

ANNUAL REPORT 2006-2007



Automotive Lighting & Signalling Equipments and Mirrors

ABOUT US

Over 35 years* FIEM has scripted a trailblazing path in its field with far sighted vision, innovation and sheer dynamism. Today FIEM is one of the leading manufacturers of automotive lighting, signaling equipments and rear view mirrors and is a well-known name in automotive lighting industry with six state of the art manufacturing facilities, world-class R&D facilities and one of the shortest development cycles in the Industry. Adherence to TQM through stringent quality control is the hallmark of Fiem's manufacturing process.

FIEM's versatility is reflected in its capability in developing Automotive Lamps and rear view mirrors for two wheelers as well as four wheelers. FIEM's high caliber team constantly strives to achieve maximum customer satisfaction. Company has always enjoyed encore and applause from its customers and end users, which is reflected by way of various awards and recognitions.

Report VISION tion.com

To be the most preferred supplier of Automotive Lighting, Signaling Equipments and Rear View Mirrors for domestic as well as global OEMs providing advanced design solution, quality products at lower costs by adapting Lean manufacturing process, Value Engineering and total quality management.

MISSION

To be a dominant player in Automotive Lighting, Signaling Equipments and Rear view Mirrors. To Enhance Stakeholders value while conserving the environment and contributing to welfare of the society at large.

* Before this Company the promoters were doing same business in other entities.



Chairman's Message

Dear Shareholders,

At the outset, I place on record my deep gratitude to all the shareholders for making the company's maiden IPO a great success. I am delighted to share with you that FIEM is committed to offer advanced design solution and adoption of the state of the art technologies with lean manufacturing process to deliver world-class quality products for Automobiles to make driving safer. Team FIEM aims at achieving 'Total Customer Satisfaction' by offering zero defect products at competitive price. It pursues this goal with relentless zeal & dynamism and constantly endeavors to add value to all its stakeholders. I would take this opportunity to update you on your company's performance.

- With the existing business, the Management is focusing on increase in exports and established Unit V, a 100% EOU at Hosur, Tamilnadu. This is established in Technical Support Agreement with M/s ICHIKOH Industries Limited, one of the world leaders in automotive lighting, mirrors and wipers arm system. The Machines are imported from Japan and commissioned under the supervision of Engineers from ICHIKOH Industries.

This Unit has started Commercial Production and supplied Mirror Plates to ICHIKOH Industries. Further, ICHIKOH industries have awarded to your company its new project of development of Prismatic Mirror with 100% buy back arrangement. This project is in progress as per scheduled timelines.

- Further, your Company has successfully commissioned the new Unit (Unit-VI) at Nalagarh, Himachal Pradesh in record time. Besides Tractor and after sales market, this unit is also catering the requirements of our esteemed customer M/s TVS Motor Company and other OEMs located in Himachal Pradesh and Uttranchal.

To have a strong foothold in the After Sales market, The Management has chalked out the plan to open depots in major cities

and these depots will supply to the local markets. The Company has already opened 4 Depots in Delhi, Chennai, Kochi and Hyderabad and in the process of opening more depots.

- In its quest to remain technology driven company and to maintain excellence in Quality, the management has taken up the modernization of the Kundli Plant (Unit-I) by setting up ultra modern facilities for Vacuum Metalizing, Hard Coating and BMC Moulding. The machines and equipments have been procured from best manufacturer in their field.
- In January 2007, Your Company has acquired a new Industrial Plot in Industrial Estate, Rai, Sonapat, Haryana. The plot is strategically located in upcoming Industrial Area at proposed "Kundli-Manesar-Palwal Expressway". This will give us direct connectivity and logistics advantage for these cities.

At this Plot, the Management is planning to establish a state of the art manufacturing facility for Automotive Lighting especially for four wheelers. The Civil Construction work has already been started at this plot.

- The financial performance of your company during the year under review has remained satisfactory and Board of Director has recommended a maiden dividend of 25% (Rs. 2.50 per share) for the Financial Year 2006-07.

I would like to complement the entire FIEM family for their dedicated and relentless hard work. I express my sincere thanks to the shareholders for the trust and confidence reposed on us.

