	16	780,468,321	564,029,364
Employees Cost	17	128,850,785	98,851,040
Cost of Finance	18	94,997,133	33,294,752
Administrative and Selling Expenses	19	368,019,904	188,863,759
Depreciation & Amortization	5	129,793,056	92,467,272
<b>TOTAL [ B ]</b>		<b>4,132,840,695</b>	<b>2,735,711,783</b>
<b>Profit for the year before Taxation "A - B "</b>		<b>158,449,025</b>	<b>158,133,125</b>
Prior Period Expenses		662,827	1,284,096
<b>Profit after Prior Period Expenses</b>		<b>157,786,198</b>	<b>156,849,029</b>
<b>Less : Tax Expenses</b>			
i) Provision for Current Tax ( MAT Payable)	31,450,000		33,500,000
Less:- MAT Credit Entitlement	(16,350,000)		-
Net Current Tax Liability	15,100,000		33,500,000
ii) Provision for Deferred Tax	27,854,606		15,401,107
iii) Provision for Wealth tax	424,000		300,000
iv) Income Tax paid for earlier year	137,224		145,386
		43,515,830	49,346,493
<b>Profit after Taxation</b>		<b>114,270,368</b>	<b>107,502,536</b>
Add :- Balance Brought Forward		405,699,140	344,069,110
<b>Profit Available for Appropriation</b>		<b>519,969,507</b>	<b>451,571,646</b>
<b>APPROPRIATIONS</b>			
i) Transfer to General Reserve		12,500,000	11,000,000
ii) Proposed Dividend		29,905,565	29,905,565
iii) Corporate Dividend Tax		4,851,431	4,966,941
<b>Profit Carried to Balance Sheet</b>		<b>472,712,511</b>	<b>405,699,140</b>
Basic and Diluted EARNINGS PER EQUITY SHARE (Nominal value Rs 10 per share)			
- Before Extraordinary items		9.55	8.99
- After Extraordinary items		9.55	8.99
No. of shares (Weighted Average)		11,962,226	11,962,226

**Significant Accounting Policies** 20  
**& Notes to Accounts**

Schedule 1 to 20 referred to above form an  
Integral Part of Balance Sheet

**For and on behalf of the Board of Directors**

Sd/-  
**(J. K. Jain)**  
Managing Director

Sd/-  
**(Rahul Jain)**  
Director

Sd/-  
**(Arvind K. Chauhan)**  
Company Secretary

Sd/-  
**Anil Kumar Gupta**  
Prop.  
(Membership No. 83159)

Place : Rai, Sonapat (HR.)  
Date : 19.08.2011

As per our report of even date  
for Anil S. Gupta & Associates  
Firm Registration Number: 004061N  
Chartered Accountants

## SCHEDULES TO THE BALANCE SHEET

(Amount in Rs)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
3,00,00,000 (Prv. Year 3,00,00,000) Equity shares of Rs 10 each	300,000,000	300,000,000
<b>Issued, Subscribed &amp; Paid-up</b>		
1,19,62,226 ( Prv. Year 1,19,62,226 ) Equity Shares	119,622,260	119,622,260
of Rs. 10/- each fully paid up		
<b>TOTAL</b>	<b>119,622,260</b>	<b>119,622,260</b>
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.		
<b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
a) Land Revaluation Reserve		
As per Last Balance Sheet	117,477,278	117,477,278
b) Building Revaluation Reserve		
As Per Last Balance Sheet	24,741,252	25,733,278
Less:- Adjustment on account of depreciation on revalued portion of asset	992,026	992,026
	23,749,226	24,741,252
<b>SECURITIES PREMIUM ACCOUNT</b>		
As per Last Balance Sheet	509,972,344	509,972,344
<b>GENERAL RESERVE</b>		
As Per Last Balance Sheet	41,000,000	30,000,000
Add :- Transferred from Profit and Loss A/c	12,500,000	11,000,000
	53,500,000	41,000,000
<b>PROFIT AND LOSS ACCOUNT</b>	472,712,511	405,699,140
<b>HEDGING RESERVE ACCOUNT (refer note no. 18 of Schedule 20)</b>	(37,162,000)	(118,728,233)
<b>TOTAL</b>	<b>1,140,249,359</b>	<b>980,161,781</b>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
<b>TERM LOANS FROM BANKS</b>		
a) Rupee Loan	615,935,165	327,395,214
b) External Commercial Borrowings	292,410,993	-
	908,346,158	327,395,214
<b>VEHICLE LOANS</b>		
a) from Banks	15,819,835	11,499,121
b) from Others	5,436,969	-
	21,256,804	11,499,121
<b>WORKING CAPITAL ADVANCE FROM BANKS</b>		
a) Rupee Loan	322,397,331	203,475,125
b) Foreign Currency Loan	60,000,000	-
	382,397,331	203,475,125
<b>TOTAL</b>	<b>1,312,000,293</b>	<b>542,369,460</b>

## NOTES

## A) TERM LOANS FROM BANKS

- a) From Citibank NA :- Loan outstanding as at 31st March 2011 Rs 2,07,87,867 (Previous Year Rs 4,53,41,069) (Principal amount including interest repayable within 12 months from the date of Balance sheet Rs 2,07,87,867 (Previous Year Rs 2,47,16,069) )

## SCHEDULES TO THE BALANCE SHEET (Contd.)

(Amount in Rs)

	AS AT 31.03.2011	AS AT 31.03.2010
(Secured against Exclusive charge on all the movable and immovable assets procured out of the term loan including equitable mortgage on factory land and building at Nalagarh Unit, H.P. and second charge on all movable and immovable fixed assets at Rai Unit, Haryana)		
b) From Standard Chartered Bank :- Loan outstanding as at 31st March 2011 Rs 34,14,37,267 (Previous Year Rs 18,10,34,664) (Principal amount including interest repayable within 12 Months is Rs 4,41,80,384 (Previous Year Rs 3,24,13,866) )		
(Secured against Exclusive charge on land and building at Hosur Unit-3 situated at Kelamangalam Road, Hosur, Tamilnadu and Exclusive charge on land and Building of corporate office in Mansarovar Garden, New Delhi. External Commercial Borrowing is secured against Equitable mortgage on land and building at Tapukara, Rajasthan Unit on Exclusive basis and Specific charge on Plant and machinery at Tapukara, Rajasthan Unit)		
c) From State bank of Patiala :- Loan outstanding as at 31st March 2011 Rs 24,58,86,091 (Previous Year 10,10,19,481) (Principal amount including interest repayable within 12 Months is Rs 2,52,22,091 (Previous Year Rs 1,76,87,481) )		
(Secured against First Pari Passu charge with Axis Bank over the fixed assets of Rai Unit ( Present and future) including equitable mortgage of Factory Land and Building at Rai, Sonapat and first charge on movable fixed assets of Hosur unit- III (tamilnadu) and Mysore unit -IV Karnataka and Second charge over the entire fixed assets of unit VI nalagarh Unit (first charge with Citibank)		
d) From Axis Bank :- Loan outstanding as at 31st March 2011 Rs 30,02,34,933 (Previous Year NIL ) (Principal amount including interest repayable within 12 Months is Rs 2,52,34,933 (Previous Year Nil) )		
(Secured against First Pari Passu charge on the movable and immovable fixed assets of Rai Unit including equitable mortgage of Factory Land and Building of Rai Unit with State Bank of Patiala and secured against First Pari Passu Charge on movable fixed assets of kundli unit and Unit -2 at Hosur with Citibank).		
<b>B) WORKING CAPITAL ADVANCES FROM BANKS</b>		
a) From Citibank NA :- Loan outstanding as at 31st March 2011 Rs 31,27,82,305 (Previous Year Rs 8,16,30,028) (Principal amount repayable within 12 months from the date of Balance sheet Rs 31,27,82,305 (Previous Year Rs 8,16,30,028) )		
(Secured against First Pari Passu Charge on 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 )		
b) From Standard Chartered Bank :- Loan outstanding as at 31st March 2011 Rs 6,96,15,026 (Previous Year Rs 12,18,45,097) (Principal amount repayable within 12 months from the date of Balance sheet Rs 6,96,15,026 (Previous Year Rs 12,18,45,097))		
(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 unit Haryana & Thally Road Hosur,Tamilnadu ).		
<b>C) LOANS SECURED AGAINST HYPOTHECATION OF VEHICLES</b>		
( Loan from Banks and Others are secured against hypothecation of Vehicles, However Vehicle in case of Loan from others has been purchased/ delivered in the month of April'2011, whereas the Loan was disbursed upto 31.03.11. Vehicle Loan outstanding as at 31st March 2011 Rs 2,12,56,804 (Previous Year Rs 1,14,99,121 ) (Principal amount repayable within 12 months from the date of Balance Sheet Rs 72,28,655 (Previous Year Rs 38,19,938) )		

### SCHEDULE 4

#### DEFERRED TAX LIABILITY (NET)

##### Deferred Tax Liabilities

i) On Difference in Depreciation and other differences in book value of Fixed assets as per Financial Books and Income Tax Books	151,856,384	151,856,384	126,548,387	126,548,387
<b>Less :- Deferred Tax Assets</b>				
i) On Disallowances under Income Tax Act 1961	5,239,957		5,325,992	
ii) On Tax Effect of Share Issue Expenses	-		2,460,574	
<b>TOTAL</b>		<b>146,616,427</b>		<b>7,786,566</b>
				<b>118,761,821</b>



## SCHEDULES TO THE BALANCE SHEET (Contd.)

## SCHEDULE 5

## FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK		DEPRECIATION/AMORTIZATION		NET BLOCK	
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	Upto 31.03.2011	As at 31.03.2011
<b>Tangible Assets</b>						
Land Free hold	293,046,295	508,092		293,554,387	-	293,046,295
Land Lease hold	1,682,900	163,846,048		165,528,948	1,743,587	163,785,361
Buildings	272,482,245	343,485,752		615,967,997	56,412,981	559,555,016
Plant & Machinery	1,029,825,465	276,757,979	5,345,614	1,301,237,830	377,584	232,450,170
Office Equipments	12,910,134	4,305,414	16,640	17,198,908	1,198	800,267,923
Vehicles	63,159,963	13,009,410	5,629,637	70,539,736	2,787,030	10,091,052
Mould, Block & Dies	172,087,541	50,744,942		222,832,483		36,898,985
Tools & Equipments	26,029,896	5,525,697		31,555,593		75,054,482
Furniture & Fixtures	34,230,575	19,141,474		53,372,049		12,918,956
Electrical Installations	48,303,264	28,823,939	110,255	77,016,948		24,329,816
Computers	24,570,507	3,419,075		27,989,582		36,117,203
<b>Intangible Assets</b>						
Computer Software	10,233,939	1,796,437		12,030,376		5,449,837
Development Expenditure	10,801,235			10,801,235		2,687,498
Technical Know How	2,028,613			2,028,613		3,656,971
<b>Total</b>	<b>2,001,392,572</b>	<b>911,364,259</b>	<b>11,102,146</b>	<b>2,901,654,685</b>	<b>3,178,770</b>	<b>1,535,313,761</b>
<b>Previous Year</b>	<b>1,745,989,196</b>	<b>257,581,518</b>	<b>2,178,142</b>	<b>2,001,392,572</b>	<b>466,078,811</b>	<b>1,535,313,761</b>
<b>Capital Work-in-Progress</b>						<b>188,905,066</b>
						<b>252,258,701</b>

## NOTES:

- Rs. Current Year Previous Year
1. Depreciation & Amortization for the year  
 Less: Capitalised as pre-operative expenditure  
 Less: Depreciation on revalued assets withdrawn from building revaluation reserve  
 Depreciation & amortization charged to Profit & Loss Account
- Rs. Current Year Previous Year
2. Addition to mould, block & dies includes inhouse development of moulds, block & dies amounting to Rs. 2,25,83,081 (Previous year Rs. 1,98,55,526)
3. Gross Block of Land free hold includes Rs. 11,74,77,278 and gross block of Buildings includes Rs. 2,97,01,382 on account of revaluation carried out in the past years based on reports issued by Government approved valuers.
4. Additions and capital work in progress include Rs. 39,29,101 (Net Gain) [Previous Year-Rs. Nil] on account of Mark to Market gain on ECB Loan as per option exercised under para 46 of AS- 11.
5. Capital Work in progress includes:
- | Particulars  | Current Year       | Previous Year      |
|--|--------------------|--------------------|
| i. Fixed assets under construction                   | 98,098,967         | 220,309,495        |
| ii. Advance against capital expenditure              | 57,065,844         | 14,816,076         |
| iii. Fixed assets under installation                 | 17,262,870         | 10,390,972         |
| iv. Pre-operative expenditure pending capitalization | 13,430,716         | 6,287,341          |
| v. Fixed assets in transit                           | 3,046,669          | 454,817            |
| <b>Total</b>   | <b>188,905,066</b> | <b>252,258,701</b> |

## SCHEDULES TO THE BALANCE SHEET (Contd.)

(Amount in Rs)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE 6</b>		
<b>INVESTMENTS</b>		
<b>LONG TERM INVESTMENTS (Valued at Cost)</b>		
<b>NON TRADE AND UNQUOTED</b>		
a) M/s Shivalik Solid Waste Management Ltd. 20,000 (P.Y. 20,000 ) equity shares of Rs 10 each fully paid up	200,000	200,000
b) Equity Shares in wholly owned foreign Subsidiary company FIEM INDUSTRIES JAPAN CO., LTD. 10 (P.Y. 10) fully Paid Equity shares of 50,000 JPY each	262,040	262,040
<b>TOTAL</b>	<b>462,040</b>	<b>462,040</b>
<b>SCHEDULE 7</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>CURRENT ASSETS</b>		
<b>Inventories</b> (As per Inventory taken valued & certified by the management and valued at lower of cost or net realisable value )		
a) Raw Material and Components	200,676,626	129,318,255
b) Stores and Spares (including Packing Material)	18,164,861	12,108,855
c) Work in Progress	106,596,199	66,013,779
d) Mould, Tools and Dies (Traded)	9,803,443	23,711,853
e) Other Traded Goods	934,200	879,549
f) Finished Goods	75,876,195	38,171,243
	412,051,524	270,203,534
Material in Transit	8,848,502	3,120,980
<b>TOTAL [A]</b>	<b>420,900,026</b>	<b>273,324,514</b>
<b>Sundry Debtors</b> Debt Outstanding for a period exceeding Six Months		
a) Considered Good	18,733,753	15,524,481
b) Considered Doubtful	3,305,956	2,739,614
Other Debts :- Considered Good	444,391,953	291,827,223
	466,431,662	310,091,319
Less:- Provision for Doubtful Debts	3,305,956	2,739,614
<b>TOTAL [B]</b>	<b>463,125,706</b>	<b>307,351,705</b>
<b>Cash and Bank Balances</b>		
Cash in Hand	1,436,435	1,263,986
Balances in Current Account		
- with Scheduled banks	8,818,779	8,933,026
- with Others	798,766	1,283,019
In Deposit with Banks (Rs 12,70,690 (Previous year Rs 18,29,224) pledged with bank and others)	3,620,690	1,904,224
Add : Interest Accrued	157,699	118,556
	3,778,389	2,022,780
Unpaid Dividend Account	222,135	166,824
<b>TOTAL [C]</b>	<b>15,054,504</b>	<b>13,669,635</b>
<b>Loans and Advances</b> (Unsecured but considered good)		
Advances Recoverable in cash or in kind or for value to be received.	16,205,253	11,338,320
Advances for Goods other than Capital Goods	28,374,091	32,816,199
Security Deposits	20,021,988	10,660,184
Loan to foreign Subsidiary	1,620,600	242,200
Balance with Customs, Excise Department	70,810,847	41,141,132
Balance with Sales Tax Department	2,534,176	2,158,539
Advance Income Tax (Including TDS)	13,878,573	41,050,078
MAT Credit Entitlement	16,350,000	-
<b>TOTAL [D ]</b>	<b>169,795,527</b>	<b>139,406,652</b>

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

	<b>AS AT 31.03.2011</b>	<b>AS AT 31.03.2010</b>
		<b>SCHEDULE 8</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors		
i) Due to Micro, Small and Medium Enterprises	2,480,153	-
ii) Due to Other Creditors	603,714,130	464,480,092
Advances from Customers	66,187,676	50,972,532
Interest accrued but not due on loans	1,711,924	82,526
Unpaid Dividends	222,135	166,824
Security Deposits from Dealers	7,987,251	4,917,550
Liabilities for Expenses	38,274,227	25,055,127
Other Liabilities *	65,135,939	136,108,606
<b>TOTAL</b>	<b>785,713,435</b>	<b>681,783,257</b>
<b>Note :</b>		
* Other Liabilities include fair value of Foreign Exchange Forward and Swap Contracts		
<b>PROVISIONS</b>		
Taxation		
I. Income Tax and Wealth Tax	15,524,000	33,800,000
II. Corporate Dividend Tax	4,851,431	4,966,941
	20,375,431	38,766,941
Proposed Dividend	29,905,565	29,905,565
Warranties	1,043,226	735,740
Excise Duty	3,033,701	1,136,453
<u>Retirement Benefits</u>		
Gratuity	588,047	4,249,663
Earned Leave	5,407,477	4,411,067
	5,995,524	8,660,730
<b>TOTAL</b>	<b>60,353,447</b>	<b>79,205,429</b>
		<b>SCHEDULE 9</b>
<b>MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off/or adjusted)		
<b>Increase in Authorised Capital</b>		
Opening Balance	117,000	296,900
Less :- Written off during the year	117,000	179,900
	-	117,000
<b>TOTAL</b>	<b>-</b>	<b>117,000</b>

## SCHEDULES TO THE PROFIT & LOSS ACCOUNT

(Amount in Rs)

		Current Year 2010-11	Previous Year 2009-10
			<b>SCHEDULE 10</b>
<b>NET SALES</b>			
Manufactured Sale			
- Automotive Goods			
Domestic	3,936,106,578	2,715,468,803	
Export Sale	130,724,840	128,497,709	
Sales to Foreign Subsidiary	1,086,116	420,856	
- Mould Dies and Tools	11,933,285	12,916,863	
	4,079,850,819		2,857,304,231
Traded Sale			
- Mould Dies and Tools-Domestic	38,007,758	41,742,250	
- Mould Dies and Tools-Export	29,232,832	5,111,721	
- Other Goods	25,810,937	37,729,847	
	93,051,527		84,583,818
<b>TOTAL</b>	<b>4,172,902,346</b>		<b>2,941,888,049</b>
			<b>SCHEDULE 11</b>
<b>OTHER INCOME</b>			
Testing Charges Received	1,930,580	2,275,619	
Duty Drawback / Deemed Export Benefit	622,935	564,796	
Mould Dies and Tool Modification Charges	5,892,461	1,058,961	
Design and Development Charges Received from Subsidiary	27,274,902	-	
Interest Received (TDS 0.42 Lac P.Y. Rs 0.59 Lac )	414,396	398,582	
Interest Received on Income Tax Refund	2,600,382	1,456,659	
Miscellaneous Income	2,167,798	2,732,839	
Difference in Foreign Exchange	(803,453)	(102,386)	
<b>TOTAL</b>	<b>40,100,002</b>		<b>8,385,070</b>
			<b>SCHEDULE 12</b>
<b>INCREASE / (DECREASE) IN STOCK</b>			
<b>Stock in Trade at Close</b>			
a) Work in Progress	106,596,199	66,013,779	
b) Finished Goods	75,876,195	38,171,243	
	182,472,394		104,185,022
<b>Stock in Trade at Commencement</b>			
a) Work in Progress	66,013,779	128,453,474	
b) Finished Goods	38,171,243	32,159,759	
	104,185,022		160,613,233
<b>TOTAL</b>	<b>78,287,372</b>		<b>(56,428,211)</b>
			<b>SCHEDULE 13</b>
<b>COST OF GOODS TRADED IN</b>			
Opening stock	879,549	1,198,085	
Add :- Purchases	23,131,047	33,466,688	
Less :- Closing Stock	934,200	879,549	
<b>TOTAL</b>	<b>23,076,396</b>		<b>33,785,224</b>

