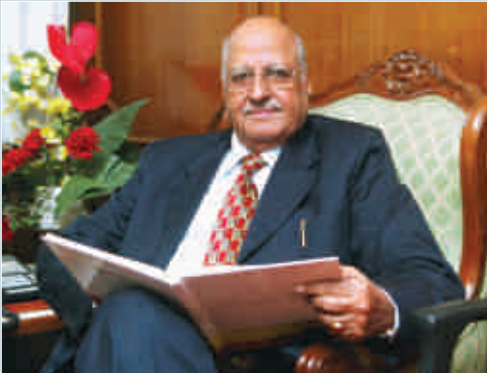


ANNUAL REPORT 2009

Bringing Joy Through Power



From the Chairman's Desk



Dear Shareholders,

I write this at a time when the world has just begun to heave a sigh of relief as the first signs of the end of recession start appearing on the horizon. With this positive transformation taking place at the macro level, your company too has started gearing itself to reach new heights of business success. It will be our endeavor to take advantage of the emerging optimism in the global as well as Indian economy in the larger interest of our stakeholders.

India today is at the cusp of a major growth era that may last for decades. Your company is well poised, after emerging relatively well from the recessionary period, to ride the rising curve of Indian growth story. While we intend to retain the 'old is gold', we are fully conscious to grab the new business opportunities that synthesize well with the growth pattern of the Indian economy

The XIth Five Year Plan lays highest emphasis on Infrastructure, Healthcare, Education, Low-cost Housing etc. We accordingly plan to start new initiatives in these areas within our existing product-mix. Though the new initiatives may take time to come into fruition, success once achieved will be abundant for all of us to share together. As always we shall remain committed to working towards the overall aim of adding value to the stake of every stakeholder, be it shareholders, lenders, creditors, business partners or staff.

While we need your support in our new endeavors, I take this opportunity to wish all our stakeholders and associates the best of luck in the year 2009-10 and ever after. I wish them all the success and their families happiness and long life.

VP Mahendru

Chairman-cum-Managing Director

Board of Directors

V. P Mahendru	Chairman-cum-Managing Director
R. C. Bansal	Non-Executive Director
Dr. Sal Ramachandran	Non-Executive Director
A. K. Ghosh	Non-Executive Director
P. K. Renade	Joint Managing Director
Vinay Mahendru	Executive Director

N. L. Jain	Director Finance
Rakesh Dhody	AVP(Legal) & Company Secretary

Auditors

J. C. Bhalla & Co.
Noida

Bankers

State Bank of Patiala
State Bank of India
Standard Chartered Bank

Corporate Office

B 88, Sector - 83
Noida - 201305, (U.P)

Registered Office

51 Kms., G. T Karnal Road,
Murthal, Distt. Sonapat,
Haryana - 131027

Works:

Switchgear

- 51 Kms. G.T Karnal Road, Murthal, Dish. Sonapat, Haryana -131 027
- By-Lane, Nakodar Road, Jalandhar, Punjab - 144 003
- B-200, Phase -11, Noida, Distt. Gautam Budh Nagar, U.P - 201 305
- Plot No. 21-23 Sector No. 5, Parwanoo Distt. Solan., Himachal Pradesh - 173 220
- Plot No. 2, Sector 2, SIDCUL, Haridwar, Uttarakhand - 249402

CFL Lighting

- A-39, Hosiery Complex, Phase-II Extension, Noida, Dish. Gautam Budh Nagar, U.P - 201305
- Plot No. 10, Sector 4, SIDCUL, Haridwar Uttarakhand - 249402 ,

Wires & Cables

- Plot No. 2 (Block A), Sector 2, SIDCUL, Haridwar, Uttarakhand - 249402

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2 Annual Report 2009**NOTICE**

Notice is hereby given that the Twentieth Annual General Meeting of **INDO ASIAN FUSEGEAR LIMITED** will be held on Wednesday, the 30th day of September, 2009 at 9.30 A.M. at 51 Kms., G. T. Karnal Road, Murthal, Distt. Sonapat, Haryana - 131027, to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and Profit and Loss Account of the Company for the year ended on that date along with the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Sh. V. P. Mahendru, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. P. K. Ranade, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

By order of the Board of Directors

Place: Noida
Dated : 31st August, 2009.