Thank You!

J.K. Jain

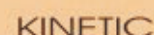


OUR COLLABORATIONS

- Technical Support Agreement with Ichikoh Industries Ltd., Japan
- Memorandum of Understanding with Aspöck Holding, GmbH, Austria for establishing a Joint Venture Company
- Memorandum of Understanding with Korea Air Conditioners Co. Ltd., Korea
- Memorandum of Understanding with ZADI Divisione Fanaleria CEV Spa, Italy

MILESTONES SINCE INCEPTION

Year	Key events
1989	Incorporation of Company under the name and style of Rahul Auto Pvt. Limited Unit at HSIDC Industrial Estate, Kundli, Sonapat (Haryana) set-up
1992	Change of the name of the Company from Rahul Auto Pvt. Limited to FIEM Industries Pvt. Limited
1993	Converted to public Limited Company pursuant to which the name of the Company changed to FIEM Industries Limited Shifted all manufacturing facilities to the plant situated at 32 Mile Stone, G.T. Road, Kundli, Sonapat (Haryana) (Unit I) having full fledged testing laboratory
1996	FIEM Sung San (India) Limited, a Joint venture Company set-up in Noida, Uttar Pradesh pursuant to a Joint Venture Agreement in association with Sung San Co. Limited, Korea and Daewoo Motors India Limited (formerly DCM Daewoo Motors Limited). Now this Company has been merged with the Company.
2004	Set-up Unit II at Kallukondapalli, Hosur, Tamil Nadu
2005	Set-up Unit III at Kelamanglam, Hosur, Tamil Nadu Set-up Unit IV at Mysore, Karnataka Entered into a Technical Support Agreement with Ichikoh Industries Ltd., Japan Established overseas design centre and liaison office in Japan Signed MOU for establishing a Joint Venture company with Aspöck Holding, GmbH, Austria Awarded the 'Bhartiya Shiromani Puraskar' by the Institute of Economic Studies (IES), New Delhi Presented with the 'Business Sphere Award' for the year 2005-2006 for being the most successful pioneer and among toppers in export & manufacturing of auto components for 2 wheelers.
2006	Established an EOU at Kelamanglam, Hosur Tamil Nadu (Unit V) Established Unit VI at Nalagarh, Himachal Pradesh Awarded the 'Transworld Gold Star Award' by the International Study Circle (ISC), New Delhi for excellence in quality Successfully Completed Initial Public Offer of the Company.
2007	Successfully Completed Merger of FIEM Sung San (India) Ltd. with the Company. Opening of various depots in major cities to tap the Replacement Market. Acquirement of Industrial plot at Rai, Distt. Sonapat, Haryana to set up unit VII.



OUR PRESTIGIOUS CUSTOMERS

We have been supplying to almost all major OEMs in the domestic market as well as few global OEMs, besides some global Tier I automotive lamp manufacturers.

Our OEM customers in the four-wheeler segment include the following: -

- General Motors India Ltd.
- Hyundai Motors India Ltd.
- Tata Motors Ltd.
- Inter-national Tractors Ltd.
- Swaraj Mazda Ltd.
- VST Tiller & Tractors Ltd.
- Ashok Leyland Ltd.
- Tractors & Farms Equip. Ltd.
- HMT Tractors Ltd.
- Skoda Auto India Pvt. Ltd.
- Force Motors Ltd.
- Punjab Tractors Ltd.

Our OEM customers in the two-wheeler segment include the following:-

- TVS Motors Co. Ltd.
- Honda Motorcycle & Scooter India Pvt. Ltd.
- Suzuki Motorcycle India Pvt. Ltd.
- Yamaha Motor India Pvt. Ltd.
- LML Ltd.
- Kinetic Motor Co. Ltd.
- Majestic Auto Ltd.
- Hero Motors Ltd.
- Scooters India Ltd.