**SCHEDULES TO THE PROFIT & LOSS ACCOUNT (Contd.)**

	Current Year 2010-11	(Amount in Rs) Previous Year 2009-10
<b>COST OF MOULDS, DIES AND TOOLS FOR SALE</b>		<b>SCHEDULE 14</b>
Opening stock	23,711,853	5,263,906
Add:- Purchases	47,233,900	55,761,437
Less :- Closing Stock	9,803,443	23,711,853
<b>TOTAL</b>	<b>61,142,310</b>	<b>37,313,490</b>
<b>RAW MATERIAL CONSUMED</b>		<b>SCHEDULE 15</b>
Opening Stock of Raw Material	129,318,255	85,301,759
Add :- Purchases of Raw material	2,617,851,160	1,731,123,377
Less :- Closing Stock of Raw Material	200,676,626	129,318,255
<b>TOTAL</b>	<b>2,546,492,789</b>	<b>1,687,106,881</b>
<b>MANUFACTURING EXPENSES</b>		<b>SCHEDULE 16</b>
Wages & Allowances including Bonus	325,914,317	236,334,632
Contribution to Provident fund, ESI fund and other funds	6,639,004	4,272,692
Power & Fuel	184,282,539	139,500,486
Job Charges	3,787,294	4,872,346
Consumable Stores	60,879,800	49,372,706
Repair - Plant & Machinery	40,080,383	28,392,032
Repair - Dies	7,827,779	5,678,385
Factory / Godown Rent	2,828,797	2,196,700
Packing Expenses	106,442,617	62,645,841
Freight, Cartage & Octroi	35,068,552	25,562,447
Increase/(decrease) of excise duty in stocks of Finished Goods	1,897,248	148,230
Testing Fees	4,642,916	4,751,652
Segregation Charges Paid	177,075	301,215
<b>TOTAL</b>	<b>780,468,321</b>	<b>564,029,364</b>
<b>EMPLOYEE COST</b>		<b>SCHEDULE 17</b>
Salaries & Allowances Including Bonus	101,296,255	80,116,054
Contribution to Provident fund, ESI fund and other funds	2,072,717	1,717,761
Staff Welfare Expenses	20,156,627	12,812,335
Gratuity to staff	3,651,233	3,043,577
Earned Leave to staff	1,673,954	1,161,314
<b>TOTAL</b>	<b>128,850,785</b>	<b>98,851,040</b>
<b>COST OF FINANCE</b>		<b>SCHEDULE 18</b>
<b>Interest</b>		
a. To Banks on CC & Term Loans	69,845,797	24,315,616
b. To Others	1,817,721	1,395,923
Bill Discounting Expense	19,461,934	5,821,198
Bank Charges	1,259,181	1,255,765
Processing Charges	2,612,500	506,250
<b>TOTAL</b>	<b>94,997,133</b>	<b>33,294,752</b>



## SCHEDULES TO THE PROFIT & LOSS ACCOUNT (Contd.)

	(Amount in Rs)	
	Current Year 2010-11	Previous Year 2009-10
<b>ADMINISTRATIVE AND SELLING EXPENSES</b>		<b>SCHEDULE 19</b>
Advertisement, Sub & Membership Exp.	2,757,094	6,250,550
Auditor's Remuneration	3,000,000	2,250,000
Brokerage and Commission	164,788	27,000
Donation	613,157	688,739
Insurance Charges	2,521,875	1,511,459
Bad debt written off	348,904	29,198,683
Provision for Bad and Doubtful Debt	566,342	(1,627,966)
Rent	747,709	809,307
Repair & Maintenance- Building	850,917	419,037
Repair & Maintenance- Other	8,829,795	6,507,542
Royalty	5,000,000	5,000,000
Loss on sale of Fixed Assets	2,047,461	321,491
Exchange Difference -Derivatives	33,388,490	32,110,753
Loss on Settlement of Target Redemption Forward Contract	177,051,673	-
Selling & Distribution Expenses	48,696,588	31,233,988
Cash Discount on sales	940,293	9,157,815
Travelling Expenses	15,191,159	12,551,156
Miscellaneous Expenditure written off	117,000	179,900
Other Office Expenses	65,186,659	52,274,305
<b>TOTAL</b>	<b>368,019,904</b>	<b>188,863,759</b>

## SCHEDULE-20

Significant Accounting Policies and Notes to Accounts attached to and forming part of the Financial Statements as at 31.03.2011.

**SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Preparation of Financial Statements**

- 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 (GAAP) in India, which comprise of mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 (as amended), other pronouncements of the Institute of Chartered Accountants of India, the relevant 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 change 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 and disclosures relating to contingent liabilities as at the date of the financial statement and the reported amount of the income and expenses during the year. 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 expenses, provision for income tax, useful life of fixed assets etc. The estimates are based upon management knowledge of current events and economic circumstances.

**C. Fixed Assets**

- I. Fixed assets are valued at the historical cost of acquisition, construction or manufacturing cost, as the case may be, except for certain fixed assets, which have been stated at revalued amounts less accumulated depreciation and amortization. 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 period pending allocation and fixed assets in transit that are not yet received for their intended use at the balance sheet date.

- V. In respect of accounting periods commencing on or after 7<sup>th</sup> December, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

**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. Finished stocks lying in the factory premises, branches, Depots are valued inclusive of 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 for which facilities for reprocessing do not exist have been valued at net realizable value.
- V. Goods in transit are stated as a component of inventories if the significant risk and rewards of ownership have passed to the company and valued at actual cost incurred up to the date of Balance Sheet.

**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 or 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 on fixed assets is provided on 'Straight Line Method' in accordance with the provisions of Section 205 (2) (b) of the Companies Act, 1956 in the manner and at the rates specified in Schedule XIV to the said act.
- II. Premium on Leasehold land is amortized over the period of lease term.
- III. Depreciation on assets purchased during the year has been charged from the date of purchase.
- IV. Depreciation on assets sold, discarded or demolished during the year is being provided at their rates up to the date of sale, discarded or demolished.

- V. Technical know-how expenses are amortized over a period of 5 years.
- VI. Depreciation on computer software is charged on Straight Line Method at the rate of 16.21%.
- VII. Assets purchased during the year costing Rs. 5,000 or less are wholly depreciated in the year of purchase.
- VIII. Depreciation is not charged on capital work in progress until construction and installation are complete and asset ready for its intended use.
- IX. On the revalued assets, the difference between the depreciation calculated on the revalued amount & on the original cost is charged to the Revaluation Reserve.

#### **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. In case of monetary assets and liabilities, which are hedged, are accounted as per the terms of contract for hedging.
- III. Non-monetary assets and liabilities denominated in foreign currency items are carried at historical 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. Premium or discount on forward contracts is amortized over the life of contracts and is recognized as income or expense.
- VII. Exchange differences, in respect of accounting periods commencing on or after 7<sup>th</sup> December, 2006 arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements in so far as they relate to the acquisition of a depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset. In other cases, they are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or after 31<sup>st</sup> March, 2012.

#### **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 transferred to the customers. Sale

is shown net of excise duty. The Excise Duty is separately disclosed.

- III. Revenue in respect of contracts for services is recognized on completion of services.
- IV. Inter-unit/warehouse transfer has not been considered as part of "Turnover".
- V. Insurance claims are accounted for based on certainty of realization.
- VI. Interest and other dues are accounted on accrual basis.
- VII. Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book Scheme" are recognized in the year the goods are exported if the same can be measured with reasonable accuracy.

#### **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. Gratuity 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. Provision for tax is made for the current accounting period on the basis of the taxable profits computed accordance with the Income Tax Act, 1961.
- II. Minimum Alternate Tax (MAT) is paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an assets if there is convincing evidence that the Company will pay normal income tax during the specified period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the assets can be measured reliably. The said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.
- III. Deferred Tax 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 finished goods on the basis of both payments made in respect of goods cleared as also goods lying in warehouse/factory. 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.

## T. Segment Reporting Policies

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic unit that offers different products and serves different market. The analysis of geographical segments is based on the geographical location of the customers.

#### U. Operating Lease

Leases other than finance lease, are operating leases, and the leased assets are not recognized on the Company's balance sheet. Payments under operating leases are recognized in statement of operations on a straight-line-basis over the term of the lease.

dies etc for two-wheeler and four wheeler applications. It has entered into a technical assistance agreement with Ichikoh Industries Limited, Japan.

#### 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 &

##### 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. Capital Commitments

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
Estimated amount of contracts remaining to be executed on capital account and not provided for; Net of Advances	5,79,15,452	1,83,52,522

##### 4. Contingent Liabilities:

(Amount in Rs.)

Sr. No.	Particulars	31.03.2011	31.03.2010
a.	<b>Performance and Financial Guarantees given by Banks on behalf of the Company</b>		
	Guarantee given to Custom & Excise Authorities	18,30,570	18,30,570
	Guarantee given to Commercial Tax Officers	3,85,000	3,25,000
	Guarantee given to Himachal Pradesh Electricity Board H.P.	18,30,000	12,00,000
	Guarantee given to Original Equipment Buyer (OEM) against supply of moulds & dies within the stipulated time	2,50,04,900	89,81,025
	Guarantee given to Haryana State Pollution Control Department	20,16,135	20,16,135
	Guarantee given to Dept of Indigenization /DGEME Ministry of Defence New Delhi against supply of Automotive lights within the stipulated time.	45,077	45,077
	Guarantee given to APSRTC Hyderabad against supply of Automotive lights within the stipulated time.	1,00,000	-
b.	<b>Disputed Liabilities in appeal</b>		
	Excise duty demand on account of availing excess CENVAT credit on input procured from a 100% Export oriented undertaking and penalty equal to excise duty taken	25,07,076	25,07,076
	Income Tax matters under dispute in respect of Assessment Year 2006-07 for which Company has filed appeal with CIT (Appeals), New Delhi	-	4,77,395
c.	<b>Sales Bill Discounted from Banks</b>		
	Sales Bill Discounted from Bank Not Matured up to reporting date	25,83,81,802	19,09,19,068

##### 5. Related Party Disclosures

Name of Related Parties, Transactions and Balances at Reporting date are as follows:

Name of Related Party	
<b>Key Management Personnel</b>	
Jagjevan Kumar Jain	Chairman and Managing Director
Seema Jain	Whole Time Director
Aanchal Jain	Whole Time Director
JSS Rao	Whole Time Director
Kashi Ram Yadav	Whole Time Director
<b>Relative of Key Management Personnel</b>	
Rahul Jain	Son of Jagjevan Kumar Jain-Chairman and Managing Director and Seema Jain-Whole time Director, Brother of Aanchal Jain-Whole Time Director



<b>Related Parties Controlled by Key Management personnel</b>	
Fiem Auto Private Limited	Entity Controlled by Key Management Personnel
Jagjeevan Kumar Jain (HUF)	Entity Controlled by Key Management Personnel
Fiem Auto & Electrical Industries	Entity Controlled by Key Management Personnel
<b>Subsidiary Company</b>	
Fiem Industries Japan Co. Ltd.	100% Subsidiary Company Incorporated in Japan

(Amount in Rs.)

Particulars	Transaction Value		Outstanding Amount	
	2010-2011	2009-2010	31st March 2011	31st March 2010
<b>Key Management Personnel</b>				
Remuneration	2,22,24,864	2,22,24,864	15,77,962	8,36,801
Interest	13,10,576	11,21,875	-	-
Dividend	95,88,567	95,09,292	-	-
<b>Relative of Key Management Personnel</b>				
Dividend	1,04,69,235	1,00,49,920	-	-
<b>Related Parties Controlled by Key Management personnel</b>				
Brand Royalty	50,00,000	50,00,000	17,81,750	-
Dividend	2,39,845	2,39,845	-	-
<b>Subsidiary Company</b>				
Sales of Goods	10,86,116	4,20,856	15,38,674	4,07,061
Sales of Services	2,72,74,902	-	2,67,42,636	-
Purchases of Goods	11,91,048	14,77,576	15,00,460	13,45,470
Long Term Loan	13,74,000	2,62,041	16,20,600	2,42,200
Investment	-	2,62,040	2,62,040	2,62,040
Due from Subsidiary Co.	6,24,086	26,73,408	32,97,494	26,73,408

## 6. Deferred Tax Adjustments

The components of Deferred Tax Liability and Assets recognized in the financial statements are as under:

(Amount in Rs.)

Particulars	31.03.2011	Addition / (Deduction) During the Year	31.03.2010
<b>Deferred Tax Liability:</b>			
<b>On account of timing difference in</b>			
Depreciation & Amortization and other timing difference in block of Assets	15,18,56,384	2,53,07,997	12,65,48,387
<b>Total (A)</b>	15,18,56,384	2,53,07,997	12,65,48,387
<b>Deferred Tax Assets:</b>			
<b>On account of timing difference in</b>			
Amalgamation & Merger Expenses	-	(59,478)	59,478
Provision for Bad & Doubtful Debts	10,72,618	1,62,587	9,10,031
Provision for Leave Encashment	17,54,456	2,89,210	14,65,246
Provision for Gratuity	1,90,792	(12,20,840)	14,11,632
Provision for Bonus	16,08,861	3,80,074	12,28,787
Provision for Warranty	3,38,475	94,080	2,44,395
Share Issue Expenses	-	(24,60,574)	24,60,574
Welfare Fund	9,768	3,345	6,423
Interest Accrued on FCNR Loan	2,64,987	2,64,987	-
<b>Total (B)</b>	52,39,957	(25,46,609)	77,86,566
<b>Net Deferred Tax Liability (A-B)</b>	<b>14,66,16,427</b>	<b>2,78,54,606</b>	<b>11,87,61,821</b>
Previous Year	11,87,61,821	1,54,01,107	10,33,60,714

## 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	31.3.2011	31.3.2010
A	Profit attributable to equity shareholders	11,42,70,368	10,75,02,536
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.)	9.55	8.99

## 8. Payments to Auditors

(Amount in Rs.)

Particulars	2010-2011	2009-2010
For Statutory Audit	17,50,000	10,00,000
For Tax Audit	2,50,000	2,50,000
For Limited Review	6,00,000	6,00,000
For Other certification Services	4,00,000	4,00,000
<b>Total</b>	<b>30,00,000</b>	<b>22,50,000</b>

## 9. Directors Remuneration

(Amount in Rs.)

Particulars	2010-2011	2009-2010
Salaries and Allowances	2,19,13,824	2,19,13,824
Contribution to Provident Fund	1,31,040	1,31,040
Perquisite and other benefits	1,80,000	1,80,000
<b>Total</b>	<b>2,22,24,864</b>	<b>2,22,24,864</b>

Note:-

- The above figures do not include provisions for leave encashment and gratuity 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.
- As no commission is payable to the directors, the computation of net profits in accordance with section 309 (5) read with section 349 of the Companies act, 1956 has not been given.

## 10. Segment Reporting

Business Segments:

The Company's operations are manufacture of various types of automotive lighting system and accessories. Since the Company's business activity falls within a single business segment, there are no additional disclosures to be provided under Accounting Standard-17 'Segment Reporting'.

Geographical Segments:

The geographical segment comprises of domestic and overseas market. The following table shows the distribution of the Company's Consolidated sales by geographical market, regardless of where the goods were produced:

(Amount in Rs.)

Location	Sales Revenue by Geographical Market	
	2010-2011	2009-2010
Domestic Market	4,01,18,58,559	2,78,91,29,307
Overseas Market	16,10,43,787	15,27,58,742
<b>Total</b>	<b>4,17,29,02,346</b>	<b>2,94,18,88,049</b>

Sundry Debtors by Geographical Market		
	31.3.2011	31.3.2010
Domestic Market	41,27,03,419	28,77,37,455
Overseas Market	5,04,22,287	1,96,14,250
<b>Total</b>	<b>46,31,25,706</b>	<b>30,73,51,705</b>

Note:

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

## 11. CIF Value of Imports (Excluding imported items purchased locally)

(Amount in Rs.)

Particulars	2010-2011	2009-2010
Raw Materials	9,92,10,695	7,67,24,050
Capital Goods	3,62,04,862	3,17,37,072
Trading Goods	4,55,62,291	6,72,62,463
Components & Spare Parts	26,17,539	41,10,040
Consumable Stores	29,43,330	35,20,153
<b>Total</b>	<b>18,65,38,717</b>	<b>18,33,53,778</b>

## 12. Expenditure in Foreign Currency

(Amount in Rs.)

Particulars	2010-2011	2009-2010
Travelling Expenses	30,79,092	18,65,454
Legal & Professional Charges	15,97,126	16,24,050
Interest	19,82,922	-
Overseas Office Expenses	-	13,40,821
Others	470,828	12,35,372
<b>Total</b>	<b>71,29,968</b>	<b>60,65,697</b>

## 13. Income in Foreign Currency

(Amount in Rs.)

Particulars	2010-2011	2009-2010
Export Sales (On FOB Value)	12,48,49,087	12,71,70,020
Design & Development Charges	2,72,74,902	-
Packing & Forwarding	1,46,300	3,15,675
Testing Charges Recovered	-	41,000
Moulds & Dies Modification Charges	-	6,39,630
Others	2,13,296	6,57,340
<b>Total</b>	<b>15,24,83,585</b>	<b>12,88,23,665</b>

## 14. Lease Transaction

Certain factory/depot premises, guesthouse premises and plant & machinery are obtained on operating leases. There are no contingent rents in the lease agreements. The lease terms are for 1-3 years and are renewable at the mutual agreement of the both the parties. There are no restrictions imposed by lease arrangements. There are no subleases and all the leases are cancelable in nature.

(Amount in Rs.)

Particulars	2010-2011	2009-2010
Total of future minimum lease payments under cancelable operating lease for following periods:		
-Not later than one year	19,48,480	23,82,774
-Later than one year and not later than five years	34,89,666	17,39,200
-Lease payment recognized in Profit & Loss Account	45,59,365	41,78,612

## 15. (a) Exchange Differences on account of Fluctuation in Foreign Currency Rates

(Amount in Rs.)

Nature of Exchange Fluctuation	2010-2011	2009-2010
<b>Exchange differences gains/(loss) recognized in the Profit and Loss Account</b>		
Relating to Export during the year as a part of 'Sales'	23,51,046	(3,14,622)
Relating to Import during the year as a part of 'Purchase'	7,66,087	18,97,987
On Settlement of other transaction as a part of "Other Income"	(8,03,453)	(1,02,386)
On Expiry/Cancellation of Derivative Instruments during the year	(21,03,77,099)	(3,38,55,413)
<b>Exchange differences gains/(loss) recognized in the Capital Account</b>		
Relating to Liabilities against Capital Assets settlement during the year	8,04,201	(3,78,567)
On Marked to Market Gain/(Loss) on change in Value of Foreign Currency Loan (Consequent to notification, issued by Ministry of Corporate Affairs, amending the Accounting Standard AS-11)	39,29,101	-
On Expiry/Cancellation of Derivative Instruments during the year	(19,51,580)	(73,08,054)

**(b) Foreign Currency Monetary Item Translation Difference Account**
**(Amount in Rs.)**

Particulars	31.03.2011	31.03.2010
Opening Balance	-	-
Exchange loss/(gain) during the year	(4,400)	-
Amortization of Exchange Fluctuation for the year	(2,200)	-
Closing Balance	(2,200)	-

**16. 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 31<sup>st</sup> March 2011 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. Product Warranty Adjustment**
**(Amount in Rs.)**

Particulars	31.3.2011	31.3.2010
Opening Balance	7,35,740	5,49,040
Addition	10,43,226	7,35,740
Utilization	7,78,580	5,40,133
Reversal	(-) 42,840	8,907
Closing Balance	10,43,226	7,35,740

**17. Post-Employment Benefits Plans**
**A-Defined Contribution Plan**

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

**(Amount in Rs.)**

Particulars	2010-11	2009-10
Employer's Contribution to Provident Fund	65,11,350	48,16,753
Employer's Contribution to ESI Fund	21,27,775	11,24,216
Employer's Contribution to Wages Welfare Fund	72,596	49,484
<b>Total</b>	<b>87,11,721</b>	<b>59,90,453</b>

**B-Defined Benefit Plans**

Disclosure requirement as per Revised Accounting Standard on Employee Benefit-AS (15)-As per actuarial valuation as on 31.03.2011 are as follows:

