

FIEM INDUSTRIES LIMITED

ANNUAL REPORT 2009-10



Fiem

Lights The Path

Fiem



ICHIKOH

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

CHAIRMAN'S MESSAGE



Dear Shareholders,

I take this opportunity to apprise you about the current economic scenario, automobile industry position and developments in your Company. It is a matter of happiness and pride that our economy has shown the signs of quicker recovery and the growth has been far better than other economies. We have achieved a GDP of around 7.5%, which clearly displays the speed of turnaround.

The immediate effect of rebound of the economy could clearly be seen on Automobile Industry, which have registered a production growth of 25.76% and two-wheeler domestic sales has grown by 26%.

The current year has also started on positive note as Automobile Industry production data released by SIAM for Quarter ending June shows a growth of 33.27%.

I am delighted to inform you that in FY 2009-10 also, your company has shown a remarkable performance by registering a growth of 34% in Net Sales. The company has also improved well on profits and earned a profit of Rs. 1075 lacs in comparison to Rs. 461 lacs in FY 2008-09 resulting in a growth of 133%.

Now I want to share with you some major developments about your Company.

As you are aware, for last more than two years we are setting-up a Green Field Facility at Rai Industrial Area, Distt. Sonapat, Haryana. It is my pleasure to inform you that in first week of July, we have commenced commercial production in this Plant. This plant is established with ultra-modern manufacturing facilities and latest technology keeping in view the growing business of the Company and well equipped for meeting the growing demand of the OEMs.

Further, to keep the growth track of your company in full swing, a new Industrial Plot measuring around 10.5 acre has been acquired in Ist week of June in Industrial Area Tapukara, Distt. Alwar in Rajasthan. This is strategically located in close proximity to upcoming new Factory of our esteemed customer, M/s Honda Motorcycle and Scooter India Pvt. Ltd. (HMSI) and existing factory of M/s Honda Sael Cars India Ltd. In this plant, your company will be setting-up the facilities of Injection Molding and Paint Shop for which the construction has already been started and we expect to commence the production by January 2011.

One more very good news and important development has happened at strategic front, resulting in further strengthening of partnership with Ichikoh Industries Limited of Japan. In first week of July, we have signed two MoUs with Ichikoh Industries Limited of Japan, which is having a worldwide Alliance with Valeo of France called 'Ichikoh-Valeo Alliance', the world's No. one manufacturer of Automotive Lighting and Signaling Equipments. First MoU is for setting-up a Joint Venture Company for manufacturing of Automotive Lighting & Signaling Equipments for catering to four-wheeler OEM Customers both in Northern and Eastern India. Second MoU is for forming a Strategic Global 'Fiem-Ichikoh Alliance' for acquiring the 2-Wheeler Automotive Lighting business in worldwide market. Under this Alliance, Fiem Industries Limited and Ichikoh Industries Limited will tap global 2-Wheeler Automotive Lighting business by strategic use of core competencies, manufacturing facilities, technical expertise, and sales network of both the companies.

All these developments will work as base for strong growth of your company in the coming years. Keeping good performance of your company in consideration, the Board of Directors of your Company has recommended a Dividend of 25% for FY 2009-10.

I take this opportunity to thank all of you for your support and trust. I also warmly thank all of Fiem's employees for their unstinting support and hard work towards the growth of the Company.

Thank You!

J.K. Jain
Chairman & Managing Director

OUR TECHNICAL PARTNERS



Ichikoh Industries Ltd., Japan



BATZ S. Coop., Spain

OUR PRESTIGIOUS CUSTOMERS

• Four-Wheeler segment (Domestic Customers)



• Four-Wheeler segment (Global Customers)



• Two-Wheeler segment (Domestic Customers)



• Two-Wheeler segment (Global Customers)



PRODUCT PORTFOLIO

HEAD LAMPS



REAR COMBI./TAIL LAMPS



HEAD / TAIL LAMPS



SIDE INDICATOR LAMPS



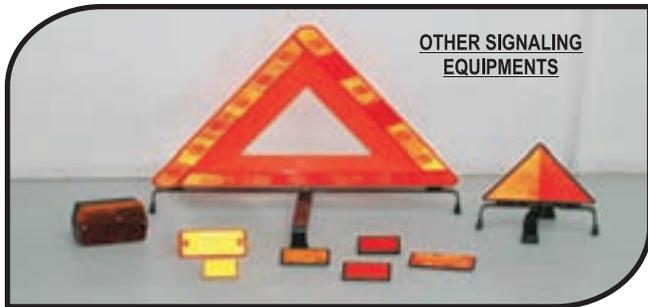
LED LAMPS



FRONT / FOG / AUXILLARY LAMPS



OTHER SIGNALING
EQUIPMENTS



IRVM/OUTSIDE REAR VIEW MIRROR



OTHER PLASTIC COMPONENTS



SHEET METAL COMPONENTS



CONTENTS

S T Z E T Z O O	<p>1. General Information 2</p> <p>2. Notice 3</p> <p>3. Directors Report of Fiem Industries Ltd. 7</p> <p>4. Management Discussion & Analysis Report 11</p> <p>5. Corporate Governance Report 14</p> <p>6. Certificates under Clause 49 of the Listing Agreement 20</p> <p>Financial Statements of Fiem Industries Ltd. - Standalone 22</p> <p>7. Auditor’s Report 23</p> <p>8. Balance Sheet 26</p> <p>9. Profit & Loss Account 27</p> <p>10. Schedules to Balance Sheet and Profit & Loss Account 28</p> <p>11. Cash Flow Statement 48</p> <p>12. Balance Sheet Abstract 50</p> <p>13. Statement pursuant to section 212(3) of Companies Act, 1956 51</p> <p>Financial Statements of Fiem Industries Japan Co., Ltd.: 52 (Wholly-owned Subsidiary)</p> <p>14. Directors Report of Fiem Industries Japan Co., Ltd. 53</p> <p>15. Auditor’s Report 54</p> <p>16. Balance Sheet 56</p> <p>17. Profit & Loss Account 57</p> <p>18. Schedules to Balance Sheet and Profit & Loss Account 58</p> <p>19. Cash Flow Statement 62</p> <p>20. Balance Sheet Abstract 63</p> <p>Consolidated Financial Statements 64</p> <p>21. Auditor’s Report 65</p> <p>22. Balance Sheet 66</p> <p>23. Profit & Loss Account 67</p> <p>24. Schedules to Balance Sheet and Profit & Loss Account 68</p> <p>25. Cash Flow Statement 85</p> <p>Attendance Slip and Proxy Form</p>
--------------------------------------	---

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 (w.e.f. 30.04.2009)
Mr. P.S. Bhatia	- Independent Director (up to 30.04.2010)
Mr. C.S. Kothari	- Independent Director
Mr. J.S. Chandhok	- Independent Director
Mr. Amitabh Prakash Agrawal	- Independent Director (w.e.f. 01.08.2010)

CHIEF FINANCIAL OFFICER

Mr. O.P. Gupta

COMPANY SECRETARY AND COMPLIANCE OFFICER

Arvind K. Chauhan

AUDIT COMMITTEE

Mr. J. S. Chandhok	- Chairman
Mr. C.S. Kothari	- Member
Mr. P.S. Bhatia	- Member (up to 30.04.2010)
Mr. Iqbal Singh	- Member (w.e.f. 01.05.2010)

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 (w.e.f. 01.05.2010)

AUDITORS

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

BANKERS

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

REGISTRAR AND SHARE TRANSFER AGENT

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of the Company will be held on Thursday the 30th day of September 2010 at 10.00 A.M. at Suryadev Motel & Resort, G.T. Karnal Road, Village Alipur, Delhi-110036, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as on 31st March 2010 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 2009-10.
3. To appoint a Director in place of Mrs. Seema Jain, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Ms. Aanchal Jain, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mr. C.D. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. J. S. Chandhok, 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. To Appoint Mr. Amitabh Prakash Agrawal 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. Amitabh Prakash Agrawal, who was appointed as Additional Director by the Board of Directors of the Company w.e.f. 01.08.2010 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. To Increase the Borrowing Powers of Board of 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 in super session of all earlier resolutions passed in this regard and pursuant to the provisions of the section 293(1)(d) and all

other applicable provisions of the Companies Act, 1956, if any, and as per other applicable laws, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (which term be deemed to include any Committee of the Board) to borrow such sums of money (apart from temporary loans obtained or to be obtained from the Bankers of the Company in the ordinary course of the business i.e. loans repayable on demand or with in six months from the date of the loan such as short-term, cash credit arrangements, the discounting of bills, and the issue of other short term loan of seasonal character, but does not include loans raised for the purpose financing expenditures of a capital nature) as they may deem fit and necessary from time to time, for the purpose of the business of the Company and on such terms and conditions as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit and proper, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company, remaining outstanding at any point of time will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors shall not at any time exceed the limit of Rs. 200 (Rupees Two Hundred) Crore."

"RESOLVED FURTHER THAT in super session of all earlier resolutions passed in this regard and pursuant to the provisions of the section 293(1)(a) and all other applicable provisions of the Companies Act, 1956, if any, and as per other applicable laws, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to create Mortgage and /or create charge on all or any of the movable or immovable properties or such other assets of the Company, wherever situated, both present and future, and on whole or part of the one or more undertakings of the Company of any nature and kind whatsoever in favour of banks, financial institutions or any other lender whether Indian or International (hereinafter referred as "Lenders") to secure the amount borrowed, to be borrowed by the Company from such "Lenders" from time to time for the due repayment of the principal monies together with the interest thereon at the respective agreed rates(s) or any other charges in respect of such borrowings and such security to rank in such manner as may be agreed to between the concerned lender(s) and Board of Directors of the Company."

"RESOLVED FURTHER THAT the Board of Directors or any person authorised by the Board of Directors, be and is hereby authorised to negotiate and settle the terms and conditions with the concerned Bank(s) / Financial Institution(s) / Lender(s), finalize the applicable instruments/agreements, deeds or any other document for borrowing the monies for the purpose of business of the Company and creating the mortgage, hypothecation or charge on the assets of the Company in relation to borrowings of monies and to do all such other acts, deeds and things 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 : New Delhi
Date : 16.08.2010

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 Article 159 of the Articles of Association read with Section 255 and 256 of the Companies Act, 1956, Mrs. Seema Jain, Ms. Aanchal Jain, Mr. C.D. Shah and Mr. J. S. Chandhok, 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. Amitabh Prakash Agrawal as Independent Director, to be considered in ensuing Annual General Meeting. Brief resume of all these Directors, nature of their expertise in specific functional areas, their shareholding in the Company, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees and relationship between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Notice and Report on Corporate Governance forming part of the Annual Report. Shareholders are requested to refer the Notice and Report on Corporate Governance for these informations. The Board of Directors of the Company commends their respective re-appointments/ appointments.
4. **An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business to be transacted at the Meeting is annexed hereto.**
5. Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.
6. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
9. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, September 24, 2010 to Thursday, September 30, 2010 (both days inclusive) for the purpose of the Annual General Meeting and Dividend.
10. The Board has recommended a Final dividend at the rate 25% (Rs. 2.50 per Share) on the equity shares of the Company. The dividend, if declared by the members at the said Annual General Meeting, will be payable to the members as follows:
 - a. In case of members holding shares in physical form, whose names appear on the Register of Members of the Company as on September 30, 2010 (after giving effect all the valid transfer received to the Company/RTA on or before 24.09.2010).
 - 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, 2010 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 and 2008-09.**
15. Non-Resident Indian Members are requested to inform the Company's Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd (formerly, Intime Spectrum Registry Limited), immediately of:
 - a) Change in their Residential status on return to India for permanent settlement.
 - b) Particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT, 1956****ITEM No. 8**

Mr. Amitabh Prakash Agrawal was appointed as Additional Director of the Company w.e.f. 01.08.2010 by the Board of Directors in their meeting held on 31.07.2010. He was appointed as Independent Director 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 physician and settled in USA. 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. Amitabh Prakash Agrawal doesn't hold any Shares in the Company. Further, he is not related to any other Director of the Company.

Except Mr. Amitabh Prakash Agrawal himself, none of the other Director is interested in above resolution.

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

ITEM No. 9

As the shareholders are aware, the business of the Company is growing with a fast pace. The growing business requires increase in capacities by expansion and modernisation of existing facilities as well as setting up of new manufacturing facilities.

Company has recently established its 7th Plant at Rai, Distt. Sonapat, Haryana and is in the process of setting-up of 8th Plant at Tapukara, Rajasthan. Board of Directors are of the opinion that as and when need

arises and some good opportunity comes, company will expand existing factories or set-up new factories or will takeover assets.

All these capital expenditures require huge funds. Further, increase in operations also needs more funds for smooth functioning. Hence, the Board of Directors should be empowered to borrow / raise debt funds, as and when need arises.

Considering these factors, your Directors proposes to raise the borrowing limits of the Board of Directors of the Company from existing Rs. 100 (One Hundred) crore to an amount not exceeding Rs.200 Crore (Rupees Two Hundred Crore only).

The provisions of Section 293 (1)(d) of the Companies Act, 1956 specifies that borrowings in excess of the paid-up capital and free reserves of the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) would need to be authorized by the shareholders at a general meeting. Further, the mortgage by the Company of its movable assets and immovable properties in favour of Banks/Financial Institutions may be construed as disposal of the Company's properties/undertakings with in the meaning of section 293(1)(a), hence it is necessary to obtain the Shareholders' approval under Section 293(1)(d) as well as under section 293(1)(a) of the Companies Act, 1956 by way of Ordinary resolution.

None of the Directors are concerned or interested in this Resolution.

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

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

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

Place : New Delhi
Date : 16.08.2010

Brief Details of Directors seeking Appointment / Re-appointment as required under Clause 49 of the Listing Agreement:					
Particulars	Mrs. Seema Jain	Ms. Aanchal Jain	Mr. C.D. Shah	Mr. J. S. Chandhok	Mr. Amitabh Prakash Agrawal
Date of Birth	28.08.1954	01.12.1981	03.09.1927	12.01.1973	19.07.1956
Date of Appointment	06.02.1989	02.12.1999	07.03.2006	26.04.2006	01.08.2010
Category/Designation	Whole-time Director	Whole-time Director	Independent	Independent Director	Independent Director
Qualifications	B.Sc.	B.Sc., MBA	@	MBA, CFA	MBBS, MD
Experience and Specialised Field	An Industrialist, with more than 30 years experience in Finance Matters.	Around 5 years experience in Human Resources Management of the Company	An Industrialist, with more than 60 years experience in diverse Industries.	A Finance Professional, with around 10 years experience in Finance & education Field.	A Doctor by profession, with more than 25 years of experience.
Directorships held in Companies, other than Fiem Industries Ltd.	Fiem Auto Pvt. Ltd.	Nil	Nil	-G.S. Tyres Pvt. Ltd. -Kpro Knowledge Services Pvt. Ltd.	Nil
Chairmanship(C) / Membership (M) of Committees* held in Companies, other than Fiem Industries Ltd.	Nil	Nil	Nil	Nil	Nil
Shareholding in Fiem Industries Ltd. as on 31.03.2010.	16,51,292 (13.80%)	3,12,693 (2.61%)	36,000 (0.3%)	Nil	Nil
<p>* Only Audit Committee and Shareholder's/ Investor's Grievance Committee of Public Companies are considered. @ He was born and brought up in Tanzania and got the education up to Sr. Cambridge school level.</p> <p>Inter-se Relation Between Directors as Required to Disclose Under Clause 49 of the Listing Agreement:</p> <p>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, Director hence all four are related to each other. Further, all of these are promoters of the Company.</p> <p>Except above, no other Director is related to any other Director.</p>					

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your company have pleasure in presenting the 21st Annual Report on the affairs of the company together with the Audited Financial Statements of the Company for the financial year ended 31st March 2010 and the report of Statutory Auditors thereon.

FINANCIAL RESULTS:

The comparative summary of the financial results of the company is provided hereunder:

PARTICULARS	(Rs. In Lacs)	
	F.Y. (2009-10)	F.Y. (2008-09)
Gross Sales	31501.61	24195.68
Sales, Net of Excise	29418.88	21928.93
Profit before Tax, Depreciation, Interest, Bank charges & Prior Period Expenses	2838.95	2070.75
Less: Prior Period Expenses.	12.84	15.70
Less: Interest & Bank Charges	332.95	399.78
Profit before Tax & Depreciation	2493.16	1655.27
Less: Depreciation	924.67	882.32
Profit Before Tax	1568.49	772.95
Less:		
a) Provision for tax	492.01	304.61
b) Income Tax Paid for earlier years	1.45	7.16
Net Profit	1075.03	461.18

REVIEW OF BUSINESS PERFORMANCE

FY 2009-10 has proved a year of impressive performance for Automobile Industry. The effect of rebound of the economy is clearly visible on Automobile Industry, which have registered a production growth of 25.76% and two-wheeler domestic sales has grown by 26% during FY 2009-10.

Indian Auto Component Industry, being the integral part of the Automobile Industry has also been enjoying this impressive recovery in FY 2009-10. The increasing demand from OEMs is contributing in the growth of Auto Component manufacturers. This increased demand has compelled them to add new capacities apart from optimum utilization of existing capacity.

Your Company being suppliers to OEMs and mainly into two-wheeler business has shown remarkable performance during FY 2009-10 by registering a growth of 34% in Net Sales. The company has also improved well on profits and earned a profit of Rs. 1075 lacs in comparison to Rs. 461 lacs in FY 2008-09 resulting in a growth of 133%.

DIVIDEND

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 2009-10 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 2009-10 an amount of Rs 110.00 Lacs is transferred to General Reserve Account.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE REPORT

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

OPERATIONAL UPDATE

The major development on operational front during the year 2009-10 and up to the date of this Report is as under:

Commencement of Commercial Production In Unit VII at Rai, Distt. Sonapat, Haryana:

As the shareholders are aware, for last more than two years your Company is setting-up a Green Field Facility at Rai Industrial Area, Distt. Sonapat, Haryana. In first week of July, 2010 your Company has commenced commercial production in this Plant. This plant is established with ultra-modern manufacturing facilities and latest technology keeping in view the growing business of the Company and well equipped for meeting the growing demand of the OEMs.

Acquirement of Plot in Industrial Area Tapukara, Distt. Alwar in Rajasthan:

Your Company has acquired a new Industrial Plot measuring around 10.5 acre in 1st week of June, 2010 in Industrial Area Tapukara, Distt. Alwar in Rajasthan. This is strategically located in close proximity to upcoming new Factory of one of the esteemed customer of your Company, M/s Honda Motorcycle and Scooter India Pvt. Ltd. (HMSI) and existing factory of M/s Honda Sael Cars India Ltd. In this plant, your company will be setting-up the facilities of Injection Molding and Paint Shop for which the construction has already been started.