Some of our overseas customers include the following:-

Four-Wheelers

- Aspöck Systems, Austria
- Sparex, UK
- Geka, Germany
- Ichikoh, Japan

Two-Wheelers

- Piaggio, Italy



PRODUCT PORTFOLIO

Automotive Lamps & Signaling Equipments

Rear view mirrors

Others

Head Lamps

Inside rear view mirrors

Plastic components such as fender Rear, side panels, seat base, engine Guard, frame cover, magneto cover, Meter top and bottom cover, etc.

Tail lamps
Rear Combination lamps
Side Indicator lamps (Turn signal lamps)

Outside rear view mirrors
Prismatic rear view mirrors

Sheet metal components such as frame assembly (chasis for 2 wheelers). Side Indicator lamps (Turn Signal lamps)

Interior lamps
Front / Fog Auxiliary lamps
Number plate lamp
Roof lamps
Work lamps
Beacon lamps

LED tail lamps, direction indicator, Side lamps, other market, side market, beacon lamps, bulbs, decorative lights, number plate lights

Warning triangles

We also manufacture and supply value added products such as a complete Rear Fender Assembly for 2-wheelers which typically consists of rear fender (plastic) fitted with two turn signal lamps, tail lamps, number plate, reflex reflectors fitted with various mounting sheet metal brackets .

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GENERAL INFORMATION

BOARD OF DIRECTORS

Mr. J.K. Jain	- Chairman & Managing Director
Mrs. Seema Jain	- Whole Time Director
Mr. J.S.S. Rao	- Whole Time Director
Mr. Pravin Kumar	- Whole Time Director
Ms. Aanchal Jain	- Whole Time Director
Mr. Rahul Jain	- Non-Executive Director
Mr. C.D. Shah	- Independent Director
Mr. Iqbal Singh	- Independent Director
Mr. K.S. Lamba	- Independent Director
Mr. P.S. Bhatia	- Independent Director
Mr. C.S. Kothari	- Independent Director
Mr. J.S. Chandhok	- Independent Director

COMPANY SECRETARY AND COMPLIANCE OFFICER

Arvind K. Chauhan

BANKERS

CITI Bank N.A.

Standard Chartered Bank

AUDIT COMMITTEE

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

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Mr. C.S. Kothari	- Chairman
Mr. J.S.S. Rao	- Member
Mr. Rahul Jain	- Member

REMUNERATION COMMITTEE

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

AUDITORS

M/s Anil S. Gupta & Associates

201, Vikram Tower, 16 Rajendra Place, New Delhi-110008

REGISTERED OFFICE

D-34, DSIDC Packaging Complex

Kirti Nagar, New Delhi-110015

CORPORATE OFFICE

32 Mile Stone, G.T. Road

Kundli, Sonapat, Haryana –131028

Website: www.fiemauto.com

REGISTRAR AND SHARE TRANSFER AGENT

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

Notice is hereby given that the 18th Annual General Meeting of the company will be held on Monday the 17th day of December 2007 at 10.30 A.M. at Airforce Auditorium, Subrato Park, New Delhi-110010, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as on 31st March 2007 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 2006-07.
3. To appoint a Director in place of Mr. Pravin Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. J.S.S. Rao, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Iqbal Singh, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. R.S. Bhatia, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint statutory auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

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

SPECIAL BUSINESS

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

RESOLVED THAT in accordance with the provisions of Section 198,309,310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification and re-enactment thereof) and in terms of Articles of Association of the Company, the members hereby approve the increase in remuneration of Mr. J.S.S. Rao, Whole Time Director of the Company as revised w.e.f. 1st April, 2007 by the Board of Directors of the Company for the remaining period of his tenure i.e. up to 30.11.2008 on the terms and conditions as mentioned hereunder with an authority to the Board of the Company to further modify /alter the remuneration suitably with in the overall limit under section 198, schedule XIII and other applicable provisions of the Companies Act, 1956.

(a) Salary

Rs. 2,00,000/- (Rs. Two Lac only) per month

(b) Other Benefits, Perquisites & Allowances

In addition to salary, he will be entitled to:

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

RESOLVED FURTHER THAT if in any subsequent financial year during his tenure as Whole Time Director, the Company has made no profits or profits are inadequate then the remuneration payable to Mr. J.S.S. Rao will be as permissible in Schedule XIII and other applicable provisions of the Companies Act, 1956.