**(Amount in Rs.)**

I.	Description	Gratuity		Leave Encashment	
		2010-11	2009-10	2010-11	2009-10
<b>1. Recognized in the Statement of Profit &amp; Loss Account</b>					
	Current Service Cost	34,05,267	39,13,054	15,06,435	12,05,743
	Interest cost on benefit obligation	11,50,562	8,09,205	3,25,784	2,68,112
	Expected return on plan assets	(11,03,103)	(5,99,964)	N/A	N/A
	Net actuarial gain/(loss) recognized in the year	1,98,507	(10,78,718)	(1,58,265)	(3,12,541)
	<b>Total, Included in "Employee Cost"</b>	<b>36,51,233</b>	<b>30,43,577</b>	<b>16,73,954</b>	<b>11,61,314</b>
<b>2. Amount to be Recognized in Balance Sheet</b>		<b>31.03.2011</b>	<b>31.03.2010</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
	Present value of Defined benefit obligation	1,84,82,904	1,46,40,642	54,07,477	44,11,067
	Fair value of plan assets	1,78,94,857	1,03,90,979	-	-
	<b>Net Liability, Shown in "Provisions"</b>	<b>5,88,047</b>	<b>42,49,663</b>	<b>54,07,477</b>	<b>44,11,067</b>
<b>3. Change in the present value of the defined benefit obligation</b>		<b>31.03.2011</b>	<b>31.03.2010</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
	Opening defined benefit plan	1,46,40,642	1,02,37,560	44,11,067	34,53,047
	Interest cost	11,50,562	8,09,205	3,25,784	2,68,112
	Current service cost	34,05,267	39,13,054	15,06,435	12,05,743
	Actuarial (gains)/losses on obligation	(1,96,327)	(74,172)	(1,58,265)	(3,12,541)
	Benefits Paid	(5,17,240)	(2,45,005)	(6,77,544)	(2,03,294)
	<b>Closing defined benefit plan</b>	<b>1,84,82,904</b>	<b>1,46,40,642</b>	<b>54,07,477</b>	<b>44,11,067</b>

	Description	Gratuity		Leave Encashment	
4.	Change in the fair value of the plan assets	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	Opening fair value of plan assets	1,03,90,979	62,12,621	N/A	N/A
	Expected return	11,03,103	5,99,964	N/A	N/A
	Contribution by employer	73,12,849	28,18,853	N/A	N/A
	Actuarial gains/(losses) on obligation	(3,94,834)	10,04,546	N/A	N/A
	Benefits Paid	(5,17,240)	(2,45,005)	N/A	N/A
	<b>Closing fair value of plan assets</b>	<b>1,78,94,857</b>	<b>1,03,90,979</b>	<b>N/A</b>	<b>N/A</b>
5.	<b>Actuarial Assumptions</b>				
	Interest & Discount Rate	8.00%	8.00%	8.00%	8.00%
	Attrition Rate	1.00%	1.00%	1.00%	1.00%
	Retirement Age	58	58	58	58
	Service cost increase rate	6.00%	4.00%	6.00%	4.00%
6.	<b>Categories of Plan Assets</b>				
	<b>Gratuity</b>				
	<b>Particulars</b>	<b>2010-11</b>		<b>2009-10</b>	
		<b>%</b>		<b>%</b>	
	Investment with insurer	100		100	
	Total	100		100	
7.	<b>Experience Adjustment (Gratuity)</b>	<b>31.03.2011</b>	<b>31.03.2010</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
	Opening fair value of plan assets	1,84,82,904	1,46,40,642	1,02,37,560	71,62,390
	Plan Assets	1,78,94,857	1,03,90,979	62,12,621	31,89,259
	Surplus/(deficit)	(5,88,047)	(42,49,663)	(40,24,939)	(39,73,131)
	Exp. Adj. On Plan Liabilities	-	-	-	-
	Exp. Adj. On Plan Assets	-	-	-	-

Notes:

- The estimates of future salary increases; considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.
- Information relating to experience adjustment on Plan Assets and Plan Liability in the actuarial valuation of gratuity as required by Para 120 (n)(ii) of the Accounting standard 15 (Revised) on Employee benefits is not available with the company.
- The company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting standard 15 (Revised) on Employee benefits is not disclosed.

#### 18. Foreign Exchange Derivatives and Exposure outstanding at end of the year

##### A. Cross Currency Swap & Forward Currency Option:

The Company uses Cross-currency swaps (principal only swaps and interest rate swaps) 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 31.03.2011 is as follows.

(Amount in Rs.)

Particulars	No of Contracts	JPY Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
<b>1. Cross-Currency Swap</b>				
Principal Only Swap				
31.03.2011	5	16,15,45,262	5,88,43,750	(2,79,12,140)
31.03.2010	5	30,23,24,148	10,99,68,750	(3,64,77,060)
Interest Swap				
31.03.2011	5	1,02,63,172	44,90,257	(10,53,860)
31.03.2010	5	3,01,05,968	1,29,99,673	(15,83,660)
<b>Particulars</b>	<b>No of Contracts</b>	<b>USD Equivalent</b>	<b>INR Equivalent</b>	<b>Fair Value (Gain/(Loss))</b>
<b>2. Forward Currency Option</b>				
31.03.2011	2	54,80,000	23,64,86,000	(81,96,000)
31.03.2010	2	98,00,000	42,35,66,000	(1,88,06,000)

Note:

For the purpose of fair valuation of aforesaid above contracts, the conversion rate of foreign currency as on 31.03.2011 has been adopted on the basis of the exchange rates as per Reserve Bank of India (RBI).

## B. Target Redemption Forward Contracts

The company uses Target Redemption Forward Contract to hedge its exposure in foreign currency receivables. The counter party is bank. These contracts are for a period of three years.

1. One of the Target Redemption Contracts consists of a total 36 foreign exchange ("FX") transactions and the final settlement date was 12<sup>th</sup> October 2010. At each expiry date, the reference exchange rate is compared to the strike rate. If the reference exchange rate is more than or equal to strike rate, then the notional amount of USD 1,25,000 is applicable. On the other hand, if the reference exchange rate is less than the strike rate, then the notional amount is USD 2,50,000 is applicable. The entire Target Redemption Contract is subject to knock out conditions. This contract has been finally settled during the year and has resulted in a loss of Rs. 10,71,23,712 (Previous Year: This contract was fair valued as on 31.03.2010 and resulted in a notional loss of Rs. 4,48,37,275).
2. The other Target Redemption Contracts consists of a total 36 foreign exchange ("FX") transactions and the final settlement date was 22<sup>nd</sup> February 2011. At each expiry date, the reference exchange rate is compared to the strike rate. If the reference exchange rate is more than or equal to strike rate, then the notional amount of USD 1,25,000 is applicable. On the other hand, if the reference exchange rate is less than the strike rate, then the notional amount is USD 2,50,000 is applicable. The entire Target Redemption Contract is subject to knock out conditions. This contract has been finally settled during the year and has resulted in a loss of Rs. 6,99,27,961 (Previous Year: This contract was fair valued as on 31.03.2010 and resulted in a notional loss of Rs. 1,70,24,238).

## C. Movement in Hedging Reserve Account

The movement in Hedging Reserve Account during the year ended March 31, 2011, for derivative transactions.

(Amount in Rs.)

Sr. No.	Particulars	31.03.2011		31.03.2010	
1.	Balance at the beginning of the year		(11,87,28,233)		(18,68,25,250)
2.	Loss recorded/booked on occurrence of settlement of hedge transaction.				
	Cross Currency Swap-Principal Swap	2,42,64,497		2,08,91,697	
	Cross Currency Swap-Interest Swap	21,29,495		27,22,570	
	Forward Currency Option	88,83,014		1,75,49,200	
	Target Redemption Forward Contract	17,70,51,673	21,23,28,679	-	4,11,63,467
3.	Changes in the fair Value of derivative transaction		(13,07,62,446)		2,69,33,550
4.	Balance at the end of the year		(3,71,62,000)		(11,87,28,233)

## D. Foreign Exchange Currency Exposure Fully Hedged

During the year, the Company has taken FCNR Based loan for 360 days against cash existing credit facility with CITIBANK N.A., which are fully protected against the currency and interest movements in the market. The basic details are as follows.

Purpose	To Finance working capital requirement of the Company
Amount	USD 13,15,789.47 equivalent to INR 6,00,00,000
Booking Date	February 2, 2011
Maturity Date	January 27, 2012
Interest Rate	USD LIBOR + 1.25% p.a. payable monthly
Additional Interest Cost for Hedged	INR 51,61,316/- (Fully Hedged @10.75% p.a.) (Payable at the time of Maturity Date)

## E. 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 Transaction	Currency	31.03.2011		31.03.2010	
		INR	FC	INR	FC
<b>Payables</b>					
-For Import of Raw Material	USD	-	-	6,86,128	15,200
	JPY	31,21,060	57,77,600	13,45,470	27,77,600
-For Import of Capital Goods	JPY	11,27,668	20,87,500	4,54,840	9,38,976
	EURO	1,83,270	2,898	15,25,261	25,186
	USD	-	-	81,39,782	1,80,323
	GBP	10,78,231	14,990	10,19,770	14,990
-For Foreign Currency Loan	JPY	29,24,10,993	54,13,01,356	-	-



<b>Receivables</b>					
-For Export of Goods & Service	GBP	14,72,297	20,468	21,92,607	32,230
	JPY	3,37,07,546	6,23,98,270	-	-
-For Foreign Currency Loan	JPY	16,20,600	30,00,000	2,42,200	5,00,000
-Bank Balance	USD	3,68,320	8,249	3,59,176	7,957
	JPY	7,98,766	14,78,648	12,83,339	26,49,337
	EURO	16,09,142	25,445	-	-

Note: - The conversion rate of foreign currency as on 31.03.2011 have been adopted on the basis of the rates disclosed by the RBI.

### 19. Micro, Small and Medium Enterprises

The detail of amounts to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Act, 2006 (MSMED Act), based on the available information with the Company are as under:

(Amount in Rs.)

Sr. No.	Particulars	31.03.2011	31.03.2010
1.	Principal amount due and remaining unpaid	24,80,153	-
2	Interest due on (1) above and unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act.	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

### 20. Additional information pursuant to the provisions of Part II of Schedule VI to the Companies Act 1956.

#### a. Licensed and Installed Capacity

Particulars	Units	31.03.2011	31.03.2010
Licensed Capacity	Nos.	N/A	N/A
Installed Capacity	Nos.	N/A	N/A

#### b. Detail of Sales (Net of Excise Duty)

Product	Units	2010-11		2009-10	
		Qty	Rs.	Qty	Rs.
Manufactured Goods					
Automotive Lights, Signaling Equipment & Parts	Nos.	3,15,62,822	3,30,22,21,115	2,28,09,869	2,28,52,33,637
Rear View Mirror & Parts	Nos.	94,43,483	57,07,51,724	68,77,825	41,53,69,759
Sheet Metal Parts	Nos.	32,54,249	15,83,25,147	24,64,358	10,76,43,260
Prismatic Mirror & Mirror Plates	Nos.	5,02,425	1,93,76,657	5,39,958	2,50,95,982
Manufactured Mould	Sets	16	1,19,33,285	15	1,29,16,863
Others (Led Torch)	Nos.	300	61,100	100	35,000
Others			1,71,77,481		1,10,06,310
Job Charges Received			4,310		3,420
Total (A)			4,07,98,50,819		2,85,73,04,231
Traded Goods					
Plastic Powder	Kg.	10,041	19,58,174	7,586	12,13,162
Auto Bulbs	Nos.	10,46,440	1,23,35,338	5,59,592	98,18,939
Iron Sheet & Rods	Kg.	130,81	4,03,812	9,203	2,84,103
Moulds & Dies	Nos.	52	6,72,40,590	28	4,68,53,971
Horn	No.	70	45,500	-	-
Mock up Sample	Nos.	-	-	121	1,87,28,456
Other		-	1,10,68,113		76,85,187
Total (B)			9,30,51,527		8,45,83,818
Total (A+B)			4,17,29,02,346		2,94,18,88,049

**c. Opening and Closing Stock of Finished Goods (Including Traded Goods)**

Product	Units	31.03.2011		31.03.2010	
		Qty	Rs.	Qty	Rs.
<b>Opening Stock</b>					
Automotive Lighting & Signaling Parts	Nos.	3,65,058	2,70,05,870	3,88,093	2,20,98,049
Rear View Mirrors & Parts	Nos.	2,47,346	1,05,41,335	1,46,968	58,18,912
Sheet Metal Parts	Nos.	6,912	2,69,133	13,895	3,50,780
Prismatic Mirror and Mirror Plates	Nos.	10,890	3,54,905	86,360	38,92,018
Mould, Tools and Dies (Traded)	Nos.	21	2,37,11,853	7	52,63,906
Other Traded Goods	Nos.	1,96,700	8,79,549	16	11,98,085
<b>Total</b>			<b>6,27,62,645</b>		<b>3,86,21,750</b>
<b>Closing Stock</b>					
Automotive Lighting & Signaling Parts	Nos.	7,92,272	5,83,62,190	3,65,058	2,70,05,870
Rear View Mirrors & Parts	Nos.	3,32,940	1,61,90,748	2,47,346	1,05,41,335
Sheet Metal Parts	Nos.	30,779	9,61,764	6,912	2,69,133
Prismatic Mirror and Mirror Plates	Nos.	7,020	3,02,983	10,890	3,54,905
Mould, Tools and Dies (Traded)	Nos.	11	98,03,443	21	2,37,11,853
Others (Led Torch)	Nos.	526	58,510	-	-
Other Traded Goods	Nos.	930	9,34,200	1,96,700	8,79,549
<b>Total</b>			<b>8,66,13,838</b>		<b>6,27,62,645</b>

**d. Actual Production of Finished Goods**

Product	Units	2010-11	2009-10
Automotive Lights, Signaling Parts	Nos.	3,19,90,036	2,27,86,834
Rear View Mirror & Parts	Nos.	95,29,077	69,78,203
Sheet Metal Parts	Nos.	32,78,116	24,57,375
Prismatic Mirror and Mirror Plates	Nos.	4,98,555	4,64,488
Manufactured Mould	Nos.	16	15
Others (Multifunctional Led Torch)	Nos.	826	100

**e. Raw Material & Components Consumed**

Product	Units	2010-11		2009-10	
		Qty	Rs.	Qty	Rs.
Plastic Powder	Kg.	59,96,524	73,94,15,313	44,26,661	44,54,28,277
Auto Bulb	Nos.	3,64,56,556	34,58,57,612	2,58,90,053	26,28,74,933
Iron Sheet & Rods	Kg.	37,09,085	18,15,16,305	28,26,041	11,36,66,090
Manufactured Mould			40,27,176		63,03,070
Others			1,27,56,76,383		85,88,34,511
<b>Total</b>			<b>2,54,64,92,789</b>		<b>168,71,06,881</b>

**f. Detail of Cost of Goods Traded in**

Product	Units	2010-11		2009-10	
		Qty	Rs.	Qty	Rs.
Plastic Power	Kg.	10,041	19,28,899	7,586	11,90,818
Auto Bulb	Nos.	10,46,440	99,13,634	5,59,592	82,14,842
Iron Sheet & Rods	Kg.	13,081	6,37,578	9,203	3,41,308
Mock up Sample	Nos.	-	-	121	1,62,02,278
Horn	Nos.	70	33,925	-	-
Other			1,05,62,360		78,35,978
<b>TOTAL</b>			<b>2,30,76,396</b>		<b>3,37,85,224</b>
Moulds & Dies	Set.	52	6,11,42,310	28	3,73,13,490
<b>TOTAL</b>			<b>6,11,42,310</b>		<b>3,73,13,490</b>

## g. Opening and Closing Stock of Raw Materials & Components

Product	Units	31.03.2011		31.03.2010	
		Qty	Rs.	Qty	Rs.
<b>Opening Stock</b>					
Plastic Powder	Kg.	1,91,339	1,83,10,100	1,45,093	1,31,91,673
Auto Bulb	Nos.	27,60,297	2,64,71,355	24,62,574	2,60,63,887
Iron Sheet & Rods	Kg.	1,81,299	77,37,632	93,708	35,47,653
Others			7,67,99,168		4,24,98,546
<b>Total</b>			<b>12,93,18,255</b>		<b>8,53,01,759</b>
<b>Closing Stock</b>					
Plastic Powder	Kg.	3,21,240	3,91,70,450	1,91,339	1,83,10,100
Auto Bulb	Nos.	39,88,709	5,17,93,206	27,60,297	2,64,71,355
Iron Sheet & Rods	Kg.	2,21,448	1,09,55,003	1,81,299	77,37,632
Others			9,87,57,967		7,67,99,168
<b>Total</b>			<b>20,06,76,626</b>		<b>12,93,18,255</b>

## h. Imported and Indigenous Raw Material & Store and spare Consumption

Particulars	2010-11		2009-10	
	Amount Rs.	% of Consumption	Amount Rs.	% of Consumption
<b>Raw Material</b>				
Imported*	10,48,30,195	4.12	9,31,32,250	5.52
Indigenous	2,44,16,62,594	95.88	1,59,39,74,631	94.48
<b>Total</b>	<b>2,54,64,92,789</b>	<b>100.00</b>	<b>1,68,71,06,881</b>	<b>100.00</b>
<b>Stores &amp; Spare Parts</b>				
Imported*	62,25,303	6.19	47,30,730	6.12
Indigenous	9,43,14,855	93.81	7,25,67,793	93.88
<b>Total</b>	<b>10,05,40,158</b>	<b>100.00</b>	<b>7,72,98,523</b>	<b>100.00</b>

\* Imported includes Custom Duty and other related charges.

## 21. Details of Research and Development Expenses

The Company has incurred expenses on its research and development center at Rai Unit.

(Amount in Rs)

Particulars	2010-11	2009-10
<b>Capital Expenditure</b>		
Capital Expenditure	10,26,217	2,93,025
<b>Total</b>	<b>10,26,217</b>	<b>2,93,025</b>
<b>Revenue Expenditure</b>		
Salaries Allowances & Bonus	61,16,928	41,28,325
Contribution to Provident Fund	19,440	19,440
Depreciation & Amortization	1,10,178	35,625
<b>Total</b>	<b>62,46,546</b>	<b>41,83,390</b>

## 22. Borrowing Cost

(Amount in Rs)

Particulars	2010-11	2009-10
Borrowing cost Capitalized to Qualifying Assets	1,70,56,115	2,39,52,309

**23. Net Dividend Remitted In Foreign Currency**
**(Amount in Rs)**

Particulars	2010-11	2009-10
Number of Non Resident Shareholder	1	1
Number of Equity Share held by them	1,04,051	1,04,051
Amount of Dividend Paid (In Rs.)	2,60,127	2,60,127
Tax Deducted at Source	-	-
Year to which dividend relates	2009-10	2008-09

**24. Balance with Non-Scheduled Bank**
**(Amount in Rs)**

Name of the Bank	Closing Balance at year end		Maximum amount outstanding during the year	
Year	31.03.2011	31.03.2010	2010-11	2009-10
Japan Resona Bank	7,98,766	12,83,019	14,55,261	77,71,358

**25. Additional Information required as per the Listing Agreement**

Amount of loans and advances outstanding from subsidiary Company for the year are as follows.

**(Amount in Rs)**

Name of the Bank	Closing Balance at year end		Maximum amount outstanding during the year	
Year	31.03.2011	31.03.2010	2010-11	2009-10
Fiem Industries Japan Co. Ltd	16,20,600	2,42,200	16,20,600	2,62,041

**26. Transfer to General Reserve**

The Company has transferred Rs. 1,25,00,000 (Previous Year Rs. 1,10,00,000) to General Reserve from Profit and Loss Account as per Companies (Transfer of Profits to Reserves) Rules, 1975.