(RAKESH DHODY)
A V P (LEGAL) & COMPANY SECRETARY

IMPORTANT NOTES:

- (i) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (ii) Members/ Proxies should fill in the Attendance Slip for attending the meeting.
- (iii) The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday, the 26th September, 2009 to Wednesday, the 30th September, 2009 (both days inclusive), for the purpose of Annual General Meeting.
- (iv) Members are requested to bring their copy of Annual Report to the meeting. Members desirous of seeking information on Annual Accounts 2009 are requested to send their queries to the Company Secretary at least 15 days before the time fixed for the meeting so that the required information can be kept ready at the meeting.
- (v) Members who hold shares in dematerialized form are required to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- (vi) Members are requested to notify and change in their addresses, specifying the full address in block letters with Pin Code of the Post Office to the Company's R & T Agent i.e. Alankit Assignments Ltd. In all correspondence with the Company, members are requested to quote their account/ folio numbers.
- (vii) Members desirous of making a nomination in respect of their shareholdings in the Company, as permitted under Section 109A of the Company Act, 1956, are requested to submit the prescribed Form 2B for this purpose to the Company.

By order of the Board of Directors

Place: Noida
Dated : 31st August, 2009.

(RAKESH DHODY)
A V P (LEGAL) & COMPANY SECRETARY

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE(S), FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE RE-APPOINTED.

At this Annual General Meeting, Sh. V. P. Mahendru and Sh. P. K. Ranade, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

Brief background and functional expertise of the Directors proposed for re-appointment are furnished below along with details of Companies in which they are Directors and the Committees of which they are members:

- a. Sh. V. P. Mahendru is the Promoter Director and he was appointed by shareholders at 16th AGM held on 24.06.2005. He holds a Bachelor's degree in Science. He was also President of Indian Electricals and Electronics Manufacturers Association (IEEMA) and Federation of Engineering Industries of India (FEII) and has done lot pioneering works in the interest of Engineering Industry. He is an Industrialist.

Other Directorships	Board Position held	Committee Memberships held
Name of the Company		
(i) VPM TECHNOLOGIES PVT. LTD.	Director	NIL

- b. Sh. P. K. Ranade is the Promoter Director and he was appointed by shareholders at 16th AGM held on 24.06.2005. He holds a Bachelor's degree in Science and also holds a Master degree in Mechanical Engineering from AACHAN University, Germany. He is an Industrialist.

Other Directorships	Board Position held	Committee Memberships held
Name of the Company:		
(I) Indo Nordex Lightings Pvt. Ltd.	Director	NIL
(ii) Hausmann Elektrik Pvt. Ltd.	Director	NIL
(iii) PKR Technologies Pvt. Ltd.	Director	NIL

By order of the Board of Directors

Place: Noida
Dated : 31st August, 2009.

(RAKESH DHODY)
A V P (LEGAL) & COMPANY SECRETARY

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Directors' Report

To the Members,

We are pleased to present the 20th Annual Report together with Audited Accounts of your company for the year ended 31st March, 2009.

Financial Performance

Particulars	(Rs./Cr.)	
	For the year ended 31st March 2009	2008
Sales & Other Income	271.17	277.15
Operating Profit (EBITDA)	30.05	34.76
Financial Charges	16.08	12.09
Depreciation	6.61	6.33
Profit before Tax	7.36	16.34
Provision for Taxes	1.73	2.82
Profit after Tax	5.63	13.52
Add: Profit brought forward from previous year	13.80	17.40
Profit available for appropriation	19.43	30.92
Arrears of Preference Dividend Paid and Income tax thereon	–	0.12
Transferred to General Reserve	13.50	17.00
Retained Profit carried forward to the next year	5.93	13.80

Your Company achieved a turnover of Rs. 271.17 cr. for the year ended March 31, 2009 as against Rs. 277.15 cr. in the previous financial year. While Exports increased to Rs. 72.50 cr. from Rs. 60.44 cr. previous year, domestic sales declined to Rs. 194.21 cr. from Rs. 214.29 crore. Further, the Company has reported a Net Profit of Rs. 5.63 cr. as against Rs. 13.52 cr. in the previous year.

