

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 1st 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 SIEL 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



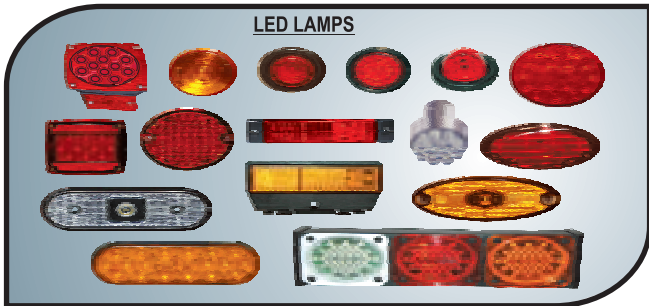
HEAD / TAIL LAMPS



SIDE INDICATOR LAMPS



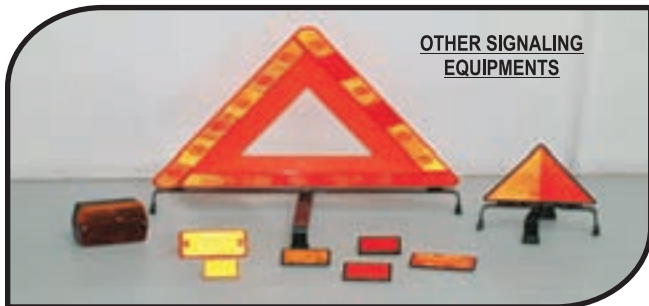
LED LAMPS



FRONT / FOG / AUXILLARY LAMPS



OTHER SIGNALING
EQUIPMENTS



IRVM/OUTSIDE REAR VIEW MIRROR



OTHER PLASTIC COMPONENTS



SHEET METAL COMPONENTS



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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. 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>					