27. The figures appearing in brackets pertains to previous year

28. Figures have been rounded off to the nearest rupee.

**For and on behalf of the Board of Directors**

for **Anil S. Gupta & Associates**  
Firm Registration No.: 004061N  
Chartered Accountants

Sd/-  
**(J. K. Jain)**  
Managing Director

Sd/-  
**(Rahul Jain)**  
Director

Sd/-  
**(Arvind K. Chauhan)**  
Company Secretary

Sd/-  
**Anil Kumar Gupta**  
Proprietor  
(Membership No. 83159)

Place : Rai, Sonapat (HR.)  
Date : 19.08.2011

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(Amount in Rs)

Particular	2010-2011		2009-2010	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Profit Before Taxes		157,786,198		156,849,029
Adjustments for:				
Provided By Operating Activities:				
Depreciation & Amortization	129,793,056		92,467,272	
Prior Period Expenses	662,827		1,284,096	
Loss/(Profit) on sale/disposal of Fixed Assets	2,047,461		321,491	
Effect of Translation of Exchange Rate Change at Reporting Date	794,344		(267,598)	
Miscellaneous Expenditure written off	117,000		179,900	
Provision for Bad & Doubtful Debts	566,342		(1,627,966)	
Bad & Doubtful Debts written-off	348,904		29,198,683	
Increase/(Decrease) of Excise Duty in Stocks of Finished Goods	1,897,248		148,230	
Interest Received	(414,396)		(398,582)	
Interest on Income Tax Refund	(2,600,382)		(1,456,659)	
Loss on Derivatives Instruments	210,440,163		32,110,753	
Interest & Finance Charges	94,997,133	438,649,700	33,294,752	185,254,372
<b>Operating Profit before Working Capital Changes</b>		596,435,898		342,103,401
Changes In Current Assets & Liabilities:				
(Increase)/Decrease in Sundry Debtors	(156,862,533)		(10,107,900)	
(Increase)/Decrease in Inventories	(149,472,760)		(3,486,185)	
(Increase)/Decrease in Loans & Advances	(39,921,848)		8,713,127	
Increase/(Decrease) in Current Liabilities & Provisions	185,148,380	(161,108,761)	105,157,636	100,276,678
<b>Cash Generated from Operation</b>		435,327,137		442,380,079
Adjusted for Direct Taxes and Other Items:				
Prior Period Expenses	(662,827)		(1,284,096)	
Loss on Derivatives Instruments	(214,764,091)		(41,163,467)	
Income Tax & Wealth Tax Paid	(36,801,940)		(31,847,932)	
Income Tax Refund Received (Including Interest)	16,286,603	(235,942,255)	17,335,599	(56,959,896)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		199,384,882		385,420,183
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	(902,083,349)		(255,062,181)	
Proceeds from Sale of Fixed Assets	5,875,915		563,000	
(Increase)/Decrease in Capital Work in Progress	70,420,259		(91,479,347)	
Interest Received	159,872		164,623	
Bank Deposits having original maturity over three months	824,391		(1,168,824)	
Loan to Foreign Subsidiary	(1,378,400)		(242,200)	
Investment in Equity Share of Foreign Subsidiary	-		(262,040)	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(826,181,312)		(347,486,969)

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

(Amount in Rs)

	2010-2011		2009-2010	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Dividend Paid	(29,905,565)		(29,905,565)	
Dividend Distribution Tax Paid	(4,966,941)		(5,082,451)	
Interest & Financial charges	(109,680,903)		(55,502,401)	
Increase/(Decrease) in Long-Term Borrowing	594,637,728		151,040,971	
Increase/(Decrease) in Short-Term Borrowing	178,922,206		(101,157,652)	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		629,006,525		(40,607,098)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		2,210,095		(2,673,884)
Opening Balance of Cash & Cash Equivalents		11,721,855		14,567,983
Effect of Exchange Rate Change		(834)		(172,243)
<b>Closing Balance of Cash &amp; Cash Equivalents</b>		<b>13,931,115</b>		<b>11,721,855</b>
<b>Components of Cash and Cash Equivalents</b>				
Cash in Hand		1,436,436		1,263,986
Balances in Current Accounts				
With Scheduled banks		8,818,779		8,933,026
With Others		798,766		1,283,019
In Deposit With Banks		3,778,389		2,022,780
Unpaid Dividend Accounts		222,135		166,824
<b>Cash and Bank Balances as per Schedule 7</b>		<b>15,054,504</b>		<b>13,669,635</b>
Less:-Deposit with Banks having maturity over three month		1,123,389		1,947,780
<b>Cash and Cash Equivalent in Cash Flow Statements</b>		<b>13,931,115</b>		<b>11,721,855</b>

### Foot Notes:

- Cash and Cash equivalents include restricted Cash and Bank balance amounting to Rs. 36,85,126 (Previous year Rs. 19,96,048)
- Figures in brackets denote outflows of cash and cash equivalents.
- The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

For and on behalf of Board of Directors

As per our report of even date  
for **Anil S. Gupta & Associates**  
Firm Registration Number: 004061IN  
Chartered Accountants

Sd/-  
**(J. K. Jain)**  
Managing Director

Sd/-  
**(Rahul Jain)**  
Director

Sd/-  
**(Arvind K. Chauhan)**  
Company Secretary

Sd/-  
**Anil Kumar Gupta**  
Prop.  
(Membership No. 83159)

Place : Rai, Sonapat (HR.)  
Date : 19.08.2011



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

## I. Registration Details

Registration No. 

				3	4	9	2	8
--	--	--	--	---	---	---	---	---

State Code:

							5	5
--	--	--	--	--	--	--	---	---

Balance Sheet Date: 

	3	1	.	0	3	.	1	1
--	---	---	---	---	---	---	---	---

## II. Capital Raised during the year (Amount Rs. Lacs)

Public Issue: 

						N	I	L
--	--	--	--	--	--	---	---	---

Right Issue:

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue: 

						N	I	L
--	--	--	--	--	--	---	---	---

Private Placement:

						N	I	L
--	--	--	--	--	--	---	---	---

Conversion of Bonds: 

						N	I	L
--	--	--	--	--	--	---	---	---

## III. Position of Mobilisation and Development of Funds (Amount Rs. Lacs)

Total Liabilities: 

	2	7	1	8	4	.	9	1
--	---	---	---	---	---	---	---	---

Total Assets:

	2	7	1	8	4	.	9	1
--	---	---	---	---	---	---	---	---

## Sources of Funds

Paid-up Capital: 

		1	1	9	6	.	2	2
--	--	---	---	---	---	---	---	---

Reserves &amp; Surplus:

	1	1	4	0	2	.	5	2
--	---	---	---	---	---	---	---	---

Secured Loans: 

	1	3	1	2	0	.	0	0
--	---	---	---	---	---	---	---	---

Unsecured Loans:

						N	I	L
--	--	--	--	--	--	---	---	---

Deferred Tax Liability: 

		1	4	6	6	.	1	7
--	--	---	---	---	---	---	---	---

## Application of Funds

Net Fixed Assets: 

	2	4	9	5	2	.	2	0
--	---	---	---	---	---	---	---	---

Investments:

					4	.	6	2
--	--	--	--	--	---	---	---	---

Net Current Assets: 

		2	2	2	8	-	0	9
--	--	---	---	---	---	---	---	---

Miscellaneous Expenditure:

						N	I	L
--	--	--	--	--	--	---	---	---

## IV. Performance of Company (Amount Rs. Lacs)

Turnover 

	4	1	7	2	9	.	0	2
--	---	---	---	---	---	---	---	---

Total Income 

	4	2	9	1	2	.	9	0
--	---	---	---	---	---	---	---	---

Total Expenditure:

	4	1	3	3	5	.	0	4
--	---	---	---	---	---	---	---	---

Profit Before Tax: 

		1	5	7	7	.	8	6
--	--	---	---	---	---	---	---	---

Profit After Tax:

		1	1	4	2	.	7	0
--	--	---	---	---	---	---	---	---

Earning Per Share in Rs. 

					9	.	5	5
--	--	--	--	--	---	---	---	---

Dividend Rs. Per Share

					2	.	5	0
--	--	--	--	--	---	---	---	---

## V. Generatic Names of Principal Products of Company (as per monetary terms)

Item Code No. (ITC Code):

	8	5	1	2	2	0	0	1
--	---	---	---	---	---	---	---	---

Product Description:

H	E	A	D	L	A	M	P	S
---	---	---	---	---	---	---	---	---

T	A	I	L	L	A	M	P	S
---	---	---	---	---	---	---	---	---

	B	L	I	N	K	E	R	S
--	---	---	---	---	---	---	---	---

Item Code No. (ITC Code):

	8	5	1	2	2	0	0	3
--	---	---	---	---	---	---	---	---

Product Description:

R	E	A	R		V	I	E	W		M	I	R	R	O	R	S
---	---	---	---	--	---	---	---	---	--	---	---	---	---	---	---	---

For and on behalf of the Board of Directors

Sd/-  
(J.K. Jain)  
Managing DirectorSd/-  
(Rahul Jain)  
DirectorSd/-  
(Arvind K. Chauhan)  
Company Secretary

Place : Rai, Sonapat (HR.)

Date : 19.08.2011

## Statement Pursuant to Section 212 of the companies Act 1956 relating to Subsidiary Company

1 Name of The Subsidiary	Fiem Industries Japan Co. Ltd.
2 Financial year of the Subsidiary ended on	31.03.2011
3 Shares of the subsidiary held by the Company on the above date	
(a) Number and Face Value	10 Equity share 50,000 JPY Each
(b) Extent of holding	100%
4 Net aggregate amount of profits / (losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of the Company:	
(a) dealt with in the accounts of the Company for the year ended 31st March, 2011 (amount in Rs)	(3,992,280)
(a) not dealt with in the accounts of the Company for the year ended 31st March, 2011 (amount in Rs)	Nil
5 Net aggregate amount of profits / (losses) of the subsidiary since it became a subsidiary so far as they concern members of the Company:	
(a) dealt with in the accounts of the Company for the year ended 31st March, 2011 (amount in Rs)	(5,893,893)
(b) not dealt with in the accounts of the Company for the year ended 31st March, 2011 (amount in Rs)	Nil

**For and on behalf of the Board of Directors**

Sd/-  
**J. K. Jain**  
(Managing Director)

Sd/-  
**Rahul Jain**  
(Director)

Sd/-  
**Arvind K. Chauhan**  
(Company Secretary)

Place : Rai, Sonapat (HR.)  
Date : 19.08.2011



**Financial Statements  
of  
Fiem Industries  
Japan Co., Ltd.  
(Wholly-owned Subsidiary)**

## DIRECTORS' REPORT

### Dear Shareholders,

The Directors of the company hereby present the 2nd Annual Report on the affairs of Fiem Industries Japan Co., Ltd. (Company incorporated in Japan) together with the Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2011 and the report of Auditors thereon.

### FINANCIAL RESULTS:

The major financial particulars for the financial year 2010-11 and previous financial year are as under:

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Net Turnover	94,734,023	18,645,657
Expenditures	98,688,205	20,283,204
Profit (Loss) for the Year before Tax	(3,954,182)	(1,637,547)
Prior Period Expenses	-	230,040
Profit Before Taxation	(3,954,182)	(1,867,587)
Provision for Tax	38,098	34,025
Profit(Loss) after Tax (carried to Balance Sheet)	(3,992,280)	(1,901,613)

### Legal Status and General Company Information:

Fiem Industries Japan Co., Ltd. is a company incorporated in Japan on 5th March 2009 as wholly-owned subsidiary of Fiem Industries Limited (Indian holding Company). The company capitalized and commenced its operations during the financial year 2009-10.

The accounts of the company are duly certified by the Certified Tax Accountant in Japan, pursuant to law of the country of its incorporation.

The accounts of the company have been made out as per requirement of Indian Companies Act in due adherences of sub section 2(a) and 2(b) of section 212 of Companies Act, 1956. This entailed drawing up the balance sheet, profit & loss account (including auditor's report thereon) of the subsidiary in a manner so as to make it appear conforming to requirements of Indian Companies Act, 1956, for the purpose of annexing the particulars of the body corporate with its holding company under section 212 (1) of the Companies Act, 1956.

Therefore a number of provisions of the Companies Act, 1956 and Rules under said Act are not applicable on this Company.

### Share Capital:

During the FY 2009-10 (Previous year), the Company had issued 10 Shares of JPY 50,000/- each to holding company i.e. Fiem Industries Limited (Indian Company).

### Review of Business Performance:

The company's operations predominantly are that of trading in Mock Up Samples. The major part of the turnover constitutes the income from this operation only. Company has incurred losses in previous year and in FY 2010-11 as shown in above financial results.

### Dividend:

As the company has incurred losses, hence Directors of the Company are not recommending any dividend.

### Transfer to Reserves:

No amount has been transferred to the Reserves, as no profits earned by the Company.

### Directors:

Fiem Industries Japan Co., Ltd. is a company incorporated in Japan and as per Japanese Law and Articles of Incorporation it has 3 Directors as under, since incorporation:

1. Mr. Takanobu Kamoshita, Representative Director (Resigned w.e.f. 01/12/2010).

2. Mr. Saket Singhal, Representative Director (Appointed w.e.f. 01/12/2010).
3. Mr. J.K. Jain, Director
4. Mr. J.S.S. Rao, Director

### Subsidiary Company:

Fiem Industries Japan Co., Ltd. has no subsidiary company.

### Fixed Deposits:

Fiem Industries Japan Co., Ltd. has not accepted any Fixed Deposit within the meaning of the Companies (Acceptance of Deposit) Rules, 1975.

### Auditors:

M/s Anil S. Gupta & Associates, Chartered Accountants and Auditors of the Holding Indian Company, i.e. Fiem Industries Limited has audited the accounts of Fiem Industries Japan Co., Ltd. for FY 2010-11.

### Auditor's Report:

The Auditor's Report does not contain any qualification; hence no further explanation is required.

### Particulars of Employees:

Fiem Industries Japan Co., Ltd. being incorporated in Japan, Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable.

### Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo:

Fiem Industries Japan Co., Ltd. being incorporated in Japan, 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 not applicable.

### Directors' Responsibility Statement:

As required by Section 217(2AA) of the Companies Act, 1956, Directors of Fiem Industries Japan Co., Ltd. hereby confirm, that:

- (i) In the preparation of the annual accounts for the year ended March 31, 2011, the applicable accounting standards had been followed to the extent of applicability 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 applicable 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 31.3.2011 have been prepared on a going concern basis.

### Acknowledgement:

The Directors wish to express its sincere thanks for Japanese Authorities and the employees of the company for their support.

**For and on behalf of the Board of Directors of  
Fiem Industries Japan Co., Ltd.**

**Place : Rai, Sonapat  
Date : 19.08.2011**

**Sd/-  
J.K. JAIN  
Director**

**Sd/-  
J.S.S. RAO  
Director**

## **AUDITORS' REPORT**

**To The Members of  
FIEM INDUSTRIES JAPAN CO., LTD.**

The financial Statement of FIEM INDUSTRIES JAPAN CO., Ltd. for the year ended 31st March 2011, being a company registered in Japan is certified by Certified Tax Accountant in Japan, M/s Sakakibara Tax and Accounting Office.

We are presented with the accounts in Indian Rupees prepared on the basis of aforesaid accounts to comply with the requirements of Section 212 of the Companies Act 1956.

We give our report as under:-

We have audited the attached Balance Sheet of FIEM INDUSTRIES JAPAN CO., Ltd. as at 31st March 2011, 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.

We conducted our audit in accordance with auditing standards generally accepted in India. These 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.

- I. 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.
- II. Further to our Comments in the Annexure referred to in Paragraph 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) Proper returns necessary for making out the accounts in accordance with the requirement of Indian Companies Act 1956, were received by us.
  - c) 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.
  - d) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - e) 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,
  - f) Reporting on the disqualification of Directors under section 274(1)(g) of Companies Act 1956, is not applicable since the company is registered in Japan.
  - g) 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 2011.
    - ii) In case of the Profit and Loss Account, of the Loss 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**  
Firm Registration Number 004061N  
Chartered Accountants

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

Place: Rai Sonapat, (HR)  
Dated: 19.08.2011

## ANNEXURE TO AUDITORS' REPORT

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

1. a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.
- b) We are informed that the company has physically verified the fixed assets during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is reasonable.
- c) The Company has not disposed of any fixed assets so as to affect its going concern status.
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. No register is required to be maintained under section 301 of the Companies Act 1956, since the company is incorporated and doing business in Japan.
- b) During the Year, the company has taken interest free loan of Rs 13,74,000/- from 100% Holding company, Fiem industries Limited. In respect of said loans, the maximum amount outstanding at any time during the year is Rs 16,20,600/- and the year end balance is Rs 16,20,600/-.
- c) In our opinion, the rate of interest wherever applicable and other terms and conditions on which loans have been taken from parties are not, prima facie, prejudicial to the interest of the company.
- d) The principal amount is repayable on demand and there is no repayment schedule.
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. The company is incorporated in Japan and accordingly, maintenance of records under section 301 of the companies Act 1956, is not applicable.
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. The company is incorporated in Japan and accordingly, maintenance of records under section 209(1)(d) of the companies Act 1956, is not applicable.
9. The Company being registered in Japan has no statutory liability in India and accordingly reporting for paragraph 4(ix) regarding verification of regularity in depositing statutory dues is not applicable.
10. The company has been registered for less than 5 year and hence clause 4(x) regarding reporting on accumulated and cash losses of the order is not applicable.
11. The company has not raised any loans from financial institution or banks during the period.
12. 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. The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) are not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) are not applicable to the company.
15. 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. The company has not taken any term loan, therefore the reporting under clause 4(xvi) is no applicable to the company.
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.
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**  
Firm Registration Number 004061N  
Chartered Accountants

Place: Rai Sonepat, (HR)  
Dated: 19.08.2011

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



## BALANCE SHEET AS AT 31ST MARCH 2011

(Amount in Rs)

			AS AT 31.03.2011	AS AT 31.03.2010
Schedules				
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
a) Share Capital	I	262,040		262,040
b) Reserves & Surplus				
Translation Reserve		(105,125)	156,915	78,070
				340,110
<b>Loan Funds</b>				
a) Secured Loans		-		-
b) Unsecured Loans	2	1,620,600	1,620,600	242,200
			<b>1,777,515</b>	<b>242,200</b>
<b>TOTAL</b>				<b>582,310</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
a) Gross Block	3	56,683		-
b) Less : Depreciation		2,436		-
Net Block			54,247	-
<b>Current Assets, Loans and Advances</b>				
a) Inventories	4	-		-
b) Sundry Debtors		19,508,635		3,701,517
c) Cash and Bank Balances		33,130,389		3,370,047
d) Loans and advances		464,503		24,220
	<b>A</b>	53,103,527		7,095,784
<b>Less :-</b>				
<b>Current Liabilities and Provisions</b>				
a) Current Liabilities	5	57,236,338		8,381,179
b) Provisions		37,814		33,908
	<b>B</b>	57,274,152		8,415,087
<b>Net Current Assets</b>	<b>(A-B)</b>		(4,170,625)	(1,319,303)
<b>Debit Balance of Profit and Loss Account</b>			5,893,893	1,901,613
<b>TOTAL</b>			<b>1,777,515</b>	<b>582,310</b>
<b>Significant Accounting Policies and Notes to Accounts</b>				
Schedule I to 10 referred to above form an Integral Part of Balance Sheet			10	

For and on behalf of the Board of Directors

As per our report of even date  
for Anil S. Gupta & Associates  
Firm Registration Number: 004061N  
Chartered Accountants

Sd/-  
(J. K. Jain)  
Director

Sd/-  
(J.S.S. Rao)  
Director

Sd/-  
Anil Kumar Gupta  
Prop.  
(Membership No. 83159)

Place : Rai, Sonapat (HR.)  
Date : 19.08.2011

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

		(Amount in Rs)	
	Schedules	Current Year 2010-11	Previous Year 2009-10
<b>INCOME</b>			
Net Sales		94,732,397	18,644,728
Other Income	6	1,626	929
<b>TOTAL [A]</b>		<b>94,734,023</b>	<b>18,645,657</b>
<b>EXPENDITURE</b>			
Cost of Goods Traded In		87,669,880	15,482,796
Employees Cost	7	5,589,091	2,915,234
Cost of Finance	8	159,909	30,099
Administrative and Selling Expenses	9	5,266,889	1,855,075
Depreciation	3	2,436	-
<b>TOTAL [B]</b>		<b>98,688,205</b>	<b>20,283,204</b>
<b>Profit/(Loss) for the year before Taxation "A - B"</b>		<b>(3,954,182)</b>	<b>(1,637,547)</b>
Prior Period Expenses		-	230,040
<b>Profit/ (Loss) after Prior Period Expenses</b>		<b>(3,954,182)</b>	<b>(1,867,587)</b>
Less : Provision for Current tax		38,098	34,025
<b>Profit/(Loss) after Taxation</b>		<b>(3,992,280)</b>	<b>(1,901,613)</b>
Add :- Balance Brought Forward		<b>(1,901,613)</b>	-
<b>Profit/(Loss) Carried to Balance Sheet</b>		<b>(5,893,893)</b>	<b>(1,901,613)</b>
Basic and Diluted EARNINGS PER EQUITY SHARE ( Nominal value of JPY 50,000 Each per share )			
- Before Extraordinary items		(399,228)	(190,161)
- After Extraordinary items		(399,228)	(190,161)
No. of shares (Weighted Average)		10	10
<b>Significant Accounting Policies and Notes to Accounts</b>	10		
Schedule 1 to 10 referred to above form an Integral Part of Balance Sheet			

For and on behalf of the Board of Directors

Sd/-  
(J. K. Jain)  
Director

Sd/-  
(J.S.S. Rao)  
Director

Place : Rai, Sonapat  
Date : 19.08.2011

As per our report of even date  
for Anil S. Gupta & Associates  
Firm Registration Number: 004061N  
Chartered Accountants

Sd/-  
Anil Kumar Gupta  
Prop.  
(Membership No. 83159)