It may be pertinent for us to explain the reasons for Company's results which were affected by the economic slow down resulting in shrink in construction industry, exports, industrial development and partly on account of market cash crunch including:

- (a) Increased pressure on margins resulting in lower sales
- (b) Rise in raw material prices without corresponding hike in sale prices due to increasing competition.
- (c) Rise in Sundry Debtors due to increased credit period for Dealers / Customers resulting in higher interest cost.
- (d) Overall increase in Interest expenses due to higher interest rates and increased borrowings for purposes of expansion / modernisation while the benefits of increased capex will be seen over time, it resulted in additional interest expenses.
- (e) Exchange rate fluctuation losses of Rs. 1.60 cr.
- (f) Higher fixed expenses especially salaries. While this could have been curtailed, higher salaries were required to be paid to retain talent, in particular, in a highly competitive environment.

Your Directors are fully seized of the Company's performance related issues and have already initiated proactive measures and solutions with a view to achieving a turn-around. Your Directors are aware the solution lies in :

- (a) Enhancing company's market share of sales substantially,
- (b) Improving internal efficiencies in areas of marketing, debt-collection, technology etc.,
- (c) In-depth professionalization of Financial and Risk Management,
- (d) Strengthening Relationship Management with all stake holders including potential customers.,
- (e) Organizing training and education for company executives to impart higher skills for improved performance,
- (f) Restructuring and implementing cost control measures to curtail losses, etc.

Being pro-active and focussed management, the following steps have already been initiated in this regard :

- (a) Appointment of Ernst and Young, a most well-known Financial Consultancy Firm to study and recommend suitable additional measures for building further operational efficiency.
- (b) Efforts are also afoot to further strengthen the Company's internal Management in areas of Marketing, Sales, Recoveries, Exports etc.

Dividend

In view of the need to conserve resources for faster growth, your Directors do not recommend Dividend on equity share capital as well as preference share capital of the Company for the year ended 31st March, 2009.

Directors

Sh. V. P. Mahendru and Sh. P. K. Ranade, Directors of the Company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Director Responsibility Statements

Pursuant to the requirement under Section 217(2-AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements 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 the year under review;
- (iii) That 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 preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the Annual Account for the Financial Year ended 31st March, 2009, on a going concern basis.

Auditors

M/s. J.C. Bhalla & Co., Chartered Accountants, Auditors of your Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have confirmed that their re-appointment if made, shall be within the limits of Section 224 (1B) of the Companies Act, 1956.

Auditors' Report

The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under Section 217 (3) of the Companies Act, 1956. However, the Auditors reported the following:

- (i) Certain Delays in deposit of TDS

There were few instances of delay in deposit of T.D.S. As the company is having a centralised Accounts Department at its Head Office whereas the manufacturing facilities and branches are spread all over the country, due to inadvertence certain information regarding T. D. S. could not be received in time resulting in delay in its deposit. However adequate steps have now been taken to ensure that such instances do not occur.

- (ii) Regarding non-disclosure of the required information in respect of Micro, Small & Medium Enterprise

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid at the year end together with interest paid / payable under this Act and as required by Schedule VI to the Companies Act, 1956 have not been given.

Report on Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a report on the Corporate Governance for the year under review along with Auditors Certificate regarding Compliance of Corporate Governance is given in the Annexure-A and B and forms part of this Report.

6 Annual Report 2009**Particulars of Employees**

The information as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975 as amended, forms part of this report as per provision of Section 219(1)(b)(iv) of the companies Act, 1956, the report is being sent to all the shareholders of the company excluding the aforesaid information. Any shareholder interested in obtaining the particulars may obtain it by writing to the Company Secretary.

Conservation of Energy, Technology Absorption, Foreign Exchange Earning & Outgo

Information required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, as amended form time to time, is given in Annexure-C and forms part of Directors' Report.

Listing of Shares

The Equity share of the Company continue to be listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Ltd. (NSE).