MoUs with Ichikoh Industries Ltd. of Japan:

One more important development has happened in your company at strategic front, resulting in further strengthening of partnership with Ichikoh Industries Limited of Japan. In first week of July, Your Company has signed two MoUs with Ichikoh Industries Limited of Japan, which is having a worldwide Alliance with Valeo of France called 'Ichikoh-Valeo Alliance', the world's No. one manufacturer of Automotive Lighting and Signaling Equipments. First MoU is for setting-up a Joint Venture Company for manufacturing of Automotive Lighting & Signaling Equipments for catering to four-wheeler OEM Customers both in Northern and Eastern India. Second MoU is for forming a Strategic Global 'Fiem-Ichikoh Alliance' for acquiring the 2-Wheeler Automotive Lighting business in worldwide market. Under this Alliance, Fiem Industries Limited and Ichikoh Industries Limited will tap global 2-Wheeler Automotive Lighting business by strategic use of core competencies, manufacturing facilities, technical expertise, and sales network of both the companies.

DIRECTORS

In terms of Article 159 of the of the Articles of Association read with Section 255 and 256 of the Companies Act, 1956, Mrs. Seema Jain, Ms. Aanchal Jain, Mr. C.D. Shah and Mr. J.S. Chandhok, Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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

- Mr. K.S. Lamba had resigned from the Board of Directors w.e.f. 30.04.2009.
- Mr. Charoen Sachamuneewongse was appointed as Additional Director (Independent Director) w.e.f. 30.04.2009 and regularized in Last AGM of the Company held on 30.09.2009.
- Mr. P.S. Bhatia has 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 proposed to be regularized in ensuing AGM on 30.09.2010.

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 2009-10, 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 21st 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.

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, 2010, 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 31.3.2010 have been prepared on a going concern basis.

ACKNOWLEDGEMENT

The Board of Directors acknowledge that the success and growth of the Company is a result of collective efforts and support of all stakeholders and constituents, therefore they wish to place on record its thanks & gratitude to the valued OEM customers, government authorities, shareholders, banks and vendors for their efforts, co-operation and support during the year.

Your Directors also wish to express its sincere appreciation and thanks for the employees of the company at all levels for their commitment, dedication and hard work for achieving the remarkable performance of the Company.

For and on behalf of the Board of
Fiem Industries Limited

-Sd-
J.K. JAIN

Chairman & Managing Director

Place : New Delhi
Date : 16.08.2010

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

The management of Your Company is very much conscious about the Conservation of Energy and believe that conservation of energy is not less important than production of the energy. Though, the Company is not under the category of power intensive unit, still it leave no stone unturned in the direction of energy conservation and taking all steps for conservation of energy. The following steps have been taken in this direction:

1. In Air compressor of all Process Plants, air pressure has been set between 4-5 Kg, resulting in energy saving approximately 5% of consumption by Process Plants.
2. CFL are being used in place of Tube lights. In maximum area of the factories, 40W tube light has been replaced with 18W CFL.
3. In Moulding Area, oil-cleaning machines have been installed resulting in minimization of breakdown.
4. The connections of Air-conditioner in Assembly line are separate from others and these automatically shut down at 5.30 avoiding any unrequited running of Air conditioners.
5. Temperature Controller and Time Switch installed on Air-conditioners resulting in reduction in power consumption.
6. Additional energy saving devices has been installed wherever found necessary.
7. Proper conservation training is imparted to concerned staff to use minimum power while working in the office & switch off the electric driven equipments when these are not in use.

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

The new Plant set-up at Rai Industrial Area (Unit-VII) is designed in a way to use minimum energy. During the day time, the Lights are hardly require in some areas because of proper natural light transmission through roof and windows. The office block and Assembly block Air-conditioning is separate, which facilitate the timely turn-off of the unrequired air-conditions. The above measures were implemented by additional investments, wherever necessary. As Energy conservation is a part of the normal operations and a continuous process hence new proposals are being considered on regular basis and particularly at the time of new construction and renovation of existing factories. The proposals have been implemented in Rai Plant for energy conservation and will further be implemented as and when required.

Impact of Above Measures:

Energy is a major cost factor and indispensable resource in every operation. All Plants, machines and equipments are driven by energy. Even small 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

1. Specific Areas In Which R& D Carried Out By The Company:

- R&D carried out in the areas of LED Torch and LED Display Panels for advertisement and Transport vehicles. R&D also carried out in Tool development, Product development and Process engineering.

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

- LED Torch and LED Display panels developed as a new product line for the Company.
- Better development of the tools, dies and moulds.
- Better Quality of Product.
- Fast development of New Product.
- Operational efficiency has increased.
- More Orders and Projects received from customers because of above.

3. Future Plan of action:

The Company is considering of establishing a separate in-house Research & Development Center and focusing more on this area. The management believes that R&D is the lifeline of trade and it is necessary for product improvement, process efficiency and quality of the product.

4. Expenditure on R&D:

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts Made:

Technology absorption, adaptation and innovation are an integral part of the manufacturing operations and Company's management is proactive for technology absorption. Any new adaptation and innovation in one plant is implemented to other plants at earliest possible if the results are satisfactory for that Technology. 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. Automobile Industry being one of the most technological driven branch of engineering, hence it is the soul of the Industry and a tool to remain competitive and relevant in the industry.

2. Benefits Derived:

- New customer added because of the world class Plants of the Company with latest technology.
- The new Projects were awarded by the existing customers because of technological proves of the Company.
- During the operations, efficiency has been increased making company more competitive.

- Quality of the Products has increased resulting in better business prospects.
- Acceptability of the brand of the Company has increased in domestic as well as overseas customers.

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 management of the Company is well aware about the potential of export market 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) Company's delegation visits during Auto Exhibitions in foreign as well as Indian places and demonstrate the Company's competitiveness in quality and cost factors.
- (iii) Marketing low cost manufacturing with best quality aspect of Indian manufacturing to the foreign OEMS.
- (iv) Established 100% EOU at Hosur with latest technology and arrange Plant visits by the OEM teams for plant evaluation and awarding the business.
- (v) 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 2009-10, foreign exchange earning and outgo had been as under:

Foreign Exchange Outgo

		Amount (In Rs. lacs)	
S.No.	Particulars	2009-10	2008-09
1.	Value of Import on CIF basis	1833.54	2066.67
2.	Foreign Travel	18.66	38.30
3.	Professional Expenses	16.24	-
4.	Technical Know how fee & Other fee	-	61.09
5.	Overseas Office Expenses	13.41	42.57
6.	Other Exp.	12.35	2.34
TOTAL		1894.20	2210.97

Earning in Foreign Exchange

		Amount (In Rs. lacs)	
S.No.	Particulars	2009-10	2008-09
1.	Export Sale on FOB Value	1271.70	1131.60
2.	Testing Fee Received	0.41	1.80
3.	Packing & Forwarding	3.16	0.07
4.	Mould & Die Modification Charges	6.40	-
5.	Other Income	6.57	-
TOTAL		1288.24	1133.47

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Overview, Industry Structure, Developments and Outlook

As we all are aware, FY 2007-08 and 2008-09 have witnessed one of the worst economic recessions. However, 2009-10 started on the positive note as economy shown the signs of quicker recovery. The fiscal stimulus by the government and its thrust on the infrastructure spend provided a healthy dose to economy in the hour of need. Though, slow recovery in the developed economies has its impact on export front, however domestic demand has substantially contributed to the fast pace of the economic rebound in India. Further, the recovery is quite broad based, though some of the sectors like real estate, financial services etc. have still to wait for their best old days. A number of industrialist and economist have admitted that they had not anticipated economic recovery so early and so fast. The growth has been far better than other economies. Our Country has achieved a GDP of around 7.5%, which clearly displays the speed of turnaround and strength of our economy as a whole.

Because of sluggish demand during FY 2007-08 and 2008-09, Automobile Companies were facing difficulty of underutilization of capacities. And as a result thereof, Automotive Components manufacturers also experienced similar difficulty.

Now, Indian Automobile Industry, which constitutes the presence of world's best Automobile players from Japan, Korea, Europe, America and our own home grown turned global players are experiencing good growth. The rebound in demand is so acute that in some segments of passenger cars and two-wheelers, demand has outstripped supply resulting in waiting period of months. Shortage of components supply to OEMs has become frequent news.

Following data released by SIAM for FY 2009-10 tells the story of this impressive recovery:

1. Indian Automobile Industry as a whole registered a Production Growth of 25.76%
2. Passenger Vehicle Production crossed 2 million and Two-wheeler production crossed 10 million.
3. Annual Growth in Sales of Passenger Vehicle Segment is 25.57%
4. Annual Growth in Sales of Commercial Vehicle Segment is 38.31%
5. Annual Growth in Sales of Three Wheeler Segment is 25.92%
6. Annual Growth in Sales of Two Wheeler Segment is 26.00%

Indian auto component industry, being the integral part of the Automobile Industry follows the moves of parent Industry and has been reaping the dividend of this impressive recovery in FY 2009-10. Because of unexpected demand from OEMs they are also facing a pleasant demand pressure, which is resulting in their phenomenal growth. This increased demand has compelled them to add new capacities apart from optimum utilization of existing capacity.

With the improved market sentiments, unprecedented customer interest in new vehicles, sound fundamentals of the economy, increase in discretionary disposable income in all segment of society, thrust of the government on infrastructure spend are some of the reasons which indicates that outlook for the sector will remain robust.

Opportunities and Threats

The current growth momentum in Automobile Industry, which started in FY

2009-10, has provided an unprecedented opportunity of growth for Auto component Industry. During the FY 2009-10 majority of the Auto component Companies have shown remarkable growth.

There is a great confidence that current momentum of growth in Automobile Industry will be strong in short to medium term and will be healthy in long term; hence, outlook for the sector will remain robust. This mean greater demand, greater production, new capacity additions, new customer additions and development of new products, all resulting in better growth.

Further, two-wheeler Industry is showing an impressive growth and this demand momentum is increasing day by day. Additionally the new generation scooter segment especially from Honda, Suzuki, TVS and Mahindra-2Wheeler is increasing by a fast pace because of fast addition of a new customer class i.e. school going children and women.

Your Company, mainly being a 2-wheeler OEMs serving Company, getting new opportunities because of fast growing 2-wheeler segment. Honda Motorcycles and Scooters India Pvt. Ltd. (HMSI) one of the esteemed customer of your Company is setting-up its new plant at Tapukara Industrial Area in Rajasthan. Your Company is also setting-up its 8th Plant in Tapukara in close proximity to this upcoming Plant of HMSI.

Your Company has also setup a Green Field Facility at Rai Industrial Area, Distt. Sonapat, Haryana and in the month of July, It has commenced commercial production. This plant is established with ultra-modern manufacturing facilities and latest state of the art technology keeping in view the growing business of the Company and well equipped for meeting the growing demand of the OEMs.

Furthermore, due to low cost benefits, Global Automobile Companies are increasing their component sourcing from India, thus giving big opportunities to auto component companies to increase their exports.

With these ample opportunities, the Indian auto component industry also faces some structural threats like inadequate supply of power resulting in higher production cost, thus increase in transaction costs in comparison to low cost countries like China and Thailand. Further, there are some infrastructure issues like roads, ports, and railways, which adversely impacts logistics efficiency. However, government is doing well in this direction and has a major thrust on Infrastructure Development.

With the opportunity of supply to global giants, one threat has also loomed in recent times i.e. product recall because of quality issues in any component. This has not only threatened the safety aspect of the passengers but also heavily tarnished the image of Global Automobile leaders like Toyota, Honda etc. It is high time for component manufacturer to be more and more concerned about quality of the product they make.

Segment-wise or Product-wise Performance

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

FY 2009-10 has again been proved a good year for the Company and it has registered a growth of 34% in Net Turnover. The Product wise performance is as follows:

(Rs. In Lacs)

Products	2009-10	2008-09	Absolute Change	Percentage Change
Automotive Lighting, Signaling Equipments and Parts	22852.34	16596.74	6255.60	37.69
Rear View Mirrors, Prismatic Mirrors & Mirror Plates	4404.66	3162.92	1241.74	39.26
Sheet Metal Parts	1076.43	1024.18	52.24	5.10
Moulds	597.71	824.30	-226.60	-27.49
Others Miscellaneous Items	487.75	320.78	166.96	52.05
Total	29418.88	21928.93	7489.95	34.16

Risks and Concerns

In present times, economies of whole world are interconnected to each other and behave like an integrated economy. Any happening in one part of the world leaves its impact in other part of the world, though magnitude of the impact may differ. Most recently, we all have seen it and experienced it painfully, when collapse of some big financial institution in America, triggered a series of failure and bankruptcies of Institutions and big companies in America and Europe. It started a worldwide recession and Indian economy was not an exception, though impact was limited. Indian Automobile Industry had also experienced tough time and performed badly in FY 2007-08 and 2008-09. Severe credit crunch, high interest rates, sluggishness in demand and non-availability of consumer finance had collectively contributed for the low growth of Automobile Industry in FY 2007-08 and 2008-09. FY 2009-10 is totally reversal and Automobile Industry has performed extremely well in this year. 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.

Two-wheeler Industry has performed fairly well even during the recession time. In FY 2009-10 it has registered an impressive growth of 26%. However, any slowdown in demand of two-wheelers, if happens, may impact the growth of the Company, as substantial revenue of your company come from two-wheeler sector of the Automobile Industry.

Further, in previous years, your company has 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

The operations of your company are increasing day by day. In 1st week of July this year, your company has commenced commercial production in its green field facility at Rai Industrial Area, Distt. Sonapat, Haryana. This is 7th Plant of the Company. Further, company is also setting up its 8th Plant at Tapukara Industrial Area in Rajasthan in close proximity to the upcoming new Plant of HMSI. The plants of the Company are at different locations as these are set-up in proximity to the Plants of the OEMs giving logistics and other operational & strategic benefits.

Keeping in view the size, growth and geographic spread of the business, the company has implemented adequate internal control systems. To keep enhancing efficiency in the operations, cross-functional teams internally review the systems from time to time. ISO and System Auditors as well as OEM Customers also carry out periodic audits. 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 system is reviewed periodically.

Financial Performance with respect to Operational Performance

If we recall the Performance of your company in FY 2008-09, your company was able to register a growth of 24% in net turnover despite a challenging economic environment prevailing at that time. However, FY 2009-10 brought a lot of happiness to the Automobile Sector and has proved to be a year of performance for the Industry. Overall Automobile Industry has registered a production growth of 25.76% and two-wheeler domestic sales have grown by 26%.

Keeping in line with the Industry performance, Your Company has shown a remarkable improved performance by registering a growth of 34% in Net Sales. Your company has also improved well on profits and earned a profit of 1075 lacs in comparison to 461 lacs in FY 2008-09 resulting in a growth of 133%. A comparative performance review is being given hereunder:

(Rs. In Lacs)

Products	2009-10	2008-09	Absolute Change	Percentage Change
Net Sales	29418.88	21928.93	7489.95	34.16
EBIDTA	2838.95	2070.75	768.20	37.10
Net Profit	1075.03	461.18	613.85	133.10

Human Resources / Industrial Relations

As seen from the performance of last 3-4 years, your company is growing handsomely. It is not only increasing its top line but adding new capacities and setting-up new plants. So there is a considerable increase in operations of the Company and geographical spread of the Company. With the increase in operations, manpower is also increasing significantly. As your Company is into manufacturing operations, which require sizable manpower despite adequate automation, therefore, the management of the Company is well aware of the crucial and important role of the good and competent manpower in the growth of the Company.

As Automobile Industry is one of oldest branches of the Engineering, and the manufacturing process of our product requires specialized skilled human resources in some of the key processes, hence skillful manpower is the lifeline of your company to give the best quality products. To keep this aspect in mind, the management of your Company has adopted best procedures and policies to retain, attract, motivate and develop the best talent to achieve smooth running of the operations, increase in efficiency and achieve best quality manufacturing.

To increase the efficiency and productivity of the employees and to achieve zero defect products, necessary training is imparted for some of the key operations. While Company has in-house trainers; at times it also arranges external trainers and they are being trained on TQM, 5S and through Quality Circles etc. Further, employees are also sent to Japan and other countries to learn designing and tool making etc.

Your company employs maximum women employees at shop floor and assembly line. This is one of the efforts of the company for women empowerment. Your Company provides all the requisite facilities namely, canteen, transportation, uniform, lockers etc. and good working environment to its all employees. These all facilities, trainings and efforts results into increased efficiency and productivity with the best quality products.

If employees are being taken care adequately by providing them best measure for safety, health and welfare, these will result in cordial Industrial relations, which are utmost importance for the smooth functioning and sustainable growth of the Company. 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.

Cautionary statement

Some of the statements (expressed, implied, inferred) in Management Discussion and Analysis 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)

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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 not something for demonstration on some occasion or event. These practices, behavior and approach must reflect in every facet of daily operations and in each functional area. 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 Directors 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 31.03.2010 are as under:

Sr. No.	Name of the Director	Category	Number of Directorship held in other Public Limited Companies	No. of Chairmanship/ membership held in Committees** of Other Public Limited	Shareholding in the Company (Fiem Industries Ltd.)
1	Mr. J.K. Jain	CMD Promoter	Nil	Nil	1871092
2	Mrs. Seema Jain	E PD	Nil	Nil	1651292
3	Mr. J.S.S. Rao	E D	Nil	Nil	12
4	Mr. K.R. Yadav	E D	Nil	Nil	338
5	Ms. Aanchal Jain	E PD	Nil	Nil	312693
6	Mr. Rahul Jain	NEPD	Nil	Nil	4187694
7	Mr. C.D. Shah	ID	Nil	Nil	36000
8	Mr. Iqbal Singh	ID	Nil	Nil	20014
9	Mr. P.S. Bhatia	ID	Nil	Nil	Nil
10	Mr. C.S. Kothari	ID	Nil	Nil	1
11	Mr. J.S. Chandhok	ID	Nil	Nil	Nil
12	Mr. K.S. Lamba (Up to 29.04.2009)	ID	Nil	Nil	80000
13	Mr. Charoen Sachamuneewongse (w.e.f. 30.04.2009)	ID	Nil	Nil	42450

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 2009-10 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. K.S. Lamba	Resignation	30.04.2009	Independent Director
2.	Mr. Charoen Sachamuneewongse	Appointment	30.04.2009	Independent Director
3.	Mr. P.S. Bhatia	Resignation	01.05.2010	Independent Director
4.	Mr. Amitabh Prakash Agrawal	Appointment	01.08.2010	Independent Director

2.3 Board Meetings

During the Financial Year 2009-10, five Board Meetings were held on 30.04.2009, 29.07.2009, 12.08.2009, 31.10.2009 and 30.01.2010.