## SCHEDULES TO THE BALANCE SHEET

(Amount in Rs)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>SHARE CAPITAL</b>		<b>SCHEDULE - 1</b>
<b>Authorised</b>		
100 (Prv. Year 100) Equity shares of 50,000 JPY each	2,620,400	2,620,400
<b>Issued, Subscribed &amp; Paid-up</b>		
10 (Prv. Year 10) Equity shares of 50,000 JPY each fully Paid up	262,040	262,040
<b>TOTAL</b>	<b>262,040</b>	<b>262,040</b>

Note :- All of the above Equity shares are held by Fiem Industries Limited, the holding company

<b>UNSECURED LOANS</b>		<b>SCHEDULE - 2</b>
Loan from 100% Holding Company - Fiem Industries Limited	1,620,600	242,200
<b>TOTAL</b>	<b>1,620,600</b>	<b>242,200</b>

FIXED ASSETS					SCHEDULE - 3					
PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK	
Nature of Assets	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	Upto 01.04.2010	For the Year	Deductions	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible Assets										
Office Equipments	-	16,566	-	16,566	-	328	-	328	16,238	-
Furniture & Fixtures	-	40,117		40,117	-	2,108		2,108	38,009	-
Total	-	56,683	-	56,683	-	2,436	-	2,436	54,247	-
Previous Year	-	-	-	-	-	-	-	-	-	-
Capital Work-in-Progress									-	-

**SCHEDULE - 4****CURRENT ASSETS, LOANS & ADVANCES****Current Assets****Sundry Debtors**

Debt outstanding for a period exceeding Six Months

a) Considered good	-	-	-
b) Considered Doubtful	-	-	-
Other debts :- Considered Good	19,508,635	3,701,517	3,701,517
<b>TOTAL</b>	<b>19,508,635</b>	<b>3,701,517</b>	<b>3,701,517</b>

**Cash & Bank Balances**

Balance with Non Scheduled bank

In Current Account	33,130,389	3,370,047	3,370,047
<b>TOTAL</b>	<b>33,130,389</b>	<b>3,370,047</b>	<b>3,370,047</b>

**Loans and Advances**

(Unsecured but considered good)

Advance recoverable in cash or Kind or value to be Received

i) Prepaid Expenses	101,610	24,220	24,220
ii) Advance for Goods other than Capital Goods	244,184	-	-
iii) Security Deposit	118,709	-	-
	464,503		24,220
<b>TOTAL</b>	<b>464,503</b>		<b>24,220</b>

## SCHEDULES TO THE BALANCE SHEET

	<b>(Amount in Rs)</b>	
	<b>AS AT 31.03.2011</b>	<b>AS AT 31.03.2010</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		<b>SCHEDULE - 5</b>
<b>Current Liabilities</b>		
Sundry Creditors	25,249,563	6,349,451
Payable to Holding company - Fiem Industries Limited	30,078,344	1,734,999
Liabilities for Expenses	1,825,196	254,310
Other Liabilities	83,235	42,419
<b>TOTAL</b>	<b>57,236,338</b>	<b>8,381,179</b>
<b>PROVISIONS</b>		
Provision for taxation	37,814	33,908
<b>TOTAL</b>	<b>37,814</b>	<b>33,908</b>

## SCHEDULES TO THE PROFIT & LOSS ACCOUNT

	<b>Current Year 2010-11</b>	<b>Previous Year 2009-10</b>
<b>OTHER INCOME</b>		<b>SCHEDULE - 6</b>
Interest Received	1,496	622
Miscellaneous income	130	307
<b>TOTAL</b>	<b>1,626</b>	<b>929</b>
<b>EMPLOYEES COST</b>		<b>SCHEDULE - 7</b>
Salaries & Allowances	5,469,700	2,852,496
Staff Welfare Expenses	119,391	62,738
<b>TOTAL</b>	<b>5,589,091</b>	<b>2,915,234</b>
<b>COST OF FINANCE</b>		<b>SCHEDULE - 8</b>
Bank Charges	159,909	30,099
<b>TOTAL</b>	<b>159,909</b>	<b>30,099</b>
<b>ADMINISTRATIVE AND SELLING EXPENSES</b>		<b>SCHEDULE - 9</b>
Advertisement, Sub and Membership Exp.	2,484	-
Rent	1,216,134	153,360
Selling & Distribution Expenses	213,298	196,777
Repair and Maintenance - Other	551	-
Insurance Charges	84,785	-
Traveling Expenses	1,492,138	467,326
Other Office Expenses	2,257,499	1,037,612
<b>TOTAL</b>	<b>5,266,889</b>	<b>1,855,075</b>

**SCHEDULE - 10**

Significant Accounting Policies and Notes to Accounts attached to and forming part of the Financial Statements as at 31.03.2011

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****1) LEGAL STATUS**

Fiem Industries Japan Co., Ltd. is a company incorporated in Japan on 5th March 2009 as wholly owned subsidiary of Fiem Industries Limited (company incorporated in India).

**2) SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Accounting**

- I. The Financial statements have been prepared on accrual basis under the historical cost convention. They comply in all material respects with the Generally Accepted Accounting Principles in India, which comprise of mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of Companies Act, 1956.
- II. The accounts of the company are duly certified by the Certified Tax Accountant In Japan, pursuant to law of the country of its incorporation.
- III. The accounts of the company have been made out as per requirement of Indian Companies Act in due adherences of sub section 2(a) and 2(b) of section 212 of Companies Act, 1956. This entailed drawing up the balance sheet, profit & loss account (including auditor's report thereon) of the subsidiary in a manner so as to make it appear conforming to requirements of Indian Companies Act, 1956, for the purpose of annexing the particulars of the body corporate with its holding company under section 212 (1) of the Companies Act, 1956.

**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 expenses, income tax etc. The estimates based upon management knowledge of current events and economic circumstances.

**C. Foreign Currency Translations**

The reporting currency of the company is Japanese Yen (JPY). The accounts are translated in Indian Rupees as follows

- a) Share capital is retained at the initial contribution amount.
- b) Fixed Assets are translated at the rates prevailing on the date of purchase.
- c) Current Assets and current liabilities are translated at year-end rates.
- d) Revenue transactions are translated at the average rate.
- e) Depreciation are translated at rates used for the relevant fixed assets

- f) The resultant difference is accounted as Translation reserve and shown in the Balance Sheet.

**D. 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.

**E. Employee Benefits**

Retirement Benefits in the form of Pension Fund are defined contribution plans and the contributions are charged to Profit & Loss Account of the year when the contributions to the respective funds are due.

**F. 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 are 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.

**G. Fixed Assets**

Fixed Assets are valued at the historical cost of acquisition less accumulated depreciation.

**H. Depreciation**

Depreciation on fixed assets is provided on 'Straight line method' in accordance with the provision of section 205 (2) (b) of the Companies Act, 1956 in the manner and the rates specified in Schedule XIV to the said act.

**I. Taxation**

Income tax is provided on accrual basis as per the regulations under Japanese Law.

## J. 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.

## K. Operating Lease

Leases other than finance lease, are operating leases, and the leased assets are not recognized on the Company's balance sheet. Payments under operating leases are recognized in statement of operations on a straight-line-basis over the term of the lease.

## 3) NOTES TO ACCOUNTS

### I. Related Party Disclosures

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

#### a. Key Management Personnel (KMP)

- Kamoshita Tyakanobu-Director (up to 01.12.2010)
- Saket Singhal-Director (with effect from 01.12.2010)

#### b. Holding Company

- Fiem Industries Limited (company Incorporated in India.)

### Transactions and Balances with Related Parties (Amount in Rs)

Particulars	Transaction Values		Outstanding Amount	
	2010-11	2009-10	31st March, 2011	31st March, 2010
<b>Key Management Personnel</b>				
Remuneration	39,44,619	28,52,496	1,73,462	-
<b>Holding Company</b>				
Sales of Goods	11,91,048	14,77,576	15,00,460	13,45,470
Purchase of Goods	10,86,116	4,20,856	15,38,674	4,07,061
Purchase of Services	2,72,74,902	-	2,67,42,636	-
Long Term Loan Received	13,74,000	2,62,041	16,20,600	2,42,200
Share Capital	-	2,62,040	-	2,62,040
Payable to Holding Company	6,24,086	26,73,408	32,97,494	26,73,408

### 2. 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.

S.N	Particulars	31.03.2011	31.03.2010
A	Profit attributable to equity shareholders (In Rs.)	(39,92,280)	(19,01,613)
B	Basic/Weighted Average number of equity shares outstanding during the year (Nos.)	10	10
C	Nominal/Face Value of Equity share JPY 50,000 (In Rs.)	26204	26204
D	Basic/Diluted Earning per share (A/B) (In Rs.)	(3,99,228)	(1,90,161)

### 3. Directors Remuneration

Particulars	Amount In Rs	
	31.03.2011	31.03.2010
Salaries and Allowances	31,13,994	28,52,496
Perquisites	7,11,234	-
Contribution to Pension Fund etc.	1,19,391	-
<b>Total</b>	<b>39,44,619</b>	<b>28,52,496</b>

## 4. Segment Reporting

The company's operations predominantly are that of trading in Mock Up Sample. As such there is no other separate reportable segment as defined by Accounting Standard-17 "Segment Reporting".

## 5. Lease Transaction

Lease payment under Operating Lease have been accounted for in accordance with AS-19 of the ICAI "Accounting for Leases" 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	31.03.2011	31.03.2010
Total of future minimum lease payments under cancelable operating lease for following periods:		
-Not later than one year	11,72,666	3,00,000
-Later than one year and not later than five years	-	-
-Lease payment recognized in Profit & Loss Account	12,16,134	1,53,360

## 6. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the companies Act 1956.

### a. Detail of Sales

Product	Units	2010-11		2009-10	
		Qty.	Rs.	Qty.	Rs.
Mock up Sample	Nos.	853	9,35,24,573	136	1,72,24,819
Glass Plate	Pcs.	4940	12,07,824	4940	14,19,909
<b>Total</b>			<b>9,47,32,397</b>		<b>1,86,44,728</b>

### b. Cost of Sale of Traded Goods

Product	Units	2010-11		2009-10	
		Qty.	Rs.	Qty.	Rs.
Mock Up sample	Nos.	853	8,64,62,056	136	1,41,37,977
Glass Plate	Pcs.	4940	12,07,824	4940	13,44,819
<b>Total</b>			<b>8,76,69,880</b>		<b>1,54,82,796</b>

## 7. Balance with Non -Scheduled Bank

(Amt in Rupees)

Name of The Bank	Balance at year end		Maximum Amount outstanding at any time during the Year.	
	31.03.2011	31.03.2010	2010-11	2009-10
Japan Resona Bank	3,31,30,389	33,70,047	3,32,61,518	73,14,407

8. Figures have been rounded off to the nearest rupee.

9. Since the company is incorporated in Japan, there is no income tax liability under Income tax Act 1961.

10. There are no transactions with the suppliers under the Micro, Small and Medium Enterprises Development Act 2006(MSMED Act), during the year.

For and on behalf of the  
Board of Directors

For **Anil S. Gupta & Associates**  
Firm Registration No.: 004061N  
Chartered Accountants

Sd/-  
(J. K. Jain)  
Director

Sd/-  
(J.S.S. Rao)  
Director

Sd/-  
Anil Kumar Gupta  
Proprietor  
(Membership No. 83159)

Place: Rai Sonapat (HR.)  
Date: 19.08.2011



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(Amount In Rs.)

Particulars	2010-2011		2009-2010	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Profit Before Taxes		(3,954,182)		(1,867,587)
Adjustments for:				
Depreciation	2,436		-	
Prior Period Expenses	-		230,040	
Effect of Translation Reserve	(183,195)		78,070	
Interest Received	(1,496)		(622)	
Cost of Finance	159,909	(22,346)	30,099	337,587
<b>Operating Profit before Working Capital Changes</b>		<b>(3,976,528)</b>		<b>(1,530,000)</b>
Changes In Current Assets & Liabilities:				
(Increase)/Decrease in Sundry Debtors	(15,807,118)		(3,701,517)	
(Increase)/Decrease in Loans & Advances	(440,283)		(24,220)	
Increase/(Decrease) in Current Liabilities & Provisions	48,855,159	32,607,758	8,381,062	4,655,325
<b>Cash Generated from Operation</b>		<b>28,631,230</b>		<b>3,125,325</b>
Adjusted for Direct Taxes and Other Items:				
Prior Period Expenses	-		(230,040)	
Income Tax Paid	(34,192)	(34,192)	-	(230,040)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>28,597,038</b>		<b>2,895,285</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	(56,683)		-	
Interest Received	1,496		622	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(55,187)</b>		<b>622</b>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Issue of Share Capital	-		262,040	
Addition in Loan from Holding Company	1,378,400		242,200	
Interest & Financial charges	(159,909)		(30,099)	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>1,218,491</b>		<b>474,141</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>29,760,342</b>		<b>3,370,047</b>
Opening Balance of Cash & Cash Equivalents		3,370,047		-
<b>Closing Balance of Cash &amp; Cash Equivalents</b>		<b>33,130,389</b>		<b>3,370,047</b>

## Foot Notes:

- Figures in brackets denote outflows of cash and cash equivalents.
- The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

For and on behalf of Board of Directors

As per our report of even date  
for **Anil S. Gupta & Associates**  
Firm Registration Number: 004061N  
Chartered Accountants

Sd/-  
(J. K. Jain)  
Director

Sd/-  
(J.S.S. Rao)  
Director

Sd/-  
**Anil Kumar Gupta**  
Prop.  
(Membership No. 83159)

Place : Rai, Sonapat (HR.)  
Date : 19.08.2011

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

## I. Registration Details

Registration No. 0 2 0 4 - 0 1 - 0 0 6 9 6 2  
(incorporated in Japan)

State Code:

							N	A
--	--	--	--	--	--	--	---	---

Balance Sheet Date: 3 | 1 | . | 0 | 3 | . | 1 | 1

## II. Capital Raised during the year (Amount Rs. Lacs)

Public Issue: 

						N	I	L
--	--	--	--	--	--	---	---	---

Right Issue:

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue: 

						N	I	L
--	--	--	--	--	--	---	---	---

Private Placement: 

						N	I	L
--	--	--	--	--	--	---	---	---

Conversion of Bonds: 

						N	I	L
--	--	--	--	--	--	---	---	---

### III. Position of Mobilisation and Development of Funds (Amount Rs. Lacs)

Total Liabilities: 

				1	7	.	7	8
--	--	--	--	---	---	---	---	---

Total Assets: 

				1	7	.	7	8
--	--	--	--	---	---	---	---	---

## Sources of Funds

Paid-up Capital:					2	.	6	2
------------------	--	--	--	--	---	---	---	---

Reserves & Surplus:						(1	.	0	5
---------------------	--	--	--	--	--	----	---	---	---

Secured Loans: 

						N	I	L
--	--	--	--	--	--	---	---	---

Unsecured Loans:					1	6	.	2	1
------------------	--	--	--	--	---	---	---	---	---

Deferred Tax Liability: 

						N	I	L
--	--	--	--	--	--	---	---	---

### Application of Funds

Net Fixed Assets: 

					0	.	5	4
--	--	--	--	--	---	---	---	---

Investments: 

						N	I	L
--	--	--	--	--	--	---	---	---

Net Current Assets: 

				(4	1	.	7	0)
--	--	--	--	----	---	---	---	----

Miscellaneous Expenditure: 

				5	8	.	9	4
--	--	--	--	---	---	---	---	---

#### IV. Performance of Company (Amount Rs. Lacs)

Turnover				9	4	7	.	3	2
----------	--	--	--	---	---	---	---	---	---

Total Income				9	4	7	.	3	4
--------------	--	--	--	---	---	---	---	---	---

Total Expenditure:				9	8	6	.	8	8
--------------------	--	--	--	---	---	---	---	---	---

Profit Before Tax:					(3	9	.	5	4)
--------------------	--	--	--	--	----	---	---	---	----

Profit After Tax:					(3	9	.	9	2)
-------------------	--	--	--	--	----	---	---	---	----

Earning Per Share in Rs.				(3	9	9	2	2	8)
--------------------------	--	--	--	----	---	---	---	---	----

Dividend Rs. Per Share

**V. Generatic Names of Principal Products of Company (as per monetary terms)**

Item Code No. (ITC Code):

	N	A						
--	---	---	--	--	--	--	--	--

Product Description:

A	U	T	O	M	O	T	I	V	E
---	---	---	---	---	---	---	---	---	---

P	A	R	T	S				
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**For and on behalf of the Board of Directors**

Sd/-  
( J.K. Jain)  
Director

Sd/-  
(J.S.S. Rao)  
Director

Place : Rai, Sonapat (HR.)

Date : 19.08.2011



# **Consolidated Financial Statements**

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors of

### **FIEM INDUSTRIES LIMITED**

1. We have audited the attached Consolidated Balance Sheet of FIEM INDUSTRIES LIMITED ("the Company") and its subsidiary as at 31st March 2011, the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date both annexed thereto. These Consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements. 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. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21- Consolidated Financial Statements as notified by Companies (Accounting Standards ) Rules, 2006 under section 211(3C) of the Companies Act 1956.
4. In our opinion and to the best of information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company as at 31st March 2011.
  - ii) In case of the Consolidated Profit and Loss Account, of the Consolidated Profit for the year ended on that date; and
  - iii) In the case of Consolidated Cash Flow Statement, of the consolidated Cash flows of the company for the year ended on that date.

for **ANIL S. GUPTA & ASSOCIATES**  
Firm Registration No. 004061N  
Chartered Accountants

PLACE : Rai, Sonapat (HR.)  
DATED : 19.08.2011

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

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

(Amount in Rs)

Schedules				AS AT 31.03.2011	AS AT 31.03.2010
SOURCES OF FUNDS					
Shareholders' Funds					
a)	Share Capital	1	119,622,260	119,622,260	
b)	Reserves & Surplus	2	1,134,252,541	978,338,238	1,097,960,498
				1,253,874,801	
Loan Funds					
a)	Secured Loans	3	1,312,000,293	542,369,460	
b)	Unsecured Loans		-	-	
				1,312,000,293	542,369,460
Deferred Tax Liability (Net)		4	146,616,427		118,761,821
TOTAL				2,712,491,521	1,759,091,779
APPLICATION OF FUNDS					
Fixed Assets		5			
a)	Gross Block		2,901,711,368	2,001,392,572	
b)	Less : Depreciation/ Amortisation		595,342,569	466,078,811	
c)	Net Block		2,306,368,799	1,535,313,761	
d)	Capital Work in Progress (Including Capital Advances)		188,905,066	252,258,701	
				2,495,273,865	1,787,572,462
Investments		6	200,000		200,000
Current Assets, Loans and Advances		7			
a)	Inventories		420,900,026	273,324,514	
b)	Sundry Debtors		454,353,031	310,646,161	
c)	Cash and Bank Balances		48,184,893	17,039,682	
d)	Loans and advances		165,341,936	136,515,265	
		A	1,088,779,886	737,525,622	
Less :-					
Current Liabilities and Provisions		8			
a)	Current Liabilities		811,370,970	687,083,968	
b)	Provisions		60,391,261	79,239,337	
				766,323,305	
Net Current Assets		(A-B)	217,017,655		(28,797,683)
Miscellaneous Expenditure		9	-		117,000
( to the extent not written off or adjusted )					
TOTAL				2,712,491,521	1,759,091,779
Significant Accounting Policies and Notes to Accounts		20			
Schedule 1 to 20 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  
Firm Registration Number: 004061N  
Chartered Accountants

Sd/-  
(J. K. Jain)  
Managing Director

Sd/-  
(Rahul Jain)  
Director

Sd/-  
(Arvind K. Chauhan)  
Company Secretary

Sd/-  
Anil Kumar Gupta  
Prop.  
(Membership No. 83159)

Place : Rai, Sonapat (HR.)  
Date : 19.08.2011

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

(Amount in Rs)