Fixed Deposits

Your Company has no unclaimed / unpaid or overdue deposit, during the year under review.

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 a separate section forming part of the Annual Report.

Appreciation

Your Directors deeply appreciate the valuable co-operation, continued support and guidance extended by the Company's Bankers, Financial Institutions, Government Agencies, Collaborators, Stockists, Dealers, Business Associates and also the contribution of all employees to the Company.

Your company would like to take this opportunity to express sincere thanks to its valued clients and customers for their continued patronage. The Directors wishes to thanks its investors, bankers, rating agencies and stock exchanges for their support. Finally the Directors wish to express their gratitude to the Members for their trust and support.

On behalf of the Board of Directors

Place: Noida
Dated: 15th June, 2009

(V.P. Mahendru)
Chairman-cum-Managing Director

Management Discussion & Analysis

Prospects of the Indian Electrical Industry

Like every other industrial sector in India, the Indian Electrical industry too is slowly emerging from out of its protective cover. For far too long has Indian Electrical Industry remained shackled and consequently inward looking. Over the past fifty years there was no exposure to global players and competition, with the result that the industry grew up in a sheltered environment, depending upon the Government for everything, from licenses to protection to tariffs. This, coupled with a lack of global competition encouraged a "cost plus" approach, where every conceivable cost increase was passed on to the customer. Thus there was no motivation to reduce costs.

With delicensing, decontrol and deregulation, the Indian industry has suddenly been exposed to global competition. Since the last decade, India has witnessed what global players have achieved and what they are capable of achieving. The Indian Industry is becoming aware of competition on its own turf. The Indian electrical industry is further besieged by the fact that there is a dearth of business on account of lack of investment in the power infrastructure. Exports would see further drop, as markets in Eus and US have already slowed down.

The Government of India is working towards a target of generating capacity of 2,10,000 MW by 2012 to bridge the gap between the demand and supply and to adhere to its commitment of providing access to electricity to all households by 2012. Based on the generation targets, the Industry has built up its capacity. Thus, today the problem is not of capacity build up, it is of capacity utilisation.

Impact of the global recession on the Indian Electrical Industry.

The Indian economy is not into a recession but in an economic downturn. A classic recession is two successive quarters of negative GDP. The downturn has definitely affected the electrical industry. Consolidated growth for the nine months of 2008-2009 declined sharply to 4.9 per cent from 8.98 per cent in the first half of the year. The Electrical industry had grown 6.6 per cent in the previous quarter and by 11.8 per cent in the first two quarters. Against this, the industry had grown by 14.5 per cent and 24.55 per cent respectively in the corresponding quarters of 2007-2008. To counter this downturn, urgent stimulus is required from the Government to spur the domestic demand and speed up the implementation of the on-going projects like RAPDRP (APRDP II) AND RGGVY. To counter the dumping of electrical goods into the Indian markets by China, the Government of India has taken adequate steps by invoking anti dumping laws.

Future Prospects and Growth of Electrical Industry

The domestic market in India is itself large, and one must firstly satisfy this market with the products that meet international quality standards. With increasing globalisation, every international player is now operating in India, providing goods and services complying with international quality. Once the Indian Industry delivers high quality products and services within the domestic market, accessing the international market to exports should not pose a serious challenge. The Indian Electric Industry is expected to grow to its full potential in the coming years and India will soon come to be recognized for quality products and services which in turn will bring this industry to a position of true leadership. The Indian electric industry has grown because of the Government's thrust and it has reached a stage where the industry has demonstrated its capabilities.

The Electrical Industry centers around various adjunct sectors. Few of them are consumer electricals as well as Industrial electricals, distribution equipment viz. Compact Fluorescent Lamps, Fluorescent Tube Lights, Light Fittings, Luminaries Switches, Switchgears etc. With the thrust of the government on the power generation and the revival of the real estate industry, is bound to offer huge opportunities for the growth of the company.