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 2009 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	4/5	Yes
3	Mr. J.S.S. Rao	3/5	No
4	Mr. K. R. Yadav	5/5	Yes
5	Ms. Aanchal Jain	4/5	Yes
6	Mr. Rahul Jain	4/5	Yes
7	Mr. C.D. Shah	0/5	No
8	Mr. Iqbal Singh	4/5	Yes
9	Mr. K.S. Lamba (Up to 29.04.2009)	0/0	No
10	Mr. P.S. Bhatia	5/5	No
11	Mr. C.S. Kothari	5/5	Yes
12	Mr. J.S. Chandhok	3/5	Yes
13	Mr. Charoen Sachamuneewongse (w.e.f. 30.04.2009)	0/5	No

2.5 Profile of Directors:

Brief Profile of the Directors:

Mr. J. K. Jain, aged 58 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 Puskar 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 55 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 23 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 28 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 53 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 29 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 54 years, is the Whole-time Director of the Company. He has more than 30 years experience in production and manufacturing operations of automotive lightings, signaling equipments and rear view mirrors. He started his carrier with the promoters of the Company in 1975 and since then working in different capacities. Keeping his long association with the Company and his long experience he was elevated to the Board of the Company w.e.f. 25.10.2008 and appointed as Whole-time Director on the same date. He was designated as Director (Operations-North) and responsible for production and manufacturing operations in North India Units of the Company.

Mr. Paramjit Singh Bhatia, aged 62 years, is an Independent Director on the Board of the Company. He is running his own business and has an experience of over 30 years in the field of manufacturing and marketing of industrial steel & wooden furniture and allied items. He has been appointed as a Non executive Director of the Company on October 5, 2005.

Mr. Paramjit Singh Bhatia has resigned from the Directorship of the Company w.e.f. 01.05.2010.

Mr. Chandrakant D. Shah, aged 82 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 62 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 57 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 37 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. Charoen Sachamuneewongse, aged 63 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 54 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.

2.6 Inter-se relationship among the Directors as on 31.03.2010

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. Presently, Mr. Jasmit Singh Chandhok is the Chairman of the audit committee. 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 include the following:

1. 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;
2. Investigate any activity within its terms of reference;
3. 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;
4. Review of the annual financial statements with the management;
5. Review of the adequacy of internal control systems with the management and the external and internal auditors;
6. Review of the adequacy of internal audit system including the reporting structure coverage and frequency of internal audit;
7. Review of Company's financial and risk management policies; and
8. 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 31.03.2010, five meetings of the Audit Committee were held on 30.04.2009, 29.07.2009, 12.08.2009, 31.10.2009 and 30.01.2010. The Attendance of the Members at these meetings were as under:

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

4. REMUNERATION COMMITTEE

The Remuneration Committee consists of Mr. C.S. Kothari, Mr. P.S. Bhatia (up to 30.04.2010), Mr. Iqbal Singh and Mr. J.S. Chandhok (w.e.f. 01.05.2010) as its members. All the members of the remuneration committee are Independent Directors. Mr. Chatter Singh Kothari is the Chairman of the remuneration committee.

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

4.1 Remuneration Committee Meeting

During the Financial year ended 31.03.2010, only one meeting of the Remuneration Committee was held on 29.07.2009, 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 31.03.2010 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. K.S. Lamba (up to 29.04.2009)	Nil	Nil	Nil	Nil
10	Mr. P.S. Bhatia	Nil	Nil	Nil	Nil
11	Mr. C.S. Kothari	Nil	Nil	Nil	Nil
12	Mr. J.S. Chandhok	Nil	Nil	Nil	Nil
13	Mr. Charoen Sachamuneewongse (w.e.f. 30.04.2009)	Nil	Nil	Nil	Nil

Notes:

1. The Company does not have any Stock Option Scheme or performance-linked incentives for the Directors.
2. 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 2009-10 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 31.03.2010, 5 meetings of the Shareholders'/ Investors' Grievance Committee were held on 30.04.2009, 30.06.2009, 31.08.2009, 23.09.2009 and 30.01.2010. 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	5	5
2	Mr. Rahul Jain	5	5
3	Mr. Kashi Ram Yadav	5	5

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 31.03.2010 are as under:

Sr. No.	Particulars	No. of Complaints received	No. of Complaints resolved	Pending Complaints
1.	Received through direct Correspondence	01	02	01
2.	Received through BSE	Nil	Nil	Nil
3.	Received through NSE	Nil	Nil	Nil
4.	Received through SEBI	Nil	Nil	Nil
Total		02	01	01

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
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.
2006-07	17.12.2007	Airforce Auditorium, Subrato Park, New Delhi -110010	10.30 a.m.

Special Resolutions passed in above-mentioned 3 AGMs held on 17.12.2007, 29.09.2008 and 30.09.2009 are as under:

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

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

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

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

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.

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.

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 4 '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 2009-10 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.fieminindustries.com. During the year the Company has not issued any official news release.

9. GENERAL SHAREHOLDER INFORMATION:

a) Date, time and Venue of the 21ST AGM:

Thursday, the 30th September 2010 at 10.00 a.m. at Suryadev Motel & Resort, G.T. Karnal Road, Village Alipur, Delhi-110036

b) Financial Year

Financial Year is 1st April to 31st March.

c) Book Closure Date

The Register of Members and Share Transfer Books of the Company will be closed from Friday, September 24, 2010 to Thursday, September 30, 2010 (both days inclusive) for the purpose of the Annual General Meeting and Dividend.

d) Dividend Payment Date

With in 30 days from the date of declaration.

e) Listing on Stock Exchanges

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

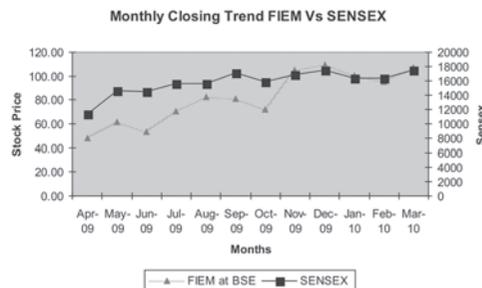
Name of the Stock Exchange	Address	Stock Code
National Stock Exchange of India Ltd.	Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051.	FIEMIND
Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001	532768

The Annual Listing Fees for the year 2010-11 has been paid by the Company to both the Stock Exchanges.

f) Market Data: Monthly High and Low of Closing Price during Financial Year 2009-10 (in Rs.)

Month	NSE		BSE	
	High	Low	High	Low
April, 2009	48.85	45.10	49.45	45.70
May, 2009	61.80	44.80	61.70	45.90
June, 2009	72.00	51.55	71.90	51.95
July, 2009	70.50	51.05	70.75	50.50
August, 2009	82.30	62.65	82.15	62.85
September, 2009	96.90	76.40	96.75	76.40
October, 2009	105.20	73.25	105.60	71.95
November, 2009	104.60	71.90	105.15	72.30
December, 2009	120.55	98.25	120.80	97.05
January, 2010	116.95	98.40	117.00	98.35
February, 2010	101.80	89.15	101.80	89.15
March, 2010	107.35	97.55	107.35	96.75

g) Comparison of monthly closing trend of Fiem Vs Sensex during Financial Year 2009-10



h) Registrar and Share Transfer Agent:

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

i) Share Transfer System

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

j) Distribution of shareholding as on 31.03.2010

Distribution by category:

Shareholding Pattern as on 31.03.2010

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)	Institutions			
(a)	Foreign Institutional Investors	1	400	0.003
(2)	Non-Institutions			
(a)	Bodies Corporate	297	996084	8.33
(b)	Individuals	7905	2309174	19.30
(c)	Any Other (specify)-			
	i. Non Resident Indians	87	299755	2.51
	ii. Directors & Their Relatives	4	20365	0.17
	iii. Clearing Members	79	25041	0.21
	iv. Hindu Undivided Families	308	88647	0.74
	iii. Foreign Corporate Bodies	1	104051	0.87
	Total Public Shareholding	8682	3843517	32.13
	TOTAL (A)+(B)	8688	11962226	100.00

Distribution by Size:

Sr. No.	Shareholding Range	No. of Shareholders	Shares held	%age of Total
1	1 to 250	7350	583395	4.877
2	251 to 500	934	336472	2.813
3	501 to 1000	188	148062	1.238
4	1001 to 2000	97	145916	1.220
5	2001 to 3000	33	76904	0.643
6	3001 to 4000	13	47520	0.397
7	4001 to 5000	15	68860	0.576
8	5001 to 10000	11	80902	0.676
9	10001 and above	47	10474195	87.560
	Total	8688	11962226	100

k) Dematerialization of shares and Liquidity status as on 31.03.2010

Sr. No.	Demat / physical	No. of Shares	Liquidity/ lock-in	%age of Total shares
1	NSDL	28,52,736	Free to trade	23.85
2	CDSL	13,97,242	Free to trade	11.68
3	Physical	77,12,248	Free Under Lock-in	64.25 26,016 0.22
	Total	1,19,62,226		100.00

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

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

m) Plant Locations

The Company has seven plants. The name & address are as under:

Unit I	Unit II	Unit III
32 Mile Stone, G. T. Road, Kundli, Sonapat, Haryana	219/2B, Thally Road, Kallukondapalli, Hosur, Tamil Nadu	Kelamangalam, Achittapalli Post, Hosur, Tamil Nadu
Unit IV	Unit V (EOU)	Unit VI
S. No. 29, Madargali Village, Varuna Hobli, Mysore Taluk, Karnataka	Kelamangalam, Achittapalli Post, Hosur, Tamil Nadu	Village Bhatian, Tehsil -Nalagarh, Himachal Pradesh
Unit VII	Upcoming Plant:	
Plot No. 1915, Rai Industrial Estate, Phase -V, Distt. Sonapat, Haryana.	Unit VIII 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 32 Mile Stone, G.T. Road, Kundli, Distt. Sonapat, Haryana - 131028

o) Prevention of Insider Trading

In accordance with requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, 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:

Company came with Initial Public Issue in 2006 and allotted the shares in October 2006. Total **703** Shares related to **5** Shareholders were lying unclaimed in Escrow Account of the RTA as on 01.04.2009.

In 2009, after insertion of Clause 5A in the Listing Agreement, the reminders were again sent to all these 5 Shareholders with follow-up by mails and telephones. As a result of the reminders and follow-up, all these 5 shareholders approached the RTA/ Company through request letters and necessary documentation. After necessary verification of documents, all unclaimed shares lying in escrow account of RTA were transferred in the demat accounts of the respective rightful shareholders.

As no Shares of the Company were left unclaimed in Escrow Account of the RTA after above exercise, 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, 2010, as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, We certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreements.

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

**For Anil S. Gupta & Associates
Chartered Accountants
Sd/-
Anil Kumar Gupta
Proprietor
Memb. No. 83159**

**Place : New Delhi
Date : 16.08.2010**

COMPLIANCE WITH CODE OF CONDUCT

I, J.K. Jain, Chairman & Managing Director of the Company hereby certify that the Board of Directors and the Sr. Management Personnel have affirmed compliance of the Code of Conduct of the company for the financial year ended March 31, 2010.

**Place : New Delhi
Date : 16.08.2010**

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

CERTIFICATION BY MANAGING DIRECTOR AND CFO FOR FINANCIAL YEAR 2009-10

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 2009-10 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal, or violative of the company’s code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee, wherever applicable, the following:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company’s internal control system over financial reporting.

**Place : New Delhi
Date : August 16, 2010**

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

**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 31st March 2010, 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 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31st, 2010 from being appointed as director in items of clause (g) of Sub section (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and Other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India: -
 - i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010.
 - 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: New Delhi
Dated: 16.08.2010

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, the company has given unsecured interest free loan of Rs 2.62 lacs 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 2.62 lacs and the year end balance is Rs 2.42 lacs.
 - 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 Two Parties covered in register maintained under section 301 of Companies Act, 1956. The maximum amount of loan taken from such parties outstanding at any time during the year was Rs 163.04 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(I) (d) of the companies Act 1956 and are of opinion that prima facie, the prescribed accounts and records have been maintained.
9.
 - a) According to the records of the company & also the information & explanations given to us, the company is generally regular in depositing with appropriate authorities all undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it *though there has been a slight delay in a few cases.*

- b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as at the year end for a period of more than six months from the date they became payable.
- c) According to the records of the Company, the dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute are as follows:

Name of Statute	Nature of Due	Period to which it Pertains	Amount in Rs	Forum where dispute is Pending
The Central Excise Act, 1944	Modvat Credit of Excise Duty	December 1996 to October 1997	25,07,076	CESTAT, New Delhi
Income tax Act 1961	Income Tax demand on various Disallowances	AY 2006-07	4,77,395	CIT (Appeals), New Delhi
		Total	29,84,471	

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: New Delhi
 Dated: 16.08.2010

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

BALANCE SHEET AS AT 31ST MARCH 2010

(Amount in Rs)

				AS AT	AS AT
				31.03.2010	31.03.2009
		Schedules			
SOURCES OF FUNDS					
Shareholders' Funds					
a)	Share Capital	1	119,622,260	119,622,260	
b)	Reserves & Surplus	2	980,161,781	840,426,760	
				1,099,784,041	960,049,020
Loan Funds					
a)	Secured Loans	3		542,369,460	492,486,141
b)	Unsecured Loans			-	-
Deferred Tax Liability (Net)		4		118,761,821	103,360,714
TOTAL				1,760,915,322	1,555,895,875
APPLICATION OF FUNDS					
Fixed Assets					
a)	Gross Block	5	2,001,392,572	1,745,989,196	
b)	Less : Depreciation		466,078,811	373,913,083	
c)	Net Block		1,535,313,761	1,372,076,113	
d)	Capital Work in Progress (Including Capital Advances)		252,258,701	132,038,247	
				1,787,572,462	1,504,114,360
Investments		6		462,040	200,000
Current Assets, Loans and Advances					
a)	Inventories	7	273,324,514	269,986,559	
b)	Sundry Debtors		307,351,705	325,381,271	
c)	Cash and Bank Balances		13,669,635	15,346,939	
d)	Loans and advances		139,406,652	152,142,604	
			733,752,506	762,857,373	
Less :-					
Current Liabilities and Provisions					
a)	Current Liabilities	8	681,783,257	646,803,493	
b)	Provisions		79,205,429	64,769,265	
			760,988,686	711,572,758	
Net Current Assets				(27,236,180)	51,284,615
Miscellaneous Expenditure		9		117,000	296,900
(to the extent not written off or adjusted)					
TOTAL				1,760,915,322	1,555,895,875
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 : New Delhi
Date : 16.08.2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2010

(Amount in Rs)

		Current Year 2009-10	Previous Year 2008-09
INCOME			
Gross Sales and Operating income		3,150,161,309	2,419,568,362
Less Excise Duty		<u>208,273,260</u>	<u>226,675,275</u>
Net Sales	10	2,941,888,049	2,192,893,087
Other Income	11	8,385,070	10,076,123
Increase / (Decrease) in Stock	12	(56,428,211)	24,263,650
TOTAL [A]		2,893,844,908	2,227,232,860
EXPENDITURE			
Cost of Goods Traded in	13	33,785,224	25,303,424
Cost of Moulds, Dies and Tool for sale	14	37,313,490	49,532,113
Raw Materials Consumed	15	1,687,106,881	1,302,308,831
Manufacturing Expenses	16	564,029,364	422,429,679
Employee Cost	17	98,851,040	86,126,076
Cost of Finance	18	33,294,752	39,977,639
Administrative and Selling Expenses	19	188,863,759	134,457,732
Depreciation & Amortization	5	92,467,272	88,231,864
TOTAL [B]		2,735,711,783	2,148,367,358
Profit for the year before Taxation " A - B "		158,133,125	78,865,502
Prior Period Expenses		1,284,096	1,570,243
Profit after Prior Period Expenses		156,849,029	77,295,259
Less : Tax Expenses			
i) Provision for Current Tax (Including Wealth tax)		33,800,000	17,666,000
ii) Provision for Deferred Tax		15,401,107	9,695,110
iii) Provision for Fringe Benefit Tax		-	3,100,000
iv) Income Tax paid for earlier year		<u>145,386</u>	<u>716,444</u>
		49,346,493	31,177,554
Profit after Taxation		107,502,536	46,117,705
Add :- Balance Brought Forward		344,069,110	337,939,421
Profit Available for Appropriation		451,571,646	384,057,126
APPROPRIATIONS			
i) Transfer to General Reserve		11,000,000	5,000,000
ii) Proposed Dividend		29,905,565	29,905,565
iii) Corporate Dividend Tax		4,966,941	5,082,451
Profit Carried to Balance Sheet		405,699,140	344,069,110
Basic and Diluted EARNINGS PER EQUITY SHARE (Nominal value Rs 10 per share)			
- Before Extraordinary items		8.99	3.86
- After Extraordinary items		8.99	3.86
No. of shares (Weighted Average)		11,962,226	11,962,226

Significant Accounting Policies and 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 : New Delhi
Date : 16.08.2010

SCHEDULES TO THE BALANCE SHEET

	(Amount in Rs)	
	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE 1		
SHARE CAPITAL		
Authorised 3,00,00,000 (Prv. Year 3,00,00,000) Equity shares @ Rs 10 each	300,000,000	300,000,000
Issued, Subscribed & Paid-up 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
TOTAL	119,622,260	119,622,260
Of the above		
a) 1,04,065 (Previous year 1,04,065) fully paid up equity shares of Rs 10/- each allotted during 2007-08 to the shareholders of M/s Fiem Sung San (India) Limited Pursuant to its Amalgamation without payment being received in cash.		
b) 10,00,000 (Previous year 10,00,000) Equity shares of Rs 10/- each were allotted as fully paid bonus shares by capitalization of profits on 9.03.2006.		
SCHEDULE 2		
RESERVES & SURPLUS		
CAPITAL RESERVE		
a) Land Revaluation Reserve As per Last Balance Sheet	117,477,278	117,477,278
b) Building Revaluation Reserve As Per Last Balance Sheet	25,733,278	26,725,304
Less:- Adjustment on account of depreciation on revalued portion of asset	992,026	992,026
	24,741,252	25,733,278
SECURITIES PREMIUM ACCOUNT As per Last Balance Sheet	509,972,344	509,972,344
GENERAL RESERVE As Per Last Balance Sheet	30,000,000	25,000,000
Add :- transferred from Profit and Loss A/c	11,000,000	5,000,000
	41,000,000	30,000,000
PROFIT AND LOSS ACCOUNT	405,699,140	344,069,110
HEDGING RESERVE ACCOUNT (refer note no. 19 of Schedule 20)	(118,728,233)	(186,825,250)
TOTAL	980,161,781	840,426,760
SCHEDULE 3		
SECURED LOANS		
TERM LOANS		
from BANKS	327,395,214	183,359,100
VEHICLE LOANS		
a) from BANKS	11,499,121	4,467,176
b) from OTHERS	-	27,088
	11,499,121	4,494,264
WORKING CAPITAL ADVANCE FROM BANKS	203,475,125	304,632,777
TOTAL	542,369,460	492,486,141
NOTES		
A) TERM LOANS FROM BANKS		
a) From Citibank NA :- Loan outstanding as at 31st March 2010 Rs 4,53,41,069 (Previous Year Rs 6,99,10,571) (Principal amount including interest repayable within 12 months from the date of Balance sheet Rs 2,47,16,069)		

SCHEDULES TO THE BALANCE SHEET (Contd.)