Schedules	Current Year 2010-11	Previous Year 2009-10
<b>INCOME</b>		
Gross Sales	4,622,488,973	3,166,905,887
Less Excise Duty	357,131,394	208,271,542
Net Sales	10 4,265,357,579	2,958,634,345
Other Income	11 13,188,666	8,452,362
Increase / (Decrease) in Stock	12 78,287,372	(56,428,211)
<b>TOTAL [A]</b>	<b>4,356,833,617</b>	<b>2,910,658,496</b>
<b>EXPENDITURE</b>		
Cost of Goods Traded In	13 82,385,258	48,847,164
Cost of Moulds, Dies and Tools for sale	14 61,142,310	37,313,490
Raw Materials Consumed	15 2,545,301,741	1,685,629,305
Manufacturing Expenses	16 780,468,321	564,029,364
Employees Cost	17 134,439,876	101,766,274
Cost of Finance	18 95,157,042	33,324,851
Administrative and Selling Expenses	19 373,286,793	190,718,835
Depreciation & Amortization	5 129,795,492	92,467,272
<b>TOTAL [B]</b>	<b>4,201,976,834</b>	<b>2,754,096,556</b>
<b>Profit for the year before Taxation "A - B"</b>	<b>154,856,783</b>	<b>156,561,940</b>
Prior Period Expenses	662,827	1,514,136
<b>Profit after Prior Period Expenses</b>	<b>154,193,956</b>	<b>155,047,804</b>
<b>Less : Tax Expenses</b>		
i) Provision for Current Tax ( MAT Payable)	31,488,098	33,534,025
Less:- MAT Credit Entitlement	(16,350,000)	-
Net Current Tax Liability	15,138,098	33,534,025
ii) Provision for Deferred Tax	27,854,606	15,401,107
iii) Provision for Wealth tax	424,000	300,000
iv) Income Tax paid for earlier year	137,224	145,386
	43,553,928	49,380,518
<b>Profit after Taxation</b>	<b>110,640,028</b>	<b>105,667,286</b>
Add :- Balance Brought Forward	403,863,890	344,069,110
<b>Profit Available for Appropriation</b>	<b>514,503,918</b>	<b>449,736,396</b>
<b>APPROPRIATIONS</b>		
i) Transfer to General Reserve	12,500,000	11,000,000
ii) Proposed Dividend	29,905,565	29,905,565
iii) Corporate Dividend Tax	4,851,431	4,966,941
<b>Profit Carried to Balance Sheet</b>	<b>467,246,922</b>	<b>403,863,890</b>
Basic and Diluted EARNINGS PER EQUITY SHARE (Nominal value Rs 10 per share)		
- Before Extraordinary items	9.25	8.83
- After Extraordinary items	9.25	8.83
No. of shares (Weighted Average)	11,962,226	11,962,226

**Significant Accounting Policies** 20

### & Notes to Accounts

Schedule 1 to 20 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  
Firm Registration Number: 004061N  
Chartered Accountants

Sd/-  
**(J. K. Jain)**  
Managing Director

Sd/-  
**(Rahul Jain)**  
Director

Sd/-  
**(Arvind K. Chauhan)**  
Company Secretary

Sd/-  
**Anil Kumar Gupta**  
Prop.  
(Membership No. 83159)

Place : Rai, Sonapat (HR.)  
Date : 19.08.2011



## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Amount in Rs)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>SHARE CAPITAL</b>		<b>SCHEDULE - I</b>
<b>Authorised</b>		
3,00,00,000 (Prv. Year 3,00,00,000) Equity shares of Rs 10 each	300,000,000	300,000,000
<b>Issued, Subscribed &amp; Paid-up</b>		
1,19,62,226 ( Prv. Year 1,19,62,226 ) Equity Shares of Rs. 10/- each fully paid up	119,622,260	119,622,260
<b>TOTAL</b>	<b>119,622,260</b>	<b>119,622,260</b>

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 &amp; 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	24,741,252	25,733,278
Less:- Adjustment on account of depreciation on revalued portion of asset	992,026	992,026
	23,749,226	24,741,252

## SECURITIES PREMIUM ACCOUNT

As per Last Balance Sheet

## GENERAL RESERVE

As Per Last Balance Sheet	41,000,000	30,000,000
Add :- Transferred from Profit and Loss A/c	12,500,000	11,000,000

## PROFIT AND LOSS ACCOUNT

## TRANSLATION RESERVE

## HEDGING RESERVE ACCOUNT (refer note no. 15 of Schedule 20)

<b>TOTAL</b>	<b>1,134,252,541</b>	<b>978,338,238</b>
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## SCHEDULE - 3

## SECURED LOANS

## TERM LOANS FROM BANKS

a) Rupee Loan	615,935,165	327,395,214
b) External Commercial Borrowings	292,410,993	-
	908,346,158	327,395,214

## VEHICLE LOANS

a) from Banks	15,819,835	11,499,121
b) from Others	5,436,969	-
	21,256,804	11,499,121

## WORKING CAPITAL ADVANCE FROM BANKS

a) Rupee Loan	322,397,331	203,475,125
b) Foreign Currency Loan	60,000,000	-
	382,397,331	203,475,125
<b>TOTAL</b>	<b>1,312,000,293</b>	<b>542,369,460</b>

## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Contd.)

(Amount in Rs)

	AS AT 31.03.2011	AS AT 31.03.2010
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### NOTES

#### A) TERM LOANS FROM BANKS

- a) From Citibank NA :- Loan outstanding as at 31st March 2011 Rs 2,07,87,867 (Previous Year Rs 4,53,41,069) (Principal amount including interest repayable within 12 months from the date of Balance sheet Rs 2,07,87,867 (Previous Year 2,47,16,069))  
(Secured against Exclusive charge on all the movable and immovable assets procured out of the term loan including equitable mortgage on factory land and building at Nalagarh Unit, H.P. and second charge on all movable and immovable fixed assets at Rai Unit, Haryana)
- b) From Standard Chartered Bank :- Loan outstanding as at 31st March 2011 Rs 34,14,37,267 (Previous Year Rs 18,10,34,664) (Principal amount including interest repayable within 12 Months is Rs 4,41,80,384 (Previous Year Rs 3,24,13,866))  
(Secured against Exclusive charge on land and building at Hosur Unit-3 situated at Kelamangalam Road, Hosur, Tamilnadu and Exclusive charge on land and Building of corporate office in Mansarovar Garden, New Delhi. External Commercial Borrowing is secured against Equitable mortgage on land and building at Tapukara, Rajasthan Unit on Exclusive basis and Specific charge on Plant and machinery at Tapukara, Rajasthan Unit)
- c) From State bank of Patiala :- Loan outstanding as at 31st March 2011 Rs 24,58,86,091 (Previous Year 10,10,19,481) (Principal amount including interest repayable within 12 Months is Rs 2,52,22,091 (Previous Year Rs 1,76,87,481))  
(Secured against First Pari Passu charge with Axis Bank over the fixed assets of Rai Unit (Present and future) including equitable mortgage of Factory Land and Building at Rai, Sonapat and first charge on movable fixed assets of Hosur unit- III (tamilnadu) and Mysore unit -IV Karnataka and Second charge over the entire fixed assets of unit VI nalagarh Unit (first charge with Citibank)
- d) From Axis Bank :- Loan outstanding as at 31st March 2011 Rs 30,02,34,933 (Previous Year NIL) (Principal amount including interest repayable within 12 Months is Rs 2,52,34,933 (Previous Year Nil))  
(Secured against First Pari Passu charge on the movable and immovable fixed assets of Rai Unit including equitable mortgage of Factory Land and Building of Rai Unit with State Bank of Patiala and secured against First Pari Passu Charge on movable fixed assets of kundli unit and Unit -2 at Hosur with Citibank)

#### B) WORKING CAPITAL ADVANCES FROM BANKS

- a) From Citibank NA :- Loan outstanding as at 31st March 2011 Rs 31,27,82,305 (Previous Year Rs 8,16,30,028) (Principal amount repayable within 12 months from the date of Balance sheet Rs 31,27,82,305 (Previous Year Rs 8,16,30,028))  
(Secured against First Pari Passu Charge on 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)
- b) From Standard Chartered Bank :- Loan outstanding as at 31st March 2011 Rs 6,96,15,026 (Previous Year Rs 12,18,45,097) (Principal amount repayable within 12 months from the date of Balance sheet Rs 6,96,15,026 (Previous Year Rs 12,18,45,097))  
(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 unit Haryana & Thally Road Hosur,Tamilnadu)

#### C) LOANS SECURED AGAINST HYPOTHECATION OF VEHICLES

(Loan from Banks and Others are secured against hypothecation of Vehicles, However Vehicle in case of Loan from others has been purchased/ delivered in the month of April, 2011, whereas the Loan was disbursed upto 31.03.11. Vehicle Loan outstanding as at 31st March 2011 Rs 2,12,56,804 (Previous Year Rs 1,14,99,121) (Principal amount repayable within 12 months from the date of Balance Sheet Rs 72,28,655 (Previous Year Rs 38,19,938))

### SCHEDULE - 4

#### DEFERRED TAX LIABILITY (NET)

##### Deferred Tax Liabilities

i)	On Difference in Depreciation and other differences in book value of Fixed assets as per Financial Books and Income Tax Books	151,856,384	151,856,384	126,548,387	126,548,387
<b>Less :- Deferred Tax Assets</b>					
i)	On Disallowances under Income Tax Act 1961	5,239,957		5,325,992	
ii)	On Tax Effect of Share Issue Expenses	-		2,460,574	
<b>TOTAL</b>			<b>146,616,427</b>		<b>118,761,821</b>

## SCHEDULE - 5

(Amount In Rs.)

PARTICULARS		GROSS BLOCK				DEPRECIATION/ AMORTIZATION				NET BLOCK	
	Nature of Assets	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	upto 01.04.2010	For the Year	Deductions	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
	<b>Tangible Assets</b>										
	Land Free hold	293,046,295	508,092		293,554,387				-	293,554,387	293,046,295
	Land Lease hold	1,682,900	163,846,048		165,528,948	70,861	1,672,726		1,743,587	163,785,361	1,612,039
	Buildings	272,482,245	343,485,752		615,967,997	40,032,075	16,380,906		56,412,981	559,555,016	232,450,170
	Plant & Machinery	1,029,825,465	276,757,979	5,345,614	1,301,237,830	229,557,542	63,163,924	377,584	292,343,882	1,008,893,948	800,267,923
	Office Equipments	12,910,134	4,321,980	16,640	17,215,474	2,819,082	1,187,689	1,198	4,005,573	13,209,901	10,091,052
	Vehicles	63,159,963	13,009,410	5,629,637	70,539,736	26,260,978	6,028,958	2,787,030	29,502,906	41,036,631	36,898,985
	Mould, Block & Dies	172,087,541	50,744,942		222,832,483	97,033,059	24,990,960		122,024,019	100,808,464	75,054,482
	Tools & Equipments	26,029,896	5,525,697		31,555,593	13,110,940	4,567,261		17,678,201	13,877,393	12,918,956
	Furniture & Fixtures	34,230,575	19,181,591		53,412,166	9,900,759	5,287,416		15,188,175	38,223,991	24,329,816
	Electrical Installations	48,303,264	28,823,939	110,255	77,016,948	12,186,061	4,236,227	12,958	16,409,330	60,607,618	36,117,203
	Computers	24,570,507	3,419,075		27,989,582	19,120,670	1,221,338		20,342,008	7,647,574	5,449,837
	<b>Intangible Assets</b>										
	Computer Software	10,233,939	1,796,437		12,030,376	7,546,441	1,139,149		8,685,590	3,344,786	2,687,498
	Development Expenditure	10,801,235			10,801,235	7,144,264	2,160,246		9,304,510	1,496,725	3,656,971
	Technical Know How	2,028,613			2,028,613	1,296,079	405,729		1,701,808	326,805	732,534
	<b>Total</b>	<b>2,001,392,572</b>	<b>911,420,942</b>	<b>11,102,146</b>	<b>2,901,711,368</b>	<b>466,078,811</b>	<b>132,442,528</b>	<b>3,178,770</b>	<b>595,342,569</b>	<b>2,306,368,799</b>	<b>1,535,313,761</b>
	<b>Previous Year</b>	<b>1,745,989,196</b>	<b>257,581,518</b>	<b>2,178,142</b>	<b>2,001,392,572</b>	<b>373,913,083</b>	<b>93,459,299</b>	<b>1,293,576</b>	<b>466,078,811</b>	<b>1,535,313,761</b>	<b>-</b>
	<b>Capital Work-in-Progress</b>									<b>188,905,066</b>	<b>252,258,701</b>

## Rs. Rs.

	Rs.	Rs.
	Current Year	Previous Year
1. Depreciation & amortization for the year	132,442,528	93,459,299
Less: Capitalised as pre-operative expenditure	1,655,010	-
Less: Depreciation on revalued assets withdrawn from building revaluation reserve	992,026	992,026
Depreciation & amortization charged to Profit & Loss Account	<u>129,795,492</u>	<u>92,467,272</u>
2. Addition to mould, block & dies includes inhouse development of moulds, block & dies amounting to Rs. 2,25,83,081 (Previous year Rs. 1,98,55,526)		
3. Gross Block of Land free hold includes Rs. 1,74,77,278 and gross block of Buildings includes Rs. 2,97,01,382 on account of revaluation carried out in the past years based on reports issued by Government approved valuers.		
4. Additions and capital work in progress include Rs. 39,29,101 (Net Gain) [Previous Year-Rs. Nil] on account of Mark to Market gain on ECB Loan as per under para 46 of AS-11.		
5. Capital Work in progress includes:		
Particulars	Current Year	Previous Year
i. Fixed assets under construction	98,098,967	220,309,495
ii. Advance against capital expenditure	57,065,844	14,816,076
iii. Fixed assets under installation	17,262,870	10,390,972
iv. Pre-operative expenditure pending capitalization	13,430,716	6,287,341
v. Fixed assets in transit	3,046,669	454,817
Total	<u>188,905,066</u>	<u>252,258,701</u>

## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Contd.)

(Amount in Rs)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>INVESTMENTS</b>		<b>SCHEDULE - 6</b>
<b>LONG TERM INVESTMENTS (Valued at Cost)</b>		
NON TRADE AND UNQUOTED		
a) M/s Shivalik Solid Waste Management Ltd. 20,000 (P. Y. 20,000 ) equity shares of Rs 10 each fully paid up	200,000	200,000
<b>TOTAL</b>	<b>200,000</b>	<b>200,000</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		<b>SCHEDULE - 7</b>
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
( As per Inventory taken valued & certified by the management and valued at lower of cost or net realisable value )		
a) Raw Material and Components	200,676,626	129,318,255
b) Stores and Spares (including Packing Material)	18,164,861	12,108,855
c) Work in Progress	106,596,199	66,013,779
d) Mould, Tools and Dies (Traded)	9,803,443	23,711,853
e) Other Traded Goods	934,200	879,549
f) Finished Goods	75,876,195	38,171,243
	412,051,524	270,203,534
Material in Transit	8,848,502	3,120,980
<b>TOTAL [A]</b>	<b>420,900,026</b>	<b>273,324,514</b>
<b>Sundry Debtors</b>		
Debt Outstanding for a period exceeding Six Months		
a) Considered Good	18,733,753	15,524,481
b) Considered Doubtful	3,305,956	2,739,614
Other Debts :- Considered Good	435,619,278	295,121,680
	457,658,987	313,385,775
Less:- Provision for Doubtful Debts	3,305,956	2,739,614
<b>TOTAL [B]</b>	<b>454,353,031</b>	<b>310,646,161</b>
<b>Cash and Bank Balances</b>		
Cash in Hand	1,436,435	1,263,987
Balances in Current Account		
- with Scheduled banks	8,818,779	8,933,026
- with Others	33,929,155	4,653,066
- In Deposit with Banks ( Rs 12,70,690 ( Previous year Rs 18,29,224 ) pledged with bank and others)	3,620,690	1,904,224
Add : Interest Accrued	157,699	118,556
	3,778,389	2,022,780
- Unpaid Dividend Account	222,135	166,824
<b>TOTAL [C]</b>	<b>48,184,893</b>	<b>17,039,682</b>
<b>Loans and Advances</b>		
( Unsecured but considered good )		
Advances Recoverable in cash or in kind or for value to be received.	16,306,863	11,362,540
Advances for Goods other than Capital Goods	25,320,781	30,142,791
Security Deposits	20,140,697	10,660,184
Balance with Customs, Excise Department	70,810,847	41,141,132
Balance with Sales Tax Department	2,534,176	2,158,538
Advance Income Tax (Including Tds)	13,878,573	41,050,078
MAT Credit Entitlement	16,350,000	-
<b>TOTAL [D]</b>	<b>165,341,936</b>	<b>136,515,265</b>

## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Contd.)

(Amount in Rs)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE - 8</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors		
i) Due to Micro, Small and Medium Enterprises	2,480,153	-
ii) Due to Other Creditors	627,463,234	469,484,074
Advances from Customers	66,187,676	50,972,532
Interest accrued but not due on loans	1,711,924	82,526
Unpaid Dividends	222,135	166,824
Security Deposits from Dealers	7,987,251	4,917,550
Liabilities for Expenses	40,099,423	25,309,437
Other Liabilities *	65,219,174	136,151,025
<b>TOTAL</b>	<b>811,370,970</b>	<b>687,083,968</b>
Note :		
* Other Liabilities include fair value of Foreign Exchange Forward and Swap Contracts		
<b>PROVISIONS</b>		
Taxation		
I. Income Tax and Wealth Tax	15,561,814	33,833,908
II. Corporate Dividend Tax	4,851,431	4,966,941
	20,413,245	38,800,849
Proposed Dividend	29,905,565	29,905,565
Warranties	1,043,226	735,740
Excise Duty	3,033,701	1,136,453
<u>Retirement Benefits</u>		
Gratuity	588,047	4,249,663
Earned Leave	5,407,477	4,411,067
	5,995,524	8,660,730
<b>TOTAL</b>	<b>60,391,261</b>	<b>79,239,337</b>
<b>SCHEDULE - 9</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off/or adjusted)		
<b>Increase in Authorised Capital</b>		
Opening Balance	117,000	296,900
Less :- Written Off during the year	117,000	179,900
	-	117,000
<b>TOTAL</b>	<b>-</b>	<b>117,000</b>

## SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Amount in Rs)

		Current Year 2010-11	Previous Year 2009-10
			<b>SCHEDULE 10</b>
<b>NET SALES</b>			
Manufactured Sale			
:- Automotive Goods			
Domestic	3,936,106,578		2,715,468,803
Export Sale	130,724,840		128,497,709
:- Mould Dies and Tools	11,933,285		12,916,863
		4,078,764,703	2,856,883,375
Traded Sale			
:- Mould Dies and Tools-Domestic			
	38,007,758		41,742,250
:- Mould Dies and Tools-Export			
	29,232,832		5,111,721
:- Sale of Foreign Subsidiary Company			
	93,541,349		17,167,152
:- Other Goods			
	25,810,937		37,729,847
		186,592,876	101,750,970
<b>TOTAL</b>		<b>4,265,357,579</b>	<b>2,958,634,345</b>
			<b>SCHEDULE 11</b>
<b>OTHER INCOME</b>			
Testing Charges Received		1,930,580	2,275,619
Duty Drawback / Deemed Export Benefit		622,935	564,796
Mould Dies and Tool Modification Charges		5,892,461	1,058,961
Interest Received (Tds 0.42 Lac P.Y. Rs 0.59 Lac )		415,892	399,204
Interest Received on Income Tax Refund		2,600,382	1,456,659
Miscellaneous Income		2,167,928	2,733,146
Difference in Foreign Exchange		(441,513)	(36,023)
<b>TOTAL</b>		<b>13,188,666</b>	<b>8,452,362</b>
			<b>SCHEDULE -12</b>
<b>INCREASE / (DECREASE) IN STOCK</b>			
Stock in Trade at Close			
a) Work in Progress	106,596,199		66,013,779
b) Finished Goods	75,876,195		38,171,243
		182,472,394	104,185,022
Stock in Trade at Commencement			
a) Work in Progress	66,013,779		128,453,474
b) Finished Goods	38,171,243		32,159,759
		104,185,022	160,613,233
<b>TOTAL</b>		<b>78,287,372</b>	<b>(56,428,211)</b>
			<b>SCHEDULE 13</b>
<b>COST OF GOODS TRADED IN</b>			
Opening stock		879,549	1,198,085
Add:- Purchases		82,439,909	48,528,628
Less :- Closing Stock		934,200	879,549
<b>TOTAL</b>		<b>82,385,258</b>	<b>48,847,164</b>



## SCHEDULES TO THE CONSOLIDATED PROFIT &amp; LOSS ACCOUNT (Contd.)

(Amount in Rs)