BUSINESS PERFORMANCE

(Rs. in crores)

Particulars	Year ended	
	March 31, 2008	March 31, 2009
Sales & Other Income	277.15	271.17
Operating Profit (EBITDA)	34.76	30.05
Profit before Tax	16.34	7.36
Profit after Tax	13.52	5.63
Exports	60.44	72.5

On account of a slow down in the economy specially in the real estate and power generation sectors, which are the main drivers for the products of the company, the desired turnover could not be achieved. However with the Indian economy coming out of the downturn, it is expected that the current year would close with a brighter note.

Segment-wise / Product-wise performance.

Switchgear Division

The Switchgear Division recorded a turnover of Rs. 213.33 in the year 2008-2009 as against the turnover of Rs. 218.74 Crores for the year 2007-2008.

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Lighting Division

The Lighting Division recorded a turnover of Rs. 28.96 crores for the year ended 31st March 2009 as against Rs. 32.90 crores for the year ended 31st March 2008.

Cable and Wire Division

The turnover of the Cable and Wire Division for the year ended 31st March 2009 stood at Rs.26.71 Crores as against Rs.24.77 crores for the year ended 31st March 2008.

Joint Ventures

- Indo Asian Simon Pvt. Limited the joint venture with Simon Holding (Spain) for the manufacture of home and building automation products at Haridwar has been successfully commissioned and commercial production is expected shortly.
- Saudi National Lamps & Electrical Company Limited. This Joint venture has been set up for the manufacture of Compact Fluorescent Lamps and High Intensity Discharge Lamps to cater to the Far East Markets and is under construction.

International Division

The financial year 2008-09 has been a year of great achievements where the Export business of the company has grown by 70% year on year, despite the recessionary trends world over. The spread of customers and markets has grown to over 40 countries where we are supplying our products through direct and indirect participation in Utility Tenders, Projects and through Distributors and Channel Partners.

The year also witnessed active participation in Global Exhibitions including Middle East Electricity-Dubai, Power Generation & Water Middle East-Abu Dhabi, Light & Building-Frankfurt, Elenex-Malaysia, ELECRAMA-Mumbai, Indo-Africa Summit-New Delhi, etc and visit to several new untapped markets to explore the possibility of supplying products in Indo Asian brands.

The company has signed up a number of contracts with leading multi-national companies for Branding and Contract Manufacturing LV Switchgear equipment.

Human Resource Development

The Company continues to constantly provide a platform for individual opportunities and growth of its employees. The relationship with all the employees continues to be cordial and acknowledges the contribution of its employees and the spirit of commitment demonstrated by them in realising the company's vision. The company has started a number of new initiatives which will further enhance the ability to attract and retain high caliber employees.

Outlook

In order to meet the market challenges arising as a result of the economic slowdown and its impact on the electrical industry, your company has been following the philosophy of providing the highest quality products and services to its customers. It has been focusing on tight management of working capital, reducing and eliminating waste. All endeavors are made to maximise gains and reduce costs. Given the revival of the economy, specially the real estate and the power sectors, your company has taken various initiatives to increase its market share by strengthening its distributor network and exploring new distribution avenues.

Research and Development

Your company continues its efforts to integrate the R&D activities with the business needs of the company to offer safe, energy efficient, value added products and services to its customers.

Internal control systems and their adequacy

The Company has a proper and adequate system of internal control.

The company has an Audit Committee headed by a non-executive independent director, inter alia to oversee the Company's financial reporting process, disclosure of financial information, performance of statutory and internal auditors, functions, internal control systems, arty transactions etc as well as other areas requiring mandatory review as per clause 49 of the Listing agreement with the Stock Exchanges. The powers of the Audit Committee, inter-alia include seeking information from any employee, obtaining outside legal or other professional advice and investigating any activity of the Company within the Committee's te related prms of reference.

Risks and Concerns

Domestic Electric Market has very intense competition particularly in the lighting segment. Presence of multinational companies is increasing and this is increasing the price pressure for all range of products. Your company has established itself as an innovative Company that offers products that efficiently manage electrical supply chain. Accordingly, your Company proposes to address these risks by continuous product development, focused efforts to reduce costs, increase market share and by diversifying existing customer base with the addition of new strategic customers and enhancing the existing relationships.

Cautionary Statement

The statements in this report, particularly which relate to Management Discussion and Analysis describing the Company's objectives, plans, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statement depending on the circumstances.