(Amount in Rs)

	AS AT 31.03.2010	AS AT 31.03.2009
(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)		
b) From Standard Chartered Bank :- Loan outstanding as at 31st March 2010 Rs 18,10,34,664 (Previous Year Rs 11,34,48,529) (Principal amount repayable within 12 Months is Rs 3,24,13,866)		
(Secured against First Charge on movable fixed assets (Present and Future) including Plant and Machinery at Hosur Unit-2 (Present and future) & Equitable Mortgage on Land and Building at Hosur Unit-2 situated at Thally road, Hosur, Tamilnadu and Unit-3 situated at Kelamangalam Road, Hosur, Tamilnadu and Property at Mansarover Garden, Delhi and equitable mortgage on first pari passu charge basis on land and building and plant and machinery of Rai unit)		
c) From State bank of Patiala :- Loan outstanding as at 31st March 2010 Rs 10,10,19,481 (Previous Year Nil) (Principal amount including interest repayable within 12 Months is Rs 1,76,87,481)		
(Secured against Pari Passu charge over the fixed assets of Rai projects (both Present and future) including equitable mortgage of land and building at Rai, Sonepat and first charge on movable fixed assets of Hosur unit- III (tamilnadu) and Karnataka unit IV and Second charge over the entire fixed assets of unit VI nalagarh Unit (first charge with Citibank) and ceeding second charge on fixed assets of Rai unit in favour of citibank on reciprocal basis.)		
B) WORKING CAPITAL ADVANCES FROM BANKS		
a) From Citibank NA :- Loan outstanding as at 31st March 2010 Rs 8,16,30,028 (Previous Year Rs 16,82,46,585) (Principal amount repayable within 12 months from the date of Balance sheet 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 2010 Rs 12,18,45,097 (Previous Year Rs 13,63,86,192) (Principal amount repayable within 12 months from the date of Balance sheet 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 outstanding as at 31st March 2010 Rs 1,14,99,121 (Previous Year Rs 44,94,264) (Principal amount repayable within 12 months from the date of Balance sheet Rs 38,19,938 (Previous Year Rs 33,44,032))		

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	126,548,387	126,548,387	112,664,982	112,664,982
Less :- Deferred Tax Assets				
i) On Disallowances under Income Tax Act 1961	5,325,992		5,527,573	
ii) On Tax Effect of Share Issue Expenses	2,460,574		3,776,695	
		7,786,566		9,304,268
		118,761,821		103,360,714

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 5

FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK VALUE		DEPRECIATION/AMORTIZATION		NET BLOCK VALUE			
	As at 01.04.2009	Additions Deductions	As at 31.03.2010	upto 01.04.2009	For the Year Deductions	Upto 31.03.2010	As at 31.03.2009	As at 31.03.2010
Tangible Assets								
Land Free hold	282,278,685	10,767,610	293,046,295	-	-	-	293,046,295	282,278,685
Land Lease hold	1,682,900	-	1,682,900	53,145	17,716	70,861	1,612,039	1,629,755
Building Factory	239,193,717	735,730	239,929,447	30,733,242	8,005,178	38,738,420	201,191,027	208,460,474
Building Other	19,421,315	13,131,483	32,552,798	783,205	510,450	1,293,655	31,259,143	18,638,110
Plant & Machinery	853,806,044	176,019,421	1,029,825,465	183,379,797	46,177,745	229,557,542	800,267,923	670,426,247
Office Equipment	10,259,762	2,650,372	12,910,134	2,296,621	522,461	2,819,082	10,091,052	7,963,141
Motor Car & Vehicles	44,472,802	15,352,092	58,454,246	19,325,910	4,368,966	23,208,719	35,245,527	25,146,892
Cycle	28,510	-	28,510	11,945	1,927	13,872	14,638	16,565
Staff Bus & Delivery Van	4,369,615	307,592	4,677,207	2,515,017	523,370	3,038,387	1,638,820	1,854,598
Mould, Block & Dies	145,530,615	26,556,926	172,087,541	76,420,668	20,612,391	97,033,059	75,054,482	69,109,947
Tools & Equipments	22,528,314	3,501,582	26,029,896	9,606,739	3,504,201	13,110,940	12,918,956	12,921,576
Furniture & Fixtures	29,498,765	4,731,810	34,230,575	7,919,280	1,981,479	9,900,759	24,329,816	21,579,486
Electrical Fitting	47,279,166	1,024,099	48,303,264	9,909,121	2,276,940	12,186,061	36,117,203	37,370,045
Computers	22,146,281	2,424,226	24,570,507	18,438,179	682,491	19,120,670	5,449,837	3,708,102
Intangible Assets								
Computer Software	9,855,363	378,576	10,233,939	5,999,925	1,546,516	7,546,441	2,687,498	3,855,438
Patent & Trademarks	807,494	-	807,494	645,920	161,499	-	-	161,574
Development Expenditure	10,801,234	-	10,801,234	4,984,018	2,160,246	7,144,264	3,656,970	5,817,216
Technical Know How	2,028,613	-	2,028,613	890,356	405,723	1,296,079	732,534	1,138,257
Total	1,745,989,196	257,581,518	2,003,570,714	373,913,083	93,459,299	466,078,811	1,535,313,761	1,372,076,113
Previous Year	1,679,633,734	74,874,850	1,745,989,196	287,988,831	89,223,890	373,913,083	1,372,076,113	-
Capital Work-in-Progress							252,258,701	132,038,247

NOTES:

- Depreciation & amortization for the year
Less: Additional depreciation on revalued assets withdrawn from building revaluation reserve
Depreciation & amortization charged to Profit & Loss Account
- Land free hold amounting to Rs. 65,14,000 (Previous year Rs. 9,18,08,834) is pending registration (Pending regd. amount Rs. 5,08,092 payable.)
- Building other amounting to Rs. 85,09,495 (Previous year Rs. Nil) is pending registration (Pending regd. amount Rs. 6,63,798 payable)
- Addition to mould, block & dies includes inhouse development of moulds, block & dies amounting to Rs. 1,98,55,526 (Previous year Rs. 2,27,59,655)
- Capital Work in progress includes:

Particulars	Current Year	Rs.	Previous Year	Rs.
i. Fixed assets under construction	220,309,495		79,233,781	
ii. Advance against capital expenditure	14,816,076		30,856,177	
iii. Fixed assets under installation	10,390,972		18,439,228	
iv. Expenditure during construction pending allocation	6,287,341		3,326,361	
v. Fixed assets in transit	454,817		182,700	
Total	<u>252,258,701</u>		<u>132,038,247</u>	

SCHEDULES TO THE BALANCE SHEET (Contd.)

(Amount in Rs)

	AS AT 31.03.2010	AS AT 31.03.2009
		SCHEDULE 6
INVESTMENTS		
LONG TERM INVESTMENTS (Valued at Cost)		
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) Equity Shares in wholly owned foreign Subsidiary company FIEM INDUSTRIES JAPAN CO., LTD. 10 (P.Y. Nil) fully Paid Equity shares of 50000 JPY each	262,040	-
TOTAL	462,040	200,000
		SCHEDULE 7
CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS		
Inventories (As per Inventory taken valued & certified by the management and valued at lower of cost or net realisable value)		
a) Raw Material and Components	129,318,255	85,301,759
b) Mould, Tools and Dies (Traded)	23,711,853	5,263,906
c) Other Traded Goods	879,549	1,198,085
d) Stores and Spares (including Packing Material)	12,108,855	9,439,220
e) Work in Progress	66,013,779	128,453,474
f) Finished Goods	38,171,243	32,159,759
	270,203,534	261,816,203
Material in Transit	3,120,980	8,170,356
TOTAL	273,324,514	269,986,559
Sundry Debtors		
Debt outstanding for a period exceeding Six Months		
a) Considered good	15,524,481	39,308,220
b) Considered Doubtful	2,739,614	4,367,580
Other debts :- Considered Good	291,827,223	286,073,051
	310,091,319	329,748,851
Less provision for Doubtful Debts	2,739,614	4,367,580
TOTAL	307,351,705	325,381,271
Cash & Bank Balances		
Cash in Hand	1,263,987	1,385,785
Balances in Current Account		
- with Scheduled banks	8,933,026	11,046,637
- with Others	1,283,019	859,573
- In Deposit with Banks	1,904,224	1,890,000
Add : Interest Accrued	118,556	63,956
	2,022,780	1,953,956
- Unpaid Dividend Account	166,824	100,988
TOTAL	13,669,635	15,346,939
Loans & Advances		
(Unsecured but considered good)		
Advances Recoverable in cash or in kind or for value to be received.	11,338,320	5,909,894
Advances for Goods other than Capital Goods	32,816,199	50,250,452
Security Deposits	10,660,184	10,813,212
Loan to foreign Subsidiary	242,200	-
Balance with Customs, Excise Department	41,141,132	37,773,350
Balance with Sales Tax Department	2,158,538	1,403,224
Advance Income Tax (Including Tds)	41,050,078	42,892,472
Advance Fringe Benefit Tax	-	3,100,000
TOTAL	139,406,652	152,142,604

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Amount in Rs)

	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE 8		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Acceptances	-	17,081,940
Sundry Creditors @	464,480,092	374,741,798
Advances from Customers	50,972,532	25,934,379
Interest accrued but not due on loans	82,526	29,796
Unpaid Dividends	166,824	100,988
Security Deposits from Dealers	4,917,550	2,776,412
Liabilities for Expenses	25,055,127	23,971,711
Other Liabilities *	136,108,606	202,166,469
TOTAL	681,783,257	646,803,493
Note :		
@ The company has not received information from vendors regarding their status under the Micro, Small, Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under the Act have not been given.		
* Other Liabilities include fair value of Foreign Exchange Forward and Swap Contracts		
PROVISIONS		
Taxation		
I. Income Tax and Wealth Tax	33,800,000	17,666,000
II. Fringe Benefit Tax	-	3,100,000
III. Corporate Dividend Tax	4,966,941	5,082,451
	<u>38,766,941</u>	<u>25,848,451</u>
Proposed Dividend	29,905,565	29,905,565
Warranties	735,740	549,040
Excise Duty	1,136,453	988,223
Retirement Benefits		
a) Gratuity	4,249,663	4,024,939
b) Leave Encashment	4,411,067	3,453,047
	<u>8,660,730</u>	<u>7,477,986</u>
TOTAL	79,205,429	64,769,265
SCHEDULE - 9		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off/or adjusted)		
Increase in Authorised Capital		
Opening Balance	296,900	476,800
Less :- Written off during the year	179,900	179,900
	<u>117,000</u>	<u>296,900</u>
TOTAL	117,000	296,900

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Amount in Rs)

	Current Year 2009-10	Previous Year 2008-09
		SCHEDULE 10
NET SALES		
Domestic Sales	2,734,470,194	1,976,893,869
Sales of Mould and Dies- local	54,659,113	78,432,159
Export sale of Mould and dies	5,111,721	3,998,190
Export Sales	128,497,709	114,310,044
Sales to Foreign Subsidiary Company	420,856	-
Japan Office sales	18,728,456	19,258,825
TOTAL	2,941,888,049	2,192,893,087
		SCHEDULE 11
OTHER INCOME		
Testing Charges Received	2,275,619	2,482,859
Duty Drawback / Deemed export benefit	564,796	1,385,514
Mould Dies and Tool Modification Charges	1,058,961	-
Miscellaneous income	2,732,839	2,103,952
Difference in Foreign Exchange	(102,386)	3,047,475
Interest Received (Tds Rs 0.59 lac P.Y. Rs 0.97 lac)	398,582	552,159
Interest on income tax refund	1,456,659	-
Profit on sale of Assets	-	504,164
TOTAL	8,385,070	10,076,123
		SCHEDULE 12
INCREASE / (DECREASE) IN STOCK		
Stock in Trade at Close		
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
Stock in Trade at Commencement		
a) Work in Progress	128,453,474	110,964,006
b) Finished Goods	32,159,759	25,385,577
	160,613,233	136,349,583
TOTAL	(56,428,211)	24,263,650
		SCHEDULE 13
COST OF GOODS TRADED IN		
Opening stock	1,198,085	-
Add:- Purchases	33,466,688	26,501,509
less :- Closing stock	879,549	1,198,085
TOTAL	33,785,224	25,303,424
		SCHEDULE 14
COST OF MOULDS, DIES AND TOOLS FOR SALE		
Opening stock	5,263,906	410,088
Add:- Purchases	55,761,437	54,385,931
less :- Closing stock	23,711,853	5,263,906
TOTAL	37,313,490	49,532,113

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

(Amount in Rs)

	Current Year 2009-10	Previous Year 2008-09
		SCHEDULE 15
RAW MATERIAL CONSUMED		
Opening Stock	85,301,759	83,193,947
Purchases	1,731,123,377	1,304,416,643
Closing stock of Raw Material	129,318,255	85,301,759
TOTAL	1,687,106,881	1,302,308,831
		SCHEDULE 16
MANUFACTURING EXPENSES		
Wages	236,334,632	171,864,945
Contribution to provident fund and other funds	4,272,692	4,153,103
Engineering Support fee and Training exp	-	6,108,601
Power & Fuel	139,500,486	107,258,565
Job Charges	4,872,346	4,724,802
Consumable Stores	49,372,706	36,944,834
Repair - Plant & Machinery	28,392,032	18,184,544
Repair - Dies	5,678,385	5,032,588
Factory / Godown rent Rent	2,196,700	3,576,877
Packing Expenses	62,645,841	45,305,906
Freight, Cartage & Octroi	25,562,447	15,271,665
Increase/(decrease) of excise duty in stocks of Finished Goods	148,230	(572,692)
Testing Fees	4,751,652	4,176,089
Segregation Charges Paid	301,215	399,852
TOTAL	564,029,364	422,429,679
		SCHEDULE 17
EMPLOYEE COST		
Salaries & Allowances	80,116,054	69,834,482
Contribution to provident fund and other funds	1,717,761	1,519,932
Staff Welfare	12,812,335	9,538,585
Gratuity to staff	3,043,577	3,383,226
Earned Leave to staff	1,161,314	1,849,851
TOTAL	98,851,040	86,126,076
		SCHEDULE 18
COST OF FINANCE		
Interest		
a. Banks on CC & term loans	24,315,616	37,459,633
b. Others	1,395,923	954,368
Bill Discounting Expenses	5,821,198	-
Bank Charges	1,255,765	1,057,388
Processing Charges	506,250	506,250
TOTAL	33,294,752	39,977,639

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

	(Amount in Rs)	
	Current Year 2009-10	Previous Year 2008-09
		SCHEDULE 19
ADMINISTRATIVE AND SELLING EXPENSES		
Advertisement, Sub & Membership Exp.	6,250,550	2,210,922
Auditor's Remuneration	2,250,000	1,750,000
Brokerage and Commission	27,000	6,618
Donation	688,739	1,285,544
Insurance Charges	1,511,459	1,703,264
Bad debt written off	29,198,683	2,466,983
Provision for bad and Doubtful debt	(1,627,966)	229,771
Rent	809,307	946,821
Repair & Maintenance- Building	419,037	1,029,847
Repair & Maintenance- Other	6,507,542	4,887,249
Royalty	5,000,000	5,000,000
Loss on sale of Fixed Assets	321,491	-
Exchange Difference -Derivatives	32,110,753	16,946,766
Selling & Distribution Expenses	31,233,988	20,762,457
Cash Discount on sales	9,157,815	18,354,282
Traveling Expenses	12,551,156	12,207,985
Miscellaneous Expenditure written off	179,900	179,900
Other Office Expenses	52,274,305	44,489,323
TOTAL	188,863,759	134,457,732

Significant Accounting Policies and Notes to Accounts attached to and forming part of the Financial Statements as at 31.03.2010

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

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

D. Inventories

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

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

- II. Semi-finished goods and finished goods are valued lower of cost or net realizable value. Cost includes direct materials and direct labour and a proportion of manufacturing overheads based on normal operating capacity. 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 sales 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. Leasehold land is amortized over the period of lease term.
- III. On assets sold during the year, depreciation is charged up to the date of sale/discard.
- IV. Patents & Trademarks and Technical know-how expenses are amortized over a period of 5 years.
- V. Depreciation on computer software is charged on Straight Line Method at the rate of 16.21%.
- VI. Individual assets purchased during the year costing Rs. 5,000 or less are depreciated at the rate of 100% in the year of purchase.

G. Foreign Currency Transaction

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

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

H. Miscellaneous Expenditure

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

I. Revenue Recognition

- I. Revenue is recognized to the extent of the probability of the economic benefits flowing to the company, which can be reliably measured.
- II. The sale of goods is recognized when the significant risk & rewards of ownership have passed to the customers. Sale is shown net of excise duty. The Excise Duty is separately disclosed.
- III. Inter-unit/warehouse transfer has not been considered as part of "Turnover".
- IV. Insurance claims are accounted for based on certainty of realization.
- V. Interest and other dues are accounted on accrual basis.
- VI. 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. The Gratuity Liability is a defined benefit obligation and is provided on the basis of an actuarial valuation made at the end of each financial year using Projected Unit Credit Method.

The Liability as at the year-end represents the difference between the actuarial valuation of the future gratuity liability of the continuing employees and the fair value of plan assets with ING Vysya Life Insurance Company as at the end of the year.

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

L. Expenditure on New Projects and Substantial Expansion

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

M. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

Contingent liability is disclosed in case of

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

Contingent assets are neither recognized, nor disclosed.

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

N. Taxation

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

O. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. For the purpose of capitalization of borrowing costs 'substantial period of time' primarily, have been interpreted on the basis of facts and circumstance of each case.

P. Excise Duty

The Excise duty has been accounted on finished goods 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.

NOTES TO ACCOUNTS

1. Nature of Operation

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

2. Reclassified/Reworking of Previous year Figures

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

3. Revaluation of Fixed Assets

In order to present the assets of the company at a fair value, the Land & Building, at various units of the company, had been revalued from time to time in earlier years based on the valuation made by Government approved valuers resulting in an increase in their book values. The surplus of Rs 14,71,78,660 on the revaluation has been credited to Revaluation Reserve Account. Accumulated Depreciation charged on revalued portion of building amounting to Rs. 49,60,130 has been recouped from the Revaluation account. The details of revaluation are given hereunder.