	Current Year 2010-11	Previous Year 2009-10
<b>COST OF MOULDS, DIES AND TOOLS FOR SALE</b>		<b>SCHEDULE 14</b>
Opening stock	23,711,853	5,263,906
Add:- Purchases	47,233,900	55,761,437
Less :- Closing Stock	9,803,443	23,711,853
<b>TOTAL</b>	<b>61,142,310</b>	<b>37,313,490</b>
<b>RAW MATERIAL CONSUMED</b>		<b>SCHEDULE 15</b>
Opening Stock of Raw Material	129,318,255	85,301,759
Add :- Purchases of Raw material	2,616,660,112	1,729,645,801
Less :- Closing Stock of Raw Material	200,676,626	129,318,255
<b>TOTAL</b>	<b>2,545,301,741</b>	<b>1,685,629,305</b>
<b>MANUFACTURING EXPENSES</b>		<b>SCHEDULE -16</b>
Wages & Allowances including Bonus	325,914,317	236,334,632
Contribution to Provident fund, ESI fund and other funds	6,639,004	4,272,692
Power & Fuel	184,282,539	139,500,486
Job Charges	3,787,294	4,872,346
Consumable Stores	60,879,800	49,372,706
Repair - Plant & Machinery	40,080,383	28,392,032
Repair - Dies	7,827,779	5,678,385
Factory / Godown Rent	2,828,797	2,196,700
Packing Expenses	106,442,617	62,645,841
Freight, Cartage & Octroi	35,068,552	25,562,447
Increase/(decrease) of excise duty in stocks of Finished Goods	1,897,248	148,230
Testing Fees	4,642,916	4,751,652
Segregation Charges Paid	177,075	301,215
<b>TOTAL</b>	<b>780,468,321</b>	<b>564,029,364</b>
<b>EMPLOYEE COST</b>		<b>SCHEDULE -17</b>
Salaries & Allowances including Bonus	106,765,955	82,968,550
Contribution to Provident fund, ESI fund and other funds	2,072,717	1,717,761
Staff Welfare Expenses	20,276,018	12,875,073
Gratuity to staff	3,651,233	3,043,577
Earned Leave to staff	1,673,954	1,161,314
<b>TOTAL</b>	<b>134,439,876</b>	<b>101,766,274</b>

## SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT (Contd.)

	Current Year 2010-11	(Amount in Rs) Previous Year 2009-10
<b>COST OF FINANCE</b>		<b>SCHEDULE -18</b>
<b>Interest</b>		
a. To Banks on CC & Term Loans	69,845,797	24,315,616
b. To Others	1,817,721	1,395,923
Bill Discounting Expense	19,461,934	5,821,198
Bank Charges	1,419,090	1,285,864
Processing Charges	2,612,500	506,250
<b>TOTAL</b>	<b>95,157,042</b>	<b>33,324,851</b>
<b>ADMINISTRATIVE AND SELLING EXPENSES</b>		<b>SCHEDULE 19</b>
Advertisement, Sub & Membership Exp.	2,759,578	6,250,550
Auditor's Remuneration	3,000,000	2,250,000
Brokerage and Commission	164,788	27,000
Donation	613,157	688,739
Insurance Charges	2,606,660	1,511,459
Bad debt written off	348,904	29,198,683
Provision for Bad and Doubtful Debt	566,342	(1,627,966)
Rent	1,963,843	962,667
Repair & Maintenance- Building	850,917	419,037
Repair & Maintenance- Other	8,830,346	6,507,542
Royalty	5,000,000	5,000,000
Loss on sale of Fixed Assets	2,047,461	321,491
Exchange Difference -Derivatives	33,388,490	32,110,753
Loss on Settlement of Target Redemption Forward Contract	177,051,673	-
Selling & Distribution Expenses	48,909,886	31,430,766
Cash Discount on sales	940,293	9,157,815
Travelling Expenses	16,683,297	13,018,482
Miscellaneous Expenditure written off	117,000	179,900
Other Office Expenses	67,444,158	53,311,917
<b>TOTAL</b>	<b>373,286,793</b>	<b>190,718,835</b>

## SCHEDULE-20

Significant Accounting Policies and Notes to Accounts attached to and forming part of the Consolidated Financial Statements as at 31.03.2011

**SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Preparation of Financial Statements**

- 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 (GAAP) in India, which comprise of mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 (as amended), other pronouncements of the Institute of Chartered Accountants of India, the relevant 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 change or revision to an existing Accounting Standard are dealt in the appropriate paras in the notes to accounts.

**B. Principal of Consolidation**

- I. The financial statements of the Parent Company, its Subsidiary have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profits/losses on intra-group transactions, as in accordance with Accounting Standard (AS) -21 "Consolidated Financial Statements".
- II. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- III. In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Translation reserve.
- IV. The company has only one wholly owned foreign subsidiary i.e Fiem Industries Japan Co. Ltd. incorporated in Japan which has been considered for consolidation.

**C. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statement and the reported amount of the income and expenses during the year. 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 expenses, provision for income tax, useful life of fixed assets etc. The estimates are based upon management knowledge of current events and economic circumstances.

**D. Fixed Assets**

- I. Fixed assets are valued at the historical cost of acquisition, construction or manufacturing cost, as the case may be, except

for certain fixed assets, which have been stated at revalued amounts less accumulated depreciation and amortization. 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 period pending allocation and fixed assets in transit that are not yet received for their intended use at the balance sheet date.
- V. In respect of accounting periods commencing on or after 7th December, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

**E. 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. Finished stocks lying in the factory premises, branches, Depots are valued inclusive of 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 for which facilities for reprocessing do not exist have been valued at net realizable value.
- V. Goods in transit are stated as a component of inventories if the significant risk and rewards of ownership have passed to the company and valued at actual cost incurred up to the date of Balance Sheet.

## **F. 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 or 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.

## **G. Depreciation & Amortization**

- I. Depreciation on fixed assets is provided on 'Straight Line Method' in accordance with the provisions of Section 205 (2) (b) of the Companies Act, 1956 in the manner and at the rates specified in Schedule XIV to the said act.
- II. Premium on Leasehold land is amortized over the period of lease term.
- III. Depreciation on assets purchased during the year has been charged from the date of purchase.
- IV. Depreciation on assets sold, discarded or demolished during the year is being provided at their rates up to the date of sale, discarded or demolished.
- V. Technical know-how expenses are amortized over a period of 5 years.
- VI. Depreciation on computer software is charged on Straight Line Method at the rate of 16.21%.
- VII. Assets purchased during the year costing Rs. 5,000 or less are wholly depreciated in the year of purchase.
- VIII. Depreciation is not charged on capital work in progress until construction and installation are complete and asset ready for its intended use.
- IX. On the revalued assets, the difference between the depreciation calculated on the revalued amount & on the original cost is charged to the Revaluation Reserve.

## **H. 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. In case of monetary assets and liabilities, which are hedged, are accounted as per the terms of contract for hedging.
- III. Non-monetary assets and liabilities denominated in foreign currency items are carried at historical 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. Premium or discount on forward contracts is amortized over the life of contracts and is recognized as income or expense.

- VII. Exchange differences, in respect of accounting periods commencing on or after 7th December, 2006 arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements in so far as they relate to the acquisition of a depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset. In other cases, they are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or after 31st March, 2012.

## **I. Miscellaneous Expenditure**

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

## **J. 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 transferred to the customers. Sale is shown net of excise duty. The Excise Duty is separately disclosed.
- III. Revenue in respect of contracts for services is recognized on completion of services.
- IV. Inter-unit/warehouse transfer has not been considered as part of "Turnover".
- V. Insurance claims are accounted for based on certainty of realization.
- VI. Interest and other dues are accounted on accrual basis.
- VII. Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book Scheme" are recognized in the year the goods are exported if the same can be measured with reasonable accuracy.

## **K. 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 G (I).

## **L. 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. Gratuity 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.

## M. 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.

## N. 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.

## O. Taxation

- I. Provision for tax is made for the current accounting period on the basis of the taxable profits computed accordance with the Income Tax Act, 1961.
- II. Minimum Alternate Tax (MAT) is paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an assets if there is convincing evidence that the Company will pay normal income tax during the specified period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the assets can be measured reliably. The

said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

- III. Deferred Tax 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.

## P. 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.

## Q. Excise Duty

The Excise duty has been accounted on finished goods on the basis of both payments made in respect of goods cleared as also goods lying in warehouse/factory. 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.

## R. 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.

## S. 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.

## T. 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.

#### U. Segment Reporting Policies

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic unit that offers different

products and serves different market. The analysis of geographical segments is based on the geographical location of the customers.

#### V. Operating Lease

Leases other than finance lease, are operating leases, and the leased assets are not recognized on the Company's balance sheet. Payments under operating leases are recognized in statement of operations on a straight-line-basis over the term of the lease.

#### 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 into a technical assistance agreement with Ichikoh Industries Limited, Japan.

##### 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. Capital Commitments:

(Amount In Rs.)

Particulars	31.03.2011	31.03.2010
Estimated amount of contracts remaining to be executed on capital account and not provided for, Net of Advances	5,79,15,452	1,83,52,522

#### 4. Contingent Liabilities:

(Amount In Rs.)

Particulars	31.03.2011	31.03.2010
<b>1. Performance and Financial Guarantees given by Banks on behalf of the Company</b>		
Guarantee given to Custom & Excise Authorities	18,30,570	18,30,570
Guarantee given to Commercial Tax Officers	3,85,000	3,25,000
Guarantee given to Himachal Pradesh Electricity Board H.P.	18,30,000	12,00,000
Guarantee given to Original Equipment Buyer (OEM) against supply of moulds & dies within the stipulated time	2,50,04,900	89,81,025
Guarantee given to Haryana State Pollution Control Department	20,16,135	20,16,135
Guarantee given to Dept of Indigenization /DGEME Ministry of Defence New Delhi against supply of Automotive lights within the stipulated time.	45,077	45,077
Guarantee given to APSRTC Hyderabad against supply of Automotive lights within the stipulated time.	1,00,000	-
<b>2. Disputed Liabilities in appeal</b>		
Excise duty demand on account of availing excess CENVAT credit on input procured from a 100% Export oriented undertaking and penalty equal to excise duty taken	25,07,076	25,07,076
Income Tax matters under dispute in respect of Assessment Year 2006-07 for which Company has filed appeal with CIT (Appeals), New Delhi	-	4,77,395
<b>3. Sales Bill Discounted from Banks</b>		
Sales Bill Discounted from Bank Not Matured up to reporting date	25,83,81,802	19,09,19,068

## 5. Related Party Disclosures

Name of Related Parties, Transactions and Balances at Reporting date are as follows:

Name of Related Party	
<b>Key Management Personnel</b>	
Jagjeevan Kumar Jain	Chairman and Managing Director
Seema Jain	Whole Time Director
Aanchal Jain	Whole Time Director
JSS Rao	Whole Time Director
Kashi Ram Yadav	Whole Time Director
Takanabu Kamoshita	Director (up to 01.12.2010)
Saket Singhal	Director (with effect from 01.12.2010)
<b>Relative of Key Management Personnel</b>	
Rahul Jain	Son of Jagjeevan Kumar Jain-Chairman and Managing Director and Seema Jain-Whole time Director Brother of Aanchal Jain-Whole Time Director
<b>Related Parties Controlled by Key Management personnel</b>	
Fiem Auto Private Limited	Entity Controlled by Key Management Personnel
Jagjeevan Kumar Jain (HUF)	Entity Controlled by Key Management Personnel
Fiem Auto & Electrical Industries	Entity Controlled by Key Management Personnel

(Amount In Rs.)

Particulars	Transaction Values		Outstanding Amount	
	2010-2011	2009-2010	31st March, 2011	31st March, 2010
<b>Key Management Personnel</b>				
Remuneration	2,61,69,483	2,50,77,360	17,51,424	8,36,801
Interest	13,10,576	11,21,875	-	-
Dividend	95,88,567	95,09,292	-	-
<b>Relative of Key Management Personnel</b>				
Dividend	1,04,69,235	1,00,49,920	-	-
<b>Related Parties Controlled by Key Management personnel</b>				
Brand Royalty	50,00,000	50,00,000	17,81,750	-
Dividend	2,39,845	2,39,845	-	-

## 6. Deferred Tax Adjustments

The components of Deferred Tax Liability and Assets recognized in the financial statements are as under.

(Amount In Rs.)

Particulars	31.03.2011	Addition/ (Deduction) During the year	31.03.2010
<b>Deferred Tax Liability:</b>			
On account of timing difference in Depreciation & Amortization and other timing difference in block of Assets	15,18,56,384	2,53,07,997	12,65,48,387
<b>Total (A)</b>	<b>15,18,56,384</b>	<b>2,53,07,997</b>	<b>12,65,48,387</b>
<b>Deferred Tax Assets:</b>			
<b>On account of timing difference in</b>			
Amalgamation & Merger Expenses	-	(59,478)	59,478
Provision for Bad & Doubtful Debts	10,72,618	1,62,587	9,10,031
Provision for Leave Encashment	17,54,456	2,89,210	14,65,246
Provision for Gratuity	1,90,792	(12,20,840)	14,11,632
Provision for Bonus	16,08,861	3,80,074	12,28,787
Provision for Warranty	3,38,475	94,080	2,44,395
Share Issue Expenses	-	(24,60,574)	24,60,574
Welfare Fund	9,768	3,345	6,423
Interest Accrued on FCNR Loan	2,64,987	2,64,987	-
<b>Total (B)</b>	<b>52,39,957</b>	<b>(25,46,609)</b>	<b>77,86,566</b>
Net Deferred Tax Liability (A-B)	14,66,16,427	2,78,54,606	11,87,61,821
Previous Year	11,87,61,821	1,54,01,107	10,33,60,714



## 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.N	Particulars	31.03.2011	31.03.2010
A	Profit attributable to equity shareholders	11,06,40,028	10,56,67,286
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.)	9.25	8.83

## 8. Payments to Auditors

(Amount In Rs.)

Particulars	2010-11	2009-10
For Statutory Audit	17,50,000	10,00,000
For Tax Audit	2,50,000	2,50,000
For Limited Review	6,00,000	6,00,000
For Other certification Services	4,00,000	4,00,000
<b>Total</b>	<b>30,00,000</b>	<b>22,50,000</b>

## 9. Directors Remuneration

(Amount In Rs.)

Particulars	2010-11	2009-10
Salaries and Allowances	2,50,27,818	2,47,66,320
Contribution to Provident Fund & Pension	2,50,431	1,31,040
Perquisite and other benefits	8,91,234	1,80,000
<b>Total</b>	<b>2,61,69,483</b>	<b>2,50,77,360</b>

Note:-

- The above figures do not include provisions for leave encashment and gratuity 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.
- As no commission is payable to the directors, the computation of net profits in accordance with section 309 (5) read with section 349 of the Companies act, 1956 has not been given.

## 10. Segment Reporting

### Business Segments:

The Company's operations are manufacture of various types of automotive lighting system and accessories. Since the Company's business activity falls within a single business segment, there are no additional disclosures to be provided under Accounting Standard-17 'Segment Reporting'.

### Geographical Segments:

The geographical segment comprises of domestic and overseas market. The following table shows the distribution of the Company's Consolidated sales by geographical market, regardless of where the goods were produced:

(Amount In Rs.)

Particulars	Sales Revenue by Geographical Market	
	2010-11	2009-10
Domestic Market	4,01,18,58,558	2,78,91,29,307
Overseas Market	25,34,99,021	16,95,05,038
<b>Total</b>	<b>4,26,53,57,579</b>	<b>2,95,86,34,345</b>
	Sundry Debtors by Geographical Market	
	31.03.2011	31.03.2010
Domestic Market	41,30,82,419	28,77,37,455
Overseas Market	4,12,70,612	2,29,08,706
<b>Total</b>	<b>45,43,53,031</b>	<b>31,06,46,161</b>

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

**11. Lease Transaction**

Certain factory/depot premises, guesthouse premises and plant & machinery are obtained on operating leases. There are no contingent rents in the lease agreements. The lease terms are for 1-3 years and are renewable at the mutual agreement of the both the parties. There are no restrictions imposed by lease arrangements. There are no subleases and all the leases are cancelable in nature

(Amount In Rs.)

Particulars	2010-11	2009-10
Total of future minimum lease payments under cancelable operating lease for following periods:		
-Not later than one year	31,21,146	26,82,774
-Later than one year and not later than five years	34,89,666	17,39,200
-Lease payment recognized in Profit & Loss Account	57,75,499	43,31,972

**12. Exchange Differences on account of Fluctuation in Foreign Currency Rates**

(Amount In Rs.)

Nature of Exchange Fluctuation	2010-11	2009-10
<b>Exchange differences gains/(loss) recognized in the Profit and Loss Account</b>		
Relating to Export during the year as a part of 'Sales'*	23,51,046	(3,14,622)
Relating to Import during the year as a part of 'Purchase'	7,66,087	18,97,987
On Settlement of other transaction as a part of "Other Income"	(4,41,513)	(36,023)
On Expiry/Cancellation of Derivative Instruments during the year	(21,03,77,099)	(3,38,55,413)
<b>Exchange differences gains/(loss) recognized in the Capital Account</b>		
Relating to Liabilities against Capital Assets settlement during the year	8,04,201	(3,78,567)
On Marked to Market Gain/(Loss) on change in Value of Foreign Currency Loan (Consequent to notification, issued by Ministry of Corporate Affairs, amending the Accounting Standard AS-11)	39,29,101	-
On Expiry/Cancellation of Derivative Instruments during the year	(19,51,580)	(73,08,054)

**13. 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 2011 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. Product Warranty Adjustment

(Amount In Rs.)

Particulars	31.03.2011	31.03.2010
Opening Balance	7,35,740	5,49,040
Addition	10,43,226	7,35,740
Utilization	7,78,580	5,40,133
Reversal	(-) 42,840	8,907
Closing Balance	10,43,226	7,35,740

**14. Post-Employment Benefits Plans**
**A-Defined Contribution Plan**

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

(Amount In Rs.)

Particulars	2010-11	2009-10
Employer's Contribution to Provident Fund	65,11,350	48,16,753
Employer's Contribution to ESI Fund	21,27,775	11,24,216
Employer's Contribution to Wages Welfare Fund	72,596	49,484
<b>Total</b>	<b>87,11,721</b>	<b>59,90,453</b>

**B-Defined Benefit Plans**

Disclosure requirement as per Revised Accounting Standard on Employee Benefit-AS (15)-As per actuarial valuation as on 31.03.2011 are as follows:

(Amount in Rs.)

Description		Gratuity		Leave Encashment	
1. Recognized in the Statement of Profit & Loss Account		2010-11	2009-10	2010-11	2009-10
Current Service Cost		34,05,267	39,13,054	15,06,435	12,05,743
Interest cost on benefit obligation		11,50,562	8,09,205	3,25,784	2,68,112
Expected return on plan assets		(11,03,103)	(5,99,964)	N/A	N/A
Net actuarial gain/(loss) recognized in the year		1,98,507	(10,78,718)	(1,58,265)	(3,12,541)
<b>Total, Included in "Employee Cost"</b>		<b>36,51,233</b>	<b>30,43,577</b>	<b>16,73,954</b>	<b>11,61,314</b>
2. Amount to be Recognized in Balance Sheet		31.03.2011	31.03.2010	31.03.2011	31.03.2010
Present value of Defined benefit obligation		1,84,82,904	1,46,40,642	54,07,477	44,11,067
Fair value of plan assets		1,78,94,857	1,03,90,979	-	-
<b>Net Liability, Shown in "Provisions"</b>		<b>5,88,047</b>	<b>42,49,663</b>	<b>54,07,477</b>	<b>44,11,067</b>
3. Change in the present value of the defined benefit obligation		31.03.2011	31.03.2010	31.03.2011	31.03.2010
Opening defined benefit plan		1,46,40,642	1,02,37,560	44,11,067	34,53,047
Interest cost		11,50,562	8,09,205	3,25,784	2,68,112
Current service cost		34,05,267	39,13,054	15,06,435	12,05,743
Actuarial (gains)/losses on obligation		(1,96,327)	(74,172)	(1,58,265)	(3,12,541)
Benefits Paid		(5,17,240)	(2,45,005)	(6,77,544)	(2,03,294)
<b>Closing defined benefit plan</b>		<b>1,84,82,904</b>	<b>1,46,40,642</b>	<b>54,07,477</b>	<b>44,11,067</b>
4. Change in the fair value of the plan assets		31.03.2011	31.03.2010	31.03.2011	31.03.2010
Opening fair value of plan assets		1,03,90,979	62,12,621	N/A	N/A
Expected return		11,03,103	5,99,964	N/A	N/A
Contribution by employer		73,12,849	28,18,853	N/A	N/A
Actuarial gains/(losses) on obligation		(3,94,834)	10,04,546	N/A	N/A
Benefits Paid		(5,17,240)	(2,45,005)	N/A	N/A
<b>Closing fair value of plan assets</b>		<b>1,78,94,857</b>	<b>1,03,90,979</b>	<b>N/A</b>	<b>N/A</b>
5. Actuarial Assumptions					
Interest & Discount Rate		8.00%	8.00%	8.00%	8.00%
Attrition Rate		1.00%	1.00%	1.00%	1.00%
Retirement Age		58	58	58	58
Service cost increase rate		6.00%	4.00%	6.00%	4.00%
6. Categories of Plan Assets		Gratuity			
Particulars			2010-11 %		2009-10 %
Investment with insurer			100		100
<b>Total</b>			<b>100</b>		<b>100</b>
7. Experience Adjustment (Gratuity)		31.03.2011	31.03.2010	31.03.2009	31.03.2008
Defined Benefit Obligation		1,84,82,904	1,46,40,642	1,02,37,560	71,62,390
Plan Assets		1,78,94,857	1,03,90,979	62,12,621	31,89,259
Surplus/(deficit)		(5,88,047)	(42,49,663)	(40,24,939)	(39,73,131)
Exp. Adj. On Plan Liabilities		-	-	-	-
Exp. Adj. On Plan Assets		-	-	-	-

**Notes:**

- The estimates of future salary increases; considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.
- Information relating to experience adjustment on Plan Assets and Plan Liability in the actuarial valuation of gratuity as required by Para 120 (n)(ii) of the Accounting standard 15 (Revised) on Employee benefits is not available with the company.
- The company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting standard 15 (Revised) on Employee benefits is not disclosed.