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

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

RESOLVED THAT in accordance with the provisions of Section 198,309,310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification and re-enactment thereof) and in terms of Articles of Association of the Company, the members hereby approve the increase in remuneration of Mrs. Seema Jain, Whole Time Director of the Company as revised w.e.f. 1st April 2007 for the remaining period of her tenure i.e. up to 31.03.2008 by the Board of Directors of the Company on the terms and conditions as mentioned hereunder.

(a) Salary

Rs. 2,00,000/- (Rs. Two Lac only) per month

(b) Other Benefits, Perquisites & Allowances

In addition to salary, she will be entitled to:

- i) Medical Insurance/ Personal Accident Policy and such other perquisites / allowances in accordance with the rules of the Company as decided by the Board or any Committee thereof, from time to time.
- i) Company maintained car with driver for official use.
- iii) Leave Encashment and gratuity in accordance with the rules of the Company.

- iv) Telecommunication / mobile phone facilities.

RESOLVED FURTHER THAT if in any subsequent financial year during her tenure as Whole Time Director, the Company has made no profits or profits are inadequate then the remuneration payable to Mrs. Seema Jain will be as permissible in Schedule XIII and other applicable provisions of the Companies Act, 1956.

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

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

RESOLVED THAT in accordance with the provisions of Section 198,309,310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification and re-enactment thereof) and in terms of Articles of Association of the Company, the members hereby approve the increase in remuneration of Ms. Aanchal Jain, Whole Time Director of the Company as revised w.e.f. 1st April, 2007 for the remaining period of her tenure i.e. up to 31.03.2008 by the Board of Directors of the Company on the terms and conditions as mentioned hereunder.

(a) Salary

Rs. 1,00,000/- (Rs. One Lac only) per month

(b) Other Benefits, Perquisites & Allowances

In addition to salary, she will be entitled to:

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

RESOLVED FURTHER THAT if in any subsequent financial year during her tenure as Whole Time Director, the Company has made no profits or profits are inadequate then the remuneration payable to Ms. Aanchal Jain will be as permissible in Schedule XIII and other applicable provisions of the Companies Act, 1956.

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

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

"RESOLVED THAT pursuant to provisions of sections 198, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as 'the said Act' including any modification(s) or re-enactment(s) for the time being in force, if any and as recommended

by the Remuneration Committee and approved by the Board of Directors and subject to the approval of Central Government and other approvals as may be required and in super cession of earlier resolution passed in this regard, the remuneration of Mr. Jagjeewan Kumar Jain, Chairman & Managing Director, be and is hereby increased from Rs.2,50,000/- (Rupees Two Lacs Fifty Thousand) per month to Rs. 12,50,000/- (Rupees Twelve Lac fifty thousand) per month with effect from 1st April 2007, for a period of three years i.e. for the remaining period of his current tenure i.e. up to 6th August, 2009 and on any subsequent re-appointment as Managing Director in the following manner:

(a) Salary :

Rs. 12,50,000/- (Rupees Twelve Lac fifty thousand) per month.

(b) Other Benefits, Perquisites & Allowances:

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

- (i) Leave Travel Assistance, medical facility/ reimbursement, medical insurance, club fees, house servants and other perquisites/ allowances not exceeding Rs. 50,000/- (Rupees Fifty Thousand) per month in aggregate.
- (ii) Company maintained car with driver for official use.
- (iii) Telecommunication/ Mobile phone facilities.

The following shall not be included for the purpose of computation of the Managing Director's remuneration as aforesaid:

- (i) The Company's contribution to Provident Fund and Superannuation Fund pursuant to the Rules of the company, to the extent either singly or taken together are not taxable under the Income Tax Act
- (ii) Gratuity payable to the Managing Director as per Payment of Gratuity Act.
- (iii) Encashment of leave at the end of tenure, on ceasing to be the Managing Director of the company.

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

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

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

"RESOLVED THAT pursuant to section 163 and other applicable provisions of the Companies Act, 1956 (the Act) consent of the Members