(Amount in Rs.)

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

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

4. Related Party Disclosures

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

a. Key Management Personnel (KMP)

- Mr. Jagjeevan Kumar Jain-Managing director
- Mrs. Seema Jain-Whole time director
- Ms. Aanchal Jain-Whole time director
- Mr. JSS Rao-Whole time director
- Mr. Kashi Ram Yadav-Whole time director

b. Relative of Key Management Personnel (KMP)

- Mr. Rahul Jain

c. Related Parties Controlled by KMP

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

d. Subsidiary Company

- Fiem Industries Japan Co., Ltd.

Transactions and Balances with Related Parties

(Amount in Rs.)

Particulars	Key Management Personnel (KMP)	Relative of KMP	Related Parties controlled by KMP	Subsidiary Company
Remuneration	2,22,24,864 (2,10,81,796)	- -	- -	- -
Brand Royalty	-	-	50,00,000 (50,00,000)	- -
Interest Paid	11,21,875 (7,49,896)	- -	- -	- -
Dividend Paid	95,09,292 (87,47,117)	1,00,49,920 (99,75,697)	2,39,845 (2,39,845)	- -
Remuneration Payable	8,36,801 (21,01,135)	- -	- -	- -
Brand Royalty Payable	-	-	(39,81,481)	-
Sales	-	-	-	4,20,856
Purchase	-	-	-	14,77,576
Debtors	-	-	-	4,07,061
Creditors	-	-	-	13,45,470
Investment	-	-	-	2,62,040
Loan	-	-	-	2,42,200
Due from Subsidiary Company	-	-	-	26,73,408

5. Deferred Tax Assets/Liability

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

(Amount in Rs.)

Particulars	31.03.2010	During the Year	31.03.2009
Deferred Tax Liability:			
On account of timing difference in			
Depreciation & Amortization and other timing differences in block of assets	12,65,48,387	1,38,83,405	11,26,64,982
Total (A)	12,65,48,387	1,38,83,405	11,26,64,982
Deferred Tax Assets:			
On account of timing difference in			
Amalgamation & Merger Expenses	59,478	(62,245)	1,21,723
Provision for Doubtful Debts	9,10,031	(5,74,509)	14,84,540
Provision for Leave Encashment	14,65,246	2,91,556	11,73,690
Provision for Gratuity	14,11,632	43,555	13,68,077
Provision for Bonus	12,28,787	44,468	11,84,319
Provision for Warranty	2,44,395	57,776	1,86,619
Share Issue Expenses	24,60,574	(13,16,121)	37,76,695
Welfare Fund	6,423	(2182)	8,605
Total (B)	77,86,566	(15,17,702)	93,04,268
Net Deferred Tax Liability (A-B)	11,87,61,821	1,54,01,107	10,33,60,714
Previous Year	10,33,60,714	96,95,110	9,36,65,604

6. Earning Per Share

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

(Amount in Rs.)

S. No.	Particulars	31.03.2010	31.03.2009
A	Profit attributable to equity shareholders	10,75,02,536	4,61,17,705
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.)	8.99	3.86

7. Capital Commitments

(Amount in Rs.)

Particulars	31.03.2010	31.03.2009
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	1,83,52,522	4,34,54,123

8. Contingent Liabilities

(Amount in Rs.)

Particulars	31.03.2010	31.03.2009
Guarantee/security given to Custom & Excise Authorities (Margin for guarantee provided Rs. 170,000-PY Rs. 1,70,000)	17,00,000	17,00,000
Guarantee/security given to Himachal Pradesh State Electricity Board (Margin for guarantee provided Rs. 1,20,000-Previous year Rs. 1,20,000)	12,00,000	12,00,000
Excise duty demand matters under dispute (in respect of which appeal has been filed and for which security of Rs. 50,000 has been deposited with the department.)	25,07,076	25,07,076
Guarantee/security given to OEM against supply of moulds & dies (Margin for guarantee provided Rs. 8,98,103 Previous year Rs. Nil)	89,81,025	-
Guarantee/security given to Haryana State Pollution Control (Margin for guarantee provided Rs. 2,01,613 Previous year Rs. Nil)	20,16,135	-
Guarantee/security given to DTE of Indigenisation/DGEME Ministry of Defence New Delhi (Margin for guarantee provided Rs. 4,508 Previous year Rs. Nil)	45,077	-
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	4,77,395
Bill Discounted from Bank (Not Matured)	19,09,19,068	-

9. Payments to Auditors

(Amount in Rs.)

Particulars	31.03.2010	31.03.2009
For Statutory Audit	10,00,000	7,50,000
For Tax Audit	2,50,000	1,50,000
For Limited Review	6,00,000	5,00,000
For Other certification Services	4,00,000	3,50,000
Total	22,50,000	17,50,000

10. Directors Remuneration

(Amount in Rs.)

Particulars	31.03.2010	31.03.2009
Salaries and Allowances	2,19,13,824	2,08,44,730
Contribution to Provident Fund	1,31,040	57,066
Perquisite and other benefits	1,80,000	1,80,000
Total	2,22,24,864	2,10,81,796

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

11. Segment Reporting

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

(Amount in Rs.)

Location	Segment Sales Revenue	
	31.03.2010	31.03.2009
Domestic Market	2,78,91,29,307	2,05,53,26,028
Overseas Market	15,27,58,742	13,75,67,059
Total	2,94,18,88,049	2,19,28,93,087
	Carrying Amount of Segment Debtors	
	31.03.2010	31.03.2009
Domestic Market	28,77,37,455	31,27,06,956
Overseas Market	1,96,14,250	1,26,74,315
Total	30,73,51,705	32,53,81,271

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

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

(Amount in Rs.)

Particulars	31.03.2010	31.03.2009
Raw Materials	7,67,24,050	9,85,27,590
Capital Goods	3,17,37,072	2,46,93,374
Trading Goods	6,72,62,463	7,32,03,025
Components & Spare Parts	41,10,040	20,56,681
Consumable Stores	35,20,153	81,86,405
Total	18,33,53,778	20,66,67,075

13. Expenditure in Foreign Currency

(Amount in Rs.)

Particulars	31.03.2010	31.03.2009
Travelling and Conveyance	18,65,454	38,29,719
Technical Support Fee	-	61,08,601
Overseas Office Expenses	13,40,821	42,56,964
Professional fees	16,24,050	-
Others	12,35,372	2,34,253
Total	60,65,697	1,44,29,537

14. Income in Foreign Currency

(Amount in Rs.)

Particulars	31.03.2010	31.03.2009
Export Sales (On FOB Value)	12,71,70,020	11,31,59,875
Testing Fee Received	41,000	1,80,000
Packing & Forwarding	3,15,675	7,200
Moulds & Dies Modification Charges	6,39,630	-
Other Income	6,57,340	-
Total	12,88,23,665	11,33,47,075

15. 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.

Certain office/factory premises, guesthouse premises and plant & machinery (DG Set) are obtained on operating leases. There are no contingent rents in the lease agreements. The lease terms is 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	31.03.2010	31.03.2009
Total of future minimum lease payments under non-cancelable operating lease for following periods:		
-Not later than one year	23,82,774	28,16,229
-Later than one year and not later than five years	17,39,200	19,48,350
-Lease payment recognized in Profit & Loss Account	41,78,612	60,46,180

16. Foreign Exchange Fluctuation/Adjustment

(Amount in Rs.)

Nature of Exchange Fluctuation	31.03.2010	31.03.2009
-Monetary Item		
Relating to Export during the year as a part of 'Sales'*	(3,14,622)	44,12,301
Relating to Import during the year as a part of 'Purchase'	18,97,987	20,88,391
Other Exchange Fluctuation as a part of '(Indirect Exp)/Other Income' *	(1,02,386)	30,47,475
-Non Monetary Item		
Relating to Capital Goods/Assets as a part of 'Fixed Assets'*	(3,78,567)	5,34,000
-Foreign Exchange Forward & Swaps Contracts		
On Settlement as part of 'Profit & Loss Account' *	(3,38,55,413)	(1,73,39,650)
On Settlement as part of 'Fixed Assets/Capital Work in Progress'*	(73,08,054)	(72,40,484)

*Figure in brackets denotes loss on foreign exchange fluctuation.

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

I. Nature of Provisions: The Company gives warranties on certain products and services, undertaking to repair or replace the items that fails to perform satisfactory during the warranty period. Provision made as at 31st March 2010 represents the amount of the expected cost of meeting such obligations of rectification/replacement. The timing of the outflows is expected to be within warranty period.

II. Break up of Provision (Product Warranty)

(Amount in Rs.)

Particulars	31.03.2010	31.03.2009
Opening Balance	5,49,040	2,45,546
Addition	7,35,740	5,49,040
Utilization	5,40,133	240,037
Reversal	8,907	5,509
Closing Balance	7,35,740	5,49,040

18. Post-Employment Benefits Plans

A-Defined Benefit Plans

Disclosure requirement as per Revised Accounting Standard on Employee Benefit-AS (15)-As per actuarial valuation as on 31.03.2010 are as follows:

(Amount in Rs.)

Description	Gratuity		Leave Encashment	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
1. Net employee benefit expenses (Recognized in Profit & Loss A/c)				
Current Service Cost	39,13,054	30,23,417	12,05,743	17,68,790
Interest cost on benefit obligation	8,09,205	4,95,467	2,68,112	1,18,321
Expected return on plan assets	(5,99,964)	(3,33,948)	N/A	N/A
Net actuarial gain/(loss) recognized in the year	(10,78,718)	1,98,290	(3,12,541)	(37,260)
Net benefit expenses	30,43,577	33,83,226	11,61,314	18,49,851
2. Plan (assets)/liability (Recognized in Balance Sheet)				
Present value of Defined benefit obligation	1,46,40,642	1,02,37,560	44,11,067	34,53,047
Fair value of plan assets	1,03,90,979	62,12,621	-	-
Plan (assets)/liability	42,49,663	40,24,939	44,11,067	34,53,047
3. Change in the present value of the defined benefit obligation				
Opening defined benefit plan	1,02,37,560	71,62,649	34,53,047	17,77,395
Interest cost	8,09,205	4,95,467	2,68,112	1,18,321
Current service cost	39,13,054	30,23,417	12,05,743	17,68,790
Actuarial (gains)/losses on obligation	(74,172)	(2,74,885)	(3,12,541)	(37,260)

Description	Gratuity		Leave Encashment	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Benefits Paid	(2,45,005)	(1,69,088)	(2,03,294)	(1,74,199)
Closing defined benefit plan	1,46,40,642	1,02,37,560	44,11,067	34,53,047
4. Change in the fair value of the plan assets				
Opening fair value of plan assets	62,12,621	31,89,528	N/A	N/A
Expected return	5,99,964	3,33,948	N/A	N/A
Contribution by employer	28,18,853	33,31,408	N/A	N/A
Actuarial gains/(losses) on obligation	10,04,546	(4,73,175)	N/A	N/A
Benefits Paid	(2,45,005)	(1,69,088)	N/A	N/A
Closing fair value of plan assets	1,03,90,979	62,12,621	N/A	N/A
5. Actuarial Assumptions				
Interest & Discount Rate	8.00%	7.00%	8.00%	7.00%
Attrition Rate	1.00%	1.00%	1.00%	1.00%
Retirement Age	58	58	58	58
Service cost increase rate	4.00%	4.00%	4.00%	4.00%

The Major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity	
	2009-10 %	2008-09 %
Investment with insurer	100	100
Total	100	100

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.

B-Defined Contribution Plans

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

Particulars	31.03.2010 Rs.	31.03.2009 Rs.
Employer's Contribution to Provident Fund	48,16,753	45,21,160
Employer's Contribution to ESI Fund	11,24,216	11,01,985
Employer's Contribution to Wages Welfare Fund	49,484	49,890
Total	59,90,453	56,73,035

19. Financial Derivatives Instruments

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 31.03.2010 is as follows.

Particulars	No of Contracts	JPY Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
I. Cross-Currency Swap			(Rs.)	(Rs.)
Principal Only Swap				
31.03.2010	5	30,23,24,148	10,99,68,750	(3,64,77,060)
31.03.2009	5	44,31,03,034	16,10,93,750	(6,87,43,700)
Interest Swap				
31.03.2010	5	3,01,05,968	1,29,99,673	(15,83,660)
31.03.2009	5	11,17,12,184	4,86,31,562	(93,13,550)

Particulars	No of Contracts	USD Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
2. Forward Currency Option				
31.03.2010	2	98,00,000	42,35,66,000	(1,88,06,000)
31.03.2009	2	1,41,20,000	61,06,46,000	(10,87,68,000)

Note: For the purpose of fair valuation of aforesaid above contracts, the conversion rate of foreign currency as on 31.03.2010 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 with 7 transactions outstanding as on 31st March 2010 and final settlement date is 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.

The other Target Redemption Contracts consists of a total 36 foreign exchange ("FX") transactions with 11 transactions outstanding as on 31st March 2010 and final settlement date is 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.

The change in fair value of the Target Redemption Contracts resulted in to notional loss of Rs. 6,18,61,513. This fair value is based on marked to market valuation at balance sheet date.

C. Movement in Hedging Reserve Account

The movement in Hedging Reserve Account during the year ended March 31, 2010, for derivative transactions.

Particulars	31.03.2010
Balance at the beginning of the year	(18,68,25,250)
Loss recorded/booked on occurrence of settlement of hedge transaction.	4,11,63,467
Changes in the fair Value of derivative transaction	2,69,33,550
Balance at the end of the year	(11,87,28,233)

D. Foreign Exchange Currency Exposure not covered by Derivative Instruments

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

Nature of Instruments	Currency	31.03.2010		31.03.2009	
		Rs.	FC	Rs.	FC
Payables in foreign Currency					
-For Import of Goods	EURO	-	-	1,61,58,600	2,35,926
	USD	6,86,128	15,200	19,50,535	37,926
	JPY	13,45,470	27,77,600	11,16,286	20,72,570
-For Import of Capital Goods	JPY	4,54,840	9,38,976	27,55,089	51,32,429
	EURO	15,25,261	25,186	35,45,249	51,763
	USD	81,39,782	1,80,323	20,79,058	40,425
	GBP	10,19,770	14,990	11,05,963	14,990
Receivables in foreign Currency					
-For Export of Goods	GBP	21,92,607	32,230	-	-

Note: - The conversion rate of foreign currency as on 31.03.10 have been adopted on the basis of the rates disclosed by the RBI.

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

a. Licensed and Installed Capacity

Particulars	Units	31.03.2010	31.03.2009
Licensed Capacity	Nos.	N/A	N/A
Installed Capacity	Nos.	N/A	N/A

b. Detail of Sales (Net of Excise Duty)

Product	Units	2009-10		2008-09	
		Qty	Rs.	Qty	Rs.
Manufacturing Goods					
Automotive Lights, Signaling Equipment & Parts	Nos.	2,28,09,869	2,28,52,33,637	1,73,67,360	1,65,96,74,089
Rear View Mirror & Parts	Nos.	68,77,825	41,53,69,759	52,52,231	28,67,02,255
Sheet Metal Parts	Nos.	24,64,358	10,76,43,260	2293544	10,24,18,765
Prismatic Mirror & Mirror Plates	Nos.	5,39,958	2,50,95,982	638340	2,95,89,267
Manufactured Mould	Nos.	15	1,29,16,863	27	1,74,08,190
Others(Multifunctional Led Torch)	Nos.	100	35,000	-	-
Others			1,10,06,310		63,59,509
Job Charges Received			3,420		15,878
Total (A)			2,85,73,04,231		2,10,21,67,953
Traded Goods					
Plastic Powder	Kg.	7,586	12,13,162	-	-
Auto Bulbs	Nos.	5,59,592	98,18,939	1,35,780	21,01,963
Iron Sheet & Rods	Kg.	9,203	2,84,103	9,316	2,88,953
Moulds & Dies	Set.	28	4,68,53,971	13	6,50,22,159
Mock up Sample	Nos.	121	1,87,28,456	241	1,92,58,825
Other	-		76,85,187		40,53,234
Total (B)			8,45,83,818		9,07,25,134
Total (A+B)			2,94,18,88,049		2,19,28,93,087

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

Product	Units	31.03.2010		31.03.2009	
		Qty	Rs.	Qty	Rs.
Opening Stock					
Automotive Lighting & Signaling Parts	Nos.	3,88,093	2,20,98,049	3,02,126	1,98,11,933
Rear View Mirrors & Parts	Nos.	1,46,968	58,18,912	1,43,742	54,92,325
Sheet Metal Parts	Nos.	13,895	3,50,780	81	7,880
Prismatic Mirror and Mirror Plates	Nos.	86,360	38,92,018	2,160	73,439
Mould, Tools and Dies (Traded)	Set	7	52,63,906	1	4,10,088
Other Traded Goods	Nos.	16	11,98,085	-	-
Total			3,86,21,750		2,57,95,665
Closing Stock					
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)	Set	21	2,37,11,853	7	52,63,906
Other Traded Goods	Nos.	1,96,700	8,79,549	-	-
Mock up Sample	Nos.	-	-	16	11,98,085
Total			6,27,62,645		3,86,21,750

d. Actual Production of Finished Goods

Product	Units	31.03.2010	31.03.2009
Automotive Lights, Signaling Parts	Nos.	2,27,86,834	1,74,53,327
Rear View Mirror & Parts	Nos.	69,78,203	52,55,457
Sheet Metal Parts	Nos.	24,57,375	23,07,358
Manufactured Mould	Nos.	15	27
Prismatic Mirror and Mirror Plates	Nos.	4,64,488	7,22,540
Others (Multifunctional Led Torch)	Nos.	100	-

e. Raw Material & Components Consumed

Product	Units	31.03.2010		31.03.2009	
		Qty	Rs.	Qty	Rs.
Plastic Powder	Kg.	44,26,661	44,54,28,277	31,99,501	33,85,41,719
Auto Bulb	Nos.	2,58,90,053	26,28,74,933	1,88,36,592	17,33,03,090
Iron Sheet & Rods	Kg.	28,26,041	11,36,66,090	23,71,663	11,21,04,118
Manufactured Mould			63,03,070		43,54,916
Others			85,88,34,511		67,40,04,988
Total			168,71,06,881		1,30,23,08,831

f. Detail of Cost of Goods Traded in

Product	Units	31.03.2010		31.03.2009	
		Qty	Rs.	Qty	Rs.
Plastic Powder	Kg.	7,586	11,90,818	-	-
Auto Bulb	Nos.	5,59,592	82,14,842	1,35,780	18,62,294
Iron Sheet & Rods	Kg.	9,203	3,41,308	9,316	3,71,237
Mock up Sample	Nos.	121	1,62,02,278	241	1,91,15,423
Other			78,35,978		39,54,470
TOTAL- A			3,37,85,224		2,53,03,424
Moulds & Dies	Set.	28	3,73,13,490	13	4,95,32,113
TOTAL- B			3,73,13,490		4,95,32,113
TOTAL- A+B			7,10,98,714		7,48,35,537

g. Opening and Closing Stock of Raw Materials & Components

Product	Units	31.03.2010		31.03.2009	
		Qty	Rs.	Qty	Rs.
Opening Stock					
Plastic Powder	Kg.	145093	1,31,91,673	1,64,689	1,59,54,237
Auto Bulb	Nos.	2462574	2,60,63,887	22,19,738	1,73,13,105
Iron Sheet & Rods	Kg.	93708	35,47,653	66,144	27,52,192
Others			4,24,98,546		4,71,74,413
Total			8,53,01,759		8,31,93,947
Closing Stock					
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
Total			12,93,18,255		8,53,01,759

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

Particulars	31.03.2010		31.03.2009	
	Amount Rs.	% of Consumption	Amount Rs.	% of Consumption
Raw Material				
Imported	9,31,32,250	5.52	10,41,26,685	8.00
Indigenous	1,59,39,74,631	94.48	1,19,81,82,146	92.00
Total	168,71,06,881	100.00	1,30,23,08,831	100.00
Stores & Spare Parts				
Imported	47,30,730	6.12	64,47,642	11.70
Indigenous	7,25,67,793	93.88	4,86,81,736	88.30
Total	7,72,98,523	100.00	5,51,29,378	100.00

21. Borrowing Cost

Particulars	31.03.2010	31.03.2009
Borrowing cost Capitalized to Qualifying Assets	2,39,52,309	1,84,75,687

22. Net Dividend Remitted In Foreign Currency

Particulars	31.03.2010	31.03.2009
Number of Non Resident Shareholder	1	1
Number of Equity Share held by them	104051	104051
Amount of Dividend Paid (In Rs.)	260127	260127
Tax Deducted at Source	-	-
Year to which dividend relates	2008-09	2007-08

23. Disclosure required by Clause 32 of Listing Agreement

Amount of loans and advances in nature of loans outstanding from subsidiary for the year ended March 31, 2010

Name of the subsidiary	Outstanding as at March 31, 2010	Maximum amount outstanding during the year
	Amount in Rs.	Amount in Rs.
Fiem Industries Japan Co., Ltd.	2,42,200	2,62,041

24. Transfer to General Reserve

The Company has transferred Rs. 1,10,00,000 (Previous Year Rs. 50,00,000) to General Reserve from Profit and Loss Account as per Companies (Transfer of Profits to Reserves) Rules, 1975.