**15. Foreign Exchange Derivatives and Exposure outstanding at end of the year****A. Cross Currency Swap & Forward Currency Option:**

The Company uses Cross-currency swaps (principal only swaps and interest rate swaps) 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 31.03.2011 is as follows.

(Amount In Rs.)

Particulars	No of Contracts	JPY Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
<b>1. Cross-Currency Swap</b>				
Principal Only Swap				
31.03.2011	5	16,15,45,262	5,88,43,750	(2,79,12,140)
31.03.2010	5	30,23,24,148	10,99,68,750	(3,64,77,060)
Interest Swap				
31.03.2011	5	1,02,63,172	44,90,257	(10,53,860)
31.03.2010	5	3,01,05,968	1,29,99,673	(15,83,660)
<b>Particulars</b>	<b>No of Contracts</b>	<b>USD Equivalent</b>	<b>INR Equivalent</b>	<b>Fair Value (Gain/(Loss))</b>
<b>2. Forward Currency Option</b>				
31.03.2011	2	54,80,000	23,64,86,000	(81,96,000)
31.03.2010	2	98,00,000	42,35,66,000	(1,88,06,000)

Note:

- For the purpose of fair valuation of aforesaid above contracts, the conversion rate of foreign currency as on 31.03.2011 has been adopted on the basis of the exchange rates as per Reserve Bank of India (RBI).

**B. Target Redemption Forward Contracts**

The company uses Target Redemption Forward Contract to hedge its exposure in foreign currency receivables. The counter party is bank. These contracts are for a period of three years.

- One of the Target Redemption Contracts consists of a total 36 foreign exchange ("FX") transactions and the final settlement date was 12th October 2010. At each expiry date, the reference exchange rate is compared to the strike rate. If the reference exchange rate is more than or equal to strike rate, then the notional amount of USD 1,25,000 is applicable. On the other hand, if the reference exchange rate is less than the strike rate, then the notional amount is USD 2,50,000 is applicable. The entire Target Redemption Contract is subject to knock out conditions. This contract has been finally settled during the year and has resulted in a loss of Rs. 10,71,23,712 (Previous Year: This contract was fair valued as on 31.03.2010 and resulted in a notional loss of Rs. 4,48,37,275)
- The other Target Redemption Contracts consists of a total 36 foreign exchange ("FX") transactions and the final settlement date was 22nd February 2011. At each expiry date, the reference exchange rate is compared to the strike rate. If the reference exchange rate is more than or equal to strike rate, then the notional amount of USD 1,25,000 is applicable. On the other hand, if the reference exchange rate is less than the strike rate, then the notional amount is USD 2,50,000 is applicable. The entire Target Redemption Contract is subject to knock out conditions. This contract has been finally settled during the year and has resulted in a loss of Rs. 6,99,27,961 (Previous Year: This contract was fair valued as on 31.03.2010 and resulted in a notional loss of Rs. 1,70,24,238)

**C. Movement in Hedging Reserve Account**

The movement in Hedging Reserve Account during the year ended March 31, 2011, for derivative transactions.

(Amount in Rs.)

Particulars	31.03.2011		31.03.2010	
1. Balance at the beginning of the year		(11,87,28,233)		(18,68,25,250)
2. Loss recorded/booked on occurrence of settlement of hedge transaction.				
Cross Currency Swap-Principal Swap	2,42,64,497		2,08,91,697	
Cross Currency Swap-Interest Swap	21,29,495		27,22,570	
Forward Currency Option	88,83,014		1,75,49,200	
Target Redemption Forward Contract	17,70,51,673	21,23,28,679	-	4,11,63,467
3. Changes in the fair Value of derivative transaction		(13,07,62,446)		2,69,33,550
4. <b>Balance at the end of the year</b>		<b>(3,71,62,000)</b>		<b>(11,87,28,233)</b>

**D. Foreign Exchange Currency Exposure Fully Hedged**

During the year, the Company has taken FCNR Based loan for 360 days against cash existing credit facility with CITIBANK N.A., which are fully protected against the currency and interest movements in the market. The basic details are as follows.

Purpose	To Finance working capital requirement of the Company
Amount	USD 13,15,789.47 equivalent to INR 6,00,00,000
Booking Date	February 2, 2011
Maturity Date	January 27, 2012
Interest Rate	USD LIBOR + 1.25% p.a. payable monthly
Additional Interest Cost for Hedged	INR 51,61,316/- (Fully Hedged @10.75% p.a.) (Payable at the time of Maturity Date)

**E. 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		31.03.2011		31.03.2010	
Payables in foreign Currency	Currency	INR	FC	INR	FC
-For Import of Raw Materials	USD	-	-	6,86,128	15,200
	JPY	16,20,600	30,00,00	-	-
-For Import of Capital Goods	JPY	11,27,668	20,87,500	4,54,840	9,38,976
	EURO	1,83,270	2,898	15,25,261	25,186
	USD	-	-	81,39,782	1,80,323
	GBP	10,78,231	14,990	10,19,770	14,990
-For Foreign Currency Loan	JPY	29,24,10,993	54,13,01,356	-	-
<b>Receivables</b>					
-For Export of Goods & Services	GBP	14,72,297	20,468	21,92,607	32,230
	JPY	54,26,236	1,00,44,864	-	-
Bank Balance	USD	3,68,320	8,249	3,59,176	7,957
	JPY	3,39,29,155	6,28,08,506	12,83,339	-
	EURO	16,09,142	25,445	-	26,49,337

Note: - The conversion rate of foreign currency as on 31.03.2011 have been adopted on the basis of the rates disclosed by the RBI.

**16. Micro, Small and Medium Enterprises**

The detail of amounts to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Act, 2006 (MSMED Act), based on the available information with the Company are as under.

(Amount In Rs.)

S.N.	Particulars	31.03.2011	31.03.2010
1	Principal amount due and remaining unpaid	24,80,153	-
2	Interest due on (1) above and unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act.	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

## 17. Detail of Research and Development Expenses

The Company has incurred expenses on its research and development center at Rai Unit.

(Amount In Rs.)

Particulars	2010-11	2009-10
<b>Capital Expenditure</b>		
Capital Expenditure	10,26,217	2,93,025
<b>Total</b>	<b>10,26,217</b>	<b>2,93,025</b>
<b>Revenue Expenditure</b>		
Salaries Allowances & Bonus	61,16,928	41,28,325
Contribution to Provident Fund	19,440	19,440
Depreciation & Amortization	1,10,178	35,625
<b>Total</b>	<b>62,46,546</b>	<b>41,83,390</b>

## 18. Balance with Non Scheduled Bank

(Amount in Rs)

Name of the Bank	Closing Balance at year end		Maximum amount outstanding during the year	
Year	31.03.2011	31.03.2010	2010-11	2009-10
Japan Resona Bank	3,39,29,155	46,53,066	3,47,16,779	1,50,85,765

## 19. Borrowing Cost

(Amount In Rs.)

Particulars	2010-11	2009-10
Borrowing cost Capitalized to Qualifying Assets	1,70,56,115	2,39,52,309

## 20. Transfer to General Reserve

The Company has transferred Rs. 1,25,00,000 (Previous Year Rs. 1,10,00,000) to General Reserve from Profit and Loss Account as per Companies (Transfer of Profits to Reserves) Rules, 1975.

21. The figures appearing in brackets pertains to previous year

22. Figures have been rounded off to the nearest rupee.

For and on behalf of Board of Directors

For **Anil S. Gupta & Associates**

**Firm Registration No.: 004061N**

Chartered Accountants

Sd/-  
**(J.K.Jain)**  
Managing Director

Sd/-  
**(Rahul Jain)**  
Director

Sd/-  
**(Arvind K.Chauhan)**  
Company Secretary

Sd/-  
**Anil kumar Gupta**  
Proprietor  
(Membership No. 83159)

Place: Rai, Sonapat (HR.)

Dated: 19.08.2011

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(Amount in Rs)

Particulars	2010-2011		2009-2010	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>Profit Before Taxes</b>		154,193,956		155,047,804
Adjustments for:				
Provided By Operating Activities:				
Depreciation & Amortization	129,795,492		92,467,272	
Prior Period Expenses	662,827		1,514,136	
Loss/(Profit) on sale/disposal of Fixed Assets	2,047,461		321,491	
Effect of Translation of Exchange Rate Change at Reporting Date	253,256		(267,598)	
Miscellaneous Expenditure written off	117,000		179,900	
Provision for Bad & Doubtful Debts	566,342		(1,627,966)	
Bad & Doubtful Debts written-off	348,904		29,198,683	
Increase/(Decrease) of Excise Duty in Stocks of Finished Goods	1,897,248		148,230	
Interest Received	(415,892)		(399,204)	
Interest on Income Tax Refund	(2,600,382)		(1,456,659)	
Loss on Derivatives Instruments	210,440,163		32,110,753	
Interest & Finance Charges	95,157,042	438,269,461	33,324,851	185,513,889
<b>Operating Profit before Working Capital Changes</b>		592,463,417		340,561,693
Changes In Current Assets & Liabilities:				
(Increase)/Decrease in Sundry Debtors	(144,294,839)		(13,402,474)	
(Increase)/Decrease in Inventories	(149,472,760)		(3,486,185)	
(Increase)/Decrease in Loans & Advances	(39,722,603)		11,362,314	
Increase/(Decrease) in Current Liabilities & Provisions	205,528,088	(127,962,114)	110,458,347	104,932,002
<b>Cash Generated from Operation</b>		464,501,303		445,493,695
Adjusted for Direct Taxes and Other Items:				
Prior Period Expenses	(662,827)		(1,514,136)	
Loss on Derivatives Instruments	(214,764,091)		(41,163,467)	
Income Tax & Wealth Tax Paid	(36,836,134)		(31,847,932)	
Income Tax Refund Received (Including Interest)	16,286,603	(235,976,449)	17,335,599	(57,189,936)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		228,524,854		388,303,759
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	(902,140,032)		(255,062,181)	
Proceeds from Sale of Fixed Assets	5,875,915		563,000	
(Increase)/Decrease in Capital Work in Progress	70,420,259		(91,479,347)	
Interest Received	161,368		165,245	
Bank Deposits having original maturity over three months	824,391		(1,168,824)	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(824,858,099)		(346,982,107)



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011 (Cont.)

(Amount in Rs)

Particulars	2010-2011		2009-2010	
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Dividend Paid	(29,905,565)		(29,905,565)	
Dividend Distribution Tax Paid	(4,966,941)		(5,082,451)	
Interest & Financial charges	(109,840,812)		(55,532,500)	
Increase/(Decrease) in Long-Term Borrowing	594,637,728		151,040,971	
Increase/(Decrease) in Short-Term Borrowing	178,922,206		(101,157,652)	
NET CASH USED IN FINANCING ACTIVITIES		628,846,616		(40,637,197)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		32,513,371		684,455
Opening Balance of Cash & Cash Equivalents		15,091,902		14,567,983
Effect of Exchange Rate Change		(834)		(172,243)
Effect of Foreign Currency Translation Reserve		(542,935)		11,706
<b>Closing Balance of Cash &amp; Cash Equivalents</b>		<b>47,061,505</b>		<b>15,091,902</b>
<b>Components of Cash and Cash Equivalents</b>				
Cash in Hand		1,436,436		1,263,987
Balances in Current Accounts				
With Scheduled banks		8,818,779		8,933,026
With Others		33,929,155		4,653,066
In Deposit With Banks		3,778,389		2,022,780
Unpaid Dividend Accounts		222,135		166,824
<b>Cash and Bank Balances as per Schedule 7</b>		<b>48,184,894</b>		<b>17,039,682</b>
Less:-Deposit with Banks having maturity over three month		1,123,389		1,947,780
<b>Cash and Cash Equivalent in Cash Flow Statements</b>		<b>47,061,505</b>		<b>15,091,902</b>

**Foot Notes:**

1. Cash and Cash equivalents include restricted Cash and Bank balance amounting to Rs. 36,85,126 (Previous year Rs. 19,96,048)
2. Figures in brackets denote outflows of cash and cash equivalents.
3. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

For and on behalf of Board of Directors

As Per our Report of even date  
For **Anil S. Gupta & Associates**  
Firm registration number: 004061N  
Chartered Accountants

Sd/-  
(J.K Jain)  
Managing Director

Sd/-  
(Rahul Jain)  
Director

Sd/-  
(Arvind K. Chauhan)  
Company Secretary

Sd/-  
Anil Kumar Gupta  
Proprietor  
Membership No.83159

Place: Rai, Sonapat (HR.)

Date: 19.08.2011



## 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 22<sup>nd</sup> Annual General Meeting held at Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, New Delhi-110036 on Friday, 30<sup>th</sup> day of September 2011 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/We .....of .....  
..... being a member/ members of Fiem Industries Limited,  
hereby appoint Mr./ Ms./ Mrs.....of .....  
or failing him Mr./ Ms./ Mrs. ....of .....as  
my/ our proxy to attend and vote for me/ us and on my / our behalf at the 22<sup>nd</sup> Annual General Meeting of the Company to be held on  
Friday, 30<sup>th</sup> day of September 2011 at 10.00 A.M. and at any adjournment thereof.

As witness my hand/ our hand(s) this ..... Day of .....2011

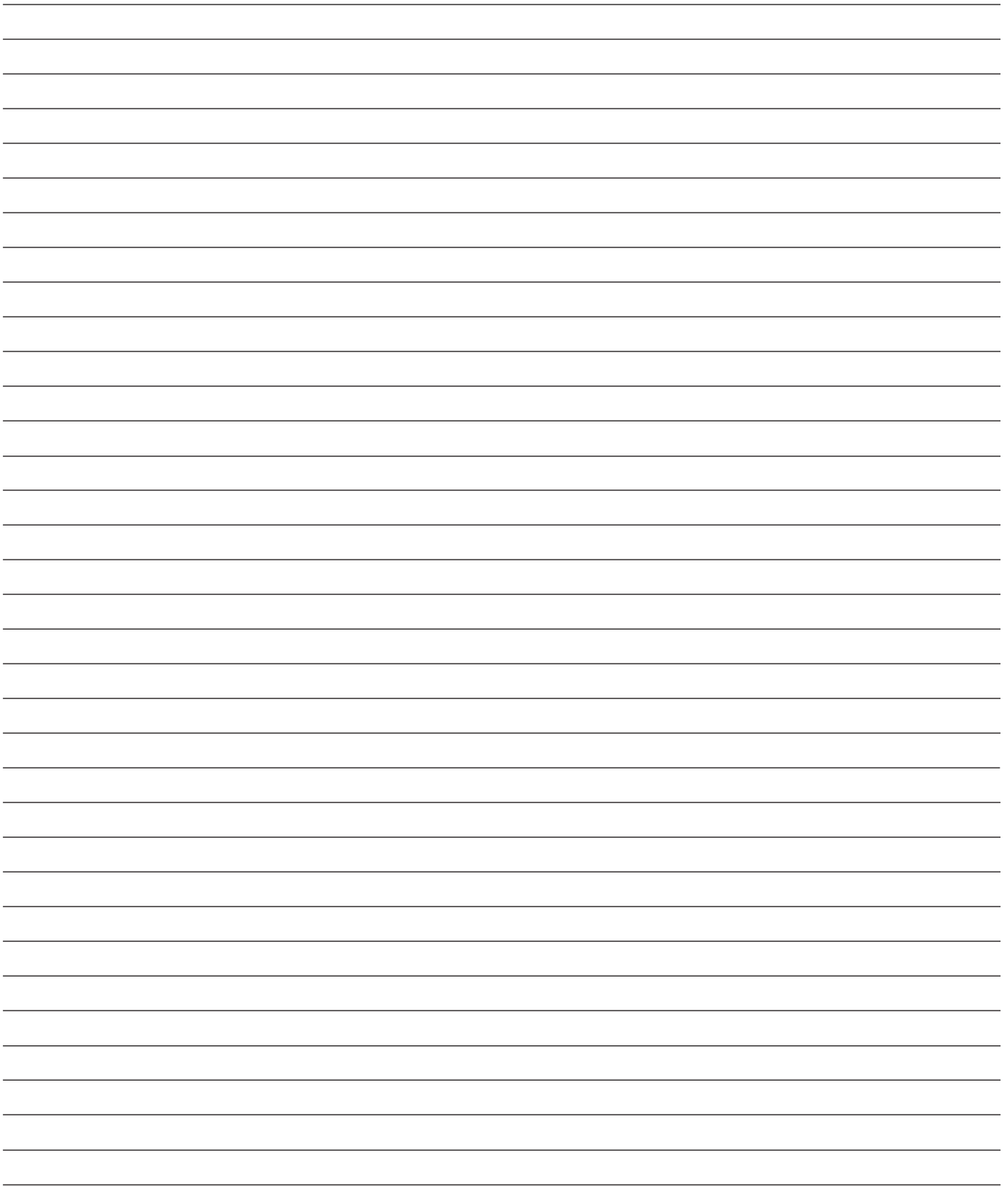
Affix  
revenue  
stamp

#### 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.

## NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



# ***Our Manufacturing Facilities***



Corporate Office & Unit-VII at Rai, Sonapat (Haryana)



Unit-I, Kundli (Haryana)



Unit-II, Hosur (Tamil Nadu)



Unit-III, Hosur (Tamil Nadu)



Unit-IV, Mysore (Karnataka)



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



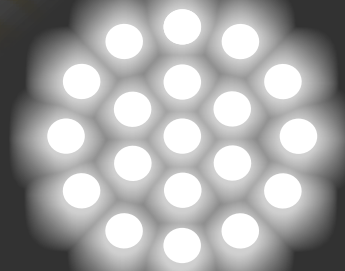
Unit-VI, Nalagarh (HP)



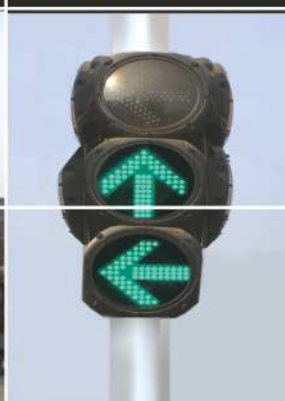
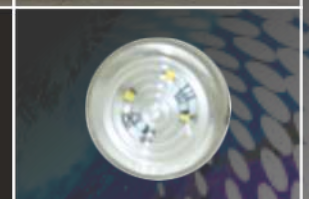
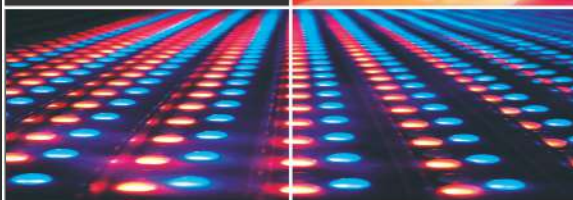
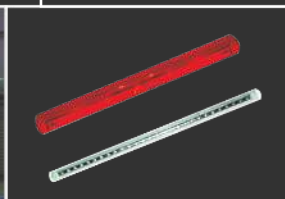
Unit-VIII, Tapukara (Rajasthan)



# LED DISPLAY



- Safety
- Signaling
- Advertising
- Information
- Transportation



**Fiem Industries Limited.**

D-34, DSIDC Packaging Complex, Kirti Nagar, New Delhi-110015 (INDIA) , Website : <http://www.fiemindustries.com>