25. The figures appearing in brackets pertains to previous year

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

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

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

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

Place : New Delhi
Date: 16th August, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Amount in Rs)

	2009-2010		2008-2009	
A: CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit Before Tax		156,849,029		77,295,259
Adjustments to Reconcile Net Profit Before Tax To Cash Provided By Operating Activities:				
Depreciation & Amortization	92,467,272		88,231,864	
Prior Period Expenses	1,284,096		1,570,243	
Loss/(Profit) on sale of Fixed Assets	321,491		(504,164)	
Effect of Translation of Exchange Rate Change	(267,598)		(1,806,571)	
Miscellaneous Expenditure Written-off	179,900		179,900	
Provision for Bad & Doubtful Debts	(1,627,966)		229,771	
Bad & Doubtful Debts written-off	29,198,683		2,466,983	
Increase/(Decrease) of Excise Duty in Stocks of Finished Goods	148,230		(572,692)	
Interest Received	(398,582)		(552,159)	
Interest on Income Tax Refund	(1,456,659)		-	
Loss on Derivatives Instruments	32,110,753		16,946,766	
Interest & Finance Charges	33,294,752	185,254,372	39,977,639	146,167,580
Operating Profit before Working Capital Changes		342,103,401		223,462,839
Changes In Current Assets & Liabilities:				
(Increase)/Decrease in Sundry Debtors	(10,107,900)		(88,453,142)	
(Increase)/Decrease in Inventories	(3,486,185)		(41,555,246)	
(Increase)/Decrease in Loans & Advances	8,470,927		(3,585,881)	
Increase/(Decrease) in Current Liabilities & Provisions	105,157,636	100,034,478	177,308,326	43,714,057
Cash Generated from Operation		442,137,879		267,176,896
Adjusted for Direct Taxes and Other Items:				
Prior Period Expenses	(1,284,096)		(1,570,243)	
Loss on Derivatives Instruments	(41,163,467)		(24,580,134)	
Income Tax, FBT & Wealth Tax Paid	(31,847,932)		(16,286,182)	
Income Tax Refund Received (Including Interest)	17,335,599	(56,959,896)	-	(42,436,559)
NET CASH GENERATED BY OPERATING ACTIVITIES		385,177,983		224,740,337
B: CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Including Intangible)	(255,062,181)		(72,490,683)	
Sale of Fixed Assets	563,000		5,723,914	
(Increase)/Decrease in Capital Work in Progress	(91,479,347)		(72,603,215)	
Interest Received	164,623		297,328	
Deposit with banks (net) having maturity over three months	(1,168,824)		2,794,300	
Investment in Equity Share	(262,040)		(200,000)	
NET CASH USED IN INVESTING ACTIVITIES		(347,244,769)		(136,478,356)

CASH FLOW STATEMENT FOR THE YEAR 2009-10 (Contd.)

(Amount in Rs)

	2009-2010		2008-2009	
C: CASH FLOW FROM FINANCING ACTIVITIES:				
Dividend Paid	(29,905,565)		(29,905,565)	
Dividend Distribution Tax Paid	(5,082,451)		(5,082,451)	
Interest & Financial charges	(55,502,401)		(57,822,540)	
Increase/(Decrease) in Long-Term Borrowing	151,040,971		(40,691,858)	
Increase/(Decrease) in Short-Term Borrowing	(101,157,652)		53,262,184	
NET CASH USED IN FINANCING ACTIVITIES		(40,607,098)		(80,240,230)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		(2,673,884)		8,021,751
Opening Balance of Cash & Cash Equivalents		14,567,983		6,245,139
Effect of Exchange Rate Change		(172,243)		301,093
Closing Balance of Cash & Cash Equivalents		11,721,855		14,567,983
Components of Cash and Cash Equivalents				
Cash in Hand		1,263,987		1,385,785
Balances in Current Accounts				
With Scheduled banks		8,933,026		11,046,637
With Others		1,283,019		859,573
In Deposit With Banks		2,022,780		1,953,956
Unpaid Dividend Accounts		166,824		100,988
Cash and Bank Balances as per Schedule 7		13,669,635		15,346,939
Less:-Deposit with Banks having maturity over three month not considered as Cash Equivalents		1,947,780		778,956
Cash and Cash Equivalent in Cash Flow Statements		11,721,855		14,567,983

Foot Notes:

- Cash and Cash equivalents include restricted Cash and Bank balance amounting to Rs. 19,96,048 (Previous year Rs. 8,15,988)
- 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

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

Sd/-
(Rahul Jain)
Director

Sd/-
(Arvind K. Chauhan)
Company Secretary

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

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

Place : New Delhi
Date : 16.08.2010

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	31.03.2010
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,2010 (amount in Rs)	(1,901,613)
(a) not dealt with in the accounts of the Company for the year ended 31st March,2010 (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,2010 (amount in Rs)	(1,901,613)
(b) not dealt with in the accounts of the Company for the year ended 31st March, 2010 (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 : New Delhi
 Date : 16/08/2010



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

DIRECTORS' REPORT

Dear Shareholders,

The Directors of the company hereby present the 1st 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 31st March 2010 and the report of Auditors thereon.

FINANCIAL RESULTS:

Financial Year (FY) 2009-10 being the first year of operations of the Company, hence no results is available for any previous year. The major financial particulars are as under for FY 2009-10

Particulars	Amount in Rs.
Net Turnover	18,645,657
Expenditures	20,283,204
Profit (Loss) for the Year before Tax	(1,637,547)
Prior Period Expenses	230,040
Profit Before Taxation	(1,867,587)
Provision for Tax	34,025
Profit(Loss) after Tax (carried to Balance Sheet)	(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 (company incorporated in India). The company capitalized and commenced its operations during the financial year 2009-10 only.

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, the Company has 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 FY 2009-10 as shown in above financial results.

Dividend

Company has incurred losses and the Directors of the Company are not recommending any dividend.

Transfer To Reserves

Company has incurred losses and no amount has been transferred to the Reserves.

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. Takano bu Kamoshita, Representative Director
2. Mr. J.K. Jain, Director
3. 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 2009-10.

Observations In Auditors' Report

The observations made in the Auditors' Report are self-explanatory and therefore do not call for further comments.

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, 2010, 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 31.3.2010 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 : New Delhi
Date : 16.08.2010**

**-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 2010, being a company registered in Japan is certified by Certified Tax Accountant in Japan, M/s Aruba & Co.

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 2010, 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 2010.
 - 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: New Delhi
Dated: 16.08.2010

ANNEXURE TO AUDITORS' REPORT

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

1. The company has no fixed assets and accordingly paragraphs 4(i)(a), (b) and (c) of the Order are not applicable.
2. The company has no inventories and accordingly paragraphs 4(ii)(a), (b) and (c) of the Order are not applicable.
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) The company has taken interest free loan of Rs 2.62 lacs from 100% Holding company, Fiem industries Limited. In respect of said loans, the maximum amount outstanding at any time during the year is Rs 2.62 lac and the year end balance is Rs 2.42 lacs.
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: New Delhi
Dated: 16.08.2010

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

BALANCE SHEET AS AT 31ST MARCH 2010

(Amount in Rs)

		Schedules	AS AT 31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
a)	Share Capital	1	262,040
b)	Reserves & Surplus		
	Translation Reserve		78,070
			<u>340,110</u>
Loan Funds			
a)	Secured Loans		-
b)	Unsecured Loans	2	242,200
			<u>242,200</u>
TOTAL			582,310
APPLICATION OF FUNDS			
Fixed Assets			
-			
Current Assets, Loans and Advances			
		3	
a)	Inventories		-
b)	Sundry Debtors		3,701,517
c)	Cash and Bank Balances		3,370,047
d)	Loans and advances		24,220
			<u>7,095,784</u>
Less :-			
Current Liabilities and Provisions			
		4	
a)	Current Liabilities		8,381,179
b)	Provisions		33,908
			<u>8,415,087</u>
Net Current Assets			(1,319,303)
Debit Balance of Profit and Loss Account			1,901,613
TOTAL			582,310
Significant Accounting Policies and & Notes to Accounts			
		9	
Schedule 1 to 9 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

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)

Place : New Delhi
Date : 16/08/2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2010

		(Amount in Rs)
		Current Year 2009-10
Schedules		
INCOME		
Net Sales		18,644,728
Other Income	5	929
TOTAL [A]		18,645,657
EXPENDITURE		
Cost of Sale of Traded Goods		15,482,796
Employee Cost	6	2,915,234
Cost of Finance	7	30,099
Administrative and Selling Expenses	8	1,855,075
TOTAL [B]		20,283,204
Profit for the year before Taxation " A - B "		(1,637,547)
Prior Period Expenses		230,040
Profit for the year before Taxation after Prior Period Expenses		(1,867,587)
Less : Provision for Current tax		34,025
Profit after Taxation Carried to Balance Sheet		(1,901,613)
Basic and Diluted EARNINGS PER EQUITY SHARE (Nominal value of JPY 50,000 Each per share)		
- Before Extraordinary items		(190,161)
- After Extraordinary items		(190,161)
No. of shares (Weighted Average)		10
Significant Accounting Policies and & Notes to Accounts		
Schedule 1 to 9 referred to above form an Integral Part of Balance Sheet		9

For and on behalf of the Board of Directors

Sd/-
(J. K. Jain)
Director

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

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)

Place : New Delhi
Date : 16/08/2010

SCHEDULES TO THE BALANCE SHEET

		(Amount in Rs)
		AS AT 31.03.2010
		SCHEDULE 1
SHARE CAPITAL		
Authorised		
100 Equity shares @ 50,000 JPY each		2,620,400
Issued, Subscribed & Paid-up		
10 Equity shares @ 50,000 JPY each		262,040
TOTAL		262,040
Note :- All of the above Equity shares are held by Fiem Industries Limited, the holding company		
		SCHEDULE 2
UNSECURED LOANS		
Loan from Holding Company - Fiem Industries Limited		242,200
TOTAL		242,200
		SCHEDULE - 3
CURRENT ASSETS, LOANS & ADVANCES		
Sundry Debtors		
Debt outstanding for a period exceeding Six Months		
a) Considered good	-	
b) Considered Doubtful	-	
Other debts :- Considered Good	3,701,517	
TOTAL		3,701,517
Cash & Bank Balances		
Balance with Non Scheduled bank		
In Current Account	3,370,047	
TOTAL		3,370,047
Loans and Advances		
Advance recoverable in cash or Kind		
Prepaid Expenses	24,220	
TOTAL		24,220
		SCHEDULE - 4
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		6,349,451
Payable to Holding company - Fiem Industries Limited		1,734,999
Liabilities for Expenses		254,310
Other Liabilities		42,419
TOTAL		8,381,179
PROVISIONS		
Provision for taxation		33,908
TOTAL		33,908

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

		(Amount in Rs)
		AS AT
		31.03.2010
		SCHEDULE - 5
OTHER INCOME		
Miscellaneous income		307
Interest Income		622
TOTAL		929
		SCHEDULE - 6
EMPLOYEES COST		
Salaries & Allowances		2,852,496
Staff Welfare		62,738
TOTAL		2,915,234
		SCHEDULE - 7
COST OF FINANCE		
Bank Charges		30,099
TOTAL		30,099
		SCHEDULE - 8
ADMINISTRATIVE AND SELLING EXPENSES		
Rent		153,360
Selling & Distribution Expenses		196,777
Traveling Expenses		467,326
Other Office Expenses		1,037,612
TOTAL		1,855,075

Significant Accounting Policies and Notes to Accounts attached to and forming part of the Financial Statements as at 31.03.2010

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)

The company capitalized and commenced its operations during the current year 2009-10.

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 Standard 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) Current Assets and current liabilities are translated at year-end rates.

- c) Revenue transactions are translated at the average rate.
- d) 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

The company has minimal Staff in Japan. The company has no Post Employment Benefit or other long term benefits plans. Short Term Benefits are charged to the Profit and Loss Account.

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 estimate 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.

G. Taxation

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

H. 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.

I. 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.

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)

- Mr. Kamoshita Tyakanobu - Director

b. Holding Company

- Fiem Industries Limited (company Incorporated in India.)

Transactions and Balances with Related Parties

Particulars	Key Management Personnel (KMP) Rs.	Holding Company Rs.
Remuneration	28,52,496	-
Purchase	-	4,20,856
Sales	-	14,77,576
Creditor	-	4,07,061
Debtor	-	13,45,470
Share Capital	-	2,62,040
Loan Received	-	2,42,200
Payable to Holding Company	-	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	31.03.2010
A	Profit attributable to equity shareholders	(19,01,613)
B	Basic/Weighted Average number of equity shares outstanding during the year (Nos.)	10
C	Nominal/Face Value of Equity share JPY 50,000 (In Rs.)	26204
D	Basic/Diluted Earning per share (A/B) (In Rs.)	(1,90,161)

3. Directors Remuneration

Amount In Rs.

Particulars	31.03.2010
Salaries and Allowances	28,52,496

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.

Particulars	31.03.2010
Total of future minimum lease payments under non-cancelable operating lease for following periods:	
-Not later than one year	Rs. 3,00,000
-Later than one year and not later than five years	-
-Lease payment recognized in Profit & Loss Account	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	2009-10	
		Qty	Rs.
Mock up Sample	Nos.	136	1,72,24,819
Glass Plate	Pcs.	4940	14,19,909
TOTAL			1,86,44,728

b. Cost of Sale of Traded Goods

Product	Units	2009-10	
		Qty	Rs.
Mock Up sample	Nos.	136	1,41,37,977
Glass Plate	Pcs.	4940	13,44,819
TOTAL			1,54,82,796

7. Borrowing Cost capitalized during the year is Rs NIL

8. Balance with Non -Scheduled Bank

Amount In Rs.

Name of The Bank	Balance as at 31.3.10	Maximum Amount outstanding at any time during the Year.
Japan Resona Bank	33,70,047	73,14,407

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

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

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

12. This being the first year of operation, figures for the previous year are not applicable.

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: New Delhi
Date: 16th August, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Amount In Rs.)

Particulars	2009-2010	
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax		(1,867,587)
Adjustments to Reconcile Net Profit Before Tax To Cash Provided By Operating Activities:		
Prior Period Expenses	230,040	
Foreign Currency Translation Reserve	78,070	
Interest Received	(622)	
Bank Charges	30,099	337,587
Operating Profit before Working Capital Changes		(1,530,000)
Changes In Current Assets & Liabilities:		
(Increase)/Decrease in Sundry Debtors	(3,701,517)	
(Increase)/Decrease in Loans & Advances	(24,220)	
Increase/(Decrease) in Current Liabilities & Provisions	8,381,062	4,655,325
Cash Generated from Operation		3,125,325
Adjusted for Direct Taxes and Other Items:		
Prior Period Expenses	(230,040)	(230,040)
NET CASH GENERATED BY OPERATING ACTIVITIES		2,895,285
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Interest Received	622	
NET CASH USED IN INVESTING ACTIVITIES		622
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Share Capital	262,040	
Addition in Unsecured Loan	242,200	
Bank Charges Paid	(30,099)	
NET CASH USED IN FINANCING ACTIVITIES		474,141
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		3,370,047
Opening Balance of Cash & Cash Equivalents		-
Closing Balance of Cash & Cash Equivalents		3,370,047

Foot Notes:

I. Figures in brackets denote outflows of cash and cash equivalents.

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 : New Delhi
Date : 16/08/2010



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 2010, 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 2010.
 - 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

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

PLACE : NEW DELHI
DATED : 16/08/2010

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

			(Amount in Rs)
			AS AT
Schedules			31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
a)	Share Capital	1	119,622,260
b)	Reserves & Surplus	2	978,338,238
			1,097,960,498
Loan Funds			
a)	Secured Loans	3	542,369,460
b)	Unsecured Loans		-
Deferred Tax Liability (Net)			118,761,821
TOTAL			1,759,091,779
APPLICATION OF FUNDS			
Fixed Assets			
a)	Gross Block	5	2,001,392,572
b)	Less : Depreciation		466,078,811
c)	Net Block		1,535,313,761
d)	Capital Work in Progress (Including Capital Advances)		252,258,701
			1,787,572,462
Investments			
			200,000
Current Assets, Loans and Advances			
a)	Inventories	7	273,324,514
b)	Sundry Debtors		310,646,161
c)	Cash and Bank Balances		17,039,682
d)	Loans and advances		136,515,265
			737,525,622
Less :-			
Current Liabilities and Provisions			
a)	Current Liabilities	8	687,083,968
b)	Provisions		79,239,337
			766,323,305
Net Current Assets			(28,797,683)
Miscellaneous Expenditure			117,000
(to the extent not written off or adjusted)			
TOTAL			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 : New Delhi
Date : 16.08.2010

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

(Amount in Rs)

	Schedules		Current Year 2009-10
INCOME			
Gross Sales and Operating income		3,166,905,887	
Less Excise Duty		208,271,542	
Net Sales	10		2,958,634,345
Other Income	11		8,452,362
Increase / (Decrease) in Stock	12		(56,428,211)
TOTAL [A]			2,910,658,496
EXPENDITURE			
Cost of Goods Traded in	13		48,847,164
Cost of Moulds, Dies and Tool for sale	14		37,313,490
Raw Materials Consumed	15		1,685,629,305
Manufacturing Expenses	16		564,029,364
Employee Cost	17		101,766,274
Cost of Finance	18		33,324,851
Administrative and Selling Expenses	19		190,718,835
Depreciation & Amortization	5		92,467,272
TOTAL [B]			2,754,096,556
Profit for the year before Taxation " A - B "			156,561,940
Prior Period Expenses			1,514,136
Profit after Prior Period Expenses			155,047,804
Less : Tax Expenses			
i) Provision for Current Tax (Including Wealth tax)		33,834,025	
ii) Provision for Deferred Tax		15,401,107	
iii) Income Tax paid for earlier year		145,386	
			49,380,518
Profit after Taxation			105,667,286
Add :- Balance Brought Forward			344,069,110
Profit Available for Appropriation			449,736,396
APPROPRIATIONS			
i) Transfer to General Reserve			11,000,000
ii) Proposed Dividend			29,905,565
iii) Corporate Dividend Tax			4,966,941
Profit Carried to Balance Sheet			403,863,890
Basic and Diluted EARNINGS PER EQUITY SHARE (Nominal value Rs 10 per share)			
- Before Extraordinary items			8.83
- After Extraordinary items			8.83
No. of shares (Weighted Average)			11,962,226

**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 : New Delhi
Date : 16.08.2010

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

		(Amount in Rs)
		AS AT 31.03.2010
SHARE CAPITAL		SCHEDULE 1
Authorised		
3,00,00,000 Equity shares @ Rs 10 each		300,000,000
Issued, Subscribed & Paid-up		
1,19,62,226 Equity Shares of Rs. 10/- each fully paid up.		119,622,260
TOTAL		119,622,260
Of the above		
a)	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 Equity shares of Rs 10/- each were allotted as fully paid bonus shares by capitalization of profits on 9.03.2006.	
RESERVES & SURPLUS		SCHEDULE 2
CAPITAL RESERVE		
a)	Land Revaluation Reserve Balance Brought Forward	117,477,278
b)	Building Revaluation Reserve Balance Brought Forward	25,733,278
	Less:- Adjustment on account of depreciation on revalued portion of asset	992,026
		24,741,252
SECURITIES PREMIUM ACCOUNT		
	Balance Brought Forward	509,972,344
GENERAL RESERVE		
	Balance Brought Forward	30,000,000
	Add :- transferred from Profit and Loss A/c	11,000,000
		41,000,000
PROFIT AND LOSS ACCOUNT		403,863,890
TRANSLATION RESERVE		11,706
HEDGING RESERVE ACCOUNT (refer note no. 15 of Schedule 20)		(118,728,233)
TOTAL		978,338,238
SECURED LOANS		SCHEDULE 3
TERM LOANS		
	from BANKS	327,395,214
VEHICLE LOANS		
a)	from BANKS	11,499,121
b)	from OTHERS	-
		11,499,121
WORKING CAPITAL ADVANCE FROM BANKS		203,475,125
TOTAL		542,369,460

NOTES

A) TERM LOANS FROM BANKS

- a) From Citibank NA :- Loan outstanding as at 31st March 2010 Rs 4,53,41,069 (Principal amount including interest repayable within 12 months from the date of Balance sheet Rs 2,47,16,069)

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Contd.)

(Amount in Rs)

**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)

- b) From Standard Chartered Bank :- Loan outstanding as at 31st March 2010 Rs 18,10,34,664 (Principal amount repayable within 12 Months is Rs 3,24,13,866)

(Secured against First Charge on movable fixed assets (Present and Future) including Plant and Machinery at Hosur Unit-2 (Present and future) & Equitable Mortgage on Land and Building at Hosur Unit-2 situated at Thally road, Hosur, Tamilnadu and Unit-3 situated at Kelamangalam Road, Hosur, Tamilnadu and Property at Mansarover Garden, Delhi and equitable mortgage on first pari passu charge basis on land and building and plant and machinery of Rai unit)

- c) From State bank of Patiala :- Loan outstanding as at 31st March 2010 Rs 10,10,19,481 (Principal amount including interest repayable within 12 Months is Rs 1,76,87,481)

(Secured against Pari Passu charge over the fixed assets of Rai projects (both Present and future) including equitable mortgage of land and building at Rai, Sonepat and first charge on movable fixed assets of Hosur unit- III (tamilnadu) and Karnataka unit IV and Second charge over the entire fixed assets of unit VI nalagarh Unit (first charge with Citibank) and ceeding second charge on fixed assets of Rai unit in favour of citibank on reciprocal basis.)

B) WORKING CAPITAL ADVANCES FROM BANKS

- a) From Citibank NA :- Loan outstanding as at 31st March 2010 Rs 8,16,30,028 (Principal amount repayable within 12 months from the date of Balance sheet 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 2010 Rs 12,18,45,097 (Principal amount repayable within 12 months from the date of Balance sheet 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 outstanding as at 31st March 2010 Rs 1,14,99,121 (Principal amount repayable within 12 months from the date of Balance sheet 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

126,548,387

126,548,387

Less :- Deferred Tax Assets

- i) On Disallowances under Income Tax Act 1961
ii) On Tax Effect of Share Issue Expenses

5,325,992

2,460,574

7,786,566

118,761,821

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)

SCHEDULE 5

FIXED ASSETS

PARTICULARS	GROSS BLOCK VALUE			DEPRECIATION/AMORTIZATION			NET BLOCK VALUE	
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	For the Year	Deductions	Upto 31.03.2010	As at 31.03.2010
Tangible Assets								
Land Free hold	282,278,685	10,767,610	-	293,046,295	-	-	-	293,046,295
Land Lease hold	1,682,900	-	-	1,682,900	17,716	-	70,861	1,612,039
Building Factory	239,193,717	735,730	-	239,929,447	8,005,178	-	38,738,420	201,191,027
Building Other	19,421,315	13,131,483	-	32,552,798	510,450	-	1,293,655	31,259,143
Plant & Machinery	853,806,044	176,019,421	-	1,029,825,465	46,177,745	-	229,557,542	800,267,923
Office Equipment	10,259,762	2,650,372	-	12,910,134	2,296,621	-	2,819,082	10,091,052
Motor Car & Vehicles	44,472,802	15,352,092	1,370,648	58,454,246	4,368,966	486,157	23,208,719	35,245,527
Cycle	28,510	-	-	28,510	1,927	-	13,872	14,638
Staff Bus & Delivery Van	4,369,615	307,592	-	4,677,207	523,370	-	3,038,387	1,638,820
Mould, Block & Dies	145,530,615	26,556,926	-	172,087,541	20,612,391	-	97,033,059	75,054,482
Tools & Equipments	22,528,314	3,501,582	-	26,029,896	3,504,201	-	13,110,940	12,918,956
Furniture & Fixtures	29,498,765	4,731,810	-	34,230,575	7,919,280	-	9,900,759	24,329,816
Electrical Fitting	47,279,166	1,024,099	-	48,303,264	9,909,121	-	12,186,061	36,117,203
Computers	22,146,281	2,424,226	-	24,570,507	18,438,179	-	19,120,670	5,449,837
Intangible Assets								
Computer Software	9,855,363	378,576	-	10,233,939	5,999,925	-	7,546,441	2,687,498
Patent & Trademarks	807,494	-	807,494	-	645,920	807,419	-	-
Development Expenditure	10,801,234	-	-	10,801,234	2,160,246	-	7,144,264	3,656,970
Technical Know How	2,028,613	-	-	2,028,613	405,723	-	1,296,079	732,534
Total	1,745,989,196	257,581,518	2,178,142	2,001,392,572	93,459,299	1,293,576	466,078,811	1,535,313,761
Capital Work-in-Progress								252,258,701

NOTES:

- Rs.
- | | |
|-------------------|------------|
| Current Year | 93,459,299 |
| 992,026 | |
| <u>92,467,272</u> | |
1. Depreciation & amortization for the year
Less: Additional depreciation on revalued assets
withdrawn from building revaluation reserve
Depreciation & amortization charged to Profit & Loss Account
2. Land free hold amounting to Rs. 65,14,000 is pending registration (Pending regd. amount Rs. 5,08,092 payable.)
3. Building other amounting to Rs. 85,09,495 is pending registration (Pending regd. amount Rs. 6,63,798 payable)
4. Addition to mould, block & dies includes inhouse development of moulds, block & dies amounting to Rs. 1,98,55,526
5. Capital Work in progress includes:
- | | |
|--|--------------------|
| Particulars | Current Year |
| i. Fixed assets under construction | 220,309,495 |
| ii. Advance against capital expenditure | 14,816,076 |
| iii. Fixed assets under installation | 10,390,972 |
| iv. Expenditure during construction pending allocation | 6,287,341 |
| v. Fixed assets in transit | 454,817 |
| Total | <u>252,258,701</u> |

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Contd.)

		(Amount in Rs)
		AS AT 31.03.2010
		SCHEDULE 6
INVESTMENTS		
LONG TERM INVESTMENTS (Valued at Cost)		
NON TRADE AND UNQUOTED		
a)	M/s Shivalik Solid Waste Management Ltd. 20,000 equity shares of Rs 10 each fully paid up	200,000
TOTAL		200,000
		SCHEDULE 7
CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS		
Inventories		
(As per Inventory taken valued & certified by the management and valued at lower of cost or net realisable value)		
a)	Raw Material and Components	129,318,255
b)	Mould, Tools and Dies (Traded)	23,711,853
c)	Other Traded Goods	879,549
d)	Stores and Spares (including Packing Material)	12,108,855
e)	Work in Progress	66,013,779
f)	Finished Goods	38,171,243
		270,203,534
Material in Transit		3,120,980
TOTAL		273,324,514
Sundry Debtors		
Debt outstanding for a period exceeding Six Months		
a)	Considered good	15,524,481
b)	Considered Doubtful	2,739,614
Other debts :- Considered Good		295,121,680
		313,385,775
Less provision for Doubtful Debts		2,739,614
TOTAL		310,646,161
Cash & Bank Balances		
Cash in Hand		1,263,987
Balances in Current Account		
- with Scheduled banks		8,933,026
- with Others		4,653,066
- In Deposit with Banks		1,904,224
Add : Interest Accrued		118,556
		2,022,780
- Unpaid Dividend Account		166,824
TOTAL		17,039,682
Loans & Advances		
(Unsecured but considered good)		
Advances Recoverable in cash or in kind or for value to be received.		11,362,540
Advances for Goods other than Capital Goods		30,142,791
Security Deposits		10,660,184
Balance with Customs, Excise Department		41,141,132
Balance with Sales Tax Department		2,158,538
Advance Income Tax (Including Tds)		41,050,078
TOTAL		136,515,265

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Contd.)

		(Amount in Rs)
		AS AT 31.03.2010
		SCHEDULE 8
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors @		469,484,074
Advances from Customers		50,972,532
Interest accrued but not due on loans		82,526
Unpaid Dividends		166,824
Security Deposits from Dealers		4,917,550
Liabilities for Expenses		25,309,437
Other Liabilities *		136,151,025
TOTAL		687,083,968
Note :		
@ The company has not received information from vendors regarding their status under the Micro, Small, Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under the Act have not been given.		
* Other Liabilities include fair value of Foreign Exchange Forward and Swap Contracts		
PROVISIONS		
Taxation		
I. Income Tax and Wealth Tax	33,833,908	
II. Corporate Dividend Tax	4,966,941	
	<u>38,800,849</u>	38,800,849
Proposed Dividend		29,905,565
Warranties		735,740
Excise Duty		1,136,453
Retirement Benefits		
a) Gratuity	4,249,663	
b) Leave Encashment	4,411,067	
	<u>8,660,730</u>	8,660,730
TOTAL		79,239,337
		SCHEDULE - 9
MISCELLANEOUS EXPENDITURE		
(to the extent not written off/or adjusted)		
Increase in Authorised Capital		
Opening Balance	296,900	
Less :- Written off during the year	179,900	
	<u>117,000</u>	117,000
TOTAL		117,000

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

		(Amount in Rs)
		Current Year 2009-10
		SCHEDULE 10
NET SALES		
Domestic Sales		2,734,470,194
Sales of Mould and Dies- local		54,659,113
Export sale of Mould and dies		5,111,721
Export Sales		128,497,709
Sale of Foreign Subsidiary Company		17,167,152
Japan Office sales		18,728,456
TOTAL		2,958,634,345
		SCHEDULE 11
OTHER INCOME		
Testing Charges Received		2,275,619
Duty Drawback / Deemed export benefit		564,796
Mould Dies and Tool Modification Charges		1,058,961
Miscellaneous income		2,733,146
Difference in Foreign Exchange		(36,023)
Interest Received (Tds Rs 0.59 lac)		399,204
Interest on income tax refund		1,456,659
TOTAL		8,452,362
		SCHEDULE 12
INCREASE / (DECREASE) IN STOCK		
Stock in Trade at Close		
a) Work in Progress	66,013,779	
b) Finished Goods	38,171,243	
		104,185,022
Stock in Trade at Commencement		
a) Work in Progress	128,453,474	
b) Finished Goods	32,159,759	
		160,613,233
TOTAL		(56,428,211)
		SCHEDULE 13
COST OF GOODS TRADED IN		
Opening stock		1,198,085
Add:- Purchases		48,528,628
less :- Closing stock		879,549
TOTAL		48,847,164
		SCHEDULE 14
COST OF MOULDS, DIES AND TOOLS FOR SALE		
Opening stock		5,263,906
Add:- Purchases		55,761,437
less :- Closing stock		23,711,853
TOTAL		37,313,490

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

		(Amount in Rs)
		Current Year 2009-10
		SCHEDULE 15
RAW MATERIAL CONSUMED		
Opening Stock		85,301,759
Purchases		1,729,645,801
Closing stock of Raw Material		129,318,255
TOTAL		1,685,629,305
		SCHEDULE 16
MANUFACTURING EXPENSES		
Wages		236,334,632
Contribution to provident fund and other funds		4,272,692
Power & Fuel		139,500,486
Job Charges		4,872,346
Consumable Stores		49,372,706
Repair - Plant & Machinery		28,392,032
Repair - Dies		5,678,385
Factory / Godown rent Rent		2,196,700
Packing Expenses		62,645,841
Freight, Cartage & Octroi		25,562,447
Increase/(decrease) of excise duty in stocks of Finished Goods		148,230
Testing Fees		4,751,652
Segregation Charges Paid		301,215
TOTAL		564,029,364
		SCHEDULE 17
EMPLOYEE COST		
Salaries & Allowances		82,968,550
Contribution to provident fund and other funds		1,717,761
Staff Welfare		12,875,073
Gratuity to staff		3,043,577
Earning Leave to staff		1,161,314
TOTAL		101,766,274
		SCHEDULE 18
COST OF FINANCE		
Interest		
a. Banks on CC & term loans		24,315,616
b. Others		1,395,923
Bill Discounting Expenses		5,821,198
Bank Charges		1,285,864
Processing Charges		506,250
TOTAL		33,324,851

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

	(Amount in Rs)
	Current Year 2009-10
	SCHEDULE 19
ADMINISTRATIVE AND SELLING EXPENSES	
Advertisement, Sub & Membership Exp.	6,250,550
Auditor's Remuneration	2,250,000
Brokerage and Commission	27,000
Donation	688,739
Insurance Charges	1,511,459
Bad debt written off	29,198,683
Provision for bad and Doubtful debt	(1,627,966)
Rent	962,667
Repair & Maintenance- Building	419,037
Repair & Maintenance- Other	6,507,542
Royalty	5,000,000
Loss on sale of Fixed Assets	321,491
Exchange Difference -Derivatives	32,110,753
Selling & Distribution Expenses	31,430,766
Cash Discount on sales	9,157,815
Traveling Expenses	13,018,482
Miscellaneous Expenditure written off	179,900
Other Office Expenses	53,311,917
TOTAL	190,718,835

Significant Accounting Policies and Notes to Accounts attached to and forming part of the Consolidated Financial Statements as at 31.03.2010

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Financial statements have been prepared on accrual basis under the historical cost convention except for certain revalued fixed assets. They comply in all material respects with the Generally Accepted Accounting Principles in India, which comprise of mandatory Accounting Standard as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

B. Principles of Consolidations

- 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 unrealised 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 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.

D. Fixed Assets

- I. Fixed assets are valued at the historical cost of acquisition except for certain fixed assets, which have been stated at revalued amounts less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, levies (Net of tax/duty credits availed, if any,) installation and commissioning expenses and all incidentals cost attributable to bringing the assets to its working condition. Interest on borrowings and financing costs during the period of construction or installation of fixed assets which take substantial

period of time to get ready for its intended use up to the date of commencement of commercial production is added to the cost of fixed assets.

- II. Intangible assets are shown at the consideration paid for acquisition less accumulated amortization.
- III. Own manufactured fixed assets are capitalized at cost including an appropriate proportion of manufacturing overheads based on normal operating capacities.
- IV. Capital work-in-progress comprises outstanding advances paid to acquire capital expenditure, the cost of fixed assets that are not yet ready for their intended use at the balance sheet date, expenditure during construction period pending allocation and fixed assets in transit that are not yet received for their intended use at the balance sheet date.

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 sales 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. Leasehold land is amortized over the period of lease term.
- III. On assets sold during the year, depreciation is charged up to the date of sale/discard.
- IV. Patents & Trademarks and Technical know-how expenses are amortized over a period of 5 years.
- V. Depreciation on computer software is charged on Straight Line Method at the rate of 16.21%.
- VI. Individual assets purchased during the year costing Rs. 5,000 or less are depreciated at the rate of 100% in the year of purchase.

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

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 passed to the customers. Sale is shown net of excise duty. The Excise Duty is separately disclosed.
- III. Inter-unit/warehouse transfer has not been considered as part of "Turnover".
- IV. Insurance claims are accounted for based on certainty of realization.
- V. Interest and other dues are accounted on accrual basis.
- VI. 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. The Gratuity Liability is a defined benefit obligation and is provided on the basis of an actuarial valuation made at the end of each financial year using Projected Unit Credit Method. The Liability as at the year-end represents the difference between the actuarial valuation of the future gratuity liability of the continuing employees and the fair value of plan assets with ING Vysya Life Insurance Company as at the end of the year.
- IV. Actuarial gains/losses are immediately taken to the profit and loss account.
- V. In respect of Subsidiary Company in Japan, the subsidiary company has minimal Staff. The Company has no Post Employment Benefit or other long term benefits plans. Short Term Benefits are charged 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. Tax Expense comprises Current Tax and Deferred Tax. Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.
- II. Deferred Tax Assets & Liabilities are recognized on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred Tax assets are recognized subject to the consideration of prudence. Deferred Tax Assets and Liabilities are measured using the tax rates as per tax Laws that have been enacted or substantially enacted as on the Balance Sheet date.
- III. In respect of Subsidiary Company in Japan, the company recognize tax liability and assets in accordance with applicable local laws.

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 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.

NOTES TO ACCOUNTS

1. Nature of Operation

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

2. Revaluation of Fixed Assets

In order to present the assets of the company at a fair value, the Land & Building, at various units of the company, had been revalued from time to time in earlier years based on the valuation made by Government approved valuers resulting in an increase in their book values. The surplus of Rs 14,71,78,660 on the revaluation has been credited to Revaluation Reserve Account. Accumulated Depreciation charged on revalued portion of building amounting to Rs. 49,60,130 has been recouped from the Revaluation account. The details of revaluation are given hereunder.

(Amount in Rs.)

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

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

3. Related Party Disclosures

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

a. Key Management Personnel (KMP)

- Mr. Jagjeevan Kumar Jain-Managing director
- Mrs. Seema Jain-Whole time director
- Ms. Aanchal Jain-Whole time director
- Mr. JSS Rao-Whole time director
- Mr. Kashi Ram Yadav-Whole time director
- Mr. Takanabu Kamoshita-Director

b. Relative of Key Management Personnel (KMP)

- Mr. Rahul Jain

c. Related Parties Controlled by KMP

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

Transactions and Balances with Related Parties

(Amount in Rs.)

Particulars	Key Management Personnel (KMP)	Relative of (KMP)	Related Parties controlled by (KMP)
Remuneration	2,50,77,360	-	-
Brand Royalty	-	-	50,00,000
Interest Paid	11,21,875	-	-
Dividend Paid	95,09,292	1,00,49,920	2,39,845
Remuneration Payable	8,36,801	-	-

4. Deferred Tax Liability/Assets

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

(Amount in Rs.)

Particulars	31.03.2010	During the Year	31.03.2009
Deferred Tax Liability:			
On account of timing difference in			
Depreciation & Amortization and other timing differences in block of assets	12,65,48,387	1,38,83,405	11,26,64,982
Total (A)	12,65,48,387	1,38,83,405	11,26,64,982
Deferred Tax Assets:			
On account of timing difference in			
Amalgamation & Merger Expenses	59,478	(62,245)	1,21,723
Provision for Doubtful Debts	9,10,031	(5,74,509)	14,84,540
Provision for Leave Encashment	14,65,246	2,91,556	11,73,690
Provision for Gratuity	14,11,632	43,555	13,68,077
Provision for Bonus	12,28,787	44,468	11,84,319
Provision for Warranty	2,44,395	57,776	1,86,619
Share Issue Expenses	24,60,574	(13,16,121)	37,76,695
Welfare Fund	6,423	(2182)	8,605
Total (B)	77,86,566	(15,17,702)	93,04,268
Net Deferred Tax Liability (A-B)	11,87,61,821	1,54,01,107	10,33,60,714

5. Earning Per Share

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

(Amount in Rs.)

S. No.	Particulars	31.03.2010
A	Profit attributable to equity shareholders	10,56,67,286
B	Basic/Weighted Average number of equity shares outstanding during the year (Nos.)	1,19,62,226
C	Nominal/Face Value of Equity share (In Rs.)	10.00
D	Basic/Diluted Earning per share (A/B) (In Rs.)	8.83

6. Capital Commitments

(Amount in Rs.)

Particulars	31.03.2010
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	1,83,52,522

7. Contingent Liabilities

(Amount in Rs.)

Particulars	31.03.2010
Guarantee/security given to Custom & Excise Authorities (Margin for guarantee provided Rs. 170,000)	17,00,000
Guarantee/security given to Himachal Pradesh State Electricity Board (Margin for guarantee provided Rs. 1,20,000)	12,00,000
Excise duty demand matters under dispute (in respect of which appeal has been filed and for which security of Rs. 50,000 has been deposited with the department.)	25,07,076
Guarantee/security given to OEM against supply of moulds & dies (Margin for guarantee provided Rs. 8,98,103)	89,81,025
Guarantee/security given to Haryana State Pollution Control (Margin for guarantee provided Rs. 2,01,613)	20,16,135
Guarantee/security given to DTE of Indigenisation/DGEME Ministry of Defence New Delhi (Margin for guarantee provided Rs. 4,508)	45,077
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
Bill Discounted from Bank (Not Matured)	19,09,19,068

8. Payments to Auditors

(Amount in Rs.)

Particulars	31.03.2010
For Statutory Audit	10,00,000
For Tax Audit	2,50,000
For Limited Review	6,00,000
For Other certification Services	4,00,000
Total	22,50,000

9. Directors Remuneration

(Amount in Rs.)

Particulars	31.03.2010
Salaries and Allowances	2,47,66,320
Contribution to Provident Fund	1,31,040
Perquisite and other benefits	1,80,000
Total	2,50,77,360

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

10. Segment Reporting

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

(Amount in Rs.)

Location	Segment Sales Revenue
	31.03.2010
Domestic Market	2,78,91,29,307
Overseas Market	16,95,05,038
Total	2,95,86,34,345
	Carrying Amount of Segment Debtors
	31.03.2010
Domestic Market	28,77,37,455
Overseas Market	2,29,08,706
Total	31,06,46,161

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

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.

Certain office/factory premises, guesthouse premises and plant & machinery (DG Set) are obtained on operating leases. There are no contingent rents in the lease agreements. The lease terms is 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	31.03.2010
Total of future minimum lease payments under non-cancelable operating lease for following periods:	
-Not later than one year	26,82,774
-Later than one year and not later than five years	17,39,200
-Lease payment recognized in Profit & Loss Account	43,31,972

12. Foreign Exchange Fluctuation/Adjustment

(Amount in Rs.)

Particulars	31.03.2010
Nature of Exchange Fluctuation	
-Monetary Item	
Relating to Export during the year as a part of 'Sales'*	(3,14,622)
Relating to Import during the year as a part of 'Purchase'	18,97,987
Other Exchange Fluctuation as a part of '(Indirect Exp)/Other Income' *	(36,023)
-Non Monetary Item	
Relating to Capital Goods/Assets as a part of 'Fixed Assets'*	(3,78,567)
-Foreign Exchange Forward & Swaps Contracts	
On Settlement as part of 'Profit & Loss Account' *	(3,38,55,413)
On Settlement as part of 'Fixed Assets/Capital Work in Progress'*	(73,08,054)

*Figure in brackets denotes loss on foreign exchange fluctuation.

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 2010 represents the amount of the expected cost of meeting such obligations of rectification/replacement. The timing of the outflows is expected to be within warranty period.

II. Break up of Provision (Product Warranty)

(Amount in Rs.)

Particulars	31.03.2010
Opening Balance	5,49,040
Addition	7,35,740
Utilization	5,40,133
Reversal	8,907
Closing Balance	7,35,740

14. Post-Employment Benefits Plans

A-Defined Benefit Plans

Disclosure requirement as per Revised Accounting Standard on Employee Benefit-AS (15)-As per actuarial valuation as on 31.03.2010 are as follows:
(Amount in Rs.)

Description	Gratuity	Leave Encashment
1. Net employee benefit expenses (Recognized in Profit & Loss A/c)	31.03.2010	31.03.2010
Current Service Cost	39,13,054	12,05,743
Interest cost on benefit obligation	8,09,205	2,68,112
Expected return on plan assets	(5,99,964)	N/A
Net actuarial gain/(loss) recognized in the year	(10,78,718)	(3,12,541)
Net benefit expenses	30,43,577	11,61,314
2. Plan (assets)/liability (Recognized in Balance Sheet)		
Present value of Defined benefit obligation	1,46,40,642	44,11,067
Fair value of plan assets	1,03,90,979	-
Plan (assets)/liability	42,49,663	44,11,067
3. Change in the present value of the defined benefit obligation		
Opening defined benefit plan	1,02,37,560	34,53,047
Interest cost	8,09,205	2,68,112
Current service cost	39,13,054	12,05,743
Actuarial (gains)/losses on obligation	(74,172)	(3,12,541)
Benefits Paid	(2,45,005)	(2,03,294)
Closing defined benefit plan	1,46,40,642	44,11,067
4. Change in the fair value of the plan assets		
Opening fair value of plan assets	62,12,621	N/A
Expected return	5,99,964	N/A
Contribution by employer	28,18,853	N/A
Actuarial gains/(losses) on obligation	10,04,546	N/A
Benefits Paid	(2,45,005)	N/A
Closing fair value of plan assets	1,03,90,979	N/A
5. Actuarial Assumptions		
Interest & Discount Rate	8.00%	8.00%
Attrition Rate	1.00%	1.00%
Retirement Age	58	58
Service cost increase rate	4.00%	4.00%

The Major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity 2009-10 %
Investment with insurer	100
Total	100

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.

B-Defined Contribution Plans

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

(Amount in Rs.)

Particulars	31.03.2010
Employer's Contribution to Provident Fund	48,16,753
Employer's Contribution to ESI Fund	11,24,216
Employer's Contribution to Wages Welfare Fund	49,484
Total	59,90,453

15. Financial Derivatives Instruments

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 31.03.2010 is as follows.

(Amount in Rs.)

Particulars	No of Contracts	JPY Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
1. Cross-Currency Swap				
Principal Only Swap 31.03.2010	5	30,23,24,148	10,99,68,750	(3,64,77,060)
Interest Swap 31.03.2010	5	3,01,05,968	1,29,99,673	(15,83,660)
Particulars	No of Contracts	USD Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
2. Forward Currency Option 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 31.03.2010 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 with 7 transactions outstanding as on 31st March 2010 and final settlement date is 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.

The other Target Redemption Contracts consists of a total 36 foreign exchange ("FX") transactions with 11 transactions outstanding as on 31st March 2010 and final settlement date is 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.

The change in fair value of the Target Redemption Contracts resulted in to notional loss of Rs. 6,18,61,513. This fair value is based on marked to market valuation at balance sheet date.

C. Movement in Hedging Reserve Account

The movement in Hedging Reserve Account during the year ended March 31, 2010, for derivative transactions.

Particulars	31.03.2010
Balance at the beginning of the year	(18,68,25,250)
Loss recorded/booked on occurrence of settlement of hedge transaction.	4,11,63,467
Changes in the fair Value of derivative transaction	2,69,33,550
Balance at the end of the year	(11,87,28,233)

D. Foreign Exchange Currency Exposure not covered by Derivative Instruments

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

Nature of Instruments	Currency	31.03.2010	
		Rs.	FC
Payables in foreign Currency			
-For Import of Goods	EURO	-	-
	USD	6,86,128	15,200
	JPY	13,45,470	27,77,600
-For Import of Capital Goods	JPY	4,54,840	9,38,976
	EURO	15,25,261	25,186
	USD	81,39,782	1,80,323
	GBP	10,19,770	14,990
Receivables in foreign Currency			
-For Export of Goods	GBP	21,92,607	32,230

Note: - The conversion rate of foreign currency as on 31.03.10 have been adopted on the basis of the rates disclosed by the RBI.

16. Borrowing Cost

Particulars	31.03.2010
Borrowing cost Capitalized to Qualifying Assets	2,39,52,309

17. Transfer to General Reserve

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

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

19. This being the first year of Consolidation, Consolidated figures for the previous year is not available.

For and on behalf of Board of Directors

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

Sd/-
(Rahul Jain)
Director

Sd/-
(Arvind K. Chauhan)
Company Secretary

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

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

Place : New Delhi
Date: 16th August, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Amount in Rs)

	2009-2010	
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax		155,047,804
Adjustments to Reconcile Net Profit Before Tax To Cash		
Provided By Operating Activities:		
Depreciation & Amortization	92,467,272	
Prior Period Expenses	1,514,136	
Loss/(Profit) on sale of Fixed Assets	321,491	
Effect of Translation of Exchange Rate Change	(267,598)	
Miscellaneous Expenditure Written-off	179,900	
Provision for Bad & Doubtful Debts	(1,627,966)	
Bad & Doubtful Debts written-off	29,198,683	
Increase/(Decrease) of Excise Duty in Stocks of Finished Goods	148,230	
Interest Received	(399,204)	
Interest on Income Tax Refund	(1,456,659)	
Loss on Derivatives Instruments	32,110,753	
Interest & Finance Charges	33,324,851	185,513,889
Operating Profit before Working Capital Changes		340,561,693
Changes In Current Assets & Liabilities:		
(Increase)/Decrease in Sundry Debtors	(13,402,474)	
(Increase)/Decrease in Inventories	(3,486,185)	
(Increase)/Decrease in Loans & Advances	11,362,314	
Increase/(Decrease) in Current Liabilities & Provisions	110,458,347	104,932,002
Cash Generated from Operation		445,493,695
Adjusted for Direct Taxes and Other Items:		
Prior Period Expenses	(1,514,136)	
Loss on Derivatives Instruments	(41,163,467)	
Income Tax, FBT & Wealth Tax Paid	(31,847,932)	
Income Tax Refund Received (Including Interest)	17,335,599	(57,189,936)
NET CASH GENERATED BY OPERATING ACTIVITIES		388,303,759
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Intangible)	(255,062,181)	
Sale of Fixed Assets	563,000	
(Increase)/Decrease in Capital Work in Progress	(91,479,347)	
Interest Received	165,245	
Deposit with banks (net) having maturity over three months	(1,168,824)	
NET CASH USED IN INVESTING ACTIVITIES		(346,982,107)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010 (Contd.)

(Amount in Rs)

	2009-2010	
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend Paid	(29,905,565)	
Dividend Distribution Tax Paid	(5,082,451)	
Interest & Financial charges	(55,532,500)	
Increase/(Decrease) in Long-Term Borrowing	151,040,971	
Increase/(Decrease) in Short-Term Borrowing	(101,157,652)	
NET CASH USED IN FINANCING ACTIVITIES		(40,637,197)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		684,455
Opening Balance of Cash & Cash Equivalents		14,567,983
Effect of Exchange Rate Change		(172,243)
Foreign Currency Translation Reserve		11,706
Closing Balance of Cash & Cash Equivalents		15,091,902
Components of Cash and Cash Equivalents		
Cash in Hand		1,263,987
Balances in Current Accounts		
With Scheduled banks		8,933,026
With Others		4,653,066
In Deposit With Banks		2,022,780
Unpaid Dividend Accounts		166,824
Cash and Bank Balances as per Schedule 7		17,039,682
Less:-Deposit with Banks having maturity over three month not considered as Cash Equivalents		1,947,780
Cash and Cash Equivalent in Cash Flow Statements		15,091,902

Foot Notes:

1. Cash and Cash equivalents include restricted Cash and Bank balance amounting to Rs. 19,96,048.
2. Figures in brackets denote outflows of cash and cash equivalents.

For and on behalf of Board of Directors

As per our Report of even date

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 : New Delhi
Date: 16th August, 2010



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 21st Annual General Meeting held at Suryadev Motel & Resort, G.T. Karnal Road, Village Alipur, Delhi-110036 on the Thursday, 30th day of September 2010 at 10.00 A.M.

SIGNATURE OF THE MEMBER / PROXY PRESENT



PROXY FORM

FIEM INDUSTRIES LIMITED

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

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

I/Weof
 being a member/ members of Fiem Industries Limited,
 hereby appoint Mr./ Ms./ Mrs.....of
 or failing him Mr./ Ms./ Mrs.ofas
 my/ our proxy to attend and vote for me/ us and on my / our behalf at the 21st Annual General Meeting of the Company to be held on
 Thursday, 30th day of September 2010 at 10.00 A.M. and at any adjournment thereof.

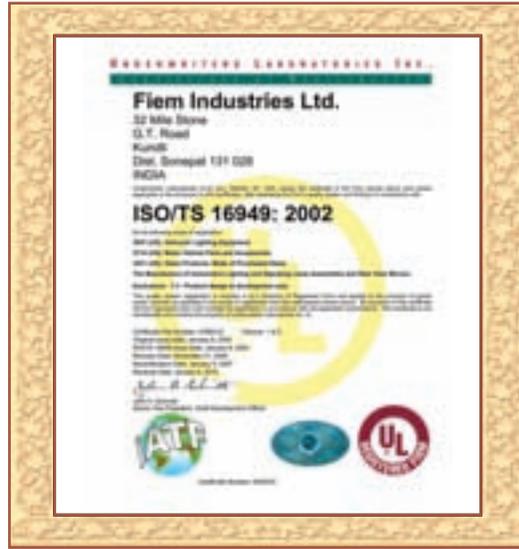
As witness my hand/ our hand(s) this Day of2010

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.

CERTIFICATIONS



AWARDS





Unit-I, Kundli (Haryana)



Unit-II, Hosur (Tamil Nadu)



Unit-III, Hosur (Tamil Nadu)



Unit-IV, Mysore (Karnataka)



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



Unit-VI, Nalagarh (HP)

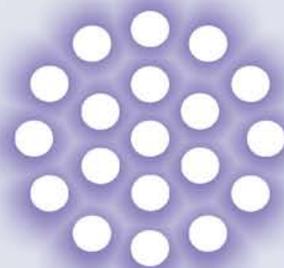


Unit-VII, Rai (Haryana)

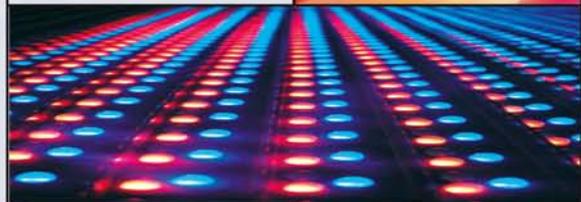
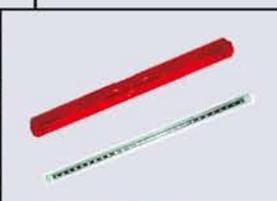
Up-Coming Plant : Unit VIII, Tapukara (Rajasthan) [Under Construction]

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>